

Comprehensive Annual Financial Report For the Year Ended June 30, 2018

The Metropolitan Government of Nashville and Davidson County
Nashville, Tennessee



David Briley, Mayor

COVER

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THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2018

Prepared by
DEPARTMENT OF FINANCE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



DAVID BRILEY
MAYOR

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October 31, 2018

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, 2018. 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 2018, for fiscal year 2019 and for the future are discussed below.

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

The fiscal year 2018 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – Metro Nashville Public Schools (MNPS) received \$879.3 million in fiscal year 2018, which was an increase in MNPS's operational funding from fiscal year 2017 of \$36.0 million. The recommended increase funded pay increases for teachers and administrative staff, expanded English language learner programs, enhanced literacy initiatives, and strengthened the Government's commitment to education.

English language learners (ELL) represent a significant portion of the MNPS students with needs that require focused resources; the fiscal year 2018 budget continued our commitment to this population with a special focus on New Americans. The investment in the continued expansion of the MNPS literacy program focused on helping the lowest-achieving readers get back on grade level.

- Transportation and Infrastructure – The fiscal year 2018 budget included a \$6.6 million increase in the operating subsidy for the Metropolitan Transit Authority. This was the largest single year increase in the Government's history which is evidence of the administration's commitment to public transportation and the economic impact it provides. The increase funded several initiatives to increase ridership. Transfer fees have long been an inconvenience and added burden to riders, and additional funding eliminated the transfer fees imposed on riders moving between routes. Resources were also provided for access ride and mobility on demand pilots to include crosstown connections and after-hours service. Additionally, funding was dedicated to the extension of the Music City Circuit to Tennessee State University (TSU) along the Jefferson Street corridor. This extension provided unprecedented service between TSU, Jefferson Street and downtown.

Infrastructure needs were also addressed through an increase of \$1.7 million to the fiscal year 2018 budget for the Public Works Department. This funding provided additional transportation planning to improve traffic and prepare for a 21st century mass transit system in Nashville. Additionally, waste collection activities were enhanced by providing a roving trash truck to meet intermittent demand to keep our streets and alleyways cleaner. With conservation an ever important Government objective, the downtown area saw a new glass recycling program that improves the environment by reusing glass bottles that would otherwise end up in landfills.

- Affordable Housing and Homelessness – The fiscal year 2018 budget recognized that Nashville is in a period of unprecedented growth where many are prospering and others need assistance. The city's growth has resulted in increasing housing prices, making it unaffordable for some to live in Nashville. Housing priorities are focused on how the Government can help fund, build, preserve and retain affordable housing options. The fiscal year 2018 budget included \$10.0 million of funding to the Barnes Fund for Affordable Housing.

The fiscal year 2018 budget also provided for additional funding for the continued pursuit of reducing homelessness within the city. The Homeless Commission received funding for three outreach workers to directly work with the citizens with the highest level of need and an additional support staff member. Additional funding was also provided for expanded operation of the warming shelters on the coldest days, emergency direct assistance, and indigent burial. Funding was also provided for bus passes for individuals experiencing homeless and working with housing navigators.

- Quality of Life – The fiscal year 2018 budget was committed to providing a good quality of life for all Nashville citizens. The budget for the Parks Department increased by \$1.0 million to fund the operations for two new regional community centers that opened in fiscal year 2018 – one at Smith Springs and another in Madison. The increase also funded two new Parks police officers to serve the expanding system, additional staffing to provide recreational opportunities for citizens with disabilities, and other operational enhancements.

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

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

The Police Department's fiscal year 2018 budget increase of \$4.0 million included funding for 70 new police officers, including 48 to enhance patrol detail and 22 for a pilot program for walking detail, for enhancements for the drill and ceremony team, and support for special events, which is important to maintain safety at Nashville's ever-growing list of events and programs.

The Fire Department's fiscal year 2018 budget increase of \$1.9 million included funding for 14 positions for fire recruits and inspections staff. As Nashville continues its building boom, it is important to meet this demand with additional fire response and additional inspection capacity.

The Government is in the process of rebuilding the existing Criminal Justice Center in its existing footprint. The Davidson County Sheriff's Office budget for fiscal year 2018 continued to support full staffing for correctional services, thus maintaining the administration's commitment to public safety.

The Office of Family Safety's fiscal year 2018 budget increase of \$.4 million included funding to increase domestic violence services and to hire a director for the family justice center which is under construction.

The fiscal year 2018 budget for the Department of Emergency Communications included funding to provide for additional fire training for staff to ensure a high quality response. As Nashville continues to grow, the number of special events requiring emergency communications services has increased. The fiscal year 2018 budget also included funding to support increased overtime for special events.

An effective court system is an integral part of ensuring public safety, and the General Sessions Court is a key partner contributing to this objective. The roles of courts have evolved over the years, to not only hear cases, but to also address community issues through specialty courts. The fiscal year 2018 budget added funding to the Veterans' Treatment Court to enhance case management

services and to the Drug Treatment and Mental Health Courts to provide direct services to program participants.

FOR FISCAL YEAR 2019: Substitute budget ordinance BL-2018-1184 appropriated a balanced budget of \$2,230,100,600 in the budgetary funds, an overall increase of 0.92% from the budget for fiscal year 2018.

The fiscal year 2019 budget continues to support all Nashville residents by focusing on core services that will deliver immediate impact where needed most while paving the way for sustained long-term investments that will benefit all Nashvillians into the future through programs based on three key pillars – equitable outcomes, broadest measurable impact, and tangible return on investment:

- Public Education – Metro Nashville Public Schools (MNPS) is receiving \$884.3 million in fiscal year 2019, which is an increase in MNPS's operational funding from fiscal year 2018 of \$5.0 million. The additional funding helps MNPS to meet the needs of curriculum, instruction, and support services and strengthens the Government's commitment to education.
- Transportation and Infrastructure – The fiscal year 2019 budget maintains a \$48.6 million operating subsidy to the Metro Transit Authority (MTA). MTA consists of city buses and paratransit serving Nashville and Davidson County. Most bus routes serve the downtown transit station, Music City Central. The fiscal year 2019 budget also maintains \$1.5 million of funding to the commuter rail service, the Music City Star. This service runs between downtown Nashville and Lebanon, Tennessee.

Infrastructure needs are also addressed through an increase of \$2.3 million in the fiscal year 2019 budget for the Public Works Department. This increase provides funding for services to areas of Davidson County that have been annexed into the Urban Services District. When a property is annexed into this area, additional services, such as garbage collection and street lighting, are provided. The fiscal year 2019 budget also provides funding for a contractual cost increase with the Downtown Partnership which provides parking and other services in the downtown area.

- Affordable Housing and Homelessness – The fiscal year 2019 budget continues to recognize that Metro's growth has resulted in increasing housing prices, making it unaffordable for some to live in Nashville. The fiscal year 2019 budget includes \$10 million of funding to the Barnes Fund for Affordable Housing and \$450,000 in funding to continue the housing incentive pilot program.
- Quality of Life – The fiscal year 2019 budget is committed to providing a good quality of life for all Nashville citizens. The budget for the Parks Department is increasing by \$1.8 million for full funding for two new regional community centers opened during fiscal year 2018.
- Community and Economic Development – For the first time, Metro is contributing to four local Chambers of Commerce. The Nashville LGBT Chamber of Commerce, the Nashville Black Chamber of Commerce, the Tennessee Latin American Chamber of Commerce, and the Nashville Area Hispanic Chamber of Commerce each received \$25,000 in the fiscal year 2019 budget. Additionally, the Nashville Area Chamber of Commerce is receiving \$350,000 for Partnership 2020, an economic development initiative program.
- Youth and Family – The administration recognizes the importance of investing in youth education and employment. The fiscal year 2019 budget includes \$2.9 million for the Opportunity NOW program, which provides summer employment internships within Metro and through local non-profit organizations. Additional employment opportunities are facilitated through direct connections between private employers and young people in the county.
- Health and Hospitals – The fiscal year 2019 budget includes funding of \$46.1 million for Nashville General Hospital, an increase of \$11.1 million over the prior year. For the past three fiscal years, Nashville General Hospital has required additional supplemental funding. The fiscal year 2019 budget will fully fund Nashville General Hospital.

The Public Health Department is receiving additional funding to continue programs that were approved in fiscal year 2018, including a mental health crisis services center providing emergency psychiatric care 24/7 and an animal welfare program. Additionally, the Public Health Department is receiving funding for a competitive grant program for nonprofits providing services not provided by Metro as well as services that enhance existing Metro programs.

- Public Safety – Resources dedicated to public safety services are increasing by \$10.4 million.

The Police Department's fiscal year 2019 budget increase includes additional funding for the Secondary Employment Unit (SEU), including two additional positions to monitor off-duty police employment activities. The SEU contracts with Metro agencies as well as private businesses and organizations to provide the services of off-duty Metro police officers.

The Office of Family Safety's fiscal year 2019 budget increase includes additional funding to replace a previously grant-funded position and to provide funding related to the new Family Justice Center that will become operational during fiscal year 2019. Additionally, funding has been provided to fund a competitive grant program for nonprofits providing domestic violence services.

Metro is in the process of rebuilding the existing Criminal Justice Center in its existing footprint. The Sheriff's Office budget for fiscal year 2019 provides additional funding to enhance security at the current temporary jail location and funding for security needs at the new Family Justice Center. Finally, funding has been provided to continue the Steering Clear program which offers public service and driver education programs instead of arresting drivers or seeking payment of exorbitant fines. The program is a cost-saving measure for the court system as well as beneficial to drivers.

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 2019 budget without a property tax increase. Revenue increases are anticipated from modest growth in the property tax base, increases in local option sales taxes, and growth in other revenue sources. A measured amount of fund balances has been appropriated to balance the budget. Departmental savings opportunities were also considered. Details of the fiscal year 2018 and fiscal year 2019 budgets are described in the annual *Operating Budget* books published by the Department of Finance, Office of Management and Budget. They are also available on the GFOA-award-winning Citizen's Guide to the Budget at www.nashville.gov/Finance/Management-and-Budget/Citizens-Guide-to-the-Budget.aspx.

FOR THE FUTURE: The Metropolitan Government of Nashville and Davidson County will maintain as its primary focus:

- 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 ensuring that all students have access to effective teachers and leaders. The administration will continue to work toward improving schools by encouraging our community to devote its time, attention, and financial resources to the public school system we know we must have. The administration will also work with Nashville's nonprofit and educational institutions to promote policies that will spur innovation and support our parents and teachers.
- Public Safety and Justice – The administration will work to improve public safety by ensuring that our police officers, firefighters, and other emergency responders have the tools and resources necessary to keep the community safe by reducing crime and quickly responding to emergencies.
- Infrastructure and Sustainability – The administration is focused on providing the infrastructure that is foundational to the city's economic development while also addressing challenges from rapid growth, preserving our region's natural resources, and improving our residents' quality of life. The administration provides leadership, accountability, and stakeholder engagement around Nashville's push to create an efficient, equitable transportation network and incorporate sustainability throughout all operations of the Government and the city at-large.

The administration works closely with the community in the development, coordination, and administration of transportation and growth policies for Nashville, including: 1) Moving the Music City – the Mayor's three-year transportation action agenda, 2) NashvilleNext – the countywide General Plan, 3) nMotion – the strategic master plan of the Metropolitan Transit Authority and Regional Transit Authority, 4) WalknBike, the Government's strategic master plan for sidewalks and bikeways, and 5) Plan to Play, Metro Parks' strategic plan for parkland and greenways.

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

- Economic Opportunity – Our high quality of life, creative culture, low tax rates, and industry leadership in healthcare, technology, education, and music make Nashville one of the best places to start, grow or relocate a business. The administration is focused on continuing efforts to grow the local economy while also ensuring that more residents and communities within Nashville are able to participate in the growth and prosperity of our city. In order to further this goal, the Mayor's Office of Economic and Community Development (ECD) works with the Nashville Area Chamber of Commerce to recruit and retain businesses that will create new, high-quality jobs for residents. In addition to attracting new companies to Nashville, the ECD is committed to helping connect citizens from every part of the county to programs designed to promote entrepreneurship and small business ownership, including enhancing our creative economy and enhancing economic opportunities for new Americans.

The administration also is focused on building, funding, and preserving affordable housing options while supporting efforts to prevent displacement and create mixed-income communities in Nashville. The Mayor's Office seeks to increase housing affordability countywide using data-driven policy and innovative development tools, including the Barnes Fund for Affordable Housing, the housing incentives pilot program, general obligation bonds, tax abatements, nonprofit capacity building, the creation of a community land trust, and the donation and development of Metro-owned properties. The administration also facilitates partnerships and implements policies that provide housing options for persons experiencing homelessness to those looking to stabilize their families with affordable homeownership opportunities.

- 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 Mayor's Office of Neighborhoods and Community Engagement works to improve the quality of life for Nashville residents through a more informed, active, and involved citizenry and enhanced governmental response to community needs. A key initiative that took flight in the 2018 fiscal year was HubNashville, the city's comprehensive new customer service system. Residents submitted more than 100,000 service tickets in the system's first year. 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.

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 Direct Holdings. Investments are made either directly or through the Metro Investment Pool. Investments in the pension trust funds also include common stocks, U.S. Treasury Obligations, corporate bonds and other holdings.

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

RISK MANAGEMENT: The Government continued to operate a risk management program, which was initiated in 1978. As part of its comprehensive plan, resources are being accumulated in various internal service funds to meet potential losses. Additionally, the Government has a property insurance policy for losses in excess of certain amounts. Accepted risk control techniques, including employee accident prevention training, have been implemented to minimize the risk of potential liability losses. The Government has elected to come under the Tennessee Tort Liability laws in order to limit its potential liability.

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

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

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

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

The total net assets of all pension (and other employee benefit) trust funds were \$3.2 billion at June 30, 2018.

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, 2018 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2019 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 2018 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, 2017. This was the 35th 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, 2017. 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 27th 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,



David Briley
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, 2017

Christopher P. Morill

Executive Director/CEO

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FORM OF GOVERNMENT

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

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

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

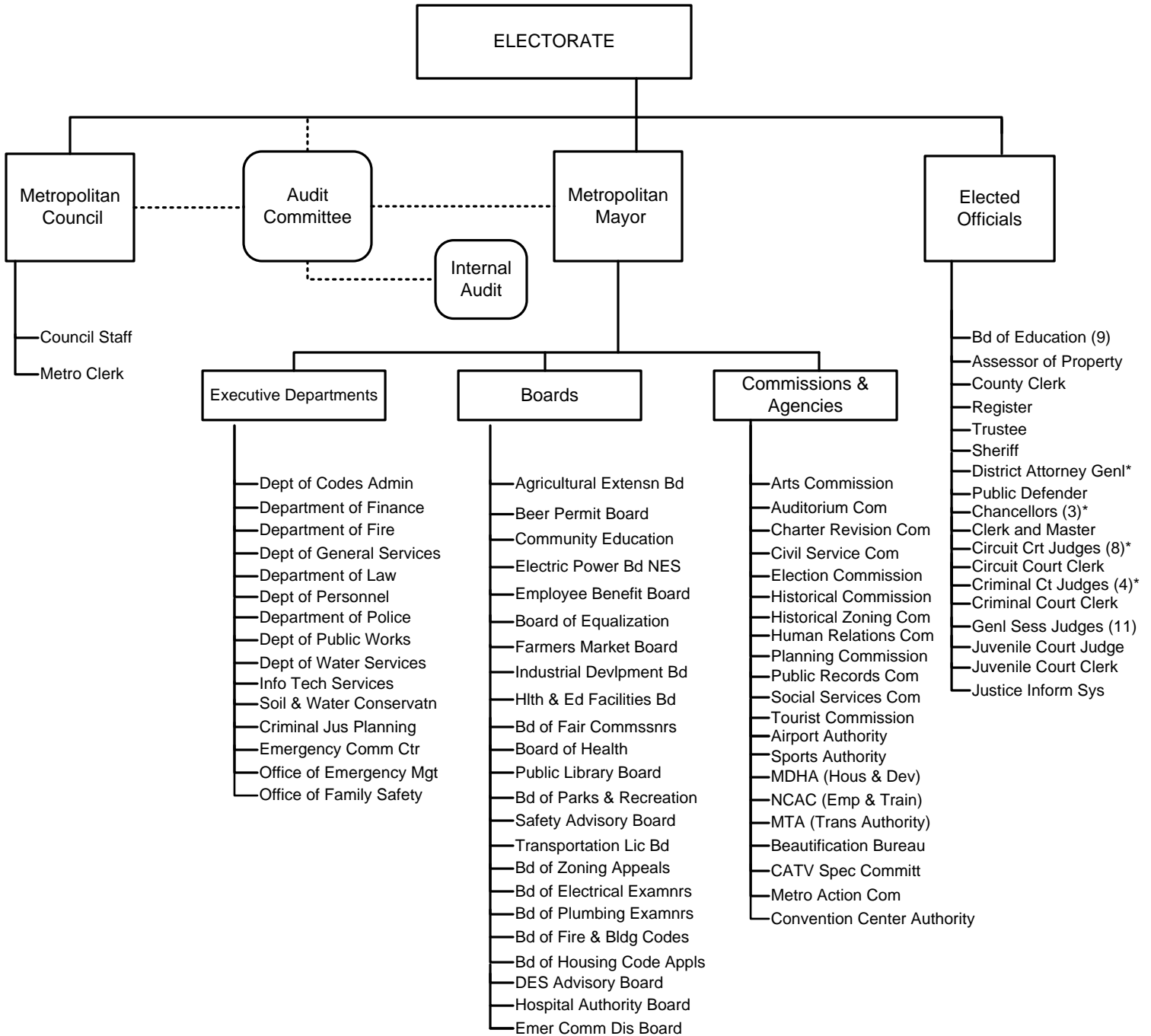
The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police protection, storm sewers, street lighting and refuse collection. The Charter provides: "The area of the Urban Services District may be expanded and its territorial limits extended by annexation whenever particular areas of the General Services District come to need urban services, and The Metropolitan Government becomes able to provide such service within a reasonable period which shall be no greater than one year after ad valorem taxes in the annexed area become due." Since April 1, 1963 the area of the USD has been expanded from 72 square miles to 198 square miles.



The USD is a subset of the GSD.

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

ORGANIZATION CHART



* State officials with local funding for certain operations

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

ELECTED OFFICIALS

At June 30, 2018

David Briley, Mayor

Finance Officials

Vivian M. Wilhoite
Charles E. Cardwell
Brenda Wynn

Assessor of Property
Trustee
County Clerk

The Metropolitan Council

Sheri Weiner
John Cooper
Erica Gilmore
Bob Mendes
Sharon Hurt
Jim Shulman

Council President
Council Member-at-large
Council Member-at-large
Council Member-at-large
Council Member-at-large
Council Member-at-large

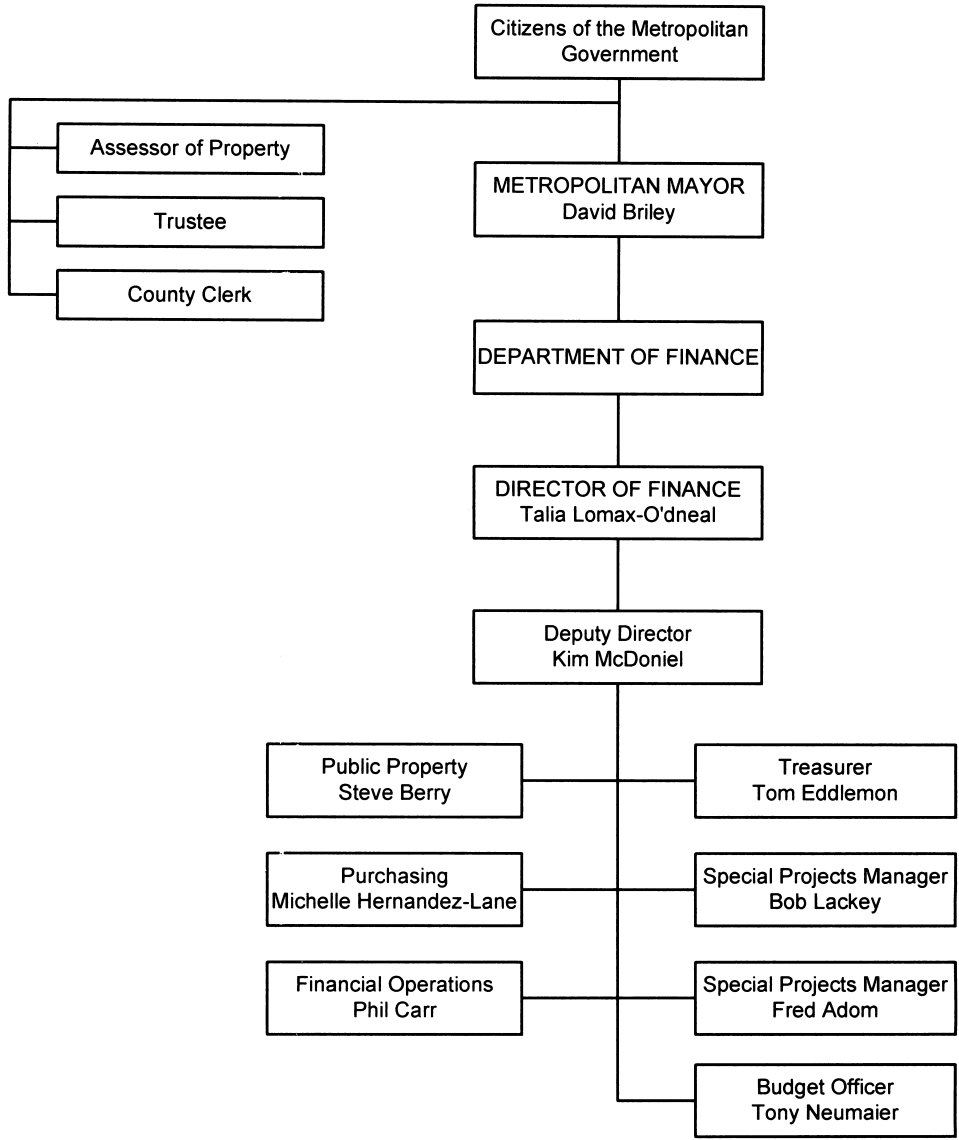
District No. 1 – Vacant
District No. 2 – DeCosta Hastings
District No. 3 – Brenda Haywood
District No. 4 – Robert Swope
District No. 5 – Scott Davis
District No. 6 – Brett Withers
District No. 7 – Anthony Davis
District No. 8 – Nancy VanReece
District No. 9 – Bill Pridemore
District No. 10 – Doug Pardue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

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

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

**ORGANIZATION OF THE DEPARTMENT OF
FINANCE AND OTHER FINANCIAL OFFICES**

At June 30, 2018



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

AUDIT COMMITTEE MEMBERS

At June 30, 2018

Member	Representing
Brack Reed, Chairperson	Nashville Area Chamber of Commerce
Charles C. Frazier, Vice Chairperson	TSCPA, Nashville Chapter
John Cooper	Metropolitan Council Member
Bob Mendes	Metropolitan Council Member
Talia Lomax-O'dneal	Finance Director
<i>Vacant</i>	Vice Mayor

Contact:

Mark Swann, Metropolitan Auditor



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, 2018, 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, 2018, 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, 2018, 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 87% of the total assets, 85% 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.



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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Metropolitan Government of Nashville and Davidson County, Tennessee, as of June 30, 2018, 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, 2018, 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

As discussed in Note 2, in fiscal year 2018, the Government adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A12, 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, and the schedule of changes in the total OPEB liability and related ratios - OPEB plans, on pages B-114 through B-115, B-116 through B-119, B-120 through B-131, B-132, B-134 through B-135, B-136, B-137 through B-138, 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



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

financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 basic 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, 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 solely 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 the effectiveness of the Government's 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, 2018



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, 2018.

FINANCIAL HIGHLIGHTS

- The Government implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ended June 30, 2018. The implementation resulted in a reduction in the *net position* of governmental activities of \$2.2 billion at June 30, 2017.
- The assets and deferred outflows of resources of the Government were less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.9 billion (*net position*). This amount includes negative \$3.9 billion of *unrestricted net position*.
- The Government's total net position decreased by \$215 million (a decrease of \$229 million from governmental activities and an increase of \$14 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 negative \$381 million, a decrease of \$517 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$59 million, or 5.5% 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 \$33 million, or 3.8% 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 \$16 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$37 million (1.1%) during the current fiscal year. New bond issues totaled \$245 million, which were offset by principal payments of \$177 million and refundings of \$31 million. Deferred amounts increased a net amount of \$3 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 \$775 million. The majority of the commercial paper obligations were redeemed with the proceeds of general obligation bonds issued in October 2018.

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, Board of Fair Commissioners, Farmers Market, Surplus Property Auction, Municipal Auditorium, Police Impound, and Stormwater Operations.

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, Board of Fair Commissioners, Farmers Market, Surplus Property Auction, Municipal Auditorium, Police Impound, and Stormwater Operations. *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, 2018, the Government used internal service funds to account for its fleet, information systems, 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-113 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-114 to B-115, the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-116 to B-136, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-137 to B-138.

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 were less than liabilities and deferred outflows of resources by \$1.9 billion 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	
	2018	2017 (1)	2018	2017	2018	2017 (1)
Current and other assets	\$ 1,722,670	\$ 1,743,451	\$ 375,515	\$ 363,771	\$ 2,098,185	\$ 2,107,222
Capital assets	4,004,158	3,778,990	2,157,496	2,071,249	6,161,654	5,850,239
Total assets	5,726,828	5,522,441	2,533,011	2,435,020	8,259,839	7,957,461
Deferred outflows of resources	312,716	288,285	13,186	3,483	325,902	291,768
Long-term liabilities	7,082,732	4,910,348	990,018	777,667	8,072,750	5,688,015
Other liabilities	946,160	490,132	223,061	347,334	1,169,221	837,466
Total liabilities	8,028,892	5,400,480	1,213,079	1,125,001	9,241,971	6,525,481
Deferred inflows of resources	1,202,279	1,123,999	12,761	7,593	1,215,040	1,131,592
Net position:						
Net investment in capital assets	706,897	758,016	1,172,712	1,191,252	1,879,609	1,949,268
Restricted	57,970	56,345	100,070	87,141	158,040	143,486
Unrestricted	(3,956,494)	(1,528,114)	47,575	27,516	(3,908,919)	(1,500,598)
Total net position	\$ (3,191,627)	\$ (713,753)	\$ 1,320,357	\$ 1,305,909	\$ (1,871,270)	\$ 592,156

(1) 2017 was not restated to reflect the impact of the implementation of GASB Statement No. 75.

Governmental activities – Current and other assets for governmental activities decreased by 1.2% primarily due to a decrease in cash and cash equivalents related to the Government's planned use of fund balance in fiscal year 2018 that was partially offset by an increase in receivables for property tax and sales tax driven by growth in the tax base and Nashville's overall economic strength. Capital assets increased by 6.0% due to construction of new schools and other government buildings, renovations to the stormwater system and other infrastructure, the acquisition of land for parks and future government buildings, and the renovation of existing government buildings. Deferred outflows of resources increased by 8.5% primarily due to increases in amounts related to pension plans for changes in assumptions and differences between projected and actual earnings, partially offset by the amortization of deferred charges from bond refundings. Long-term liabilities increased by 44.2% primarily due to the inclusion of the total other postemployment benefits (OPEB) liability from the implementation of GASB Statement No. 75; the balance at June 30, 2017 was not restated. The increase was partially offset by principal payments on debt and amortization of deferred premiums. Other liabilities increased by 93.0% primarily due to an increase in commercial paper borrowings to fund capital project expenditures prior to the issuance of general obligation bonds. Deferred inflows of resources increased by 7.0% primarily due to an increase in unavailable revenue from property taxes driven by growth in the tax base as well as an increase in the amounts related to pension plans for differences between projected and actual earnings.

A portion of the Government's net position for governmental activities (22.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net position for governmental activities (1.8%) 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 \$3.9 billion (-124.0%). Note that the unrestricted net position is negative due to the total OPEB liability of \$3.9 billion and net pension liability of \$267 million at June 30, 2018.

Business-type activities – Current and other assets for business-type activities increased by 3.2% primarily due to an increase in cash and cash equivalents in Stormwater Operations resulting from an increase in rates in the prior fiscal year as well as an increase in the cash and cash equivalents from the operations of the Department of Water and Sewerage Services. Capital assets increased by 4.2% 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 278.6% due to increases in amounts related to pension plans for changes in assumptions. Long-term liabilities increased by 27.3% primarily due to the issuance of revenue bonds, partially offset by principal payments and the amortization of deferred premiums. Other liabilities decreased by 35.8% primarily due to a decrease in commercial paper outstanding, which was funded through the issuance of revenue bonds in fiscal 2018. Deferred inflows of resources increased by 68.1% due to an increase in the amounts related to pension plans for differences between projected and actual earnings.

The largest portion of the Government's net position for business-type activities (88.8%) 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 (7.6%) 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 \$48 million (3.6%), 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.

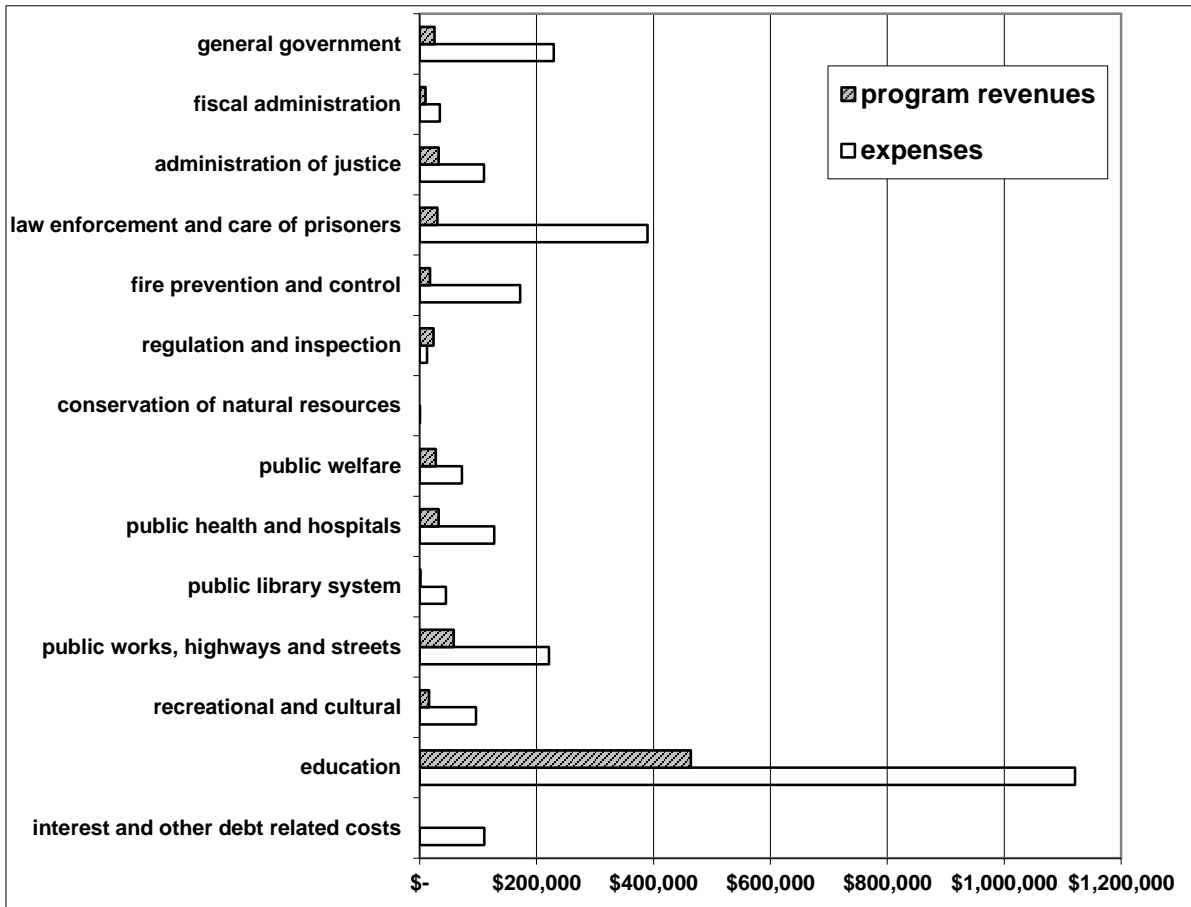
The Government's Changes in Net Position
in thousands of dollars
(for the year ended June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017 (1)	2018	2017	2018	2017 (1)
Revenues:						
Program revenues:						
Charges for services	\$ 183,879	\$ 180,961	\$ 282,317	\$ 259,317	\$ 466,196	\$ 440,278
Operating grants and contributions	525,054	483,020	-	-	525,054	483,020
Capital grants and contributions	30,162	30,891	18,753	27,848	48,915	58,739
General revenues:						
Property taxes	995,535	971,643	-	-	995,535	971,643
Local option sales taxes	414,156	382,934	-	-	414,156	382,934
Hotel occupancy taxes	95,137	85,983	-	-	95,137	85,983
Beverage taxes	55,397	50,137	-	-	55,397	50,137
Wheel taxes	33,131	32,342	-	-	33,131	32,342
Business taxes	39,812	36,700	-	-	39,812	36,700
Franchise taxes	18,895	17,395	-	-	18,895	17,395
Other taxes	606	581	-	-	606	581
Revenues from the use of money or property	5,865	3,350	2,819	1,224	8,684	4,574
Revenues from other governmental agencies	96,374	91,696	-	-	96,374	91,696
Compensation for loss, sale or damage to property	1,874	6,386	34	48	1,908	6,434
Total revenues	2,495,877	2,374,019	303,923	288,437	2,799,800	2,662,456
Expenses:						
General government	229,632	206,436	-	-	229,632	206,436
Fiscal administration	34,478	33,551	-	-	34,478	33,551
Administration of justice	110,415	103,652	-	-	110,415	103,652
Law enforcement and care of prisoners	389,728	392,032	-	-	389,728	392,032
Fire prevention and control	172,064	169,409	-	-	172,064	169,409
Regulation and inspection	12,600	12,103	-	-	12,600	12,103
Conservation of natural resources	495	544	-	-	495	544
Public welfare	72,270	67,609	-	-	72,270	67,609
Public health and hospitals	127,667	127,806	-	-	127,667	127,806
Public library system	45,086	46,440	-	-	45,086	46,440
Public works, highways and streets	221,096	217,791	-	-	221,096	217,791
Recreational and cultural	96,612	81,081	-	-	96,612	81,081
Education	1,121,121	1,070,022	-	-	1,121,121	1,070,022
Interest and other debt related costs	110,836	103,969	-	-	110,836	103,969
Department of Water and Sewerage Services	-	-	227,588	231,793	227,588	231,793
District Energy System	-	-	18,475	18,063	18,475	18,063
Nashville Convention Center	-	-	-	24,774	-	24,774
Board of Fair Commissioners	-	-	3,673	3,737	3,673	3,737
Farmers Market	-	-	2,115	2,113	2,115	2,113
Surplus Property Auction	-	-	648	745	648	745
Municipal Auditorium	-	-	2,074	2,035	2,074	2,035
Police Impound	-	-	375	375	375	375
Stormwater Operations	-	-	15,625	12,661	15,625	12,661
Total expenses	2,744,100	2,632,445	270,573	296,296	3,014,673	2,928,741
Change in net position before transfers	(248,223)	(258,426)	33,350	(7,859)	(214,873)	(266,285)
Transfers	18,902	17,153	(18,902)	(17,153)	-	-
Change in net position	(229,321)	(241,273)	14,448	(25,012)	(214,873)	(266,285)
Net position, beginning of year, restated	(2,962,306)	(472,480)	1,305,909	1,330,921	(1,656,397)	858,441
Net position, end of year	\$ (3,191,627)	\$ (713,753)	\$ 1,320,357	\$ 1,305,909	\$ (1,871,270)	\$ 592,156

(1) 2017 was not restated to reflect the impact of the implementation of GASB Statement No. 75.

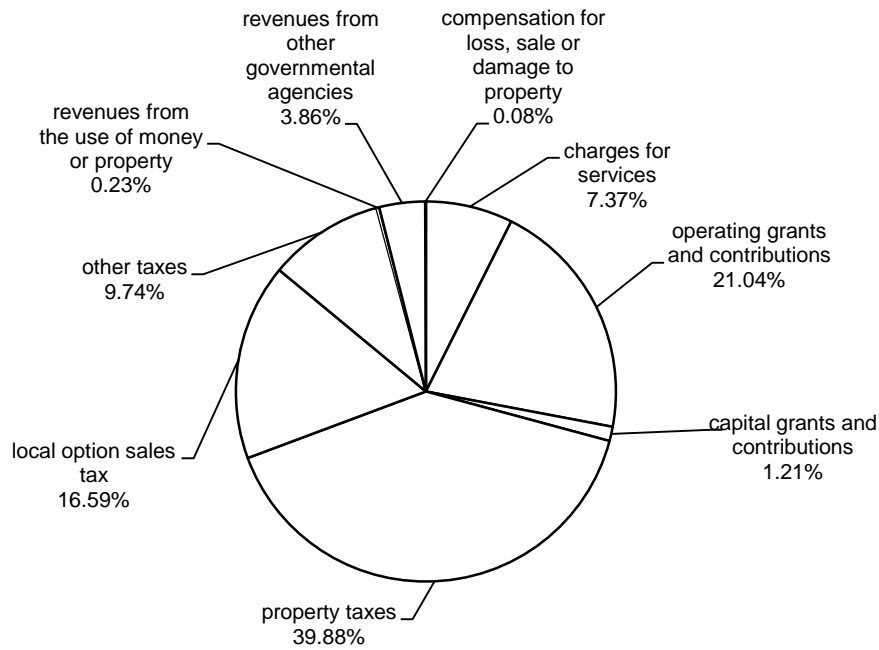
Governmental activities – Governmental activities decreased the Government’s net position by \$229 million, compared to a \$241 million decrease in the prior year. Total revenue increased by \$107 million. Significant variances in revenues included 1) an increase of \$24 million in property taxes due to more construction and continued economic recovery, 2) an increase of \$31 million in local option sales tax due to continued economic recovery, 3) an increase of \$27 million in operating grants and contributions primarily due to an increase in grants and State of Tennessee funding for education, and 4) an increase of \$9 million in hotel occupancy taxes due to the opening of new hotels as well as a general increase in tourism. Total expenses increased by \$97 million. Operating expenses were generally higher across most functions due to increased appropriations, primarily in salaries and fringe benefits.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2018



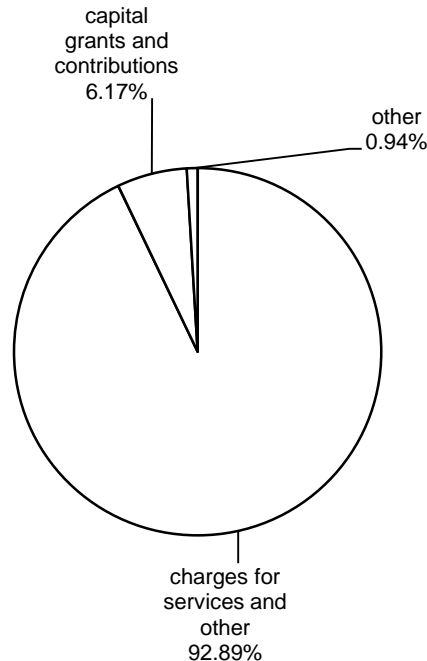
(in thousands)

Revenues by Source - Governmental Activities – For the Year Ended June 30, 2018



Business-type activities – Business-type activities increased the Government's net position by \$14 million compared to a \$25 million decrease in the prior year. The Department of Water and Sewerage Services increased net position by \$4 million primarily from improved operating results, and Stormwater Operations increased net position by \$11 million primarily from an increase in stormwater rates. The decrease in the prior year included a one-time loss from discontinued operations of \$25 million related to the closing of the old Nashville Convention Center.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2018



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 negative \$381 million, a decrease of \$517 million in comparison with the prior year. Restricted fund balance of \$58 million can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors and grantors. Committed fund balance of \$134 million can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Metropolitan Council. Significant commitments include \$33 million for education, \$10 million for debt service, \$54 million for equipment acquisitions, and \$37 million for other purposes. Assigned fund balance of \$17 million includes \$9 million of fund balance that is being used to balance the subsequent year budget and \$8 million for various projects carried forward into the subsequent year. Unassigned fund balance of negative \$594 million represents the \$59 million residual balance of the General Fund offset by deficit balances in the GSD, Education, and USD Capital Projects Funds where the deficits were funded by the future issuance of general obligation bonds subsequent to year-end. 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 \$59 million, while total fund balance was \$77 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 5.5% of total general fund expenditures and other financing uses, while total fund balance represents 7.2% of total general fund expenditures and other financing uses.

The total fund balance of the General Fund decreased by \$30 million during the current fiscal year as compared to a \$38 million decrease in the previous year. While revenues were below projections as discussed under **Final Budgeted and Actual Amounts**, revenues increased by \$43 million compared to the previous year primarily due to: 1) an increase of \$15 million in property taxes due to more construction and continued economic recovery, 2) an increase of \$16 million in local option sales tax due to continued economic recovery, and 3) an increase of \$6 million in gas and fuel taxes, Tennessee sales tax, and franchise fees resulting from the general economic recovery and population growth. While 2018 property taxes were impacted by a reassessment of property tax values which produced unprecedented increases in assessed values and tax appeals, the property taxes continued to grow despite being less than budgeted amounts. Ongoing operating expenditures increased by \$37 million primarily due to increases and salaries and fringe benefits across most functions. The \$30 million decrease in fund balance compares to a planned use of fund balance of \$71 million. While total revenues were below projections, savings achieved across most all departments resulted in a lower than planned use of fund balance.

The total fund balance of the General Purpose School Fund decreased by \$28 million during the current fiscal year as compared to an \$11 million decrease in the previous year. While revenues were below projections, revenues increased by \$29 million compared to the previous year primarily due to increases of \$7 million in property taxes and \$7 million in local option sales tax as explained above. Additionally, revenue from the State for education funding increased by \$11 million despite being below projections. Operating expenditures and transfers out increased by \$46 million primarily due to increases in salaries and fringe benefits. The \$28 million decrease in fund balance compares to a planned use of fund balance of \$23 million. While the Fund did have expenditure savings, those savings did not offset the revenue shortfall.

The fund balances of the Government's GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds decreased by \$10 million in total during the current fiscal year as compared to a \$2 million decrease in the previous year. While revenues were below projections, revenues increased by \$12 million primarily due to increases in property taxes and local option sales tax as explained above. Expenditures increased by \$30 million due to higher principal and interest costs on outstanding bonds. The \$10 million decrease in fund balance compares to a planned use of fund balance of \$6 million as total revenues were below projections and expenditures for commercial paper interest and other costs exceeded projections.

The fund balances of the Government's capital projects funds decreased by \$461 million due to capital project spending 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 \$230 million compared to \$202 million at the end of the prior year. Factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Government's business-type activities. Proprietary funds also include internal service funds, the operations of which are primarily included in governmental activities in the government-wide statements. The enterprise funds increased the unrestricted net position of proprietary funds by \$12 million, and the internal service funds increased unrestricted net position by \$6 million. The increase in internal service funds is primarily due to the increase in unrestricted net position of \$17 million in the Employees' Medical Benefit Fund, which is used to accumulate assets for the payment of self-insured medical claims, and \$2 million in the General Government Self Insurance Fund, which is used to accumulate assets for the payment of self-insured real, personal property and liability claims. These increases were partially offset by decreases in other internal service funds, primarily the School Professional Employees' Insurance Fund, which is used to accumulate assets for the payment of self-insurance medical claims for schools, and the Injured on Duty Fund which is used to accumulate assets for the payment of self-insured injured on duty 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 revisions in certain revenue projections. Differences in expenditures and other financing uses between the original budget and the final amended budget were primarily due to supplemental budget appropriations for unanticipated expenditures and unspent amounts carried forward from the prior year as authorized by the budget ordinance. Supplemental budgetary appropriations included additional funding for: 1) the Hospital Authority, a component unit, of \$17 million (net of reductions in various other expenditures of \$2 million), 2) police salaries for secondary employment (offset by additional revenue) of \$3 million, 3) fire overtime of \$1 million, 4) unplanned elections of \$2 million, 5) the management of Knowles Home of \$1 million, and 6) other operations totaling \$1 million. Other variances in the budget line items were primarily due to fringe benefit increases which were originally budgeted under miscellaneous expenditures then later reallocated to departmental budgets after the final budget was approved.

Final Budgeted and Actual Amounts

Actual revenues and other financing sources were below final budgeted amounts by \$13 million. While revenues were budgeted conservatively, collections were below budgeted amounts for: 1) property taxes due to appeals of reassessed property values in excess of historical and expected amounts, 2) local option sales tax growth did not meet expectations, and 3) the delay in the sale of certain surplus property to fiscal 2019. The budget shortfall in these areas were partially offset by revenues exceeding budget for various fees, taxes and service charges, all due to the general economic recovery, increased level of construction, and population growth, as well as revenue from a litigation settlement. Actual expenditures and other financing uses were under budget by \$54 million because of targeted 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, 2018 amounts to \$6.2 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$202 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Utility plant in service	\$ -	\$ -	\$ 3,032,292	\$ 2,884,726	\$ 3,032,292	\$ 2,884,726
Land	490,608	450,941	24,583	24,583	515,191	475,524
Buildings and improvements	2,212,895	2,088,069	101,597	94,135	2,314,492	2,182,204
Improvements other than buildings	-	-	60,863	60,731	60,863	60,731
Furniture, machinery and equipment	483,698	459,375	122,702	112,696	606,400	572,071
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,752,845	1,716,007	-	-	1,752,845	1,716,007
Public art	4,831	4,454	-	-	4,831	4,454
Construction in progress	408,703	315,643	260,137	255,990	668,840	571,633
Less: Accumulated depreciation	<u>(1,349,422)</u>	<u>(1,255,499)</u>	<u>(1,448,323)</u>	<u>(1,365,257)</u>	<u>(2,797,745)</u>	<u>(2,620,756)</u>
Total capital assets	\$ 4,004,158	\$ 3,778,990	\$ 2,157,496	\$ 2,071,249	\$ 6,161,654	\$ 5,850,239

The total increase in the Government's investment in capital assets for the current fiscal year was 5.3% (a 6.0% increase for governmental activities and a 4.2% increase for business-type activities).

Construction of new schools and other government buildings, the acquisition of park and other property, and the renovation of existing schools and government buildings have continued in accordance with the Government's capital plans. Significant additions include the continued construction of a new headquarters for the Police Department and a family justice center, a correctional facility for the Sheriff, renovations to the stormwater system, land acquisitions for parks and future government buildings, 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 \$150 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 5,911 lane miles of streets and roads and 323 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 71.6% of roads and 98.0% 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 the deterioration of roads and streets. Increased spending on road and street maintenance resulted in continual improvement in the percentage of roads and streets in fair or better condition. The condition has now returned to a level that exceeds the policy level. The FY18-19 capital budget includes additional funding for road and street maintenance.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-54 of this report.

Long-term debt – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$3.9 billion. Of this amount, \$2.9 billion comprises debt backed by the full faith and credit of the Government. The remaining \$963 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 2,499,157	\$ 2,636,004	\$ 50,888	\$ 53,191	\$ 2,550,045	\$ 2,689,195
Deferred amounts, net	348,316	382,408	7,730	8,293	356,046	390,701
Total general obligation bonds outstanding	<u>2,847,473</u>	<u>3,018,412</u>	<u>58,618</u>	<u>61,484</u>	<u>2,906,091</u>	<u>3,079,896</u>
Revenue bonds	-	-	892,365	716,115	892,365	716,115
Deferred amounts, net	-	-	70,825	33,474	70,825	33,474
Total revenue bonds outstanding	<u>-</u>	<u>-</u>	<u>963,190</u>	<u>749,589</u>	<u>963,190</u>	<u>749,589</u>
Total general obligation and revenue bonds outstanding	<u>\$ 2,847,473</u>	<u>\$ 3,018,412</u>	<u>\$ 1,021,808</u>	<u>\$ 811,073</u>	<u>\$ 3,869,281</u>	<u>\$ 3,829,485</u>

The Government's total general obligation and revenue bonds outstanding, net of deferred amounts, increased by \$40 million (1.0%) during the current fiscal year. New bond issues totaled \$245 million, which were offset by principal payments of \$177 million and refundings of \$31 million. Deferred amounts increased a net amount of \$3.0 million.

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

Construction commitments at June 30, 2018 totaled \$212 million for the governmental activities of the Government and \$79 million for the Department of Water and Sewerage Services.

The Government maintains an "AA" rating from Standard & Poor's and "Aa2" from Moody's for general obligation debt.

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

The ratio of general long-term debt (defined as gross debt less debt service monies available and less debt to be repaid from sources other than property taxes) to the actual value of property is 2.85%, and the amount of net debt per capita is \$4,104.

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

Commercial paper – In July 2017, 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 \$775 million outstanding at June 30, 2018 are considered short-term liabilities of the appropriate capital projects and proprietary funds. The majority of the commercial paper obligations were redeemed with the proceeds of general obligation bonds issued in October 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The most recent (September 2018) unemployment rate for the Nashville combined statistical area is 3.0%. The state's and nation's unemployment rates are 3.6% and 3.7%, respectively. The budget for the 2019 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 2019 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

OTHER MATTERS

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

REQUESTS FOR INFORMATION

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 478,156,827	\$ 98,113,059	\$ 576,269,886	\$ 726,551,839
Investments	-	-	-	12,842,078
Sales tax receivable	74,674,576	-	74,674,576	-
Accounts receivable	144,145,408	25,103,207	169,248,615	246,395,768
Property tax receivable	996,481,771	-	996,481,771	-
Allowance for doubtful accounts	(16,541,292)	(2,508,642)	(19,049,934)	(66,785,608)
Accrued interest receivable	655,580	323,342	978,922	221,643
Internal balances	23,990,056	(23,990,056)	-	-
Due from the primary government	-	-	-	763,927
Due from component units	7,500,100	8,178	7,508,278	-
Inventories of supplies	4,793,804	2,828,919	7,622,723	30,354,696
Other current assets	1,714,066	116,577	1,830,643	14,825,121
Restricted assets:				
Cash and cash equivalents	-	234,404,860	234,404,860	294,392,953
Investments	-	-	-	205,451,440
Accrued interest receivable	-	73,461	73,461	193,404
Due from other governmental agencies	-	-	-	16,885,811
Accounts receivable	-	86,302	86,302	763,712
Due from the primary government	-	-	-	10,917,017
Other restricted assets	-	10,674	10,674	8,865,396
Notes receivable	-	-	-	60,842,063
Capital assets:				
Utility plant in service	-	3,032,291,725	3,032,291,725	1,457,638,000
Land	490,608,387	24,583,200	515,191,587	374,306,821
Buildings and improvements	2,212,894,634	101,597,179	2,314,491,813	2,048,366,454
Improvements other than buildings	-	60,863,062	60,863,062	578,856,713
Furniture, machinery and equipment	483,697,638	122,701,903	606,399,541	528,013,774
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,752,845,157	-	1,752,845,157	22,537,906
Public art	4,831,212	-	4,831,212	1,183,844
Construction in progress	408,703,502	260,136,972	668,840,474	318,669,580
Accumulated depreciation	(1,349,422,413)	(1,448,323,013)	(2,797,745,426)	(2,030,335,861)
Other noncurrent assets	7,099,241	40,944,900	48,044,141	47,369,280
Total assets	5,726,828,254	2,533,010,809	8,259,839,063	4,910,087,771
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	176,372,223	6,369,402	182,741,625	22,081,908
Effective portion of fuel hedging	-	-	-	714,440
Other post employment benefits (OPEB)	-	-	-	28,643,712
Pensions	136,343,362	6,816,220	143,159,582	29,007,520
Total deferred outflows of resources	312,715,585	13,185,622	325,901,207	80,447,580

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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES:				
Accounts payable	\$ 134,923,365	\$ 7,785,222	\$ 142,708,587	\$ 272,615,180
Accrued payroll	51,196,140	3,103,668	54,299,808	11,863,098
Accrued interest	57,612,007	-	57,612,007	-
Claims payable	33,442,847	-	33,442,847	-
Due to component units	11,346,637	334,307	11,680,944	-
Due to the primary government	-	-	-	7,508,278
Customer deposits	-	3,236,167	3,236,167	18,755,767
Unearned revenue	1,353,034	1,219,400	2,572,434	8,536,485
Commercial paper payable	648,531,019	126,468,981	775,000,000	-
Other current liabilities	7,754,753	3,945,573	11,700,326	19,768,399
Liabilities payable from restricted assets:				
Accounts payable	-	12,497,310	12,497,310	11,738,376
Accrued interest	-	23,869,853	23,869,853	32,285,204
Current portion of long-term liabilities	-	40,600,115	40,600,115	62,336,000
Noncurrent liabilities:				
Due within one year	210,985,873	-	210,985,873	15,614,334
Due in more than one year	6,871,745,999	990,018,352	7,861,764,351	2,328,284,581
Total liabilities	8,028,891,674	1,213,078,948	9,241,970,622	2,789,305,702
DEFERRED INFLOWS OF RESOURCES:				
Assessed and unlevied property taxes	985,241,893	-	985,241,893	-
Interest rate swap	3,917,040	-	3,917,040	-
Effective portion of fuel hedging	1,196,506	-	1,196,506	-
Other post employment benefits (OPEB)	-	-	-	11,557,308
Pensions	211,923,204	12,760,676	224,683,880	12,883,655
Tax increment financing	-	-	-	28,000,000
Total deferred inflows of resources	1,202,278,643	12,760,676	1,215,039,319	52,440,963
NET POSITION:				
Net investment in capital assets	706,897,209	1,172,712,026	1,879,609,235	1,660,079,759
Restricted for debt retirement	-	100,069,502	100,069,502	175,852,055
Restricted for perpetual care:				
Expendable	210,108	-	210,108	-
Nonexpendable	185,112	-	185,112	-
Restricted for:				
Education	23,076,674	-	23,076,674	-
Law enforcement and care of prisoners	1,897,849	-	1,897,849	-
Public works, highways and streets	3,901,069	-	3,901,069	-
Convention center and tourism promotion	11,016,258	-	11,016,258	-
Public health	3,120,924	-	3,120,924	-
Flood recovery	8,608,155	-	8,608,155	-
Public library	1,294,610	-	1,294,610	-
Other purposes	4,659,724	-	4,659,724	104,443,864
Unrestricted	(3,956,494,170)	47,575,279	(3,908,918,891)	208,413,008
Total net position	\$ (3,191,626,478)	\$ 1,320,356,807	\$ (1,871,269,671)	\$ 2,148,788,686

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, 2018

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 229,631,606	\$ 18,780,840	\$ 4,350,329	\$ 2,471,507
Fiscal administration	34,477,659	9,807,116	105,637	-
Administration of justice	110,415,095	26,779,812	5,627,550	-
Law enforcement and care of prisoners	389,727,938	28,207,084	2,006,623	-
Fire prevention and control	172,064,136	10,828,777	6,936,577	-
Regulation and inspection	12,599,496	23,741,712	-	-
Conservation of natural resources	494,470	-	-	-
Public welfare	72,269,651	904,999	26,489,642	-
Public health and hospitals	127,666,967	12,447,150	19,841,295	-
Public library system	45,086,337	223,257	861,044	-
Public works, highways and streets	221,096,201	19,637,166	11,414,202	27,357,627
Recreational and cultural	96,611,981	14,494,677	1,472,345	333,231
Education	1,121,120,608	18,025,911	445,948,395	-
Interest and other debt related costs	110,836,176	-	-	-
Total governmental activities	<u>2,744,098,321</u>	<u>183,878,501</u>	<u>525,053,639</u>	<u>30,162,365</u>
Business-type activities:				
Department of Water and Sewerage Services	227,587,603	224,282,867	-	18,752,603
District Energy System	18,475,380	17,110,983	-	-
Board of Fair Commissioners	3,672,701	3,011,669	-	-
Farmers Market	2,115,022	1,094,968	-	-
Surplus Property Auction	648,517	2,087,939	-	-
Municipal Auditorium	2,073,601	1,897,494	-	-
Police Impound	375,000	501,546	-	-
Stormwater Operations	15,625,255	32,329,729	-	-
Total business-type activities	<u>270,573,079</u>	<u>282,317,195</u>	<u>-</u>	<u>18,752,603</u>
Total primary government	<u>\$ 3,014,671,400</u>	<u>\$ 466,195,696</u>	<u>\$ 525,053,639</u>	<u>\$ 48,914,968</u>
Component units	\$ 1,851,089,981	\$ 1,669,166,893	\$ 339,445,408	\$ 68,934,751

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (204,028,930)	\$ -	\$ (204,028,930)	\$ -
(24,564,906)	-	(24,564,906)	-
(78,007,733)	-	(78,007,733)	-
(359,514,231)	-	(359,514,231)	-
(154,298,782)	-	(154,298,782)	-
11,142,216	-	11,142,216	-
(494,470)	-	(494,470)	-
(44,875,010)	-	(44,875,010)	-
(95,378,522)	-	(95,378,522)	-
(44,002,036)	-	(44,002,036)	-
(162,687,206)	-	(162,687,206)	-
(80,311,728)	-	(80,311,728)	-
(657,146,302)	-	(657,146,302)	-
(110,836,176)	-	(110,836,176)	-
<u>(2,005,003,816)</u>	<u>-</u>	<u>(2,005,003,816)</u>	<u>-</u>
-	15,447,867	15,447,867	-
-	(1,364,397)	(1,364,397)	-
-	(661,032)	(661,032)	-
-	(1,020,054)	(1,020,054)	-
-	1,439,422	1,439,422	-
-	(176,107)	(176,107)	-
-	126,546	126,546	-
-	16,704,474	16,704,474	-
-	<u>30,496,719</u>	<u>30,496,719</u>	<u>-</u>
<u>(2,005,003,816)</u>	<u>30,496,719</u>	<u>(1,974,507,097)</u>	<u>-</u>
-	-	-	226,457,071
995,534,824	-	995,534,824	-
414,155,992	-	414,155,992	-
95,136,963	-	95,136,963	-
55,397,065	-	55,397,065	-
33,130,902	-	33,130,902	-
39,812,160	-	39,812,160	-
18,894,723	-	18,894,723	-
606,153	-	606,153	-
5,865,325	2,818,687	8,684,012	12,814,424
96,373,970	-	96,373,970	-
1,873,646	34,061	1,907,707	1,859,915
18,901,909	(18,901,909)	-	-
<u>1,775,683,632</u>	<u>(16,049,161)</u>	<u>1,759,634,471</u>	<u>14,674,339</u>
(229,320,184)	14,447,558	(214,872,626)	241,131,410
(2,962,306,294)	1,305,909,249	(1,656,397,045)	1,907,657,276
<u>\$ (3,191,626,478)</u>	<u>\$ 1,320,356,807</u>	<u>\$ (1,871,269,671)</u>	<u>\$ 2,148,788,686</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, 2018

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
ASSETS:				
Cash and cash equivalents	\$ 70,891,850	\$ 3,101,999	\$ 1,172,354	\$ -
Sales tax receivable	24,163,322	40,385,116	475,693	9,650,445
Accounts receivable	59,114,410	13,422,356	3,942,914	143,757
Accrued interest receivable	64,369	-	64,365	-
Property tax receivable	518,795,856	323,526,235	96,727,743	41,017,187
Allowance for doubtful accounts	(12,055,628)	(2,944,093)	(978,177)	(384,536)
Due from other funds of the primary government	6,457,540	8,099,659	384,100	-
Due from component units	7,500,000	-	-	-
Inventories of supplies	351,943	1,643,435	-	-
Other assets	578,624	68,670	20,000	28,515
Total assets	\$ 675,862,286	\$ 387,303,377	\$ 101,808,992	\$ 50,455,368
LIABILITIES:				
Accounts payable	\$ 19,406,080	\$ 11,748,893	\$ 428,269	\$ 256,601
Accrued payroll	27,827,390	17,529,724	-	-
Due to other funds of the primary government	13,976,082	2,745,483	16,899	4,923,193
Due to component units	429,635	-	-	-
Commercial paper payable	-	-	-	-
Other liabilities	5,741,870	2,005	-	-
Total liabilities	67,381,057	32,026,105	445,168	5,179,794
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	514,309,921	320,396,427	95,700,671	40,611,538
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other revenues	17,509,981	-	-	-
Total deferred inflows of resources	531,819,902	320,396,427	95,700,671	40,611,538
FUND BALANCES (DEFICITS):				
Nonspendable	842,106	1,680,304	-	28,515
Restricted for:				
Other purposes	-	-	-	-
Committed for:				
Education (available)	-	33,200,541	-	-
Debt service	-	-	5,663,153	4,085,521
Equipment acquisitions (appropriated)	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Subsequent year budgetary appropriations	8,850,000	-	-	550,000
Specific projects	8,089,600	-	-	-
Unassigned	58,879,621	-	-	-
Total fund balances (deficits)	76,661,327	34,880,845	5,663,153	4,664,036
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 675,862,286	\$ 387,303,377	\$ 101,808,992	\$ 50,455,368

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, 2018

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 468,553	\$ 35,204,987	\$ 18,716,247	\$ 859,114	\$ 159,110,055	\$ 289,525,159
-	-	-	-	-	74,674,576
55,184	104,643	-	-	66,710,657	143,493,921
291	4,146	129	-	262,441	395,741
16,414,750	-	-	-	-	996,481,771
(178,858)	-	-	-	-	(16,541,292)
28,711	2,476,060	8,598	902,789	10,489,311	28,846,768
-	-	-	-	-	7,500,000
-	-	-	-	1,140,930	3,136,308
-	-	-	-	505,384	1,201,193
<u>\$ 16,788,631</u>	<u>\$ 37,789,836</u>	<u>\$ 18,724,974</u>	<u>\$ 1,761,903</u>	<u>\$ 238,218,778</u>	<u>\$ 1,528,714,145</u>
\$ 30,068	\$ 43,426,858	\$ 15,806,795	\$ 2,181,238	\$ 22,018,673	\$ 115,303,475
-	14,727	-	-	2,778,825	48,150,666
2,423	343,396	1,239,363	14,256	33,597,231	56,858,326
-	-	-	-	10,917,002	11,346,637
-	431,392,485	207,562,961	9,575,573	-	648,531,019
-	15,000	-	-	1,995,878	7,754,753
<u>32,491</u>	<u>475,192,466</u>	<u>224,609,119</u>	<u>11,771,067</u>	<u>71,307,609</u>	<u>887,944,876</u>
16,231,988	-	-	-	-	987,250,545
-	-	-	-	16,994,010	16,994,010
-	-	-	-	-	17,509,981
<u>16,231,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,994,010</u>	<u>1,021,754,536</u>
-	-	-	-	1,331,426	3,882,351
-	-	-	-	57,785,371	57,785,371
-	-	-	-	-	33,200,541
524,152	-	-	-	-	10,272,826
-	-	-	-	54,202,931	54,202,931
-	-	-	-	3,672,425	3,672,425
-	-	-	-	32,925,006	32,925,006
-	-	-	-	-	9,400,000
-	-	-	-	-	8,089,600
-	(437,402,630)	(205,884,145)	(10,009,164)	-	(594,416,318)
<u>524,152</u>	<u>(437,402,630)</u>	<u>(205,884,145)</u>	<u>(10,009,164)</u>	<u>149,917,159</u>	<u>(380,985,267)</u>
<u>\$ 16,788,631</u>	<u>\$ 37,789,836</u>	<u>\$ 18,724,974</u>	<u>\$ 1,761,903</u>	<u>\$ 238,218,778</u>	<u>\$ 1,528,714,145</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, 2018

Fund balances - total governmental funds	\$	(380,985,267)
<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		5,154,972,627
Less accumulated depreciation		(1,208,024,186)
<p>Net pension assets are not financial resources and therefore are not reported in the governmental funds.</p>		
		5,902,735
<p>The fuel hedging derivative asset is not a financial resource and therefore is not reported in the governmental funds.</p>		
		1,196,506
<p>Deferred outflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p>		
		136,343,362
<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>		
		(3,917,040)
<p>Deferred inflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p>		
		(211,923,204)
<p>Deferred inflows related to the fair value of derivative financial instruments are not financial resources and therefore not reported in the governmental funds.</p>		
		(1,196,506)
<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		(2,499,157,217)
Qualified zone academy notes payable		(1,243,697)
Qualified school construction bond loan payable		(31,191,550)
Less deferred charge on refunding		176,372,223
Add net bond premium/discount		(348,289,997)
Accrued interest payable		(57,612,007)
Unamortized swaption proceeds		(1,353,034)
Net pension liability		(198,995,100)
Total other postemployment benefits (OPEB) liability		(3,889,062,264)
Compensated absences		(92,137,212)
Claims and judgments		(6,287,000)
Landfill closure costs		(6,409,317)
Fair value of derivative financial instruments		(4,990,067)
<p>Certain deferred inflows reported in the governmental funds are recognized as revenues in the governmental activities.</p>		
		36,512,643
<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>		
		239,848,091
Net position - governmental activities	\$	(3,191,626,478)

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, 2018

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
REVENUES:				
Property taxes	\$ 539,343,469	\$ 310,191,334	\$ 91,762,381	\$ 38,928,698
Local option sales taxes	133,884,975	224,215,780	2,331,521	53,723,716
Other taxes, licenses and permits	155,826,065	16,202,427	-	-
Fines, forfeits and penalties	9,311,162	450	323,999	-
Revenues from the use of money or property	975,494	-	-	440,718
Revenues from other governmental agencies	112,150,191	294,370,930	6,030,459	-
Commissions and fees	17,257,045	-	-	-
Charges for current services	41,117,340	2,019,185	-	-
Compensation for loss, sale or damage to property	903,657	2,314,983	-	-
Contributions and gifts	562,551	232,225	-	-
Bond interest tax credit	-	-	4,874,645	-
Miscellaneous	3,023,042	104,113	12	-
Total revenues	1,014,354,991	849,651,427	105,323,017	93,093,132
EXPENDITURES:				
Current:				
General government	50,846,174	-	-	-
Fiscal administration	23,703,880	-	-	-
Administration of justice	64,444,333	-	-	-
Law enforcement and care of prisoners	284,014,877	-	-	-
Fire prevention and control	131,839,625	-	-	-
Regulation and inspection	10,156,818	-	-	-
Conservation of natural resources	407,900	-	-	-
Public welfare	6,709,667	-	-	-
Public health and hospitals	69,697,474	-	-	-
Public library system	30,793,711	-	-	-
Public works, highways and streets	34,359,154	-	-	-
Recreational and cultural	42,296,855	-	-	-
Education	-	760,737,666	-	-
Retiree benefits	87,579,887	-	-	-
Miscellaneous	116,376,212	-	-	-
Debt service:				
Principal retirement	-	-	74,519,733	54,649,435
Interest	-	-	76,028,557	39,985,797
Fiscal charges	-	-	4,117,806	2,151,653
Capital outlay	-	-	-	-
Total expenditures	953,226,567	760,737,666	154,666,096	96,786,885
Excess (deficiency) of revenues over expenditures	61,128,424	88,913,761	(49,343,079)	(3,693,753)

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, 2018

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 15,496,414	\$ -	\$ -	\$ -	\$ 2,861,900	\$ 998,584,196
-	-	-	-	-	414,155,992
-	-	-	-	99,426,788	271,455,280
-	-	-	-	4,021,246	13,656,857
-	29,881	910	-	1,940,081	3,387,084
-	716,627	-	-	228,973,735	642,241,942
-	-	-	-	9,519,060	26,776,105
-	268,567	-	-	27,124,587	70,529,679
-	-	-	-	1,019,856	4,238,496
-	2,822,738	-	-	5,959,109	9,576,623
-	-	-	-	-	4,874,645
-	-	-	-	104,542	3,231,709
<u>15,496,414</u>	<u>3,837,813</u>	<u>910</u>	<u>-</u>	<u>380,950,904</u>	<u>2,462,708,608</u>
-	-	-	-	93,568,485	144,414,659
-	-	-	-	1,442,826	25,146,706
-	-	-	-	10,578,509	75,022,842
-	-	-	-	23,651,407	307,666,284
-	-	-	-	11,809	131,851,434
-	-	-	-	63,729	10,220,547
-	-	-	-	-	407,900
-	-	-	-	36,313,702	43,023,369
-	-	-	-	23,909,026	93,606,500
-	-	-	-	854,279	31,647,990
-	-	-	-	37,631,657	71,990,811
-	-	-	-	2,148,090	44,444,945
-	-	-	-	272,376,758	1,033,114,424
-	-	-	-	-	87,579,887
-	-	-	-	-	116,376,212
-	-	-	-	-	-
11,628,672	-	-	-	-	140,797,840
9,092,203	-	-	-	-	125,106,557
579,418	-	-	-	-	6,848,877
-	305,937,081	140,365,133	9,764,107	28,146,906	484,213,227
<u>21,300,293</u>	<u>305,937,081</u>	<u>140,365,133</u>	<u>9,764,107</u>	<u>530,697,183</u>	<u>2,973,481,011</u>
<u>(5,803,879)</u>	<u>(302,099,268)</u>	<u>(140,364,223)</u>	<u>(9,764,107)</u>	<u>(149,746,279)</u>	<u>(510,772,403)</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, 2018

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
OTHER FINANCING SOURCES (USES):				
Transfers in	\$ 26,219,860	\$ 2,283,318	\$ 45,568,316	\$ 1,607,356
Transfers out	(117,383,483)	(119,543,964)	-	-
Total other financing sources (uses)	(91,163,623)	(117,260,646)	45,568,316	1,607,356
Net change in fund balances	(30,035,199)	(28,346,885)	(3,774,763)	(2,086,397)
FUND BALANCES (DEFICITS), beginning of year	106,696,526	63,227,730	9,437,916	6,750,433
FUND BALANCES (DEFICITS), end of year	\$ 76,661,327	\$ 34,880,845	\$ 5,663,153	\$ 4,664,036

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, 2018

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 1,841,600	\$ -	\$ -	\$ -	\$ 193,378,600	\$ 270,899,050
-	(8,851,170)	-	-	(31,803,977)	(277,582,594)
<u>1,841,600</u>	<u>(8,851,170)</u>	<u>-</u>	<u>-</u>	<u>161,574,623</u>	<u>(6,683,544)</u>
(3,962,279)	(310,950,438)	(140,364,223)	(9,764,107)	11,828,344	(517,455,947)
<u>4,486,431</u>	<u>(126,452,192)</u>	<u>(65,519,922)</u>	<u>(245,057)</u>	<u>138,088,815</u>	<u>136,470,680</u>
<u>\$ 524,152</u>	<u>\$ (437,402,630)</u>	<u>\$ (205,884,145)</u>	<u>\$ (10,009,164)</u>	<u>\$ 149,917,159</u>	<u>\$ (380,985,267)</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, 2018

Net change in fund balances - governmental funds \$ (517,455,947)

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	312,043,055
Depreciation expense	(102,725,944)

Donations of capital assets increase net position for governmental activities, but do not appear in the governmental funds because they are not financial resources.	26,623,000
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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.	(15,434,472)
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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.	4,577,720
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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.	45,481,155
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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.	(58,468,529)
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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.

Principal repayments	140,797,840
Amortization of deferred charge on refunding	(19,435,523)
Amortization of premium/discount	34,082,125
Change in accrued interest	1,101,273

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, 2018

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	36,540,466
Total other postemployment benefits (OPEB) liability	(134,358,429)
Compensated absences	(3,080,644)
Claims and judgments	(859,000)
Landfill closure costs	(179,144)

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	8,562,918
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds less those allocated to business-type activities are included in governmental activities.	<u>12,695,169</u>
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Change in net position - governmental activities	<u><u>\$ (229,320,184)</u></u>
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The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 553,914,000	\$ 553,914,000	\$ 539,343,469	\$ (14,570,531)
Local option sales tax	136,381,000	136,381,000	133,884,975	(2,496,025)
Other taxes, licenses and permits	154,588,700	154,588,700	155,826,065	1,237,365
Fines, forfeits and penalties	8,940,500	8,940,500	9,311,162	370,662
Revenues from the use of money or property	-	-	975,494	975,494
Revenues from other governmental agencies	113,429,700	113,871,300	112,150,191	(1,721,109)
Commissions and fees	15,171,900	15,171,900	17,257,045	2,085,145
Charges for current services	37,856,800	39,556,800	41,117,340	1,560,540
Compensation for loss, sale or damage to property	6,325,600	6,325,600	903,657	(5,421,943)
Contributions and gifts	-	-	562,551	562,551
Miscellaneous	538,400	538,400	3,023,042	2,484,642
Total revenues	1,027,146,600	1,029,288,200	1,014,354,991	(14,933,209)
EXPENDITURES:				
General government	53,284,200	54,042,400	50,846,174	3,196,226
Fiscal administration	25,546,900	26,368,400	23,703,880	2,664,520
Administration of justice	65,034,300	66,576,500	64,444,333	2,132,167
Law enforcement and care of prisoners	278,069,600	287,140,600	284,014,877	3,125,723
Fire prevention and control	125,768,900	131,849,400	131,839,625	9,775
Regulation and inspection	11,199,900	11,302,200	10,156,818	1,145,382
Conservation of natural resources	429,500	437,400	407,900	29,500
Public welfare	7,574,900	7,010,300	6,709,667	300,633
Public health and hospitals	57,120,700	74,692,400	69,697,474	4,994,926
Public library system	30,408,900	31,040,700	30,793,711	246,989
Public works, highways and streets	36,000,800	36,525,100	34,359,154	2,165,946
Recreational and cultural	43,697,600	44,178,200	42,296,855	1,881,345
Retiree benefits	86,050,900	86,050,900	87,579,887	(1,528,987)
Miscellaneous	145,262,300	127,349,300	116,376,212	10,973,088
Total expenditures	965,449,400	984,563,800	953,226,567	31,337,233
Excess (deficiency) of revenues over expenditures	61,697,200	44,724,400	61,128,424	16,404,024
OTHER FINANCING SOURCES (USES):				
Transfers in	24,829,500	24,387,900	26,219,860	1,831,960
Transfers out	(136,336,000)	(140,317,900)	(117,383,483)	22,934,417
Total other financing sources (uses)	(111,506,500)	(115,930,000)	(91,163,623)	24,766,377
Net change in fund balances	(49,809,300)	(71,205,600)	(30,035,199)	41,170,401
FUND BALANCES, beginning of year	106,696,526	106,696,526	106,696,526	-
FUND BALANCES, end of year	\$ 56,887,226	\$ 35,490,926	\$ 76,661,327	\$ 41,170,401

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 317,963,900	\$ 317,963,900	\$ 310,191,334	\$ (7,772,566)
Local option sales tax	220,693,700	220,693,700	224,215,780	3,522,080
Other taxes, licenses and permits	13,301,000	13,301,000	16,202,427	2,901,427
Fines, forfeits and penalties	1,200	1,200	450	(750)
Revenues from other governmental agencies	301,988,700	301,988,700	294,370,930	(7,617,770)
Charges for current services	1,230,000	1,230,000	2,019,185	789,185
Compensation for loss, sale or damage to property	1,811,300	1,811,300	2,314,983	503,683
Contributions and gifts	600,000	600,000	232,225	(367,775)
Miscellaneous	150,000	150,000	104,113	(45,887)
Total revenues	857,739,800	857,739,800	849,651,427	(8,088,373)
EXPENDITURES:				
Education	761,099,500	764,599,500	760,737,666	3,861,834
Total expenditures	761,099,500	764,599,500	760,737,666	3,861,834
Excess (deficiency) of revenues over expenditures	96,640,300	93,140,300	88,913,761	(4,226,539)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,500,000	2,500,000	2,283,318	(216,682)
Transfers out	(118,200,200)	(118,200,200)	(119,543,964)	(1,343,764)
Total other financing sources (uses)	(115,700,200)	(115,700,200)	(117,260,646)	(1,560,446)
Net change in fund balances	(19,059,900)	(22,559,900)	(28,346,885)	(5,786,985)
FUND BALANCES, beginning of year	63,227,730	63,227,730	63,227,730	-
FUND BALANCES, end of year	\$ 44,167,830	\$ 40,667,830	\$ 34,880,845	\$ (5,786,985)

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, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 61,180,781	\$ 7,226,013	\$ 29,706,265	\$ 98,113,059	\$ 188,631,668
Accounts receivable	18,781,167	2,289,781	4,032,259	25,103,207	628,837
Allowance for doubtful accounts	(1,561,134)	-	(947,508)	(2,508,642)	-
Accrued interest receivable	281,411	-	41,931	323,342	259,839
Due from other funds of the primary government	1,177,145	-	3,154,918	4,332,063	1,789,212
Due from component units	8,078	-	100	8,178	100
Inventories of supplies	2,828,919	-	-	2,828,919	1,657,496
Other current assets	107,100	-	9,477	116,577	512,873
Restricted assets:					
Cash and cash equivalents	50,526,844	1,738,838	-	52,265,682	-
Accounts receivable	86,302	-	-	86,302	-
Accrued interest receivable	73,461	-	-	73,461	-
Due from other funds of the primary government	19,316,275	-	-	19,316,275	-
Other current assets	10,674	-	-	10,674	-
Total current assets	152,817,023	11,254,632	35,997,442	200,069,097	193,480,025
Noncurrent assets:					
Capital assets:					
Utility plant in service	2,966,362,308	65,929,417	-	3,032,291,725	-
Land	22,509,294	1,311,213	762,693	24,583,200	-
Buildings and improvements	54,412,200	22,249,490	24,935,489	101,597,179	-
Improvements other than buildings	56,559,768	273,754	4,029,540	60,863,062	-
Furniture, machinery and equipment	119,804,316	886,904	2,010,683	122,701,903	198,607,903
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction in progress	257,420,173	833,369	1,883,430	260,136,972	-
Less accumulated depreciation	(1,393,105,407)	(30,518,110)	(24,699,496)	(1,448,323,013)	(141,398,227)
Capital assets - net	2,083,962,652	60,966,037	12,567,339	2,157,496,028	57,209,676
Restricted assets:					
Cash and cash equivalents	182,139,178	-	-	182,139,178	-
Other noncurrent assets	40,944,900	-	-	40,944,900	-
Total noncurrent assets	2,307,046,730	60,966,037	12,567,339	2,380,580,106	57,209,676
Total assets	2,459,863,753	72,220,669	48,564,781	2,580,649,203	250,689,701
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charge on refunding	3,875,115	2,494,287	-	6,369,402	-
Pensions	5,758,511	23,611	1,034,098	6,816,220	-
Total deferred outflows of resources	9,633,626	2,517,898	1,034,098	13,185,622	-

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, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 4,862,959	\$ 1,859,429	\$ 1,062,834	\$ 7,785,222	\$ 11,306,960
Accrued payroll	2,138,296	-	965,372	3,103,668	3,045,474
Claims payable	-	-	-	-	33,442,847
Due to other funds of the primary government	3,433,364	105,290	104,812	3,643,466	2,072,806
Due to component units	333,333	-	974	334,307	-
Customer deposits	3,225,977	-	10,190	3,236,167	-
Unearned revenue	-	-	1,219,400	1,219,400	-
Other current liabilities	3,945,573	-	-	3,945,573	-
Liabilities payable from restricted assets:					
Accounts payable	12,497,310	-	-	12,497,310	-
Accrued interest	23,374,923	494,930	-	23,869,853	-
Current portion of long term debt	38,225,000	2,375,115	-	40,600,115	-
Commercial paper payable	125,000,000	1,468,981	-	126,468,981	-
Total current liabilities	<u>217,036,735</u>	<u>6,303,745</u>	<u>3,363,582</u>	<u>226,704,062</u>	<u>49,868,087</u>
Noncurrent liabilities:					
Revenue bonds payable	924,965,129	44,069,470	-	969,034,599	-
General obligation bonds payable	-	12,173,582	-	12,173,582	-
Claims payable	-	-	-	-	4,968,451
Net pension liability	7,443,050	30,518	1,336,603	8,810,171	-
Total noncurrent liabilities	<u>932,408,179</u>	<u>56,273,570</u>	<u>1,336,603</u>	<u>990,018,352</u>	<u>4,968,451</u>
Total liabilities	<u>1,149,444,914</u>	<u>62,577,315</u>	<u>4,700,185</u>	<u>1,216,722,414</u>	<u>54,836,538</u>
DEFERRED INFLOWS OF RESOURCES:					
Pensions	10,780,535	44,202	1,935,939	12,760,676	-
Total deferred inflows of resources	<u>10,780,535</u>	<u>44,202</u>	<u>1,935,939</u>	<u>12,760,676</u>	<u>-</u>
NET POSITION:					
Net investment in capital assets	1,156,771,512	3,373,175	12,567,339	1,172,712,026	57,209,676
Restricted for debt retirement	98,825,593	1,243,909	-	100,069,502	-
Unrestricted	53,674,825	7,499,966	30,395,416	91,570,207	138,643,487
Total net position	<u>\$ 1,309,271,930</u>	<u>\$ 12,117,050</u>	<u>\$ 42,962,755</u>	<u>1,364,351,735</u>	<u>\$ 195,853,163</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(43,994,928)	
Net position of business-type activities				<u>\$ 1,320,356,807</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, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES:					
Charges for services	\$ 221,918,145	\$ 17,110,983	\$ 40,736,175	\$ 279,765,303	\$ 418,392,913
Other	1,922,844	-	-	1,922,844	12,801,368
Total operating revenues	<u>223,840,989</u>	<u>17,110,983</u>	<u>40,736,175</u>	<u>281,688,147</u>	<u>431,194,281</u>
OPERATING EXPENSES:					
Personal services	49,485,401	216,586	10,672,276	60,374,263	21,854,415
Contractual services	44,163,797	14,104,485	11,531,894	69,800,176	30,437,635
Supplies and materials	15,407,285	243,862	554,855	16,206,002	11,777,068
Depreciation	79,734,863	2,340,007	991,169	83,066,039	16,132,895
Compensation for damages	-	-	-	-	3,756,404
Medical and insurance benefits	-	-	-	-	363,012,237
Other	4,801,211	30,842	544,888	5,376,941	2,860,059
Total operating expenses	<u>193,592,557</u>	<u>16,935,782</u>	<u>24,295,082</u>	<u>234,823,421</u>	<u>449,830,713</u>
OPERATING INCOME (LOSS)	<u>30,248,432</u>	<u>175,201</u>	<u>16,441,093</u>	<u>46,864,726</u>	<u>(18,636,432)</u>
NONOPERATING REVENUE (EXPENSE):					
Investment income (loss)	2,498,141	78,620	241,926	2,818,687	1,766,844
Interest expense	(32,285,970)	(1,539,315)	-	(33,825,285)	-
Gain (loss) on sale of property	23,478	-	10,583	34,061	(43,718)
Other	441,878	-	187,170	629,048	(103,553)
Total nonoperating revenue (expense)	<u>(29,322,473)</u>	<u>(1,460,695)</u>	<u>439,679</u>	<u>(30,343,489)</u>	<u>1,619,573</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS	<u>925,959</u>	<u>(1,285,494)</u>	<u>16,880,772</u>	<u>16,521,237</u>	<u>(17,016,859)</u>
CAPITAL GRANTS AND CONTRIBUTIONS TRANSFERS IN	18,752,603	-	-	18,752,603	-
TRANSFERS IN	-	1,690,300	3,553,886	5,244,186	29,720,655
TRANSFERS OUT	<u>(16,138,329)</u>	<u>(1,262,800)</u>	<u>(6,744,966)</u>	<u>(24,146,095)</u>	<u>(1,933,000)</u>
CHANGE IN NET POSITION	3,540,233	(857,994)	13,689,692	16,371,931	10,770,796
NET POSITION, beginning of year	<u>1,305,731,697</u>	<u>12,975,044</u>	<u>29,273,063</u>		<u>185,082,367</u>
NET POSITION, end of year	<u>\$ 1,309,271,930</u>	<u>\$ 12,117,050</u>	<u>\$ 42,962,755</u>		<u>\$ 195,853,163</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,924,373)</u>	
Change in net position of business-type activities				<u>\$ 14,447,558</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, 2018

	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	\$ 221,475,635	\$ 17,010,378	\$ 39,753,949	\$ 278,239,962	\$ 430,034,646
Payments to suppliers	(65,874,826)	(14,625,747)	(12,519,814)	(93,020,387)	(409,499,186)
Payments to employees	(48,835,716)	(211,886)	(10,607,546)	(59,655,148)	(21,375,461)
Other receipts	118,082	-	-	118,082	407,207
Other payments	-	-	-	-	(505,362)
Net cash provided by (used in) operating activities	<u>106,883,175</u>	<u>2,172,745</u>	<u>16,626,589</u>	<u>125,682,509</u>	<u>(938,156)</u>
Cash flows from noncapital financing activities:					
Transfers in	-	1,690,300	3,553,886	5,244,186	29,720,655
Transfers out	(16,138,329)	(1,262,800)	(6,744,966)	(24,146,095)	(1,933,000)
Net cash provided by (used in) non-capital financing activities	<u>(16,138,329)</u>	<u>427,500</u>	<u>(3,191,080)</u>	<u>(18,901,909)</u>	<u>27,787,655</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(163,599,869)	(514,884)	(3,033,883)	(167,148,636)	(20,849,530)
Proceeds from the sale of property	23,478	-	10,583	34,061	10,557
Proceeds from borrowings	128,706,402	1,043,071	-	129,749,473	-
Principal payments on borrowings	(37,475,000)	(2,303,157)	-	(39,778,157)	-
Interest subsidy	4,984,219	-	-	4,984,219	-
Interest paid	(35,828,888)	(1,920,822)	-	(37,749,710)	-
Capital contributions received	19,249,798	-	-	19,249,798	-
Net cash provided by (used in) capital and related financing activities	<u>(83,939,860)</u>	<u>(3,695,792)</u>	<u>(3,023,300)</u>	<u>(90,658,952)</u>	<u>(20,838,973)</u>
Cash flows from investing activities:					
Decrease (increase) in investments	-	(112)	-	(112)	-
Interest on investments	2,471,251	78,732	210,816	2,760,799	1,625,122
Net cash provided by (used in) investing activities	<u>2,471,251</u>	<u>78,620</u>	<u>210,816</u>	<u>2,760,687</u>	<u>1,625,122</u>
Net changes in cash and cash equivalents	9,276,237	(1,016,927)	10,623,025	18,882,335	7,635,648
Cash and cash equivalents at beginning of year	<u>284,570,566</u>	<u>9,981,778</u>	<u>19,083,240</u>	<u>313,635,584</u>	<u>180,996,020</u>
Cash and cash equivalents at end of year	<u>\$ 293,846,803</u>	<u>\$ 8,964,851</u>	<u>\$ 29,706,265</u>	<u>\$ 332,517,919</u>	<u>\$ 188,631,668</u>
Cash and cash equivalents are classified as:					
Current assets	\$ 61,180,781	\$ 7,226,013	\$ 29,706,265	\$ 98,113,059	\$ 188,631,668
Current restricted assets	50,526,844	1,738,838	-	52,265,682	-
Noncurrent restricted assets	182,139,178	-	-	182,139,178	-
Cash and cash equivalents at end of year	<u>\$ 293,846,803</u>	<u>\$ 8,964,851</u>	<u>\$ 29,706,265</u>	<u>\$ 332,517,919</u>	<u>\$ 188,631,668</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)

For the Year Ended June 30, 2018

	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)	\$ 30,248,432	\$ 175,201	\$ 16,441,093	\$ 46,864,726	\$ (18,636,432)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	79,734,863	2,340,007	991,169	83,066,039	16,132,895
Provision for doubtful accounts	(500,000)	-	443,357	(56,643)	-
Other receipts	441,878	-	187,170	629,048	407,207
Other payments	-	-	-	-	(510,760)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	(5,203)	(100,605)	(844,697)	(950,505)	(270,415)
Due from other funds of the primary government	1,050,432	-	(1,083,858)	(33,426)	(883,722)
Due from component units	(900)	-	100	(800)	(100)
Inventories of supplies	188,491	-	-	188,491	123,490
Other current assets	(99,618)	-	21,868	(77,750)	-
Deferred outflows pensions	(5,758,511)	(23,611)	(1,034,098)	(6,816,220)	-
Accounts payable	(6,492,235)	(192,825)	213,254	(6,471,806)	2,526,984
Accrued payroll	3,513	-	(74,263)	(70,750)	25,224
Claims payable	-	-	-	-	(1,898,275)
Due to other funds of the primary government	1,108,400	(53,733)	(334,301)	720,366	2,045,748
Due to component units	333,333	-	974	334,307	-
Customer deposits	62,693	-	(28,221)	34,472	-
Unearned revenue	-	-	553,951	553,951	-
Other current liabilities	162,924	-	-	162,924	-
Net pension liability	2,050,619	9,344	378,718	2,438,681	-
Deferred inflows pensions	4,354,064	18,967	794,373	5,167,404	-
Total adjustments	76,634,743	1,997,544	185,496	78,817,783	17,698,276
Net cash provided by (used in) operating activities	\$ 106,883,175	\$ 2,172,745	\$ 16,626,589	\$ 125,682,509	\$ (938,156)
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 13,441,420	\$ -	\$ -	\$ 13,441,420	\$ -

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, 2018

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	\$ 244,414,312	\$ 58,542,416
Investments, at fair value:		
Bank debt notes	21,185,935	-
Commingled funds U.S. debt	27,121,710	-
Conventional mortgages	10,778,358	-
Preferred stock	5,613,384	-
Common stock	314,700,236	-
Corporate bonds and notes	217,972,606	-
Emerging markets	36,897,363	-
Equity commingled funds	66,311,245	-
High yield bonds	33,125,964	-
International bonds	4,849,450	-
Non agency mortgages/collateralized mortgage obligations	85,963,472	-
Other fixed income	220,076,176	-
Other securities	138,946,620	-
Venture capital and partnerships	1,738,603,043	-
Real estate	17,367,026	-
Municipals	838,328	-
Registered investment companies	115,886,650	-
U.S. treasury securities	57,276,332	-
Non U.S. treasury securities developing markets	14,055,946	-
Cash collateral received - securities lending program	85,065,545	-
Mortgages and real estate	-	1,291,100
Mutual funds	-	18,583
Accounts receivable	303,949,487	-
Accrued interest receivable	6,300,707	2,057
Due from other funds of the primary government	6,591,127	1,721,803
Other assets	-	128,617
Total assets	3,773,891,022	\$ 61,704,576
LIABILITIES:		
Accounts payable	784,350	\$ -
Due to brokers	469,242,828	-
Payable for collateral received - securities lending program	85,065,545	-
Due to other funds of the primary government	22,650	-
Funds held in custody for others	-	42,118,959
Other liabilities	-	19,585,617
Total liabilities	555,115,373	\$ 61,704,576
NET POSITION:		
Restricted for pensions	3,216,782,994	
Held in trust for other employee benefits	1,992,655	
Total net position	\$ 3,218,775,649	

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, 2018

	Pension (and Other Employee Benefit) Trust Funds
	<u>Trust Funds</u>
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 93,501,334
Net appreciation (depreciation) of investments	196,899,091
Miscellaneous	<u>163,643</u>
Net increase (decrease) in fair value of investments	<u>290,564,068</u>
Net income earned on securities lending transactions:	
Securities lending income	214,545
Securities lending expense	<u>(42,888)</u>
Net income earned on securities lending transactions	<u>171,657</u>
Less investment expenses	<u>(42,361,470)</u>
Net investment income (loss)	<u>248,374,255</u>
Contributions:	
Employee contributions	2,093,711
Employer contributions	110,025,792
Transfers in	316,543
Contributions from the State of Tennessee	14,782,460
Miscellaneous	<u>2,592,263</u>
Total contributions	<u>129,810,769</u>
Total additions	<u>378,185,024</u>
DEDUCTIONS:	
Pension and other employee benefits	214,392,035
Refunds of contributions	15,894
Administrative expenses	4,610,411
Transfers out	<u>2,518,745</u>
Total deductions	<u>221,537,085</u>
Change in net position	156,647,939
NET POSITION, beginning of year	<u>3,062,127,710</u>
NET POSITION, end of year	<u>\$ 3,218,775,649</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, 2018

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
ASSETS:				
Cash and cash equivalents	\$ 252,025	\$ 220,810	\$ 10,520,026	\$ 640,043
Investments	-	-	-	-
Accounts receivable	2,000	-	2,864,179	-
Allowance for doubtful accounts	-	-	-	-
Accrued interest receivable	-	-	22,946	869
Due from the primary government	-	-	763,794	-
Inventories of supplies	-	-	-	-
Other current assets	3,226	4,400	-	-
Restricted assets:				
Cash and cash equivalents	-	-	13,839,585	-
Investments	-	-	2,461,643	-
Accounts receivable	-	-	763,712	-
Accrued interest receivable	-	-	-	-
Due from other governmental agencies	-	-	-	-
Due from the primary government	-	-	-	-
Other restricted assets	-	-	-	-
Notes receivable	-	-	29,157,197	-
Capital assets:				
Utility plant in service	-	-	-	-
Land	-	-	75,698,193	-
Buildings and improvements	-	-	472,589,410	-
Improvements other than buildings	135,509	-	1,601,646	-
Furniture, machinery and equipment	18,697	46,324	42,826,183	-
Infrastructure	-	-	-	-
Public art	-	-	-	-
Construction in progress	-	-	122,817	-
Less accumulated depreciation	(154,206)	(27,954)	(214,258,034)	-
Other noncurrent assets	-	-	-	-
Total assets	257,251	243,580	438,973,297	640,912
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	-	-	2,691,089	-
Effective portion of fuel hedging	-	-	-	-
Other post employment benefits (OPEB)	-	-	-	-
Pensions	-	-	-	-
Total deferred outflows of resources	-	-	2,691,089	-

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, 2018

Total Governmental Types	Hospital Authority	Metropolitan Development and Housing Agency	Electric Power Board
\$ 11,632,904	\$ 5,082,777	\$ 54,498,588	\$ 389,613,000
-	-	3,291,197	-
2,866,179	56,703,499	21,070,821	155,759,000
-	(50,908,098)	(15,360,411)	(362,000)
23,815	-	-	-
763,794	-	-	-
-	2,116,226	1,812,110	23,190,000
7,626	2,043,352	418,642	8,256,000
13,839,585	-	50,230,902	3,246,000
2,461,643	-	-	163,246,000
763,712	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
29,157,197	-	31,684,866	-
-	-	-	1,457,638,000
75,698,193	-	100,514,671	3,901,000
472,589,410	53,578,332	404,306,822	69,624,000
1,737,155	-	-	-
42,891,204	48,687,678	6,272,694	96,401,000
-	-	22,537,906	-
-	-	-	-
122,817	204,418	13,485,774	85,934,000
(214,440,194)	(73,820,600)	(200,996,896)	(702,863,000)
-	-	39,448,893	5,971,000
440,115,040	43,687,584	533,216,579	1,759,554,000
2,691,089	-	-	15,613,000
-	-	-	-
-	-	-	27,636,000
-	1,376,448	-	19,903,000
2,691,089	1,376,448	-	63,152,000

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, 2018

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
ASSETS:			
Cash and cash equivalents	\$ 5,518,908	\$ 134,761,391	\$ 1,051,860
Investments	-	-	9,550,881
Accounts receivable	1,250,568	6,578,017	-
Allowance for doubtful accounts	(6,000)	(149,099)	-
Accrued interest receivable	-	-	-
Due from the primary government	-	-	-
Inventories of supplies	2,698,423	537,937	-
Other current assets	742,554	2,682,948	189,068
Restricted assets:			
Cash and cash equivalents	8,688,229	158,349,989	-
Investments	-	900,000	-
Accounts receivable	-	-	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	5,742,564	11,143,247	-
Due from the primary government	-	-	-
Other restricted assets	-	5,161,468	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	14,733,025	96,968,771	-
Buildings and improvements	96,496,106	315,970,461	-
Improvements other than buildings	-	577,119,558	-
Furniture, machinery and equipment	135,112,235	182,051,284	10,944,204
Infrastructure	-	-	-
Public art	-	-	-
Construction in progress	14,591,675	153,579,003	-
Less accumulated depreciation	(129,492,314)	(615,032,739)	(9,672,473)
Other noncurrent assets	350,000	1,599,387	-
	<u>156,425,973</u>	<u>1,032,221,623</u>	<u>12,063,540</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	3,777,819	-
Effective portion of fuel hedging	714,440	-	-
Other post employment benefits (OPEB)	-	1,007,712	-
Pensions	5,590,147	1,843,825	-
	<u>6,304,587</u>	<u>6,629,356</u>	<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 (CONTINUED)

June 30, 2018

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 124,392,411	\$ 714,918,935	\$ 726,551,839
-	12,842,078	12,842,078
2,167,684	243,529,589	246,395,768
-	(66,785,608)	(66,785,608)
197,828	197,828	221,643
133	133	763,927
-	30,354,696	30,354,696
484,931	14,817,495	14,825,121
60,038,248	280,553,368	294,392,953
38,843,797	202,989,797	205,451,440
-	-	763,712
193,404	193,404	193,404
-	16,885,811	16,885,811
10,917,017	10,917,017	10,917,017
3,703,928	8,865,396	8,865,396
-	31,684,866	60,842,063
-	1,457,638,000	1,457,638,000
82,491,161	298,608,628	374,306,821
635,801,323	1,575,777,044	2,048,366,454
-	577,119,558	578,856,713
5,653,475	485,122,570	528,013,774
-	22,537,906	22,537,906
1,183,844	1,183,844	1,183,844
50,751,893	318,546,763	318,669,580
(84,017,645)	(1,815,895,667)	(2,030,335,861)
-	47,369,280	47,369,280
<u>932,803,432</u>	<u>4,469,972,731</u>	<u>4,910,087,771</u>
-	19,390,819	22,081,908
-	714,440	714,440
-	28,643,712	28,643,712
294,100	29,007,520	29,007,520
<u>294,100</u>	<u>77,756,491</u>	<u>80,447,580</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, 2018

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
LIABILITIES:				
Accounts payable	\$ 193,608	\$ 81,253	\$ 3,552,462	\$ 7,688
Accrued payroll	-	-	10,652	-
Due to the primary government	-	-	200	-
Customer deposits	-	-	-	-
Unearned revenue	60,477	12,321	-	-
Current portion of long-term liabilities	-	-	-	-
Current portion of capitalized lease obligations	-	-	-	-
Other current liabilities	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Accrued interest	-	-	2,978,280	-
Current portion of long-term liabilities	-	-	7,650,000	-
Revenue bonds payable	-	-	124,675,957	-
Capitalized lease obligations	-	-	-	-
Other long-term liabilities	-	-	18,478,262	-
Total liabilities	254,085	93,574	157,345,813	7,688
DEFERRED INFLOWS OF RESOURCES:				
Tax increment financing	-	-	28,000,000	-
Other post employment benefits (OPEB)	-	-	-	-
Pensions	-	-	-	-
Total deferred inflows of resources	-	-	28,000,000	-
NET POSITION:				
Net investment in capital assets	-	18,370	230,484,739	-
Restricted for debt retirement	-	-	13,392,058	-
Restricted for other purposes	-	-	-	-
Unrestricted	3,166	131,636	12,441,776	633,224
Total net position	\$ 3,166	\$ 150,006	\$ 256,318,573	\$ 633,224

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, 2018

Total Governmental Types	Hospital Authority	Metropolitan Development and Housing Agency	Electric Power Board
\$ 3,835,011	\$ 4,658,364	\$ 5,477,535	\$ 207,071,000
10,652	3,135,124	689,795	-
200	-	-	-
-	-	1,100,767	17,655,000
72,798	-	-	-
-	-	12,288,887	-
-	2,729,931	-	-
-	-	10,634,327	-
-	-	-	3,078,000
2,978,280	-	-	3,435,000
7,650,000	-	-	27,216,000
124,675,957	-	-	615,439,000
-	18,555,119	-	-
18,478,262	1,779,101	152,945,372	410,477,000
-	-	-	-
157,701,160	30,857,639	183,136,683	1,284,371,000
28,000,000	-	-	-
-	-	-	9,327,000
-	2,576,855	-	7,751,000
28,000,000	2,576,855	-	17,078,000
230,503,109	7,364,778	219,714,099	472,387,000
13,392,058	-	-	71,185,000
-	-	38,747,252	-
13,209,802	4,264,760	91,618,545	(22,315,000)
\$ 257,104,969	\$ 11,629,538	\$ 350,079,896	\$ 521,257,000

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, 2018

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
LIABILITIES:			
Accounts payable	\$ 6,398,421	\$ 41,757,112	\$ 108,069
Accrued payroll	2,163,037	4,414,542	-
Due to the primary government	-	-	-
Customer deposits	-	-	-
Unearned revenue	-	981,217	-
Current portion of long-term liabilities	-	595,516	-
Current portion of capitalized lease obligations	-	-	-
Other current liabilities	9,053,080	80,992	-
Liabilities payable from restricted assets:			
Accounts payable	-	1,811,850	-
Accrued interest	-	5,861,447	-
Current portion of long-term liabilities	-	15,215,000	-
Revenue bonds payable	-	279,182,211	-
Capitalized lease obligations	-	-	-
Other long-term liabilities	87,656,630	28,511,839	-
Total liabilities	105,271,168	378,411,726	108,069
DEFERRED INFLOWS OF RESOURCES:			
Tax increment financing	-	-	-
Other post employment benefits (OPEB)	-	2,230,308	-
Pensions	1,306,801	698,414	-
Total deferred inflows of resources	1,306,801	2,928,722	-
NET POSITION:			
Net investment in capital assets	119,045,132	502,944,702	1,271,731
Restricted for debt retirement	-	21,881,720	-
Restricted for other purposes	7,406,806	58,289,806	-
Unrestricted	(70,299,347)	74,394,303	10,683,740
Total net position	\$ 56,152,591	\$ 657,510,531	\$ 11,955,471

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, 2018

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 3,309,668	\$ 268,780,169	\$ 272,615,180
1,449,948	11,852,446	11,863,098
7,508,078	7,508,078	7,508,278
-	18,755,767	18,755,767
7,482,470	8,463,687	8,536,485
-	12,884,403	12,884,403
-	2,729,931	2,729,931
-	19,768,399	19,768,399
6,848,526	11,738,376	11,738,376
20,010,477	29,306,924	32,285,204
12,255,000	54,686,000	62,336,000
590,203,957	1,484,825,168	1,609,501,125
-	18,555,119	18,555,119
380,133	681,750,075	700,228,337
<u>649,448,257</u>	<u>2,631,604,542</u>	<u>2,789,305,702</u>
-	-	28,000,000
-	11,557,308	11,557,308
550,585	12,883,655	12,883,655
<u>550,585</u>	<u>24,440,963</u>	<u>52,440,963</u>
106,849,208	1,429,576,650	1,660,079,759
69,393,277	162,459,997	175,852,055
-	104,443,864	104,443,864
106,856,205	195,203,206	208,413,008
<u>\$ 283,098,690</u>	<u>\$ 1,891,683,717</u>	<u>\$ 2,148,788,686</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, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 2,047,660	\$ 1,987,134	\$ 59,120	\$ -
Gulch Business Improvement District, Inc.	381,481	404,191	-	-
Sports Authority	49,384,034	6,267,146	27,438,777	12,396,666
Industrial Development Board	4,107,653	750	4,107,006	-
Hospital Authority	103,204,723	59,384,475	48,141,001	1,311,668
Metropolitan Development and Housing Agency	122,039,177	34,524,715	97,257,241	9,253,656
Electric Power Board	1,236,732,000	1,324,224,000	-	-
Metropolitan Transit Authority	102,705,955	11,682,975	59,513,541	30,962,073
Metropolitan Nashville Airport Authority	136,353,436	197,565,813	-	15,010,688
Emergency Communications District	6,456,027	7,012,630	388,857	-
Convention Center Authority	87,677,835	26,113,064	102,539,865	-
Total component units	\$ 1,851,089,981	\$ 1,669,166,893	\$ 339,445,408	\$ 68,934,751

General revenues:

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

Total general revenues

Changes in net position

Net position - beginning of year, as restated

Net position - end of year

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2018

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	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
\$ (1,406)	\$ -	\$ -	\$ -	\$ (1,406)	\$ -	\$ -	\$ -	\$ -
-	22,710	-	-	22,710	-	-	-	-
-	-	(3,281,445)	-	(3,281,445)	-	-	-	-
-	-	-	103	103	-	-	-	-
-	-	-	-	-	5,632,421	-	-	-
-	-	-	-	-	-	18,996,435	-	-
-	-	-	-	-	-	-	87,492,000	-
-	-	-	-	-	-	-	-	(547,366)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(1,406)</u>	<u>22,710</u>	<u>(3,281,445)</u>	<u>103</u>	<u>(3,260,038)</u>	<u>5,632,421</u>	<u>18,996,435</u>	<u>87,492,000</u>	<u>(547,366)</u>
1,406	1,638	1,503,513	6,319	1,512,876	-	675,155	6,700,000	-
-	-	1,857,008	-	1,857,008	-	-	-	-
<u>1,406</u>	<u>1,638</u>	<u>3,360,521</u>	<u>6,319</u>	<u>3,369,884</u>	<u>-</u>	<u>675,155</u>	<u>6,700,000</u>	<u>-</u>
-	24,348	79,076	6,422	109,846	5,632,421	19,671,590	94,192,000	(547,366)
3,166	125,658	256,239,497	626,802	256,995,123	5,997,117	330,408,306	427,065,000	56,699,957
<u>\$ 3,166</u>	<u>\$ 150,006</u>	<u>\$ 256,318,573</u>	<u>\$ 633,224</u>	<u>\$ 257,104,969</u>	<u>\$ 11,629,538</u>	<u>\$ 350,079,896</u>	<u>\$ 521,257,000</u>	<u>\$ 56,152,591</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, 2018

	Net (Expense) Revenue and Changes in Net Position				
	Metropolitan Nashville Airport Authority	Emergency Communications District	Convention Center Authority	Total Proprietary Types	Total Component Units
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -	\$ (1,406)
Gulch Business Improvement District, Inc.	-	-	-	-	22,710
Sports Authority	-	-	-	-	(3,281,445)
Industrial Development Board	-	-	-	-	103
Hospital Authority	-	-	-	5,632,421	5,632,421
Metropolitan Development and Housing Agency	-	-	-	18,996,435	18,996,435
Electric Power Board	-	-	-	87,492,000	87,492,000
Metropolitan Transit Authority	-	-	-	(547,366)	(547,366)
Metropolitan Nashville Airport Authority	76,223,065	-	-	76,223,065	76,223,065
Emergency Communications District	-	945,460	-	945,460	945,460
Convention Center Authority	-	-	40,975,094	40,975,094	40,975,094
Total component units	76,223,065	945,460	40,975,094	229,717,109	226,457,071
General revenues:					
Revenues from the use of money or property	2,149,363	131,244	1,645,786	11,301,548	12,814,424
Compensation for loss, sale or damage to property	-	2,907	-	2,907	1,859,915
Total general revenues	2,149,363	134,151	1,645,786	11,304,455	14,674,339
Changes in net position	78,372,428	1,079,611	42,620,880	241,021,564	241,131,410
Net position - beginning of year, as restated	579,138,103	10,875,860	240,477,810	1,650,662,153	1,907,657,276
Net position - end of year	<u>\$ 657,510,531</u>	<u>\$ 11,955,471</u>	<u>\$ 283,098,690</u>	<u>\$ 1,891,683,717</u>	<u>\$ 2,148,788,686</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

The **Hospital Authority** operates General Hospital (a full service medical facility) for the residents of Nashville and Davidson County. The Hospital Authority was created in March 1999 to operate General Hospital which was previously accounted for as an enterprise fund of the Government. The members of the Hospital Authority Board are all appointed and can also be removed by the Government. The Government approves and can modify the annual operating budget of General Hospital. Hospital Authority land and buildings and improvements are titled in the Government's name. General Hospital is financially dependent on contributions from the Government's

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

General Fund. Complete financial statements for General Hospital can be obtained by writing to the Hospital Authority at 1818 Albion Street, Nashville, TN 37208.

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

The **Electric Power Board** operates and regulates an electric power system for the purpose of supplying electricity for public property and for resale to consumers. The members of the Board of Directors are all appointed and can also be removed by the Government. The Government is required to approve debt issuances of the Board. Complete financial statements of the Board can be obtained from its administrative offices at 1214 Church Street, Nashville, TN 37246.

The **Metropolitan Transit Authority** operates and regulates the public mass transit system in Nashville and Davidson County. The members of the Authority's Board of Directors are all appointed and can also be removed by the Government. The Authority is financially dependent on the Government. Complete financial statements of the Authority can be obtained from its administrative offices at 430 Myatt Drive, Nashville, TN 37115.

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

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

The **Convention Center Authority** is a public, nonprofit corporation and public instrumentality of the Government formed in August 2009, and was responsible for the acquisition, development and construction of the new convention center – the Music City Center – and is responsible for the operation of the completed facility. The members of the Convention Center Authority's Board of Directors are all appointed and can be removed by the Government. The Convention Center Authority is fiscally dependent on the Government. Complete financial statements of the Convention Center Authority can be obtained from its administrative offices at 413 5th Avenue South, Nashville, TN 37202.

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

The separately issued financial statements for the component units contain additional note disclosures that are not considered essential to the fair presentation of the Government's basic financial statements and have therefore been excluded from these notes to the financial statements in the Government's Comprehensive Annual Financial Report for the year ended June 30, 2018.

The primary government includes \$7,508,278 due from component units and \$11,680,944 due to component units in the Statement of Net Position. The component units include \$7,508,278 due to the primary government and \$11,680,944 due from the primary government.

B. Accounting Pronouncements

The Government adopted 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. 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

The Government plans to adopt GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, required for fiscal periods beginning after June 15, 2018, in fiscal 2019. This Statement improves the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The Government plans to adopt GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, required for fiscal periods beginning after December 15, 2019, in fiscal 2021. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

The Government plans to adopt GASB Statement No. 90, Majority Equity Interests, required for fiscal periods beginning after December 15, 2018, in fiscal 2020. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

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

C. Government-Wide and Fund Financial Statements

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

The **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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

Proprietary funds distinguish **operating** revenues and expenses from **nonoperating** items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the fund's principal ongoing operations and consist primarily of charges to customers or 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

The Government reports the following major enterprise funds:

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

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

Additionally, the Government reports the following fund types:

Internal service funds are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Government on a cost reimbursement basis. For the year ended June 30, 2018, these services include fleet management, information systems, radio maintenance, insurance, treasury management, and printing.

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

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

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, 2018. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Capital assets – Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$10,000 and a useful life in excess of one year. Such assets are recorded at historical cost at the time of acquisition. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. The Department of Water and Sewerage Services capitalized interest totaling \$2,164,623 for the year ended June 30, 2018.

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

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

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

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

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

Deferred outflows of resources – In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expense) until then. The *deferred charge on refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The *effective portion of fuel hedging* relates to the Government's fuel hedging program. The Government's fuel hedges are considered to be derivatives, the effective portion of which is accounted for as a deferred outflow of resources. The amount for *pensions* relates to certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, contributions between the measurement and reporting dates, as well as changes in assumptions, which are accounted for as deferred outflows of resources. The amount for *OPEB* relates to certain differences between projected and actual actuarial results and changes in assumptions, 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, 2018. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Landfills – State and federal laws and regulations require the Government to place a final cover on all its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the Government is required to report a portion of these closure and postclosure care costs as an expense in the government-wide financial statements. This expense is based on landfill capacity used at the reporting date. The current year expenditures of the landfills are reported in the Solid Waste Operations Fund, a nonmajor governmental fund, in the Governmental Funds section of this report. The long term liability and expense are reported in the Statements of Net Position and Activities. The total liability for landfill purposes is \$6,409,317.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$3,761,243 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 \$799,945 are included in the long-term liability.

Due West Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$1,274,750 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 \$573,379 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

hedging derivative. Changes in the fair market value of hedging derivatives are reported as deferred inflows or outflows of resources. The amounts for *pensions* relate to certain differences between projected and actual actuarial results and certain differences between projected and actual investment earnings, which are accounted for as deferred inflows of resources. 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. 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. These developments have yet to be completed. The amounts for *OPEB* relate to certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, and changes in assumptions, which are accounted for as deferred inflows of resources.

Fund balances – Restricted fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors or grantors or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Metropolitan Council, the Government's highest level of decision-making authority. Committed fund balances are established and can only be modified or rescinded by resolution approved by the Metropolitan Council. Assigned fund balances are amounts intended to be used for specific purposes as designated by management of the Finance Department of the Government. The Metropolitan Council has by ordinance authorized the Finance Director to assign fund balance. The Metropolitan Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily; no additional action is required for the removal of an assignment. Unassigned fund balance is the residual classification for the General Fund and 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, any accumulated fund balance in the General Purpose School Fund in excess of three percent of the budgeted annual operating expenses for the current fiscal year may be budgeted and expended for any educational purposes.

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.

On-behalf payments – On-behalf payments totaling \$14,782,460 received by the State of Tennessee for contributions to pension plans are reported as revenues and expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Revenues – Revenues from the Department of Water and Sewerage Services are recognized from meters read on a monthly cycle basis. At the end of each month, an estimate of service rendered from the latest date of each meter-reading cycle to month end is accrued and included in accounts receivable. Revenues for the Department of Water and Sewerage Services are presented net of allowances for uncollectible accounts at June 30, 2018 of \$374,108.

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 \$2.755 per \$100 of assessed value for the entire metropolitan area (General Services District) with an additional tax of \$.400 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, 2018. Amounts available at June 30, 2018 have been recorded as revenue in the governmental fund statements. Current tax collections of \$943,304,767 for the fiscal year ended June 30, 2018 were approximately 98% of the tax levy.

Of the \$996,481,771 property tax receivable, \$985,241,893 represents the 2019 property taxes which have been assessed but not yet levied and recorded as required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

G. Estimates

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 – RESTATEMENT OF NET POSITION

The Government adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), for the year ended June 30, 2018. The Statement establishes accounting and financial reporting requirements that, among other things, require the Government to recognize a liability equal to the total OPEB liability. The impact on the financial statements was a decrease to beginning net position as follows:

	Statement of Activities Governmental Activities	Statement of Activities Component Units
Net position - beginning of year, as previously reported	\$ (713,752,459)	\$ 2,110,084,204
Adjustment to record OPEB liability	(2,248,553,835)	(202,426,928)
Net position - beginning of year, as restated	<u>\$ (2,962,306,294)</u>	<u>\$ 1,907,657,276</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

Management believes that the Government has no material violations of finance related legal and contractual provisions as of June 30, 2018.

B. Budgets and Budgetary Accounting

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

1. The Director of Finance annually obtains information from all officers, departments, boards, commissions and other agencies of the Government for which appropriations are made and/or revenues are collected, and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor for review.
2. The Mayor, with the assistance of the Department of Finance, determines the programs to be recommended to the Metropolitan Council, the expenditures proposed to operate those programs and the revenue changes needed to fund those expenditures. That information is compiled into a balanced operating budget which is submitted to the Metropolitan Council by May 1.
3. Copies of the Mayor's proposed budget and budget message are distributed to interested persons, and a summary of the budget is published in the area daily newspaper. The budget is a public record open for public inspection.
4. The Metropolitan Council's Budget and Finance Committee holds hearings with the officers, departments, boards, commissions and other agencies to explore the impact of the recommended operating budget and to explore other departmental budget options. In addition, advertised public hearings are held to obtain taxpayers' comments prior to final passage.
5. The budget is legally enacted effective July 1 through passage of an ordinance by the Metropolitan Council. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and fund balance.
6. The amounts in the adopted operating budgets for each organizational unit, purpose or activity constitute the annual appropriation for such items, and no expenditure can be made which will result in the annual appropriation being exceeded unless an additional appropriation is made.
7. The Metropolitan Council may make appropriations in addition to those contained in the current operating budgets, but any such additional appropriations may be made only from an existing unappropriated surplus in the fund to which it applies.
8. The Mayor may transfer the available balance of any appropriation for any purpose to the appropriation for any other purpose within the same department or by resolution approved by the Metropolitan Council, the available balance of any appropriation may be transferred to another appropriation within the same section of the budget and within the same fund.
9. All available balances of appropriations in the current operating budget lapse into the fund balance of the fund or funds from which the appropriations were originally made at the end of the fiscal year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2018-2019 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2018-1184. Fund balance resources at June 30, 2018 have been assigned to the 2018-2019 fiscal year operating budget as follows:

General Services District General Fund	\$8,350,000
General Services District School Purposes Debt Service Fund	550,000
Urban Services District General Fund	500,000

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, 2018 were as follows:

	Outstanding Encumbrances
General Fund	\$ 1,954,135
Special Revenue Funds:	
General Purpose School	6,478,496
Metropolitan Action Commission	80,858
General Fund 4% Reserve	9,957,036
Solid Waste Operations	5,414
Education Services	8,065,273
Other Governmental Services	1,571,419
Capital Projects Funds:	
GSD Capital Projects	115,668,506
Education Capital Projects	92,020,606
USD Capital Projects	4,050,819

C. Deficit Balances and Excess Expenditures

The following funds have deficit balances at June 30, 2018:

	Unassigned Fund Balance/ Unrestricted Net Position
Capital Project Funds:	
GSD Capital Projects	\$ (437,402,630)
Education Capital Projects	(205,884,145)
USD Capital Projects	(10,009,164)

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2018, the Government exceeded the budgeted level of expenditures at the department or significant line item level as follows:

Budgeted Unit	Budget	Actual	Variance
General Fund:			
General Services District:			
Retiree Benefits:			
Employers' Contribution for Group Health Insurance	\$ 52,082,800	\$ 53,823,189	\$ (1,740,389)
Employers' Contribution for Group Life Insurance	2,914,600	3,084,035	(169,435)
Transfers Out:			
Fiduciary Funds	65,000	156,520	(91,520)
General Purpose School Fund:			
Transfers Out	118,200,200	119,543,964	(1,343,764)
GSD General Purposes Debt Service Fund:			
Interest	75,441,900	76,028,557	(586,657)
Fiscal Charges	4,005,500	4,117,806	(112,306)
GSD School Purposes Debt Service Fund:			
Principal Retirement	53,613,000	54,649,435	(1,036,435)
Fiscal Charges	1,793,200	2,151,653	(358,453)
USD General Purposes Debt Service Fund:			
Interest	6,724,800	9,092,203	(2,367,403)

Employers' Contribution for Group Health Insurance and Employers' Contribution for Group Life Insurance represent the employer portion of health, dental, and life insurance benefits for retirees, while the employer portion of health, dental and life insurance benefits for active employees' are budgeted in departmental budgets. Fringe benefits for both retirees and active employees are under budget for the General Fund as a whole.

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

Transfers Out in the General Purpose School Fund are over budget due to transfers to the Education Services Fund for charter schools being higher than budgeted because enrollment in charter schools exceeded expected levels and transfers to the Other Government Services Fund for nursing services provided by the Government's Health Department in excess of expected amounts. Expenditures and transfers out for the General Purpose School Fund are monitored and are under budget in total.

Expenditures for the Debt Service Funds are not controlled on a line item basis. The GSD General Purposes, GSD School Purposes, and USD General Purposes Debt Service Funds are under budget in total.

NOTE 4 – DEPOSITS AND INVESTMENTS

Primary Government

The Government is authorized by State statute and policy to invest funds that are not immediately needed in: United States Treasury Bills, Bonds and Notes; The State of Tennessee Local Government Investment Pool (LGIP); the State of Tennessee Intermediate Term Investment Fund (ITIF); the First Tennessee Bank Advisors Direct Holdings; 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 Direct Holdings. Primary oversight for the LGIP and the ITIF rests with the State of Tennessee Funding Board. 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 Direct Holdings 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2018, 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, 2018, the Government had the following investments:

Investment Type	Fair Value	Total Portfolio Average Weighted Maturity (in Years)
Metro Investment Pool:		
Tennessee Local Government Investment Pool	\$ 252,193,978	0.12
Tennessee Intermediate Term Investment Fund	62,570,588	2.95
First Tennessee Bank Advisors Direct Holdings	390,974,586	0.69
Total Metro Investment Pool (a)	<u>\$ 705,739,152</u>	
Separate Portfolios:		
U.S. Treasuries (a)	\$ 19,882,916	
Total Separate Portfolios	<u>\$ 19,882,916</u>	
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan:		
Bank Debt Notes	\$ 21,185,935	(b)
Commingled Funds US Debt	27,121,710	(b)
Conventional Mortgages	10,778,358	0.55
Preferred Stock	5,613,384	0.04
Common Stock	314,700,236	(b)
Corporate Bonds and Notes	217,972,606	1.88
Emerging Market	36,897,363	0.46
Equity Commingled Funds	66,311,245	(b)
High Yield Bonds	33,125,964	0.17
International Bonds	4,849,450	(b)
Non Agency Mortgages/Collateralized Mortgage Obligations	85,963,472	0.39
Other Fixed Income	220,076,176	(b)
Other Securities	138,946,620	(b)
Venture Capital and Partnerships	1,738,603,043	(b)
Real Estate	17,367,026	(b)
Municipals	838,328	0.01
Registered Investment Companies	115,886,650	(b)
U.S. Treasury Securities	57,276,332	1.93
Non U.S. Treasury Securities Developing Markets	14,055,946	(b)
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	<u>\$ 3,127,569,844</u>	

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2018, the investments of the Government had average weighted maturities as noted on the preceding table.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Government's Investment Policy limits the majority of fixed income investments, other than short-term paper, at purchase to investment grade as established by one or more of the nationally recognized bond rating agencies.

Also, the use of futures, options and swaps is permitted as long as the particular investment manager's strategy or mandate allows it. As of June, 30, 2018, the investments of the Government had credit ratings as follows:

Investment Type	Fair Value	A	AA	AAA	B	BB	BBB	CC - D	Not Rated
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan									
Conventional Mortgages	\$ 10,778,358	\$ -	\$ 10,778,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred Stock	5,613,384	262,616	-	-	980	509,271	4,837,846	-	2,671
Corporates	217,972,606	64,346,622	5,249,791	-	-	4,964,438	139,302,415	-	4,109,340
Emerging Markets	36,897,363	4,936,608	6,215,000	679,982	2,652,266	8,608,058	5,298,815	67,716	8,438,918
High Yield Bonds	33,125,964	1,601,252	-	-	13,782,292	13,091,006	-	2,317,481	2,333,933
International Bonds	4,849,450	3,064,300	33,821	785,872	121,432	-	-	-	844,025
Non Agency Mortgages	85,963,472	1,393,572	2,397,191	467,861	5,358,497	1,885,067	3,455,250	39,176,094	31,829,940
Non U.S. Treasury Securities Developing Markets	14,055,946	-	14,032,652	18,681	-	-	4,613	-	-
Municipals	838,328	124,951	242,474	258,924	63,880	7,172	50,911	-	90,016
U.S. Treasury Securities	57,276,332	166,104	57,110,228	-	-	-	-	-	-
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	\$ 467,371,203	\$ 75,896,025	\$ 96,059,515	\$ 2,211,320	\$ 21,979,347	\$ 29,065,012	\$ 152,949,850	\$ 41,561,291	\$ 47,648,843

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, 2018.

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, 2018, all investments were insured or registered or the securities were held by the Government or its agent in the Government's name.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2018, 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, 2018, the Government's exposure to foreign currency risk is as follows:

Base Currency	Fair Value
Argentina Peso	\$ 3,407,299
Australian Dollar	(2,349,620)
Brazil Real	(2,964,117)
Canadian Dollar	2,371,550
Chilean Peso	(29,586)
Chinese Yuan Renminbi	2,653,001
Danish Krone	1,626,893
Egyptian Pound	1,273,458
Euro	95,359,381
Indian Rupee	(254)

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Base Currency</u>	<u>Fair Value</u>
Israeli Shekel	\$ 33,493
Japanese Yen	15,802,994
Mexican Peso	1,434,086
New Taiwan Dollar	(1,962,455)
New Zealand Dollar	91,420
Norwegian Krone	2,684,092
Pound Sterling	20,908,698
Russian Ruble	11,212,717
Singapore Dollar	(4,666,499)
South African Rand	2,491,480
South Korean Won	(6,380,869)
Swedish Krona	4,741,213
Swiss Franc	4,436,662
Turkish Lira	<u>1,249,603</u>
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	<u>\$ 153,424,640</u> (1)

(1) Amounts are net of certain payables related to foreign contracts. Negative numbers indicate where liabilities exceed assets.

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, 2018 was approximately 60 days. Cash collateral is invested in a short term investment pool. The relationship between the maturities of the investment pool and the Custodian's loans is affected by the maturities of the securities loans made by other entities that use the Custodian's pool, which the Custodian's system cannot determine. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral.

The collateral held and the market value of the securities on loan as of June 30, 2018 was \$85,065,545 and \$83,125,744 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, 2018 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 \$400,757 and borrower's rebates were \$186,212 for total income of \$214,545, and the related expenses were \$42,888 in agent fees, netting \$171,657 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability.

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

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

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

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	\$ 252,193,978	\$ n/a	\$ n/a	\$ n/a
Tennessee Intermediate Term Investment Fund	62,570,588	-	62,570,588	-
First Tennessee Bank Advisors Direct Holdings	390,974,586	390,974,586	-	-
Total Metro Investment Pool	<u>\$ 705,739,152</u>	<u>\$ 390,974,586</u>	<u>\$ 62,570,588</u>	<u>\$ -</u>
Separate Portfolios:				
U.S. Treasuries	\$ 19,882,916	\$ 19,882,916	\$ -	\$ -
Total Separate Portfolios	<u>\$ 19,882,916</u>	<u>\$ 19,882,916</u>	<u>\$ -</u>	<u>\$ -</u>
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan:				
Common Stock	\$ 434,748,991	\$ 316,264,241	\$ -	\$ 118,484,750
Fixed Income Funds	172,475,108	3,550,122	-	168,924,986
Futures	(6,949,934)	(6,949,934)	-	-
Registered Investment Companies	115,886,650	115,886,650	-	-
U.S. Government Securities	198,654,091	196,752,240	1,901,851	-
Asset Backed Securities	127,520,642	-	127,520,642	-
Corporate Debt Instruments	193,594,986	-	193,594,986	-
Municipals	917,486	-	917,486	-
Non U.S. Government Bonds	7,025,883	-	7,025,883	-
Non U.S. Government Private Placement	8,718,343	-	8,718,343	-
Swaps	8,807,951	-	8,807,951	-
U.S. Private Placement	82,166,945	-	82,166,945	-
Bank Debt Notes	20,897,179	-	12,899,520	7,997,659
Commingled Funds US Debt	27,121,710	-	-	27,121,710
Partnership Joint Venture Interest	1,738,603,043	-	-	1,738,603,043
Less Amounts Reported as Cash and Cash Equivalents (1)	<u>(68,930,475)</u>	<u>(68,930,475)</u>	<u>-</u>	<u>-</u>
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	<u>\$ 3,127,569,844</u>	<u>\$ 622,884,089</u>	<u>\$ 443,553,607</u>	<u>\$ 2,061,132,148</u>

(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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Component Units

A. Deposits

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

B. Investments

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

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

Primary Government

Governmental activities:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 450,940,677	\$ 39,667,710	\$ -	\$ 490,608,387
Transportation infrastructure	1,548,256,641	33,478,987	-	1,581,735,628
Public art	4,454,435	376,777	-	4,831,212
Construction in progress	315,643,124	251,302,664	(158,242,286)	408,703,502
Total capital assets, not being depreciated	2,319,294,877	324,826,138	(158,242,286)	2,485,878,729
Capital assets, being depreciated:				
Buildings and improvements	2,088,068,581	125,141,201	(315,148)	2,212,894,634
Furniture, machinery and equipment	459,375,170	49,091,763	(24,769,295)	483,697,638
Stormwater infrastructure	167,750,289	3,359,240	-	171,109,529
Total capital assets, being depreciated	2,715,194,040	177,592,204	(25,084,443)	2,867,701,801
Less accumulated depreciation:				
Building and improvements	(871,401,495)	(73,139,730)	263,705	(944,277,520)
Furniture, machinery and equipment	(334,502,192)	(42,358,581)	24,671,521	(352,189,252)
Stormwater infrastructure	(49,595,113)	(3,360,528)	-	(52,955,641)
Total accumulated depreciation	(1,255,498,800)	(118,858,839)	24,935,226	(1,349,422,413)
Total capital assets, being depreciated, net	1,459,695,240	58,733,365	(149,217)	1,518,279,388
Governmental activities capital assets, net	\$ 3,778,990,117	\$ 383,559,503	\$ (158,391,503)	\$ 4,004,158,117

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Business-type activities:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated				
Land	\$ 24,583,200	\$ -	\$ -	\$ 24,583,200
Construction in progress	255,990,147	150,400,270	(146,253,445)	260,136,972
Total capital assets, not being depreciated	<u>280,573,347</u>	<u>150,400,270</u>	<u>(146,253,445)</u>	<u>284,720,172</u>
Capital assets, being depreciated:				
Utility plant in service	2,884,725,527	147,566,198	-	3,032,291,725
Buildings and improvements	94,135,053	7,497,604	(35,478)	101,597,179
Improvements other than buildings	60,731,063	131,999	-	60,863,062
Furniture, machinery and equipment	112,695,790	10,006,113	-	122,701,903
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	<u>3,155,932,433</u>	<u>165,201,914</u>	<u>(35,478)</u>	<u>3,321,098,869</u>
Less accumulated depreciation:				
Utility plant in service	(1,214,268,543)	(69,861,760)	-	(1,284,130,303)
Buildings and improvements	(57,253,294)	(2,198,820)	-	(59,452,114)
Improvements other than buildings	(42,578,199)	(1,967,556)	-	(44,545,755)
Furniture, machinery and equipment	(49,235,844)	(8,946,778)	-	(58,182,622)
Property under capital lease	(1,921,094)	(91,125)	-	(2,012,219)
Total accumulated depreciation	<u>(1,365,256,974)</u>	<u>(83,066,039)</u>	<u>-</u>	<u>(1,448,323,013)</u>
Total capital assets, being depreciated, net	<u>1,790,675,459</u>	<u>82,135,875</u>	<u>(35,478)</u>	<u>1,872,775,856</u>
Business-type activities capital assets, net	<u>\$ 2,071,248,806</u>	<u>\$ 232,536,145</u>	<u>\$ (146,288,923)</u>	<u>\$ 2,157,496,028</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Governmental activities:	
General government	\$ 26,392,288
Fiscal administration	740,437
Administration of justice	2,627,857
Law enforcement and care of prisoners	8,840,528
Fire prevention and control	2,499,230
Education	39,381,034
Regulation and inspection	5,971
Public welfare	1,528,427
Public health and hospitals	1,324,688
Public library system	2,702,327
Public works, highways and streets, including depreciation of stormwater infrastructure	5,644,118
Recreational and cultural	11,039,039
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	16,132,895
Total depreciation expense, governmental activities	<u>\$ 118,858,839</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 79,734,863
District Energy System	2,340,007
Board of Fair Commissioners	369,859
Farmers Market	291,330
Municipal Auditorium	329,980
Total depreciation expense, business-type activities	<u>\$ 83,066,039</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, 2018 was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 360,989,526	\$ 13,317,295	\$ -	\$ 374,306,821
Public art	1,183,844	-	-	1,183,844
Construction in progress	188,656,789	237,610,608	(107,597,817)	318,669,580
Total capital assets, not being depreciated	<u>550,830,159</u>	<u>250,927,903</u>	<u>(107,597,817)</u>	<u>694,160,245</u>
Capital assets, being depreciated:				
Utility plant in service	1,411,001,000	62,293,000	(15,656,000)	1,457,638,000
Buildings and improvements	1,979,722,890	69,026,145	(382,581)	2,048,366,454
Improvements other than buildings	563,441,668	16,722,756	(1,307,711)	578,856,713
Furniture, machinery and equipment	492,068,820	48,205,393	(12,260,439)	528,013,774
Infrastructure	22,405,389	132,517	-	22,537,906
Total capital assets, being depreciated	<u>4,468,639,767</u>	<u>196,379,811</u>	<u>(29,606,731)</u>	<u>4,635,412,847</u>
Less accumulated depreciation for:				
Utility plant in service	(591,391,000)	(51,363,000)	22,239,000	(620,515,000)
Buildings and improvements	(665,481,855)	(61,609,290)	112,105	(726,979,040)
Improvements other than buildings	(351,535,160)	(19,455,822)	697,274	(370,293,708)
Furniture, machinery and equipment	(272,262,587)	(34,383,479)	11,588,066	(295,058,000)
Infrastructure	(16,963,412)	(526,701)	-	(17,490,113)
Total accumulated depreciation	<u>(1,897,634,014)</u>	<u>(167,338,292)</u>	<u>34,636,445</u>	<u>(2,030,335,861)</u>
Total capital assets, being depreciated, net	<u>2,571,005,753</u>	<u>29,041,519</u>	<u>5,029,714</u>	<u>2,605,076,986</u>
Component units activities capital assets, net	<u>\$ 3,121,835,912</u>	<u>\$ 279,969,422</u>	<u>\$ (102,568,103)</u>	<u>\$ 3,299,237,231</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General Services District	\$ 1,613,724,862	\$ -	\$ (74,519,733)	\$ 1,539,205,129	\$ 84,467,213
Schools	844,105,336	-	(50,698,439)	793,406,897	55,615,214
Urban Services District	178,173,863	-	(11,628,672)	166,545,191	11,367,458
Deferred premium (discount)	382,408,398	-	(34,092,489)	348,315,909	-
Total general obligation bonds payable	3,018,412,459	-	(170,939,333)	2,847,473,126	151,449,885
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	1,658,264	-	(414,567)	1,243,697	414,567
Deferred premium (discount)	(36,276)	-	10,364	(25,912)	-
Total qualified zone academy notes payable	1,621,988	-	(404,203)	1,217,785	414,567
Qualified school construction bond loans payable	34,727,979	-	(3,536,429)	31,191,550	3,536,429
Other obligations payable:					
Net pension liability	235,535,566	388,529,847	(425,070,313)	198,995,100	-
Total OPEB liability (1)	3,754,703,835	242,534,640	(108,176,211)	3,889,062,264	-
Compensated absences	89,056,568	70,954,591	(67,873,947)	92,137,212	54,957,191
Claims and judgments	11,008,374	2,855,451	(2,608,374)	11,255,451	65,000
Landfill closure costs	6,230,173	330,213	(151,069)	6,409,317	562,801
Fair value of derivative financial instruments	7,604,641	-	(2,614,574)	4,990,067	-
Total other obligations payable	4,104,139,157	705,204,742	(606,494,488)	4,202,849,411	55,584,992
Total governmental activities long-term liabilities	\$ 7,158,901,583	\$ 705,204,742	\$ (781,374,453)	\$ 7,082,731,872	\$ 210,985,873
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 716,115,000	\$ 244,630,000	\$ (68,380,000)	\$ 892,365,000	\$ 38,225,000
Deferred premium (discount)	33,474,280	44,244,962	(6,894,113)	70,825,129	-
Net pension liability	5,392,431	26,811,802	(24,761,183)	7,443,050	-
Total Department of Water and Sewerage Services	754,981,711	315,686,764	(100,035,296)	970,633,179	38,225,000
District Energy System:					
General obligation bonds payable	53,190,939	-	(2,303,156)	50,887,783	2,375,115
Deferred premium (discount)	8,293,018	-	(562,634)	7,730,384	-
Net pension liability	21,174	110,870	(101,526)	30,518	-
Total District Energy System	61,505,131	110,870	(2,967,316)	58,648,685	2,375,115
Other business-type activities:					
Net pension liability	957,885	4,825,265	(4,446,547)	1,336,603	-
Total other business-type activities	957,885	4,825,265	(4,446,547)	1,336,603	-
Total business-type activities long-term liabilities	\$ 817,444,727	\$ 320,622,899	\$ (107,449,159)	\$ 1,030,618,467	\$ 40,600,115

(1) The balance at July 1, 2017 was restated as a result of the implementation of GASB Statement No. 75 as discussed in Note 2.

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>
Governmental activities:		
General obligation bonds payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to July 1, 2036	.30 - 5.71%	\$ 1,539,205,129
General Services District - School Purposes, due in varying amounts to July 1, 2036	.30 - 5.71%	793,406,897
Urban Services District - General Purposes, due in varying amounts to July 1, 2036	.30 - 5.71%	166,545,191
Deferred premium (discount)		<u>348,315,909</u>
Total general obligation bonds payable from ad valorem taxes		<u>2,847,473,126</u>
Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	N/A	1,243,697
Deferred premium (discount)		<u>(25,912)</u>
Total qualified zone academy notes payable		<u>1,217,785</u>
Qualified school construction bond loans payable	1.515%	<u>31,191,550</u>
Other obligations payable:		
Net pension liability		198,995,100
Total OPEB liability		3,889,062,264
Compensated absences		92,137,212
Claims and judgments		11,255,451
Landfill closure		6,409,317
Fair value of derivative financial instruments		<u>4,990,067</u>
Total other obligations payable		<u>4,202,849,411</u>
Total governmental activities long-term liabilities		<u>\$ 7,082,731,872</u>
Business-type activities:		
Bonds payable:		
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A, due in varying amounts to January 1, 2022	3.25 - 5.25%	\$ 27,905,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2027	3.00 - 5.00%	76,530,000
Department of Water and Sewerage Revenue Bonds, Federally Taxable (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%	990,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2012, due in varying amounts to July 1, 2023	1.00 - 5.00%	94,380,000
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
Department of Water and Sewerage Revenue Refunding Bonds, Series 2017A (Green Bonds), due in varying amounts to July 1, 2046	3.00 - 5.00%	89,420,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2017B, due in varying amounts to July 1, 2046	5.0%	155,210,000
Deferred premium (discount)		<u>70,825,129</u>
Total Department of Water and Sewerage Services		<u>963,190,129</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Interest Rate</u>	<u>Amount</u>
District Energy System G. O. Multi-purpose Bonds, Series 2010A, due in varying amounts to July 1, 2026	2.75 - 5.00%	\$ 176,321
District Energy System G. O. Refunding Bonds, Series 2010D, due in varying amounts to July 1, 2024	1.50 - 5.00%	667,615
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%	39,590,000
District Energy System G. O. Refunding Bonds, Series 2012B, due in varying amounts to July 1, 2024	.32 - 2.767%	2,192,970
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%	661,578
District Energy System G. O. Refunding Bonds, Series 2016, due in varying amounts to January 1, 2033	2.00 - 5.00%	5,565,107
District Energy System G. O. Improvement Bonds, Series 2017, due in varying amounts to July 1, 2036	4.00 - 5.00%	539,922
Deferred premium (discount)		<u>7,730,384</u>
Total District Energy System		<u>58,618,167</u>
Total bonds payable		<u>1,021,808,296</u>
Net pension liability:		
Department of Water and Sewerage Services		7,443,050
District Energy System		30,518
Other business-type activities		<u>1,336,603</u>
Total net pension liability		<u>8,810,171</u>
Total business-type activities long-term liabilities		<u>\$ 1,030,618,467</u>

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

Governmental activities:

Noncurrent Liabilities:	
Due within one year	\$ 210,985,873
Due in more than one year	<u>6,871,745,999</u>
Total governmental activities	<u>\$ 7,082,731,872</u>

Business-type activities:

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 40,600,115
Noncurrent liabilities:	
Due in more than one year	<u>990,018,352</u>
Total business-type activities	<u>\$ 1,030,618,467</u>

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

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
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, 2018, 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, 2018 are as follows:

Year Ending June 30	General Obligation Bonds		Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 153,825,000	\$ 113,618,639	\$ 38,225,000	\$ 46,136,004	\$ 192,050,000	\$ 159,754,643
2020	160,135,000	107,305,595	39,120,000	44,225,115	199,255,000	151,530,710
2021	167,145,000	100,297,369	25,080,000	42,304,977	192,225,000	142,602,346
2022	170,590,000	92,429,131	29,955,000	40,984,827	200,545,000	133,413,958
2023	179,725,000	84,298,195	36,775,000	39,449,077	216,500,000	123,747,272
2024-2028	864,175,000	298,990,719	119,795,000	178,561,837	983,970,000	477,552,556
2029-2033	599,325,000	135,305,778	141,735,000	145,102,142	741,060,000	280,407,920
2034-2038	255,125,000	17,103,789	178,750,000	100,258,498	433,875,000	117,362,287
2039-2043	-	-	205,140,000	44,390,980	205,140,000	44,390,980
2044-2047	-	-	77,790,000	6,613,525	77,790,000	6,613,525
Total	2,550,045,000	949,349,215	892,365,000	688,026,982	3,442,410,000	1,637,376,197
Deferred Premium (Discount)	356,046,293	-	70,825,129	-	426,871,422	-
Total	\$ 2,906,091,293	\$ 949,349,215	\$ 963,190,129	\$ 688,026,982	\$ 3,869,281,422	\$ 1,637,376,197

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. This program expired July 7, 2017.

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. In July 2017, the Extendable Commercial Paper (ECP) program increased the maximum par amount of notes to \$325 million.

In July 2017, the Government entered into Revolving Credit Agreements (RCA) with two banks to provide a \$375 million general obligation traditional commercial paper program. The program allows the Government to issue short-term notes to finance authorized 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 banks have agreed to pay the principal amount of any maturing commercial paper notes pursuant to a revolving credit agreement. If a 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 quarterly 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.

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, 2018, 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. This program expired July 12, 2018.

In July, 2018 the Government established a \$183 million Water and Sewerage commercial paper program. Commercial paper notes are issued to provide interim or short-term financing of various water and sewer capital projects. The notes may be refunded with new notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the commercial paper program. 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 Reimbursement Agreement. If the bank advances funds pursuant to the reimbursement 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 quarterly 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 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2018, the amount of principal outstanding could not exceed \$300 million.

Commercial paper obligations of \$775,000,000 with interest rates ranging from .87% to 2.10% were outstanding at June 30, 2018. The obligations are considered short-term debt at June 30, 2018 and are recorded as a liability in the Capital Project Funds, Department of Water and Sewerage Services, and the District Energy System of the Government.

Commercial paper activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Commercial paper payable	\$ 450,000,000	\$ 600,000,000	\$ (275,000,000)	\$ 775,000,000

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

Governmental activities:	
Commercial paper payable	\$ 648,531,019
Total governmental activities	648,531,019
Business-type activities:	
Commercial paper payable	126,468,981
Total business-type activities	126,468,981
Total commercial paper payable	\$ 775,000,000

G. Issuance of Bonds

On November 2, 2017, the Government issued \$89,420,000 of Department of Water and Sewerage Services Revenue Bonds, Series 2017A (Green Bonds), maturing on July 1, 2046, with interest rates ranging from 3.00% to 5.00%, and \$155,210,000 of Department of Water and Sewerage Services Revenue Bonds, Series 2017B, maturing on July 1, 2046, with an interest rate of 5%. The net proceeds of the Series 2017 Bonds totaled \$324,454,670 including original issue premium and the Government's defeasance contribution. \$275,414,514 of the net proceeds were used to fund maturing commercial paper notes, \$35,168,559 was used to refund certain maturities of Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A, \$12,396,249 was used to establish a debt service reserve fund, and \$1,475,348 was used to cover underwriting fees and other costs of issuance. By including the defeasance in the issuance of the Series 2017 Bonds, the Government's debt service payments over the next four years will be reduced by an estimated \$2,244,997.

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, 2018, \$431,815,000 of general obligation bonds and \$30,905,000 of revenue bonds are considered defeased.

I. Redemption Options

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

J. Qualified Zone Academy Notes

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

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

QZAB note principal maturities at June 30, 2018 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2019	\$ 414,567	\$ 97,031
2020	414,567	97,031
2021	414,563	97,031
Total qualified zone academy notes payable	<u>\$ 1,243,697</u>	<u>\$ 291,093</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, 2018 are summarized below:

Year Ending June 30	Principal	Interest	Subsidy
2019	\$ 3,536,429	\$ 2,043,674	\$ 1,723,706
2020	3,536,429	2,043,674	1,723,706
2021	3,536,429	2,043,674	1,723,706
2022	3,536,429	2,043,674	1,723,706
2023	3,536,429	2,043,674	1,723,706
2024-2028	13,509,405	8,051,152	7,756,679
Total qualified school construction bond loan payable	<u>\$ 31,191,550</u>	<u>\$ 18,269,522</u>	<u>\$ 16,375,209</u>

L. Derivative Financial Instruments

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

The swap agreement provides that the Government will pay a fixed rate of 5.4% to the Counterparty and will receive the SIFMA rate on the outstanding notional amount which reduces annually and was \$33,360,000 at June 30, 2018. The SIFMA rate at June 30, 2018 was 1.51%. All terms of the swap remain in effect and expire May 15, 2026. The credit rating of the Counterparty at June 30, 2018 is Baa1. The fair value of this swap contract was a liability of \$4,990,067 at June 30, 2018 and is recorded in noncurrent liabilities in the Statement of Net Position. The liability decreased by \$2,124,603 for the year ended June 30, 2018. 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, 2018 are summarized below. The amounts assume that the current reference rate (1.51%) of the interest rate swap will remain the same for the term of the swap agreement. As this rate varies, the net receipts/payments will vary.

Year Ending June 30	Hedging Derivative, Net Payments
2019	\$ 1,297,704
2020	1,165,055
2021	1,024,821
2022	876,612
2023	720,039
2024-2026	1,129,462
Total hedging derivative, net payments	<u>\$ 6,213,693</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, 2018. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

M. Unissued Bonds or Notes

At June 30, 2018, authorized but unissued general obligation bonds totaled \$1,675,068,000. 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, 2018 was as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental types:					
Revenue bonds payable:					
Sports Authority	\$ 140,158,989	\$ -	\$ (7,833,032)	\$ 132,325,957	\$ 7,650,000
Total revenue bonds payable - governmental types	140,158,989	-	(7,833,032)	132,325,957	7,650,000
Proprietary types:					
Revenue bonds payable:					
Electric Power Board	686,165,000	1,125,000	(44,635,000)	642,655,000	27,216,000
Metropolitan Nashville Airport Authority	327,591,995	27,358,295	(60,553,079)	294,397,211	15,215,000
Convention Center Authority	612,854,452	-	(10,395,495)	602,458,957	12,255,000
Total revenue bonds payable - proprietary types	1,626,611,447	28,483,295	(115,583,574)	1,539,511,168	54,686,000
Notes payable:					
Metropolitan Development and Housing Agency	115,372,283	64,203,759	(16,206,784)	163,369,258	12,288,887
Metropolitan Nashville Airport Authority	17,832,137	4,664,046	(6,134,536)	16,361,647	595,516
Total notes payable - proprietary types	133,204,420	68,867,805	(22,341,320)	179,730,905	12,884,403
Total revenue bonds and notes payable	1,899,974,856	97,351,100	(145,757,926)	1,851,568,030	75,220,403
Governmental types:					
Other liabilities payable:					
Sports Authority:					
Other liabilities	21,651,152	169,155	(3,342,045)	18,478,262	-
Total other liabilities payable - governmental types	21,651,152	169,155	(3,342,045)	18,478,262	-
Proprietary types:					
Other liabilities payable:					
Hospital Authority:					
Capitalized lease obligation	22,952,744	-	(1,667,694)	21,285,050	2,729,931
Net pension liability	1,355,498	6,342,231	(5,918,628)	1,779,101	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,499,123	413,385	(47,507)	1,865,001	-
Electric Power Board:					
TVA advances and other	5,227,000	9,687,000	(6,574,000)	8,340,000	-
Net pension liability	206,193,000	61,804,000	(73,377,000)	194,620,000	-
Net OPEB liability (1)	196,661,000	44,010,000	(33,154,000)	207,517,000	-
Metropolitan Transit Authority:					
Advance lease receipts	9,147,465	-	(590,003)	8,557,462	-
Refundable grants	5,185,951	281,685	(4,335,677)	1,131,959	-
Net pension liability	16,972,784	7,140,607	(8,905,478)	15,207,913	-
Net OPEB liability (1)	58,752,177	6,508,657	(2,501,538)	62,759,296	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary types:	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Other liabilities payable (continued):					
Metropolitan Nashville Airport Authority:					
Fair value of derivative financial instruments	\$ 614,586	\$ -	\$ (495,797)	\$ 118,789	\$ -
Unearned income	1,854,639	11,895	(34,904)	1,831,630	-
Net OPEB liability (1)	21,738,923	2,797,049	(13,740,683)	10,795,289	-
Convention Center Authority:					
Net pension liability	233,451	1,411,290	(1,264,608)	380,133	-
Total other liabilities payable - proprietary types	548,388,341	140,407,799	(152,607,517)	536,188,623	2,729,931
Total revenue bonds, notes and other liabilities payable - component units	\$ 2,470,014,349	\$ 237,928,054	\$ (301,707,488)	\$ 2,406,234,915	\$ 77,950,334

(1) The balance at July 1, 2017 was restated as a result of the implementation of GASB Statement No. 75 as discussed in Note 2.

B. Description of Amounts Payable

Amounts payable at June 30, 2018 are as follows:

Governmental types:	Interest Rates	Amount
Revenue bonds payable:		
Series 2012A (Stadium Project), due in varying amounts to July 1, 2033	1.142 - 5.231%	\$ 18,940,000
Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project), due in varying amounts to July 1, 2018	.38 - 2.944%	1,605,000
Taxable Public Facility Revenue Improvement Bonds (Hockey Project), Series 2013A, due in varying amounts to July 1, 2033	.793 - 5.150%	12,060,000
Taxable Public Improvement Revenue Refunding Bonds, Series 2013B, due in varying amounts to July 1, 2025	.793 - 4.050%	18,640,000
Public Improvement Revenue Bonds (Ballpark Project), Series 2013A, due in varying amounts to August 1, 2043	3.00 - 5.250%	51,740,000
Taxable Public Improvement Revenue Bonds (Ballpark Project), Series 2013B, due in varying amounts to August 1, 2043	1.25 - 5.625%	10,795,000
Public Improvement Revenue Refunding Bonds, Series 2014, due in varying amounts to July 1, 2026	4.00 - 5.000%	15,005,000
Deferred premium (discount)		3,540,957
Total revenue bonds payable - governmental types		132,325,957
Proprietary types:		
Revenue bonds payable:		
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	11,296,000
Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023	3.25 - 5.00%	7,627,000
Electric Power Board Electric System Revenue Bonds, 2011 Series A, due in varying amounts to May 15, 2036	1.50 - 5.00%	44,099,000
Electric Power Board Electric System Revenue Bonds, 2011 Series B, due in varying amounts to May 15, 2026	2.00 - 5.00%	66,325,000
Electric Power Board Electric System Revenue Bonds, 2013 Series A, due in varying amounts to May 15, 2029	3.25 - 5.00%	60,121,000
Electric Power Board Electric System Revenue Bonds, 2014 Series A, due in varying amounts to May 15, 2039	2.00 - 5.00%	110,739,000
Electric Power Board Electric System Revenue Bonds, 2015 Series A, due in varying amounts to May 15, 2039	5.00%	128,105,000
Electric Power Board Electric System Revenue Bonds, 2017 Series A, due in varying amounts to May 15, 2042	3.00 - 5.00%	123,181,000
Electric Power Board Electric System Revenue Bonds, 2017 Series B, due in varying amounts to May 15, 2031	5.00%	91,162,000
Airport Improvement Revenue Bonds, Series 2003B, due in varying amounts to July 1, 2033	5.49 - 5.94%	14,785,000
Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019	4.49%	7,400,000
Airport Improvement Revenue Bonds, Series 2009A, due in varying amounts to July 1, 2019	4.125 - 5.25%	12,160,000
Airport Improvement Revenue Bonds, Series 2010A, due in varying amounts to July 1, 2029 (includes terms bonds at 6.79%)	2.25 - 6.19%	8,535,000
Airport Improvement Revenue Bonds, Series 2015A, due in varying amounts to July 1, 2040	4.00 - 5.00%	91,855,000
Airport Improvement Revenue Bonds, Series 2015B, due in varying amounts to July 1, 2040	4.00 - 5.00%	108,145,000

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Interest Rates</u>	<u>Amount</u>
Special Facility Revenue Bonds, Series 2018, due in varying amounts to July 1, 2028 (includes terms bonds at 3.4%)	2.25 - 6.19%	\$ 27,358,295
Metropolitan Nashville Airport Authority: Deferred premium (discount)		24,158,916
Convention Center Authority Revenue Bonds, 2010A-1 due in varying amounts to July 1, 2026	3.35 - 5.00%	41,520,000
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%	407,900,000
Convention Center Authority: Deferred premium (discount)		<u>643,957</u>
Total revenue bonds payable - proprietary types		<u>1,539,511,168</u>
Notes payable:		
Metropolitan Development and Housing Agency		163,369,258
Metropolitan Nashville Airport Authority		<u>16,361,647</u>
Total notes payable - proprietary types		<u>179,730,905</u>
Total revenue bonds and notes payable		<u>1,851,568,030</u>
Other liabilities payable:		
Sports Authority: Other liabilities		18,478,262
Hospital Authority: Capitalized lease obligation		21,285,050
Net pension liability		1,779,101
Metropolitan Development and Housing Agency: Other liabilities		1,865,001
Electric Power Board: TVA advances		1,362,000
Other		6,978,000
Net pension liability		194,620,000
Net OPEB liability		207,517,000
Metropolitan Transit Authority: Advance lease receipts		8,557,462
Refundable grants		1,131,959
Net pension liability		15,207,913
Net OPEB liability		62,759,296
Metropolitan Nashville Airport Authority: Fair value of derivative financial instruments		118,789
Unearned income		1,831,630
Net OPEB liability		10,795,289
Convention Center Authority: Net pension liability		<u>380,133</u>
Total other liabilities payable - proprietary types		<u>554,666,885</u>
Total bonds, notes and other liabilities payable - component units		<u>\$ 2,406,234,915</u>

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	\$	62,336,000
Noncurrent liabilities:		
Due within one year		15,614,334
Due in more than one year		<u>2,328,284,581</u>
Total component units long-term liabilities	<u>\$</u>	<u>2,406,234,915</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2018 for the Industrial Revenue Bonds issued after April 1, 1996 was approximately \$665,613,789. The aggregate principal amount payable for the Industrial Revenue Bonds issued prior to April 1, 1996 could not be determined; however, their original issue amount totaled \$1,414,846,369.

Health and Educational Facilities Board

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

The aggregate principal amount of revenue bonds issued by the Board on or after April 1, 1996 totals approximately \$6,145,853,965. The aggregate principal amount of revenue bonds which were issued by the Board and were still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Other Matters

Sports Authority

The Authority has a \$10,000,000 revolving credit line with First Tennessee Bank (Bank) for the purpose of financing capital improvements at the Bridgestone Arena. Interest is calculated monthly at a variable rate as set forth in the loan agreement based on the outstanding principal balance of the loan. The monthly interest is payable from capital improvement fees received by the Metropolitan Government, and any excess monthly revenues over the interest due are paid against the outstanding principal balance. The loan expires December 31, 2020 at which time the principal outstanding balance and any interest will be due to the Bank. Furthermore, the loan may be extended one or more times to a subsequent date or dates at the discretion of the Bank. As a condition of lending, the loan agreement requires the Metropolitan Government provide a line of credit loan (Metro loan) of \$2,000,000 to the Authority. Upon the occurrence of any event of default, the Bank may require that the Authority draw the full amount of the Metro loan and pay those proceeds to the Bank to be applied against the Bank loan. The total outstanding bank loan balance as of June 30, 2018 is \$6,107,093.

The Authority has a \$15,000,000 non-revolving credit line with Pinnacle Bank (Administrative Agent), First Tennessee Bank and Fifth Third Bank for the purpose of financing capital improvements at the Nissan Stadium. The loan dated October 19, 2015 matures on October 1, 2027. Interest is due quarterly at a variable rate as set forth in the loan agreement based on the outstanding principal balance of the loan. Conditions of lending include that the Authority expend at least \$1,100,000 of its own funds toward project costs; set aside a cash reserve of \$1,900,000 held by the Authority from previously issued bonds Series 2012A, Series 2013B and Series 2014; and maintain a minimum balance of \$1,000,000 in the revenue fund held by the Administrative Agent. Pledged revenues include ticket tax collections (excluding that which is allocated to prior bonds Series 2012A as specified in the agreement) and CMA Fest revenues. Collected revenues are remitted monthly by the Metropolitan Government to the revenue account held by Pinnacle Bank. Remittances are applied toward principal; quarterly the Administrative Agent transfers the amount due for accrued interest. The total outstanding balance as of June 30, 2018 is \$12,358,405.

G. Annual Debt Service Requirements

The annual principal maturities of all bonds and notes payable as of June 30, 2018 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2019	\$ 75,220,403	\$ 98,147,802
2020	90,089,232	87,325,931
2021	69,070,387	83,963,753
2022	71,898,871	80,599,461
2023	75,015,825	77,042,444
2024-2028	353,003,701	333,164,291
2029-2033	306,777,069	247,577,420
2034-2038	293,851,493	161,201,872
2039-2043	331,984,502	81,696,474
2044-2048	62,055,773	3,757,108
2049-2053	11,182,110	928,764
2054-2058	5,421,392	174,345
Total	1,745,570,758	1,255,579,665
Deferred charges	105,997,272	-
Total	\$ 1,851,568,030	\$ 1,255,579,665

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

H. Additional Information

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – PENSION PLANS

The Government has the following single-employer pension plans:

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

The City, County, Metro Education, City Education, and County Education plans are participants in the Guaranteed Payment Program (GPP), an umbrella program created by the Metropolitan Council to ensure actuarially sound funding for the five closed plans. Under the GPP, unfunded liabilities of the aggregate program are amortized over a period of no more than thirty years. Contributions on behalf of the five individual plans move to a payment account from which distributions are paid to the constituent plans of the GPP as necessary to satisfy current benefit needs and to satisfy long-term funding objectives of the GPP.

No separate financial reports are issued for these plans.

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

Component Units

Sports Authority, Hospital Authority, and Convention Center Authority	Included in primary government plans (1)		
Hospital Authority	Defined Contribution	Open	N/A
Convention Center Authority	Defined Contribution	Open	N/A
Metropolitan Development and Housing Agency	Defined Contribution	Open	N/A
Electric Power Board	Defined Benefit	Open	N/A
Metropolitan Transit Authority	Defined Benefit	Open	N/A
Metropolitan Nashville Airport Authority	Defined Benefit	Closed	N/A
Metropolitan Nashville Airport Authority	Defined Contribution	Open	N/A

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Plans Administered by the Government

A. Summary of Significant Accounting Policies

Measurement Focus, Basis of Account and Financial Statement Presentation

The pension funds are reported using the accrual basis of accounting. Employer and employee contributions are recognized in the period due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. The net pension liability (asset) is reported in the applicable governmental and business-type activities in the Statements of Net Position and Activities.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on national or international exchanges 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-78 to B-79.

Benefits Provided

Metro Plan

Division A

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Division B

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

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited employee service equals 85, but not before age 60; or (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credited service which produce the highest earnings. Benefits fully vest on completing 5 years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013.

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

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

Any employee who terminates after the completion of at least 10 years of service (or 5 years of service if hired before January 1, 2013) and before eligibility for normal retirement or early retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of unreduced retirement age, computed and payable in accordance with the Metro Plan.

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

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

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

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

City Plan

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

County Plan

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

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

Metro Education Plan

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

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

City Education Plan

This plan (the Teachers' Civil Service and Pension Fund) covers employees who were teachers of the former City of Nashville who elected to remain under this plan and not transfer to the Metro Education Plan. This plan was closed to new members on April 1, 1963.

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

County Education Plan

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

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

Contributions

Metro Plan

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All other funding is provided by the Government with an actuarially recommended employer contribution rate of 12.340% for the non-certificated employees of Metropolitan Nashville Public Schools and all other Metro employees.

City Plan

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

County Plan

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

Metro Education Plan

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

City Education Plan

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

County Education Plan

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

C. Investments

Investment Policy

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

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

<u>Asset Class</u>	<u>Target</u>
Domestic Equity	17.00 %
International Equity	16.00
Equity Hedge	7.00
Fixed Income	21.00
Fixed Income Alternatives	15.00
Real Assets	12.00
Private Equity	12.00
Total All Asset Classes	<u>100.00 %</u>

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

Concentrations

There are no individual investments in the Metro Plan or the Metro Education Plan that exceed 5% of plan assets at June 30, 2018.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments of the Metro Plan and Metro Education Plan, net of investment expense, was 6.79%. 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, 2017. Actuarial assumptions are summarized on the Selected Pension Information Schedules on pages B-78 to B-79.

Mortality rates were based on the 115% RP-2014 Blue Collar Table and the 130% RP-2014 Disabled Mortality, as determined by the periodic actuarial experience study.

The actuarial assumptions used in the July 1, 2017 valuations were based on the results of an actuarial experience study for the period 2012 to 2017.

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 %	5.10 %
International Equity	10.00	5.30
Equity Hedge	6.40	7.90
Fixed Income	3.40	2.30
Fixed Income Alternatives	3.40	2.70
Real Assets	2.30	4.90
Private Equity	7.10	7.90

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. Based on the Plan assumptions and funding policy, the fiduciary net position for each Plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County	\$ 6,197,204	\$ 5,942,121	\$ 5,694,942
Metro	450,048,539	81,607,959	(250,062,516)
County Education	20,399,294	19,479,165	18,636,247
Metro Education	72,494,548	65,572,138	59,381,024
City	31,336,606	30,009,484	28,725,063
City Education	9,527,626	9,125,373	8,753,868
Total net pension liability (asset)	\$ 590,003,817	\$ 211,736,240	\$ (128,871,372)

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

E. Pension Expense

For the year ended June 30, 2018, the Government recognized pension expense for each of the plans as follows:

	Pension Expense
County	\$ 428,759
Metro	100,316,829
County Education	1,880,192
Metro Education	14,253,366
City	2,118,866
City Education	2,286,152
Total pension expense	\$ 121,284,164

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

F. Special Funding Situations

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

	County Education Plan	Metro Education Plan	City Education Plan
Employer's proportionate share	71.64 %	46.74 %	71.08 %
Collective pension expense	\$ 1,880,192	\$ 14,253,366	\$ 2,286,152
Support of State of Tennessee	(533,222)	(7,591,343)	(661,155)
Collective net pension liability	27,190,695	140,291,980	12,837,561
Proportionate share of net pension liability	19,479,165	65,572,138	9,125,373
Proportionate share of deferred outflows of resources	95,027	1,437,989	75,107
Proportionate share of deferred inflows of resources	-	(833,492)	-

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-80 to B-83.

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-78 to B-79. The assumptions used to calculate the actuarially determined contribution requirements are the same as those used to compute the net pension liability except where indicated.

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

SELECTED PENSION INFORMATION

	<u>County</u>	<u>Metro</u>	<u>County Education</u>
ACTUARIAL VALUATION INFORMATION			
Valuation date	July 1, 2017	July 1, 2017	July 1, 2017
Measurement date	June 30, 2018	June 30, 2018	June 30, 2018
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	8 years	30 years	8 years
Asset valuation method	market	5 year smoothed market	market
Actuarial assumptions:			
Investment rate of return*	7.25%	7.25%	7.25%
Projected salary increases*	N/A	4.00%	N/A
Inflation	2.50%	2.50%	2.60%
Postretirement benefit increase adjustments	2.50%	2.50% Division A 1.25% Division B	3.00%
* Includes inflation			
PLAN MEMBERSHIP			
Active:			
Fully vested	-	7,691	-
Non-vested and partially vested	-	3,644	-
Total active	-	11,335	-
Retirees and beneficiaries receiving benefits	65	8,806	165
Terminated vested	-	3,119	-
Total	<u>65</u>	<u>23,260</u>	<u>165</u>

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

SELECTED PENSION INFORMATION

Metro Education	City	City Education
July 1, 2017	July 1, 2017	July 1, 2017
June 30, 2018	June 30, 2018	June 30, 2018
entry age normal	entry age normal	entry age normal
level dollar closed	level dollar open	level dollar open
30 years	8 years	7 years
5 year smoothed market	market	market
7.25%	7.25%	7.25%
N/A	N/A	N/A
2.60%	2.50%	2.60%
3.00%	2.50%	3.00%
-	-	-
-	-	-
-	-	-
901	333	90
1	-	-
902	333	90

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, 2018

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<u>County Plan (Closed)</u>			
Balance at June 30, 2017	\$ 6,611,665	\$ -	\$ 6,611,665
Changes for the year:			
Interest	438,808	-	438,808
Difference between expected and actual experience	(352,447)	-	(352,447)
Changes in assumptions	342,520	-	342,520
Contributions - employer	-	1,098,462	(1,098,462)
Net investment income (loss)	-	(37)	37
Benefit payments, including refunds of member contributions	(1,098,425)	(1,098,425)	-
Net changes	(669,544)	-	(669,544)
Balance at June 30, 2018	\$ 5,942,121	\$ -	\$ 5,942,121
Plan fiduciary net position as a percentage of the total pension liability		-	%
<u>Metro Plan (Open)</u>			
Balance at June 30, 2017	\$ 3,009,103,042	\$ 2,968,258,792	\$ 40,844,250
Changes for the year:			
Service cost	51,181,779	-	51,181,779
Interest	221,805,983	-	221,805,983
Difference between expected and actual experience	(21,739,996)	-	(21,739,996)
Changes in assumptions	103,946,322	-	103,946,322
Contributions - employer	-	76,539,373	(76,539,373)
Contributions - members	-	79,136	(79,136)
Transfers in	-	316,543	(316,543)
Net investment income	-	242,164,720	(242,164,720)
Benefit payments, including refunds of member contributions	(166,196,565)	(166,196,565)	-
Administrative expenses	79,136	(4,590,257)	4,669,393
Net changes	189,076,659	148,312,950	40,763,709
Balance at June 30, 2018	\$ 3,198,179,701	\$ 3,116,571,742	\$ 81,607,959
Plan fiduciary net position as a percentage of the total pension liability		97.45	%
<u>County Education Plan (Closed)</u>			
Balance at June 30, 2017	\$ 31,677,073	\$ 1,172,919	\$ 30,504,154
Changes for the year:			
Interest	2,094,216	-	2,094,216
Difference between expected and actual experience	(526,214)	-	(526,214)
Changes in assumptions	349,762	-	349,762
Contributions - employer	-	2,932,320	(2,932,320)
Contributions - State of Tennessee	-	2,286,856	(2,286,856)
Net investment income	-	12,047	(12,047)
Benefit payments, including refunds of member contributions	(5,229,770)	(5,229,770)	-
Net changes	(3,312,006)	1,453	(3,313,459)
Balance at June 30, 2018	\$ 28,365,067	\$ 1,174,372	\$ 27,190,695
Plan fiduciary net position as a percentage of the total pension liability		4.14	%
Proportionate share of collective net pension liability:			
Employer			\$ 19,479,165
State of Tennessee			7,711,530

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, 2018

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<u>Metro Education Plan (Closed)</u>			
Balance at June 30, 2017	\$ 249,760,555	\$ 89,448,235	\$ 160,312,320
Changes for the year:			
Interest	17,166,802	-	17,166,802
Difference between expected and actual experience	(1,192,513)	-	(1,192,513)
Changes in assumptions	3,758,964	-	3,758,964
Contributions - employer	-	22,681,681	(22,681,681)
Contributions - State of Tennessee	-	10,935,092	(10,935,092)
Net investment income	-	6,156,974	(6,156,974)
Benefit payments, including refunds of member contributions	(31,087,074)	(31,087,074)	-
Administrative expenses	-	(20,154)	20,154
Net changes	(11,353,821)	8,666,519	(20,020,340)
Balance at June 30, 2018	<u>\$ 238,406,734</u>	<u>\$ 98,114,754</u>	<u>\$ 140,291,980</u>
Plan fiduciary net position as a percentage of the total pension liability		41.15	%
Proportionate share of collective net pension liability:			
Employer			\$ 65,572,138
State of Tennessee			74,719,842
<u>City Plan (Closed)</u>			
Balance at June 30, 2017	\$ 33,355,956	\$ -	\$ 33,355,956
Changes for the year:			
Interest	2,213,373	-	2,213,373
Difference between expected and actual experience	(2,051,468)	-	(2,051,468)
Changes in assumptions	1,957,960	-	1,957,960
Contributions - employer	-	5,466,526	(5,466,526)
Net investment income (loss)	-	(189)	189
Benefit payments, including refunds of member contributions	(5,466,337)	(5,466,337)	-
Net changes	(3,346,472)	-	(3,346,472)
Balance at June 30, 2018	<u>\$ 30,009,484</u>	<u>\$ -</u>	<u>\$ 30,009,484</u>
Plan fiduciary net position as a percentage of the total pension liability		-	%
<u>City Education Plan (Closed)</u>			
Balance at June 30, 2017	\$ 14,320,920	\$ 920,749	\$ 13,400,171
Changes for the year:			
Interest	1,027,350	-	1,027,350
Difference between expected and actual experience	1,129,389	-	1,129,389
Changes in assumptions	158,057	-	158,057
Contributions - employer	-	1,307,430	(1,307,430)
Contributions - State of Tennessee	-	1,560,512	(1,560,512)
Net investment income	-	9,464	(9,464)
Benefit payments, including refunds of member contributions	(2,876,029)	(2,876,029)	-
Net changes	(561,233)	1,377	(562,610)
Balance at June 30, 2018	<u>\$ 13,759,687</u>	<u>\$ 922,126</u>	<u>\$ 12,837,561</u>
Plan fiduciary net position as a percentage of the total pension liability		6.70	%
Proportionate share of collective net pension liability:			
Employer			\$ 9,125,373
State of Tennessee			3,712,188

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	\$ -	\$ (220)
Balance at June 30, 2018	<u>\$ -</u>	<u>\$ (220)</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,	
2019	\$ (121)
2020	(121)
2021	16
2022	6

Metro Plan

Changes of assumptions	\$ 90,953,032	\$ -
Difference between expected and actual experience	-	(72,484,341)
Net difference between projected and actual earnings on pension plan investments	-	(97,787,171)
Balance at June 30, 2018	<u>\$ 90,953,032</u>	<u>\$ (170,271,512)</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,	
2019	\$ (8,255,406)
2020	(21,779,592)
2021	(58,996,276)
2022	(16,674,828)
2023	6,442,330
Thereafter	19,945,292

County Education Plan

Net difference between projected and actual earnings on pension plan investments	\$ 95,027	\$ -
Balance at June 30, 2018	<u>\$ 95,027</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,	
2019	\$ 33,728
2020	29,725
2021	21,170
2022	10,404

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	\$ 604,497	\$ -
Balance at June 30, 2018	<u>\$ 604,497</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,	
2019	\$ 502,887
2020	301,106
2021	(238,663)
2022	39,167

City Plan

Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (1,870)
Balance at June 30, 2018	<u>\$ -</u>	<u>\$ (1,870)</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,	
2019	\$ (992)
2020	(991)
2021	73
2022	40

City Education Plan

Net difference between projected and actual earnings on pension plan investments	\$ 75,107	\$ -
Balance at June 30, 2018	<u>\$ 75,107</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,	
2019	\$ 26,881
2020	23,540
2021	16,583
2022	8,103

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 with 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.state.tn.us/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 with an unreduced benefit 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. 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 60 and vested or pursuant to the rule of 80. 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. 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 TCRS Plans 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, 2018 to the Teacher Legacy Pension Plan were \$25,370,355 which is 9.08% of covered payroll. Employer contributions for the year ended June 30, 2018 to the Teacher Retirement Plan were \$4,048,841 which is 4.77% 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, 2018, the Government reported an asset of (\$2,664,452) for its proportionate share of net pension asset of the Teacher Legacy Pension Plan. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Government's proportion of the net pension asset was based on its employer contributions to the pension plan relative to the contributions of all LEA's. At the June 30, 2017 measurement date, the Government's proportion was 8.14%. The proportion measured as of June 30, 2016 was 8.30%.

At June 30, 2018, the Government reported an asset of (\$3,238,283) for its proportionate share of the net pension asset of Teacher Retirement Plan. The net pension asset was measured as of June 30, 2017, 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, 2017 relative to the contributions of all LEA's for the year ended June 30, 2017. At the June 30, 2017 measurement date, the Government's proportion was 12.27%. The proportion measured as of June 30, 2016 was 12.73%.

Pension Income and Expense

For the year ended June 30, 2018, the Government recognized a (negative) pension expense of (\$1,148,797) in the Teacher Legacy Pension Plan.

For the year ended June 30, 2018, the Government recognized a pension expense of \$1,473,774 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, 2018, the Government reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Teacher Legacy Pension Plan</u>		
Difference between expected and actual experience	\$ 1,606,319	\$ 55,008,363
Net difference between projected and actual earnings on pension plan investments	404,456	-
Changes in assumptions	22,566,338	-
Change in proportion of net pension liability (asset)	-	4,677,749
Contributions subsequent to the measurement date of June 30, 2017	25,370,355	-
Total	\$ 49,947,468	\$ 59,686,112
<u>Teacher Retirement Plan</u>		
Difference between expected and actual experience	\$ 113,490	\$ 243,544
Net difference between projected and actual earnings on pension plan investments	-	174,247
Changes in assumptions	284,498	-
Change in proportion of net pension liability (asset)	78,918	-
Contributions subsequent to the measurement date of June 30, 2017	4,048,841	-
Total	\$ 4,525,747	\$ 417,791

The Government's employer contributions of \$25,370,355, reported as pension related deferred outflows of resources, made subsequent to the measurement date but before June 30, 2018, will be recognized as an increase in net pension asset in the year ended June 30, 2019 for the Teacher Legacy Pension Plan. The Government's employer contributions of \$4,048,841 reported as pension related deferred outflows of resources, made subsequent to the measurement date but before June 30, 2018, will be recognized as an increase in net pension asset in the year ended June 30, 2019 for the Teacher Retirement Plan. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Teacher Legacy Pension Plan	Teacher Retirement Plan
2019	\$ (20,245,104)	\$ (10,520)
2020	7,012,722	(10,520)
2021	(8,046,247)	(20,499)
2022	(13,830,370)	(65,316)
2023	-	16,848
Thereafter	-	149,122

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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Graded salary ranges from 8.75% to 3.45% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25%

Mortality rates are customized based on the June 30, 2016 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.5%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69 %	31.00 %
Developing Market International Equity	5.29	14.00
Emerging Market International Equity	6.36	4.00
Private Equity and Strategic Lending	5.79	20.00
U.S. Fixed Income	2.01	20.00
Real Estate	4.32	10.00
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 7.25% based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEA's will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the Government's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what the Government's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Teacher Legacy Pension Plan	\$ 239,077,082	\$ (2,664,452)	\$ (202,479,756)
Teacher Retirement Plan	646,078	(3,238,283)	(6,087,526)

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, 2018, the Government reported a payable of \$2,926,544 for the outstanding amount of contributions to the pension plans required at the year ended June 30, 2018.

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	\$ 5,942,121	\$ -	\$ 220
Metro	81,607,959	90,953,032	170,271,512
County Education	19,479,165	95,027	-
Metro Education	65,572,138	604,497	-
City	30,009,484	-	1,870
City Education	9,125,373	75,107	-
Teacher Legacy (TCRS)	(2,664,452)	49,947,468	59,686,112
Teacher Retirement (TCRS)	(3,238,283)	4,525,747	417,791
	<u>\$ 205,833,505</u>	<u>\$ 146,200,878</u>	<u>\$ 230,377,505</u>
Total by plan			
Reconciliation:			
Statement of Net Position:			
Primary government:			
Governmental activities	\$ 198,995,100	\$ 136,343,362	\$ 211,923,204
Business-type activities	8,810,171	6,816,220	12,760,676
	<u>207,805,271</u>	<u>143,159,582</u>	<u>224,683,880</u>
Total primary government			
Component units:			
Hospital Authority	1,779,101	1,376,448	2,576,855
Convention Center Authority	380,133	294,100	550,585
	<u>2,159,234</u>	<u>1,670,548</u>	<u>3,127,440</u>
Total component units			
	<u>209,964,505</u>	<u>144,830,130</u>	<u>227,811,320</u>
Total Statement of Net Position			
Add Charter Schools (1)	<u>1,771,735</u>	<u>1,370,748</u>	<u>2,566,185</u>
Less Statement of Net Position other assets	<u>(5,902,735)</u>	<u>-</u>	<u>-</u>
	<u>\$ 205,833,505</u>	<u>\$ 146,200,878</u>	<u>\$ 230,377,505</u>
Total allocation			

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

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

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Primary Government

A. General Information about the OPEB Plans

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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The School Plan does not issue a stand-alone financial report.

Benefits Provided

Metropolitan Government

The Government provides medical, dental and life insurance to retirees. For medical insurance, the Government contributes 75% of all premium payments, and the retirees contribute 25%. The Government also provides a 50% matching contribution on dental insurance for any retiree who elects to participate. Finally, the Government provides life insurance at no charge to the retirees. 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.

Metropolitan Nashville Public Schools

The Government provides medical and dental insurance to retirees. 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%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	Metro Employees' Medical Benefit Plan	School Professional Employees' Insurance Plan	Total
Active employees	12,819	14,437	27,256
Active employees (with medical coverage)	10,940	5,879	16,819
Retired employees (with medical and life coverage)	8,000	3,634	11,634
Retired employees (with life coverage only)	1,270	1,334	2,604
Retiree spouses (with medical coverage)	-	1,386	1,386
Deferred vested employees	3,119	43	3,162
Retired employees receiving IOD benefits	716	-	716
Retired disabled employees receiving IOD benefits	102	-	102
Total participants	36,966	26,713	63,679

B. Total OPEB Liability

The Government's total OPEB liability of \$3,889,062,264 (\$3,046,674,160 for the Metropolitan Government and \$842,388,104 for Metropolitan Nashville Public Schools) was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Metro Employees' Medical Benefit Plan	School Professional Employees' Insurance Plan
Valuation date	June 30, 2018	June 30, 2018
Measurement date	June 30, 2018	June 30, 2018
Actuarial valuation method	entry age normal	entry age normal
Healthcare cost trends:		
Medical and Rx prescription drugs	8% graded down to 5% over 10 years	8% graded down to 5% over 10 years
Dental and vision	4% per annum	4% per annum
Administrative fees	5% per annum	5% per annum
Discount rate	2.98%	2.98%
Salary increases	Not applicable	Not applicable
Asset valuation method	Not applicable	Not applicable
Investment rate of return	Not applicable	Not applicable
Amortization period	20 years (closed) beginning July 1, 2017	20 years (closed) beginning July 1, 2017
Funding policy	Pay-as-you-go	Pay-as-you-go

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018.

For the Metropolitan Government, mortality rates were based on RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate. For Metropolitan Nashville Public Schools, the mortality rates were based on historical mortality assumptions.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

C. Changes in the Total OPEB Liability

	Metro Employees' Medical Benefit Plan	School Professional Employees' Insurance Plan	Total
Balance at June 30, 2017	\$ 2,944,339,551	\$ 810,364,284	\$ 3,754,703,835
Changes for the year:			
Service cost	89,976,557	40,017,730	129,994,287
Interest	88,163,614	24,376,739	112,540,353
Benefit payments	(75,805,562)	(32,370,649)	(108,176,211)
Net changes	102,334,609	32,023,820	134,358,429
Balance at June 30, 2018	<u>\$ 3,046,674,160</u>	<u>\$ 842,388,104</u>	<u>\$ 3,889,062,264</u>

There are no changes in the benefit terms for the Metro Employee's Medical Benefits Plan and the School Professional Employee' Insurance Plan.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Government, as well as what the Government's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98%) or 1-percentage-point higher (3.98%) than the current discount rate:

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Metro Employees' Medical Benefit Plan	\$ 3,565,231,787	\$ 3,046,674,160	\$ 2,634,484,349
School Professional Employees' Insurance Plan	966,469,247	842,388,104	740,968,976
Total OPEB liability	<u>\$ 4,531,701,034</u>	<u>\$ 3,889,062,264</u>	<u>\$ 3,375,453,325</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Government, as well as what the Government's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0% decreasing to 4.0% over 10 years) or 1-percentage-point higher (9.0% decreasing to 6.0% over 10 years) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4% Over 10 years)	Current Healthcare Cost Trend Rates (8% decreasing to 5% Over 10 years)	1% Increase (9% decreasing to 6% Over 10 years)
Metro Employees' Medical Benefit Plan	\$ 2,590,340,400	\$ 3,046,674,160	\$ 3,631,390,824
School Professional Employees' Insurance Plan	724,862,172	842,388,104	992,247,117
Total OPEB liability	<u>\$ 3,315,202,572</u>	<u>\$ 3,889,062,264</u>	<u>\$ 4,623,637,941</u>

D. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Government recognized OPEB expense of \$178,140,171 for the Metro Employee's Medical Benefits Plan and \$64,394,469 for the School Professional Employee' Insurance Plan. At June 30, 2018, the Government reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

Component Units

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – DEFERRED COMPENSATION AND PROFIT SHARING PLANS

Primary Government

Metro Plan

The Government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of salary until future years.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Because the assets are not held in a trustee capacity by the Government, they are not included in the Government's financial statements. No contributions are made to this plan by the Government.

Component Units

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

NOTE 10 – LEASES

Primary Government

The Government entered a lease agreement commencing November, 2005, for additional office space. The terms of the agreement call for a base annual rent of \$600,191 before a 50% credit for tenant improvements. Thereafter, rent will be adjusted upward based on either the consumer price index or 3.5% annually, whichever is less. The credit for tenant improvements is capped at \$5 million; the Government has incurred in excess of that amount through June 30, 2018. There is an additional credit in excess of \$1 million available for roof replacement. The roof replacement was completed in fiscal 2009. The lease agreement expired February, 2016; however, the Government exercised the first of six renewal options for five additional years. As part of the renewal, the base annual rent increased to \$656,609. Rent expense for the year ended June 30, 2018 was \$656,609.

The Government entered into operating lease agreements in 2008 and 2013 for downtown office space. These leases were amended during the year ended June 30, 2014 to provide for additional space through 2024. Rent expense for the year ended June 30, 2018 totaled \$1,965,893. Future minimum rental payments are as follows:

<u>Year Ending June 30</u>		
2019	\$	1,979,011
2020		2,018,480
2021		2,059,086
2022		2,100,041
2023		2,141,785
2024		661,576
Total future minimum lease payments	\$	<u>10,959,979</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. The lease expired in 2018 and a new lease agreement was executed. The new lease expires September 30, 2023 with the option to extend an additional two terms of five years each. Rent expense for the year ended June 30, 2018 was \$84,930. Future minimum rental payments are as follows:

<u>Year Ending June 30</u>		
2019	\$	115,788
2020		119,262
2021		122,840
2022		124,333
2023-2024		<u>163,898</u>
Total future minimum lease payments	\$	<u>646,121</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Government entered into two lease agreements in 2016 for temporary office space for employees of the Police Department during the construction of a new Police headquarters building. The Donelson lease expires April 15, 2019. The Massman lease includes an initial monthly base rent of \$25,000 with a 3% escalation on July 1 of each year of the lease term. The Massman lease expires December 31, 2019 unless terminated at an earlier date or extended. Rent expense for the year ended June 30, 2018 for the two leases was \$541,224.

The Government entered into a lease agreement in 2016 for classroom space. This lease expires on July 31, 2024 with the option to extend an additional two terms of five years each. Rent expense for the year ended June 30, 2018 was \$569,335. Future minimum rental payments are as follows:

<u>Year Ending June 30</u>	
2019	\$ 295,800
2020	310,764
2021	310,764
2022	310,764
2023	326,076
2024-2025	353,249
Total future minimum lease payments	<u>\$ 1,907,417</u>

The Government entered into a lease agreement in 2017 for temporary office space for employees of the Sheriff's Office during the construction of a new jail facility. The lease runs on a month to month basis ending on July 31, 2020, with the Government having the right to cancel the lease upon a 90 day written notice after the end of the second lease year. Rent expense for the year ended June 30, 2018 was \$229,400.

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, 2018.

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 originally expired 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, 2017 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, 2017.

During 2017, the above lease was amended to expire in December 2027. Beginning January 1, 2018, the lease no longer provides for reduced rent. Future minimum lease payments at December 31, 2017 are as follows:

<u>Years Ending December 31,</u>	<u>Annual Rent</u>
2018	\$ 104,985
2019	107,400
2020	109,870
2021	112,397
2022	114,982
Thereafter	<u>615,818</u>
Total	<u>\$ 1,165,452</u>

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, 2018, 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, 2018 follows:

<u>Year Ending June 30</u>		
2019	\$	4,217,361
2020		4,188,611
2021		4,187,361
2022		4,180,962
2023		4,147,729
2024-2025		<u>5,912,875</u>
Total future minimum lease payments		26,834,899
Less:		
Amount representing interest		5,549,849
Current portion of capital lease		<u>2,729,931</u>
Long-term capitalized lease obligation	\$	<u>18,555,119</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>
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, 2018 is \$33,485,933.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2018 are attributable to unsettled balances at year-end, primarily for internal service billings and transfers between funds.

Balances at June 30, 2018 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2018

Due From	Due To					
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund	GSD Capital Projects Fund
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,717
General Purpose School Fund	86,673	-	-	4,914,354	-	-
GSD General Purposes Debt Service Fund	103,703	-	-	-	-	-
USD General Purposes Debt Service Fund	-	-	-	-	-	-
GSD Capital Projects Fund	35,447	-	-	-	-	-
Education Capital Projects Fund	8,598	-	-	-	-	-
USD Capital Projects Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	4,542,558	1,652,143	-	-	-	95,514
Department of Water and Sewerage Services	625,670	196,457	-	-	-	-
Nonmajor Enterprise Funds	-	13,140	-	-	-	20,000
Internal Service Funds	444,636	699,610	16,899	8,839	2,423	165
Fiduciary Funds	8,128,797	184,133	-	-	-	-
	<u>\$ 13,976,082</u>	<u>\$ 2,745,483</u>	<u>\$ 16,899</u>	<u>\$ 4,923,193</u>	<u>\$ 2,423</u>	<u>\$ 343,396</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, 2018

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
\$ -	\$ -	\$ 4,307,145	\$ 373,147	\$ 8,239	\$ 8,256	\$ 1,533,036	\$ -	\$ 6,457,540
1,239,363	-	1,849,126	-	-	8,403	1,740	-	8,099,659
-	-	280,397	-	-	-	-	-	384,100
-	-	-	-	28,711	-	-	-	28,711
-	14,256	2,380,857	-	-	-	45,500	-	2,476,060
-	-	-	-	-	-	-	-	8,598
-	-	-	902,789	-	-	-	-	902,789
-	-	3,707,559	247,713	-	38,224	205,600	-	10,489,311
-	-	19,324,315	-	68,240	45,156	233,582	-	20,493,420
-	-	1,191,797	1,883,436	100	300	46,145	-	3,154,918
-	-	556,035	26,279	-	4,473	7,203	22,650	1,789,212
-	-	-	-	-	-	-	-	8,312,930
<u>\$ 1,239,363</u>	<u>\$ 14,256</u>	<u>\$ 33,597,231</u>	<u>\$ 3,433,364</u>	<u>\$ 105,290</u>	<u>\$ 104,812</u>	<u>\$ 2,072,806</u>	<u>\$ 22,650</u>	<u>\$ 62,597,248</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - INTERFUND TRANSFERS

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

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

Interfund transfers for the year ended June 30, 2018 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2018

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	\$ -	\$ 40,335,000	\$ -	\$ -
General Purpose School Fund	192,000	-	-	-	-
GSD Capital Projects Fund	30,000	-	-	-	-
Nonmajor Governmental Funds	16,212,060	2,283,318	1,233,316	1,607,356	583,400
Department of Water and Sewerage					
Services	5,862,800	-	-	-	-
District Energy System	4,600	-	-	-	1,258,200
Nonmajor Enterprise Funds	1,504,400	-	4,000,000	-	-
Internal Service Funds	1,933,000	-	-	-	-
Fiduciary Funds	-	-	-	-	-
	<u>\$ 26,219,860</u>	<u>\$ 2,283,318</u>	<u>\$ 45,568,316</u>	<u>\$ 1,607,356</u>	<u>\$ 1,841,600</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, 2018

Transferred To					
Nonmajor Governmental Funds	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 69,923,779	\$ 1,690,300	\$ -	\$ 4,796,884	\$ 156,520	\$ 117,383,483
117,963,903	-	-	1,250,000	138,061	119,543,964
243,205	-	1,815,478	6,762,487	-	8,851,170
-	-	1,738,408	8,124,157	21,962	31,803,977
5,247,713	-	-	5,027,816	-	16,138,329
-	-	-	-	-	1,262,800
-	-	-	1,240,566	-	6,744,966
-	-	-	-	-	1,933,000
-	-	-	2,518,745	-	2,518,745
<u>\$ 193,378,600</u>	<u>\$ 1,690,300</u>	<u>\$ 3,553,886</u>	<u>\$ 29,720,655</u>	<u>\$ 316,543</u>	<u>\$ 306,180,434</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Insurance and Benefits

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

Primary Government

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

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

The Government is also self-insured with respect to casualty losses on real and personal property. Each loss is subject to a per occurrence deductible of \$10,000 to a maximum of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. If a single loss reaches \$1,000,000, the property insurance policy will respond. After the \$3,000,000 annual aggregate has been exhausted, a \$50,000 per occurrence deductible will apply to each and every loss and the property insurance policy will respond. Losses from the perils of flood and earth movement will not erode the aggregate. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years. The Government is also self-insured with respect to medical benefits and employee blanket bond coverage. Estimated losses for all self-insured risks of \$38,411,298 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, 2017 and 2018:

	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, 2016	\$ 920,749	\$ 8,210,316	\$ 8,562,061	\$ 15,346,000	\$ 5,829,000	\$ 38,868,126
Add: Provision for events of the current fiscal year	2,070,889	3,254,032	108,492,921	224,189,460	13,228,817	351,236,119
Deduct: Payments on claims during the fiscal year	316,707	4,051,973	107,835,715	223,758,460	13,831,817	349,794,672
Claims payable June 30, 2017	2,674,931	7,412,375	9,219,267	15,777,000	5,226,000	40,309,573
Add: Provision for events of the current fiscal year	1,292,654	2,463,750	118,912,761	230,598,694	13,500,782	366,768,641
Deduct: Payments on claims during the fiscal year	917,372	3,869,894	119,544,174	229,678,694	14,656,782	368,666,916
Claims payable June 30, 2018	<u>\$ 3,050,213</u>	<u>\$ 6,006,231</u>	<u>\$ 8,587,854</u>	<u>\$ 16,697,000</u>	<u>\$ 4,070,000</u>	<u>\$ 38,411,298</u>

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 are 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 \$40,944,900 at June 30, 2018 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, 2018, the governmental activities of the Government had commitments of \$211,739,931 for construction contracts.

At June 30, 2018, the Department of Water and Sewerage Services had commitments of \$78,840,598 for construction contracts.

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

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

The Department is proceeding with the work under both Plans. The Department has hired an internal program director as well as an external program management team composed of engineering consultants to manage planning, design and oversight of the program. The Department has also contracted for a construction management team to protect the investment in construction projects. A group of five small business project set

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

designers have been selected to assist with the design of rehabilitation projects. Designers for other types of projects will be selected on a case by case basis.

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 Hospital Authority operates General Hospital, and the Government has budgeted and legally approved an appropriation of \$46.1 million to the Hospital Authority for the year ended June 30, 2019. The Government has also not committed to provide additional funding to the Hospital Authority should such funding become necessary.

General Hospital experienced an operating loss of \$41.7 million for the year ended June 30, 2018 and reflected a net surplus of \$11.6 million at June 30, 2018. The operating loss was funded primarily by the Government in the form of revenue or capital contributions reflected in the financial statements. General Hospital will continue to be dependent upon the Government to subsidize current and future operations.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Financial Pledges

The Government has pledged certain nontax revenues in conjunction with various revenue bonds and other agreements of component units as approved by the Metropolitan Council and in accordance with the Sports Authorities Act of 1993 and the Convention Center Authorities Act of 2009, as applicable, under Title 7 of the Tennessee Code Annotated, and the Amended and Restated Intergovernmental Project Agreement dated October 22, 2014, between the Government and the Metropolitan Development and Housing Agency. The issuers, the Government's pledges, the length of time of the pledges, and the amount of the pledges outstanding at June 30, 2018 (including total future interest of \$520,287,062) are as follows:

Component Unit Revenue Bonds or Agreements	Pledged Non-Tax Revenues of:	Date of Final Maturity/Payment	Outstanding at June 30, 2018
Sports Authority Refunding Taxable Revenue Bonds Series 2012B (Refunded 1998 NHL Fee)	GSD General Fund	Jul. 1, 2018	\$ 1,628,626
Sports Authority Refunding Series 2013B Taxable Revenue Bonds (Refunded 2004 Revenue Stadium)	GSD General Fund	Jul. 1, 2025	21,173,932
Sports Authority Refunding Series 2014 Bonds (Refunded 2004 Revenue Stadium)	GSD General Fund	Jul. 1, 2026	19,342,350
Sports Authority Taxable Revenue Bonds Series 2013A (Hockey Facility)	GSD General Fund	Jul. 1, 2033	17,332,498
Sports Authority Series 2012A Taxable Revenue Bonds (Upgrade to LP Field)	GSD General Fund	Jul. 1, 2033	27,392,381
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	201,000,000
Sports Authority Series 2013B Taxable Revenue Bonds (Ballpark)	USD General Fund	Jul. 1, 2043	20,065,136
Sports Authority Series 2013A Revenue Bonds (Ballpark)	USD General Fund	Jul. 1, 2043	91,476,390
Convention Center Authority Tourism Tax Taxable Revenue Bonds Series 2010B	GSD General Fund	Jul. 1, 2043	825,459,819
Public Finance Authority Taxable Parking Revenue Bonds Series 2014	USD General Fund	Nov. 1, 2044	74,921,146
Total Guarantees Extended			<u>\$ 1,299,792,278</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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of economic and community development incentive grant agreements in place at June 30, 2018:

Company	Grant Approval Date	Grant Commencement Date	Grant Period	Additional Grant Terms	Amount Payable for June 30, 2018	Amount Budgeted for 2018-2019
Dell Computer Corporation	August 1999	October 1, 1999	40 years	None	\$ 500,000	\$ 500,000
UBS AG, New York Branch	October 2013	January 1, 2015	5 years	Base jobs of 240, minimum of 500 incremental jobs with annual salaries over published average required for grant.	-	360,500
Bridgestone Americas, Inc.	December 2014 Amended November 2016	January 1, 2018	7 years	Minimum of 500 incremental jobs with annual salaries over published average required for grant. Amendment extends to an additional location, relocating more jobs.	-	-
WCP Properties, LLC - affiliate of HCA Holdings, Inc.	July 2015 Amended August 2015	January 1, 2016	7 years	Minimum of 500 incremental jobs required for grant for headquarters. Amendment extends to two locations relocating more jobs.	-	764,500
Warner Music	February 2016	January 1, 2017	7 years	Base jobs of 100. If less than 500 additional jobs as of December 31, 2020 or any subsequent grant year through the grant term, grant payment for such grant year will be zero. Annual salaries over published average required for grant.	-	14,000
Phillips Holding USA, Inc.	April 2018	Company to specify by written notice not later than 30 days before commencement date. Must begin on a January 1.	7 years	Minimum of 500 incremental jobs with annual salaries over published average required for grant.	-	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

In October 2016, the Government entered into an operating lease and transfer agreement with Signature Healthcare, LLC (Signature) to lease the property and operations of the Bordeaux Long Term Care (Bordeaux) to Signature. As Bordeaux is currently operating at a loss, Signature is obligated to pay rent of \$10 annually. The Government will submit quarterly payments to Signature in the amount of \$750,000 as reimbursement for the operating loss. To the extent the annual operating loss exceeds \$3 million, the Government will reimburse for the excess not to exceed a total of \$3.5 million annually. If the annual operating loss is less than \$3 million, Signature will remit the difference back to the Government. Under the terms of the agreement, Signature will identify and purchase a site (Relocation Site) for the purpose of constructing a new nursing home facility with a capacity of at least 120 skilled nursing home beds to replace Bordeaux. Once the replacement facility is constructed, approved for occupancy, and licensed by the required regulatory agencies, Signature will transfer the appraised value of all rights related to the relocated skilled nursing home beds less fifty percent of the outstanding amount owed to Signature for providing ancillary services at Bordeaux to the Government (the Purchase Price). The term of the agreement began on May 1, 2016 and expires of June 30, 2020. Either party shall be entitled to terminate the agreement at the end of each lease year, or the agreement will terminate in the event that Signature begins operation at the Relocation Site. The total paid to Signature during the year ended June 30, 2018 was \$3.5 million.

In January 2017, the Government entered into a management agreement with AnthemCare to management the operations of the J.B. Knowles Home (Knowles) with an initial term beginning January 31, 2017 to January 30, 2018. The contract was subsequently extended with a new end date of June 30, 2020. In accordance with the agreement, the Government will pay a management fee to AnthemCare of \$35,000 per month for the first two months and \$30,000 per month for the remainder of the term. As Knowles is currently operating at a loss, the Government also agreed to reimburse AnthemCare for losses incurred in the operation of Knowles with advances of \$40,000 per month to cover the operational losses for that period. At the end of the term, the net facility operating loss will be calculated, and the Government will remit the difference between the calculation and advances if additional funds are due, or AnthemCare will remit the difference if the advances exceed the calculation. The total paid to AnthemCare in management fees and advances during the year ended June 30, 2018 was \$1,896,903.

Component Units

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2017, the Corporation recognized expense of \$1,951,936 related to the agreement. The agreement expires December 31, 2022.

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 December 31, 2026, 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, 2017, \$25,377 was recognized as expense related to the agreement. Under the terms of the new agreement, the Gulch Business Improvement District will pay Nashville Downtown Partnership an amount equal to 10% of annual expenditures. The agreement expires December 31, 2024.

On October 19, 2010 the Convention Center Authority (the Authority) entered into a Development and Funding Agreement with Omni Nashville, LLC (Omni) to facilitate the development of a premier headquarters hotel adjacent to the Music City Center. Under the terms of the development and funding agreement, the Authority will pay Omni annual economic development payments and incentives from excess tourism tax revenues collected. These payments are additionally secured by a pledge of the Government's nontax revenues of the General Fund of the General Services District, subject to prior pledge and application of certain requirements related to bonds issued by the Sports Authority. No payments related to this financial guarantee have been made by the Government. Should any payments be made by the Government in the future, the agreements provide for recovering any such payments from the Authority's revenues after operating expenses are covered and annual principal and interest payments and certain other obligations are met. These payments began after the hotel opened for business, including the renting of rooms. The amount remitted to Omni during the year ended June 30, 2018 was \$12,000,000. The schedule of future annual payments is expected to be as follows:

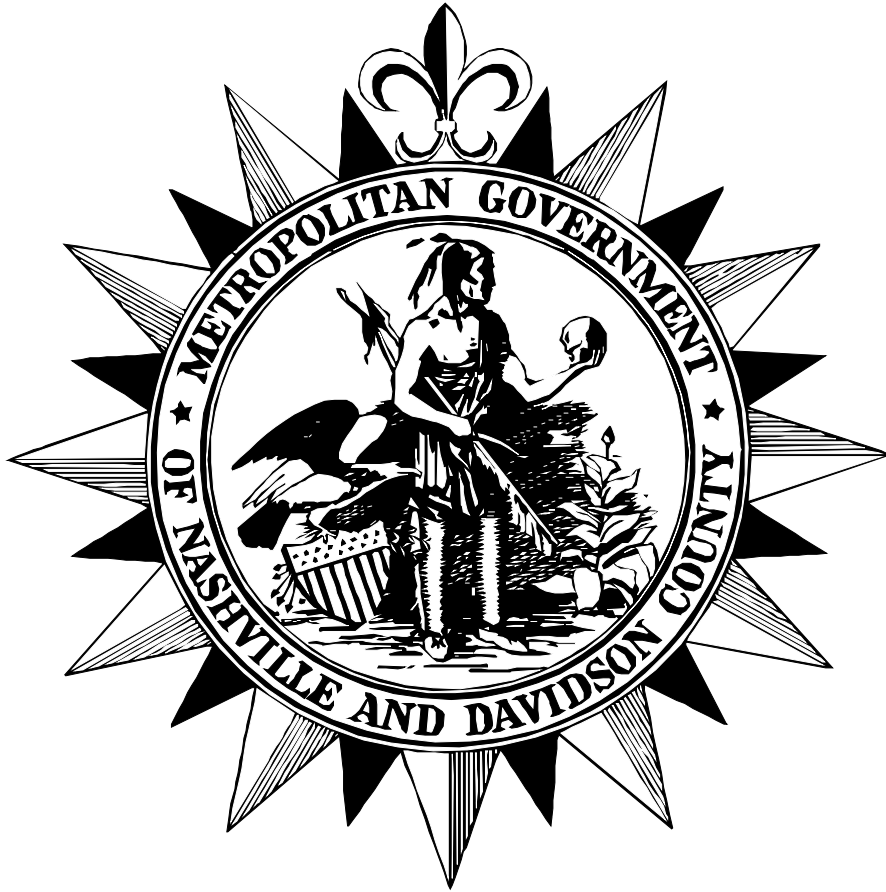
<u>Year Ending June 30</u>	<u>Annual Payment</u>
2019-2026	\$ 12,000,000
2027-2033	15,000,000

In May 2015 the Metropolitan Council approved a redevelopment agreement related to the sale and development of the old Nashville Convention Center site that was under the management of the Authority. The sale of the Nashville Convention Center property closed in December 2016. Under the redevelopment agreement, the Authority agreed to contribute \$38.5 million to partially fund the parking garage and conference center space at the new complex.

In January 2017 the Authority committed \$19.9 million to begin construction of various capital projects on the convention center campus. These capital projects began immediately and are expected to be completed in fiscal 2019.

In May 2018 the Government and the Authority entered an agreement under which the Authority will transfer a portion of certain "revenues" to the Government. "Revenues" refer to hotel motel tax revenues, room occupancy revenues, and campus sales tax revenues. Such transfers consist of \$7.5 million by September 30, 2018 related to fiscal 2017 and 2018 revenues and \$2.5 million by August 31, 2019 related to fiscal 2019 revenues. Beginning with fiscal 2020, the Authority will transfer to the Government on an annual basis the greater of \$2.5 million or 5% of "revenues" in excess of \$2 million. The transfer is contingent on the Authority's ability to fully fund its operating expenses, debt service expenses, and debt service reserve requirements.

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - FUND BALANCES

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

FUND BALANCES						
For the Year Ended June 30, 2018						
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund	GSD Capital Projects Fund
FUND BALANCES (DEFICITS):						
Nonspendable:						
Inventories of supplies	\$ 351,942	\$ 1,643,436	\$ -	\$ -	\$ -	\$ -
Prepaid expenditures	490,164	36,868	-	28,515	-	-
Permanent fund principal	-	-	-	-	-	-
Total nonspendable	<u>842,106</u>	<u>1,680,304</u>	<u>-</u>	<u>28,515</u>	<u>-</u>	<u>-</u>
Restricted for:						
Public welfare	-	-	-	-	-	-
Convention center and tourism promotion	-	-	-	-	-	-
Education	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
Flood recovery	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public health	-	-	-	-	-	-
Public works, highways and streets	-	-	-	-	-	-
Administration of justice	-	-	-	-	-	-
Law enforcement and care of prisoners	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public library system	-	-	-	-	-	-
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed for:						
Education	-	33,200,541	-	-	-	-
Debt service	-	-	5,663,153	4,085,521	524,152	-
Equipment acquisitions (appropriated)	-	-	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
General government	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Total committed	<u>-</u>	<u>33,200,541</u>	<u>5,663,153</u>	<u>4,085,521</u>	<u>524,152</u>	<u>-</u>
Assigned for:						
Subsequent year budgetary appropriation	8,850,000	-	-	550,000	-	-
Specific projects	8,089,600	-	-	-	-	-
Total assigned	<u>16,939,600</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>-</u>	<u>-</u>
Unassigned	<u>58,879,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(437,402,630)</u>
Total fund balances (deficits)	<u>\$ 76,661,327</u>	<u>\$ 34,880,845</u>	<u>\$ 5,663,153</u>	<u>\$ 4,664,036</u>	<u>\$ 524,152</u>	<u>\$ (437,402,630)</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FUND BALANCES (CONTINUED)

For the Year Ended June 30, 2018

Education Capital Projects Fund	USD Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,140,930	\$ 3,136,308
-	-	5,384	560,931
-	-	185,112	185,112
-	-	1,331,426	3,882,351
-	-	1,671,081	1,671,081
-	-	11,016,258	11,016,258
-	-	23,186,559	23,186,559
-	-	940,741	940,741
-	-	8,608,155	8,608,155
-	-	1,312,295	1,312,295
-	-	3,120,924	3,120,924
-	-	3,901,069	3,901,069
-	-	751,691	751,691
-	-	1,897,849	1,897,849
-	-	84,139	84,139
-	-	1,294,610	1,294,610
-	-	57,785,371	57,785,371
-	-	-	33,200,541
-	-	-	10,272,826
-	-	54,202,931	54,202,931
-	-	3,672,425	3,672,425
-	-	4,789,987	4,789,987
-	-	26,976,162	26,976,162
-	-	1,158,857	1,158,857
-	-	90,800,362	134,273,729
-	-	-	9,400,000
-	-	-	8,089,600
-	-	-	17,489,600
(205,884,145)	(10,009,164)	-	(594,416,318)
\$ (205,884,145)	\$ (10,009,164)	\$ 149,917,159	\$ (380,985,267)

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 – FUEL HEDGING PROGRAM

The Metropolitan Government maintains a fuel hedging program, the objective of which is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of diesel and gasoline fuel. Details of the Metropolitan Government's participation in the fuel hedging program at June 30, 2018 are as follows:

Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
39,403 gallons, diesel	July 1, 2018	June 30, 2019	Pay \$1.7560 per gallon; Settlement based on NYMEX HO	A1
39,403 gallons, diesel	July 1, 2018	June 30, 2019	Pay \$1.8280 per gallon; Settlement based on NYMEX HO	A1
45,419 gallons, diesel	July 1, 2018	June 30, 2019	Pay \$1.8775 per gallon; Settlement based on HO-NYMEX-FUTURES	Baa1
59,253 gallons, gasoline	July 1, 2018	June 30, 2019	Pay \$1.6570 per gallon; Settlement based on NYMEX NYH RBOB	A1
29,626 gallons, gasoline	July 1, 2018	June 30, 2019	Pay \$1.7180 per gallon; Settlement based on XB-NYMEX-FUTURES	A1
27,246 gallons, gasoline	July 1, 2018	June 30, 2019	Pay \$1.7600 per gallon; Settlement based on XB-NYMEX-FUTURES	A1

The fair value of the fuel hedging instruments was an asset of \$1,196,506 at June 30, 2018, 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 outflow or inflow of resources.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 – TAX ABATEMENTS

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

During the fiscal year ended June 30, 2018 there were eleven PILOT agreements in force with tax abatements totaling \$6,605,719. 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. The following is a description of each PILOT agreement:

- Dell Computer Corporation – The abatement commenced September 28, 1999 with Dell committing to locate computer manufacturing, assembly and distribution facilities and technological support operations within the boundaries of the Metropolitan Government. Dell will remit the lesser of (1) 2% of the standard tax for each 15 employees (determined as set forth in the agreement) less than 1,500 employees that are employed during the immediately preceding year; or (2) 100% 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.
- 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 for real property and 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.
- 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, for real property.
- 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 tax for real property excluding 15% of a garage which is not subleased by LifePoint) and 0% of the standard tax for personal property only on personal property of and related to their IT center.
- HCA Information and Technology Services, Inc. – The abatement commenced on December 31, 2013 with the construction of a new regional data center. HCA will remit 40% of the standard tax for real property applicable to the new regional data center and 40% of the standard tax for personal property acquired for the new regional data center and that used in connection with the existing facilities expansion. Following a formal appeal by HCA, the personal property values for tax years 2014-2016 were reduced as per certified re-assessments by the State Board of Equalization. Consequently, these reductions are reflected in the abatement shown in the table below.
- 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.
- AmSurg Corp. – The abatement commenced January 23, 2015 with the construction of new consolidated headquarters. AmSurg will remit 0% of the standard tax for real property.
- JGC Food Co., LLC – The abatement commenced December 31, 2013 with the renovation and improvement of an existing manufacturing facility under the original agreement with Oberto Sausage Company. On May 10, 2016, the Board accepted notice of assignment of the real property PILOT agreement to JCG Foods Co., LLC. Additionally on that date the Board approved the equipment purchase option exercised by Oberto Sausage Company which ended the PILOT agreement on personal property.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JCG retained the Oberto Nashville plant employees. JGC will remit tax for real property equal to \$89,846 (tax year 2011 standard tax) plus 50% of the current year standard tax less \$89,846.

- Asurion, LLC – The abatement commenced January 1, 2016 with the rehabilitation of an existing office building and construction of a parking lot in Antioch. Asurion will remit tax for real property for the building equal to \$126,448 (tax year 2013 standard tax) plus 0% of the increase in standard tax; and for the parking lot, \$10,000 (tax year 2013 standard tax) plus 0% of the increase in the standard tax. Personal property tax abatement began tax year 2017.
- WCP Properties, LLC, a subsidiary of HCA Holdings, Inc. – The abatement commenced on December 28, 2016 with the relocation and consolidation of headquarters for HCA subsidiaries Parallon Business Solutions, HealthTrust Purchasing Group and Sarah Cannon Holdings to a newly constructed facility. WCP will remit 100% of the standard tax minus a PILOT deduction of \$3,000,000 (deduction subject to any adjustment required if there is a shortfall of projected incremental positions for the calendar year). If the deduction is greater than the standard tax in any given year, the remainder will be accrued and carried forward to the following year.
- Bridgestone Americas, Inc. – The abatement commenced on August 7, 2017 with the relocation and consolidation of its headquarters and the headquarters of certain of its subsidiaries to a newly constructed facility. Subsidiaries include but are not limited to Bridgestone Americas Retail Operations, LLC, Firestone Industrial Products Company, LLC and Firestone Building Products Company, LLC. Bridgestone will remit 0% of the standard tax for real property (excluding office building space not subleased by Bridgestone and garage parking spaces not subleased or otherwise made available to Bridgestone).

The following is a summary of the property tax abatements for the fiscal year ended June 20, 2018:

PILOT Agreement	Start Date	End Date	Abatement
Dell Computer Corporation	September 28, 1999	December 31, 2039	\$ 237,873
Omni Nashville, LLC	September 20, 2011	December 31, 2030	2,282,645
HealthSpring, Inc.	August 16, 2011	August 16, 2021	221,409
LifePoint Hospitals, Inc.	December 1, 2013	December 1, 2028	673,780
HCA Information and Technology Services, Inc.	December 31, 2013	December 31, 2020	480,617
Standard Candy Company, Inc.	December 9, 2012	December 31, 2018	13,176
AmSurg Corp.	January 23, 2015	December 31, 2023	323,425
JGC Food Co., LLC	December 31, 2013	December 31, 2018	15,368
Asurion, LLC	January 1, 2016	December 31, 2019	50,176
WCP Properties, LLC	December 28, 2016	December 28, 2031	1,986,886
Bridgestone Americas, Inc.	August 7, 2017	August 7, 2037	320,364
Total Abatement			<u>\$ 6,605,719</u>

NOTE 17 – SUBSEQUENT EVENTS

Primary Government

On July 31, 2018, the Government issued general obligation commercial paper notes in the amount of \$50,000,000 with various maturity dates ranging from September 20, 2018 through October 23, 2018, at interest rates ranging from 1.76% to 1.77%. These obligations were or will be refunded with rollover notes at their maturity dates.

On August 14, 2018, the Government issued Water and Sewer commercial paper notes in the amount of \$25,000,000 maturing on November 13, 2018 at an interest rate of 1.75%. These obligations were or will be refunded with rollover notes at their maturity dates.

On September 5, 2018, the Metropolitan Council approved the issuance of \$50,000,000 of general obligation bonds for the purpose of funding various costs related to the construction of a soccer stadium at the fairgrounds. \$25,000,000 is to be used for the relocation of existing buildings and facilities located at the fairgrounds, and \$25,000,000 is to be used for infrastructure related to the soccer stadium.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

On October 22, 2018, the Metropolitan Council approved the adoption of a new capital spending plan in the amount of \$351,000,000.

On October 22, 2018, the Metropolitan Council approved legislation reducing the amount of bonds authorized to be issued to reflect that certain projects were completed at costs less than the original authorized amounts totaling \$5,000,000 and that premiums received on prior bond issues have funded certain projects totaling \$194,899,705.

On October 25, 2018, the Government issued \$715,955,000 General Obligation Improvement Bonds, Series 2018, maturing on July 1, 2038, with interest rates ranging from 4.00% to 5.00%. The net proceeds of the Series 2018 bonds totaled \$776,770,772 (including original issue premium) of which \$650,000,000 was used to fund maturing commercial paper notes, \$1,769,764 was used to cover underwriting fees and other costs of issuance, and \$125,001,008 will be used to fund future capital project spending.

After approving the issuance of bonds, adopting the legislation reducing the amount of bonds authorized, and issuing the Series 2018 bonds, authorized but unissued general obligation bonds total \$1,160,313,000.

Component Units

On August 31, 2018 the Convention Center Authority purchased property at 719 4th Avenue South in Nashville for \$3.9 million. This lot will be used as a marshalling yard for events and additional parking to supplement the garage at the Music City Center.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK (CONTINUED)

Unaudited – See Accompanying Accountants' Report

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

ROADS AND STREETS PAVING

Percentage of Lane Miles in Fair or Better Condition

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
71.6 %	71.6 %	66.2 %	60.5 %	61.6 %

The condition of road and street pavement is measured using a vehicle called the South Dakota Road Profiler and calculated using the Cartegraph Pavement View Plus pavement management system. The condition is determined based on data collected by the laser road surface test located beneath the Profiler (surface condition) and the distresses are collected from roadway images along with other road and street information such as traffic surface type, street length, street width, area and location. The system uses a measurement scale that is based on a condition index ranging from zero for a pavement in very poor condition to 100 for a pavement in excellent condition. The condition index is used to classify roads and streets as excellent (100-85), good (84-80), fair (79-70) and below standard (less than 69). 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.

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. While the measurement process remains consistent, the system for accumulating the data changed in fiscal year 2018 resulting in a revision to the timing of the receipt of the final condition level. Accordingly, the condition of groups 2 and 5 which was assessed in fiscal year 2017 is being reported in fiscal years 2017 and 2018. The condition level which was estimated at 67.2% when reported in fiscal 2017 has been revised to reflect the actual condition level of 71.6%. The condition of groups 1, 3 and 4 was assessed in fiscal 2018 and will be reported in fiscal year 2019 when the final conditional level is available.

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 more snow, ice and salt usage than normal 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 were lower than historical condition levels in the years subsequent to the flood, the condition of roads and streets has continued a steady recovery through the Government's efforts as evidenced by the improvement in the condition since the flood and the return to a condition level in 2017 that exceeds the policy level.

There were 18 lane miles of roads added in 2018, bringing the total to 5,911 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Needed	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 32,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Budgeted	\$ 35,000,000	\$ 35,000,000	\$ 20,000,000	\$ 30,000,000	\$ 20,000,000	\$ 25,000,000
Cumulative Spent	<u>4,975,192</u>	<u>29,370,737</u>	<u>18,526,939</u>	<u>24,892,370</u>	<u>18,675,917</u>	<u>25,000,000</u>
Difference	<u>\$ 30,024,808</u>	<u>\$ 5,629,263</u>	<u>\$ 1,473,061</u>	<u>\$ 5,107,630</u>	<u>\$ 1,324,083</u>	<u>\$ -</u>

The **needed** amount represents the estimated amount that would need to be spent annually to maintain 70% of the roads and streets at a fair or better condition. The **budgeted** amount is the amount approved in each year's capital spending plan. 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
98.0 %	97.0 %	97.0 %	97.1 %	97.1 %

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 2017 and reported for fiscal 2018. 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.

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 216 Non-Federal Aid and 107 Federal Aid Urban bridges and underpasses in the transportation network determined from the final analysis of the 2017 inspection. Total square feet of deck area is estimated to be 1,342,726. Deck area is calculated based on TDOT inspection reports for bridges conveying vehicular traffic only.

Comparison of Needed and Budgeted to Actual Maintenance

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Needed	<u>\$ -</u>	<u>\$ 15,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 4,750,000</u>
Budgeted	\$ -	\$ 10,000,000	\$ 10,000,000	\$ 6,000,000	\$ -	\$ 4,750,000
Cumulative Spent	-	4,273,794	6,803,652	5,605,156	-	4,731,188
Difference	<u>\$ -</u>	<u>\$ 5,726,206</u>	<u>\$ 3,196,348</u>	<u>\$ 394,844</u>	<u>\$ -</u>	<u>\$ 18,812</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. The **cumulative spent** is total actual expenditures across all fiscal years for each capital spending plan. For 2014, the capital spending plan including \$18 million for bridges, which was all designated for the construction of a new Gulch connector bridge. There was no amount for bridges included in the 2018 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 FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2018	2017	2016
<u>County Plan</u>			
Actuarially determined contribution	\$ 1,098,462	\$ 1,226,793	\$ 1,376,864
Contributions	1,098,462	1,226,793	1,376,864
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	-	-	-
	%	%	%
<u>Metro Plan</u>			
Actuarially determined contribution	\$ 66,281,669	\$ 58,957,156	\$ 60,266,986
Contributions	76,539,373	73,868,818	85,676,490
Contribution deficiency (excess)	<u>\$ (10,257,704)</u>	<u>\$ (14,911,662)</u>	<u>\$ (25,409,504)</u>
Covered payroll	<u>\$ 577,129,309</u>	<u>\$ 538,698,977</u>	<u>\$ 531,266,978</u>
Contributions as a percentage of covered payroll	13.26	13.71	16.13
	%	%	%
<u>County Education Plan</u>			
Actuarially determined contribution	\$ 2,932,320	\$ 3,451,079	\$ 3,760,411
Contributions	2,932,320	3,451,079	3,760,411
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	-	-	-
	%	%	%
<u>Metro Education Plan</u>			
Actuarially determined contribution	\$ 9,424,805	\$ 10,943,447	\$ 12,289,725
Contributions	22,681,681	21,539,285	20,620,889
Contribution deficiency (excess)	<u>\$ (13,256,876)</u>	<u>\$ (10,595,838)</u>	<u>\$ (8,331,164)</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	-	-	-
	%	%	%
<u>City Plan</u>			
Actuarially determined contribution	\$ 5,466,526	\$ 5,760,814	\$ 6,134,921
Contributions	5,466,526	5,760,814	6,134,921
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	-	-	-
	%	%	%
<u>City Education Plan</u>			
Actuarially determined contribution	\$ 1,307,430	\$ 1,512,381	\$ 1,600,371
Contributions	1,307,430	1,512,381	1,600,371
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	-	-	-
	%	%	%

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 1,473,420	\$ 1,413,489
<u>1,473,442</u>	<u>1,571,769</u>
<u>\$ (22)</u>	<u>\$ (158,280)</u>
<u>\$ -</u>	<u>\$ -</u>
- %	- %
\$ 79,682,979	\$ 87,643,045
<u>94,045,896</u>	<u>87,643,045</u>
<u>\$ (14,362,917)</u>	<u>\$ -</u>
<u>\$ 513,759,048</u>	<u>\$ 556,220,289</u>
18.31 %	15.76 %
\$ 4,594,448	\$ 4,570,592
<u>4,594,448</u>	<u>3,975,666</u>
<u>\$ -</u>	<u>\$ 594,926</u>
<u>\$ -</u>	<u>\$ -</u>
- %	- %
\$ 13,593,369	\$ 14,708,257
<u>18,340,834</u>	<u>18,808,832</u>
<u>\$ (4,747,465)</u>	<u>\$ (4,100,575)</u>
<u>\$ -</u>	<u>\$ -</u>
- %	- %
\$ 6,688,724	\$ 6,650,683
<u>6,688,827</u>	<u>7,223,872</u>
<u>\$ (103)</u>	<u>\$ (573,189)</u>
<u>\$ -</u>	<u>\$ -</u>
- %	- %
\$ 2,427,465	\$ 2,190,063
<u>2,427,465</u>	<u>1,932,219</u>
<u>\$ -</u>	<u>\$ 257,844</u>
<u>\$ -</u>	<u>\$ -</u>
- %	- %

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST FIVE FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	<u>County Plan</u>	<u>Metro Plan</u>	<u>County Education Plan</u>	<u>Metro Education Plan</u>
Notes to Schedule				
Valuation date:				
Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.				
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	entry age normal	entry age normal	entry age normal	entry age normal
Amortization method	level dollar open	level dollar closed	level dollar open	level dollar closed
Amortization period	8 years	30 years	8 years	30 years
Asset valuation method	market	5 year smoothed market	market	5 year smoothed market
Investment rate of return	7.25%	7.25%	7.25%	7.25%
Projected salary increases	N/A	4.00%	N/A	N/A
Inflation	2.50%	2.50%	2.60%	2.60%
Postretirement benefit increase adjustments	2.50%	2.50% Division A 1.25% Division B	3.00%	3.00%

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST FIVE 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
8 years	7 years
market	market
7.25%	7.25%
N/A	N/A
2.50%	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 FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

<u>County Plan</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability			
Interest	\$ 438,808	\$ 504,073	\$ 570,348
Difference between expected and actual experience	(352,447)	(151,873)	(115,892)
Changes in assumptions	342,520	-	-
Benefit payments, including refunds of member contributions	<u>(1,098,425)</u>	<u>(1,226,758)</u>	<u>(1,377,519)</u>
Net change in total pension liability	(669,544)	(874,558)	(923,063)
Total pension liability - beginning	<u>6,611,665</u>	<u>7,486,223</u>	<u>8,409,286</u>
Total pension liability - ending (a)	<u><u>\$ 5,942,121</u></u>	<u><u>\$ 6,611,665</u></u>	<u><u>\$ 7,486,223</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 1,098,462	\$ 1,226,793	\$ 1,376,864
Net investment income (loss)	(37)	(35)	655
Benefit payments, including refunds of member contributions	<u>(1,098,425)</u>	<u>(1,226,758)</u>	<u>(1,377,519)</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>\$ 5,942,121</u></u>	<u><u>\$ 6,611,665</u></u>	<u><u>\$ 7,486,223</u></u>
Plan fiduciary net position as a percentage of the total pension liability	-	-	-
	%	%	%
Covered payroll	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 638,093	\$ 695,032
68,376	-
-	-
<u>(1,473,420)</u>	<u>(1,571,769)</u>
(766,951)	(876,737)
<u>9,176,237</u>	<u>10,052,974</u>
<u>\$ 8,409,286</u>	<u>\$ 9,176,237</u>
\$ 1,473,442	\$ 1,571,769
(22)	(39)
<u>(1,473,420)</u>	<u>(1,571,730)</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 8,409,286</u>	<u>\$ 9,176,237</u>
- %	- %
\$ -	\$ -
N/A	N/A

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 FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Metro Plan</u>			
Total pension liability			
Service cost	\$ 51,260,915	\$ 47,633,085	\$ 47,248,901
Interest	221,805,983	215,468,983	208,309,697
Difference between expected and actual experience	(21,739,996)	(4,850,344)	(25,817,354)
Changes in assumptions	103,946,322	-	-
Benefit payments, including refunds of member contributions	<u>(166,196,565)</u>	<u>(158,693,272)</u>	<u>(152,601,796)</u>
Net change in total pension liability	189,076,659	99,558,452	77,139,448
Total pension liability - beginning	<u>3,009,103,042</u>	<u>2,909,544,590</u>	<u>2,832,405,142</u>
Total pension liability - ending (a)	<u><u>\$ 3,198,179,701</u></u>	<u><u>\$ 3,009,103,042</u></u>	<u><u>\$ 2,909,544,590</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 76,539,373	\$ 73,868,818	\$ 85,676,490
Contributions - members	79,136	60,916	73,171
Net investment income	242,164,720	369,032,095	6,343,038
Transfers in	316,543	281,871	244,632
Benefit payments, including refunds of member contributions	(166,196,565)	(158,693,272)	(152,601,796)
Administrative expense	<u>(4,590,257)</u>	<u>(4,518,466)</u>	<u>(15,004,614)</u>
Net change in plan fiduciary net position	148,312,950	280,031,962	(75,269,079)
Plan fiduciary net position - beginning	<u>2,968,258,792</u>	<u>2,688,226,830</u>	<u>2,763,495,909</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,116,571,742</u></u>	<u><u>\$ 2,968,258,792</u></u>	<u><u>\$ 2,688,226,830</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 81,607,959</u></u>	<u><u>\$ 40,844,250</u></u>	<u><u>\$ 221,317,760</u></u>
Plan fiduciary net position as a percentage of the total pension liability	97.45 %	98.64 %	92.39 %
Covered payroll	\$ 577,129,309	\$ 538,698,977	\$ 531,266,978
Net pension liability as a percentage of covered payroll	14.14 %	7.58 %	41.66 %

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

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 45,995,228	\$ 49,413,232
202,724,640	200,086,120
(67,376,484)	-
-	-
<u>(146,745,385)</u>	<u>(140,187,828)</u>
34,597,999	109,311,524
<u>2,797,807,144</u>	<u>2,688,495,620</u>
<u>\$ 2,832,405,143</u>	<u>\$ 2,797,807,144</u>
\$ 94,045,896	\$ 87,643,045
57,996	73,973
124,578,432	410,309,219
169,363	132,383
(146,745,385)	(140,187,828)
<u>(5,974,504)</u>	<u>(2,888,963)</u>
66,131,798	355,081,829
<u>2,697,364,111</u>	<u>2,342,282,282</u>
<u>\$ 2,763,495,909</u>	<u>\$ 2,697,364,111</u>
<u>\$ 68,909,234</u>	<u>\$ 100,443,033</u>
97.57 %	96.41 %
\$ 513,759,048	\$ 556,220,289
13.41 %	18.06 %

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 FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2018	2017	2016
<u>County Education Plan</u>			
Total pension liability			
Interest	\$ 2,094,216	\$ 2,410,942	\$ 2,679,861
Difference between expected and actual experience	(526,214)	(270,339)	(16,830)
Changes in assumptions	349,762	-	-
Benefit payments, including refunds of member contributions	<u>(5,229,770)</u>	<u>(5,759,535)</u>	<u>(6,230,661)</u>
Net change in total pension liability	(3,312,006)	(3,618,932)	(3,567,630)
Total pension liability - beginning	<u>31,677,073</u>	<u>35,296,005</u>	<u>38,863,635</u>
Total pension liability - ending (a)	<u><u>\$ 28,365,067</u></u>	<u><u>\$ 31,677,073</u></u>	<u><u>\$ 35,296,005</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 2,932,320	\$ 3,451,079	\$ 3,760,411
Contributions - State of Tennessee	2,286,856	2,502,109	2,683,194
Net investment income	12,047	5,177	4,979
Benefit payments, including refunds of member contributions	<u>(5,229,770)</u>	<u>(5,759,535)</u>	<u>(6,230,661)</u>
Net change in plan fiduciary net position	1,453	198,830	217,923
Plan fiduciary net position - beginning	<u>1,172,919</u>	<u>974,089</u>	<u>756,166</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,174,372</u></u>	<u><u>\$ 1,172,919</u></u>	<u><u>\$ 974,089</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 27,190,695</u></u>	<u><u>\$ 30,504,154</u></u>	<u><u>\$ 34,321,916</u></u>
Plan fiduciary net position as a percentage of the total pension liability	4.14 %	3.70 %	2.76 %
Covered payroll	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A
Proportionate share of collective net pension liability:			
Employer	\$ 19,479,165	\$ 21,856,380	\$ 25,230,145
State of Tennessee	7,711,530	8,647,774	9,091,771
Employer's share of net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 2,944,102	\$ 3,138,071
1,090,757	-
-	-
<u>(6,670,328)</u>	<u>(6,959,832)</u>
(2,635,469)	(3,821,761)
<u>41,499,104</u>	<u>45,320,865</u>
<u>\$ 38,863,635</u>	<u>\$ 41,499,104</u>
\$ 4,594,448	\$ 3,975,666
2,831,644	2,983,251
402	915
<u>(6,670,328)</u>	<u>(6,959,832)</u>
756,166	-
-	-
<u>\$ 756,166</u>	<u>\$ -</u>
<u>\$ 38,107,469</u>	<u>\$ 41,499,104</u>
1.95 %	- %
\$ -	\$ -
N/A	N/A
\$ 28,119,171	\$ 30,819,136
9,988,298	10,679,968
N/A	N/A

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 FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Metro Education Plan</u>			
Total pension liability			
Interest	\$ 17,166,802	\$ 18,530,511	\$ 19,702,025
Difference between expected and actual experience	(1,192,513)	(3,102,795)	(4,470,482)
Changes in assumptions	3,758,964	-	-
Benefit payments, including refunds of member contributions	<u>(31,087,074)</u>	<u>(31,686,860)</u>	<u>(32,751,992)</u>
Net change in total pension liability	(11,353,821)	(16,259,144)	(17,520,449)
Total pension liability - beginning	<u>249,760,555</u>	<u>266,019,699</u>	<u>283,540,148</u>
Total pension liability - ending (a)	<u><u>\$ 238,406,734</u></u>	<u><u>\$ 249,760,555</u></u>	<u><u>\$ 266,019,699</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 22,681,681	\$ 21,539,285	\$ 20,620,889
Contributions - State of Tennessee	10,935,092	11,315,146	11,713,047
Net investment income	6,156,974	8,965,201	180,416
Benefit payments, including refunds of member contributions	(31,087,074)	(31,686,860)	(32,751,992)
Administrative expense	<u>(20,154)</u>	<u>(17,914)</u>	<u>(64,951)</u>
Net change in plan fiduciary net position	8,666,519	10,114,858	(302,591)
Plan fiduciary net position - beginning	<u>89,448,235</u>	<u>79,333,377</u>	<u>79,635,968</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 98,114,754</u></u>	<u><u>\$ 89,448,235</u></u>	<u><u>\$ 79,333,377</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 140,291,980</u></u>	<u><u>\$ 160,312,320</u></u>	<u><u>\$ 186,686,322</u></u>
Plan fiduciary net position as a percentage of the total pension liability	41.15 %	35.81 %	29.82 %
Covered payroll	-	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A
Proportionate share of collective net pension liability:			
Employer	65,572,138	\$ 80,651,942	\$ 101,574,332
State of Tennessee	74,719,842	79,660,378	85,111,990
Employer's share of net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 20,961,496	\$ 22,092,743
(2,986,289)	-
-	-
<u>(33,815,913)</u>	<u>(34,563,595)</u>
(15,840,706)	(12,470,852)
<u>299,380,854</u>	<u>311,851,706</u>
<u>\$ 283,540,148</u>	<u>\$ 299,380,854</u>
\$ 18,340,834	\$ 18,808,832
12,196,548	12,635,252
3,663,454	12,453,816
(33,815,913)	(34,563,595)
<u>(29,951)</u>	<u>(30,318)</u>
354,972	9,303,987
<u>79,280,996</u>	<u>69,977,009</u>
<u>\$ 79,635,968</u>	<u>\$ 79,280,996</u>
<u>\$ 203,904,180</u>	<u>\$ 220,099,858</u>
28.09 %	26.48 %
\$ -	-
N/A	N/A
\$ 112,853,583	123,003,473
91,050,597	97,096,385
N/A	N/A

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 FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

<u>City Plan</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability			
Interest	\$ 2,213,373	\$ 2,528,113	\$ 2,603,078
Difference between expected and actual experience	(2,051,468)	2,347,731	(1,111,344)
Changes in assumptions	1,957,960	-	-
Benefit payments, including refunds of member contributions	<u>(5,466,337)</u>	<u>(5,760,650)</u>	<u>(6,140,053)</u>
Net change in total pension liability	(3,346,472)	(884,806)	(4,648,319)
Total pension liability - beginning	<u>33,355,956</u>	<u>34,240,762</u>	<u>38,889,081</u>
Total pension liability - ending (a) hard coded - should be per formula	<u>\$ 30,009,484</u>	<u>\$ 33,355,956</u>	<u>\$ 34,240,762</u>
Plan fiduciary net position			
Contributions - employer	\$ 5,466,526	\$ 5,760,814	\$ 6,134,921
Net investment income (loss)	(189)	(164)	5,132
Benefit payments, including refunds of member contributions	<u>(5,466,337)</u>	<u>(5,760,650)</u>	<u>(6,140,053)</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>
Net pension liability - ending (a) - (b)	<u>\$ 30,009,484</u>	<u>\$ 33,355,956</u>	<u>\$ 34,240,762</u>
Plan fiduciary net position as a percentage of the total pension liability	-	-	-
	%	%	%
Covered payroll	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 2,946,519	\$ 3,276,664
(722,290)	-
-	-
<u>(6,688,724)</u>	<u>(7,223,872)</u>
(4,464,495)	(3,947,208)
<u>43,353,576</u>	<u>47,300,784</u>
<u>\$ 38,889,081</u>	<u>\$ 43,353,576</u>
\$ 6,688,827	\$ 7,223,872
(103)	(186)
<u>(6,688,724)</u>	<u>(7,223,686)</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 38,889,081</u>	<u>\$ 43,353,576</u>
- %	- %
\$ -	\$ -
N/A	N/A

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 FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>City Education Plan</u>			
Total pension liability			
Interest	\$ 1,027,350	\$ 1,105,404	\$ 1,305,770
Difference between expected and actual experience	1,129,389	(823,677)	(102,207)
Changes in assumptions	158,057	-	-
Benefit payments, including refunds of member contributions	<u>(2,876,029)</u>	<u>(3,046,404)</u>	<u>(3,260,870)</u>
Net change in total pension liability	(561,233)	(2,764,677)	(2,057,307)
Total pension liability - beginning	<u>14,320,920</u>	<u>17,085,597</u>	<u>19,142,904</u>
Total pension liability - ending (a) hard coded - should be per formula	<u>\$ 13,759,687</u>	<u>\$ 14,320,920</u>	<u>\$ 17,085,597</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,307,430	\$ 1,512,381	\$ 1,600,371
Contributions - State of Tennessee	1,560,512	1,667,091	1,804,508
Net investment income	9,464	4,096	4,141
Benefit payments, including refunds of member contributions	<u>(2,876,029)</u>	<u>(3,046,404)</u>	<u>(3,260,870)</u>
Net change in plan fiduciary net position	1,377	137,164	148,150
Plan fiduciary net position - beginning	<u>920,749</u>	<u>783,585</u>	<u>635,435</u>
Plan fiduciary net position - ending (b)	<u>\$ 922,126</u>	<u>\$ 920,749</u>	<u>\$ 783,585</u>
Net pension liability - ending (a) - (b)	<u>\$ 12,837,561</u>	<u>\$ 13,400,171</u>	<u>\$ 16,302,012</u>
Plan fiduciary net position as a percentage of the total pension liability	6.70 %	6.43 %	4.59 %
Covered payroll	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A
Proportionate share of collective net pension liability:			
Employer	\$ 9,125,373	\$ 9,431,053	\$ 11,599,369
State of Tennessee	3,712,188	3,969,118	4,702,643
Employer's share of net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 1,463,455	\$ 1,567,660
830,248	-
-	-
<u>(3,666,567)</u>	<u>(3,908,042)</u>
(1,372,864)	(2,340,382)
<u>20,515,768</u>	<u>22,856,150</u>
<u>\$ 19,142,904</u>	<u>\$ 20,515,768</u>
\$ 2,427,465	\$ 1,932,219
1,874,231	1,975,167
306	656
<u>(3,666,567)</u>	<u>(3,908,042)</u>
635,435	-
-	-
<u>\$ 635,435</u>	<u>\$ -</u>
<u>\$ 18,507,469</u>	<u>\$ 20,515,768</u>
3.32 %	- %
\$ -	\$ -
N/A	N/A
\$ 13,104,977	\$ 14,738,952
5,402,492	5,776,816
N/A	N/A

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,

2018	6.79 %
2017	12.87
2016	0.64
2015	4.87
2014	17.83
2013	13.72
2012	1.07
2011	20.93
2010	15.17
2009	(20.80)



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

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

LAST FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Teacher Legacy Pension Plan</u>			
Contractually required contribution	\$ 25,370,355	\$ 26,023,655	\$ 27,095,828
Contributions	<u>25,370,355</u>	<u>26,023,655</u>	<u>27,095,828</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 279,409,159	\$ 288,101,769	\$ 299,732,644
Contributions as a percentage of covered payroll	9.08 %	9.03 %	9.04 %
<u>Teacher Retirement Plan (2)</u>			
Contractually required contribution	\$ 4,048,841	\$ 3,222,337	\$ 1,401,866
Contributions	<u>4,048,841</u>	<u>3,222,337</u>	<u>2,240,133</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (838,267)</u>
Covered payroll	\$ 84,935,556	\$ 80,335,323	\$ 56,002,899
Contributions as a percentage of covered payroll	4.77 %	4.01 %	4.00 %

(1) Information regarding contributions is only available for the last five 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 CONTRIBUTIONS
TEACHER PENSION PLANS OF THE TCRS

LAST FIVE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

<u>2015</u>	<u>2014</u>
\$ 28,722,365	\$ 30,470,761
<u>28,722,365</u>	<u>30,470,761</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 317,726,673	\$ 343,139,202
9.04 %	8.88 %
\$ 29,367	\$ N/A
1,174,675	N/A
<u>\$ (1,145,308)</u>	<u>\$ N/A</u>
\$ 29,366,650	\$ N/A
4.00 %	N/A %

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Teacher Legacy Pension Plan</u>				
The Government's proportion of the net pension liability (asset)	(8.14) %	8.30 %	8.49 %	(8.74) %
The Government's proportionate share of the net pension liability (asset)	\$ (2,664,452)	\$ 51,891,059	\$ 3,476,720	\$ (1,420,602)
The Government's covered payroll	\$ 288,101,769	\$ 299,732,644	\$ 317,726,673	\$ 343,139,202
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.92) %	17.31 %	1.09 %	(0.41) %
Plan fiduciary net position as a percentage of the total pension liability	100.14 %	97.14 %	99.81 %	(100.08) %
<u>Teacher Retirement Plan (2)</u>				
The Government's proportion of the net pension liability (asset)	(12.27) %	(12.73) %	(14.13) %	N/A %
The Government's proportionate share of the net pension liability (asset)	\$ (3,238,283)	\$ (1,325,015)	\$ (568,609)	\$ N/A
The Government's covered payroll	\$ 80,335,323	\$ 56,002,899	\$ 29,366,650	\$ N/A
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(4.03) %	(2.37) %	(1.94) %	N/A %
Plan fiduciary net position as a percentage of the total pension liability	126.81 %	121.88 %	127.46 %	N/A %

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - OPEB PLANS

CURRENT YEAR (1)

Unaudited - See Accompanying Accountants' Report

	<u>2018</u>
<u>Metro Employees Medical Benefit Plan</u>	
Total OPEB liability	
Service cost	\$ 89,976,557
Interest	88,163,614
Benefit payments	<u>(75,805,562)</u>
Net change in total OPEB liability	102,334,609
Total OPEB liability - beginning	<u>2,944,339,551</u>
Total OPEB liability - ending	<u><u>\$ 3,046,674,160</u></u>
Covered-employee payroll	\$ 551,057,810
Total OPEB liability as a percentage of covered-employee payroll	552.88 %

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

There were no changes of benefit terms or assumptions.

(1) Information regarding the change in the total OPEB liability is only available for the current year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - OPEB PLANS

CURRENT YEAR (1)

Unaudited - See Accompanying Accountants' Report

	<u>2018</u>
<u>School Professional Employees' Insurance Plan</u>	
Total OPEB liability	
Service cost	\$ 40,017,730
Interest	24,376,739
Benefit payments	<u>(32,370,649)</u>
Net change in total OPEB liability	32,023,820
Total OPEB liability - beginning	<u>810,364,284</u>
Total OPEB liability - ending	<u><u>\$ 842,388,104</u></u>
Covered-employee payroll	\$ 327,042,788
Total OPEB liability as a percentage of covered-employee payroll	257.58 %

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

There were no changes of benefit terms or assumptions.

(1) Information regarding the change in the total OPEB liability is only available for the current year.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	Special Revenue Funds		
	Metropolitan Action Commission	General Fund 4% Reserve	Solid Waste Operations
ASSETS:			
Cash and cash equivalents	\$ -	\$ 58,383,181	\$ 6,753,269
Accounts receivable	3,206,739	-	1,151,161
Accrued interest receivable	3,458	81,251	5,277
Due from other funds of the primary government	344,196	1,222,602	244,253
Inventories of supplies	-	-	-
Other assets	-	-	-
Total assets	\$ 3,554,393	\$ 59,687,034	\$ 8,153,960
LIABILITIES:			
Accounts payable	\$ 1,174,756	\$ 1,279,804	\$ 2,091,213
Accrued payroll	576,754	-	285,332
Due to other funds of the primary government	266,254	531,874	46,687
Due to component units	-	-	-
Other liabilities	-	-	-
Total liabilities	2,017,764	1,811,678	2,423,232
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES (DEFICITS):			
Nonspendable	-	-	-
Restricted for other purposes	1,536,629	-	940,741
Committed for:			
Equipment acquisitions (appropriated)	-	54,202,931	-
Equipment acquisitions (unappropriated)	-	3,672,425	-
Other purposes	-	-	4,789,987
Total fund balances (deficits)	1,536,629	57,875,356	5,730,728
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 3,554,393	\$ 59,687,034	\$ 8,153,960

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, 2018

Special Revenue Funds

Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	CBID Events And Marketing
\$ 27,921,707	\$ 7,894,482	\$ 10,862,449	\$ 1,690,945	\$ 1,635,048	\$ 4,010,223
8,435,117	27,585,434	7,561,819	1,802,091	336,621	353,270
82,200	15,312	8,902	687	1,843	5,332
150,005	1,396,223	3,493,723	-	-	-
-	946,781	-	-	-	-
-	374	500,000	-	-	-
<u>\$ 36,589,029</u>	<u>\$ 37,838,606</u>	<u>\$ 22,426,893</u>	<u>\$ 3,493,723</u>	<u>\$ 1,973,512</u>	<u>\$ 4,368,825</u>
\$ 79,482	\$ 5,071,511	\$ 3,030,559	\$ -	\$ 1,245,000	\$ -
-	748,439	-	-	-	-
19,466,275	1,840,764	2,560,411	3,493,723	-	-
-	-	10,917,002	-	-	-
-	-	-	-	-	-
<u>19,545,757</u>	<u>7,660,714</u>	<u>16,507,972</u>	<u>3,493,723</u>	<u>1,245,000</u>	<u>-</u>
8,435,117	6,154,063	-	-	-	-
8,435,117	6,154,063	-	-	-	-
-	947,155	-	-	-	-
8,608,155	23,076,674	5,918,921	-	728,512	4,368,825
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,608,155</u>	<u>24,023,829</u>	<u>5,918,921</u>	<u>-</u>	<u>728,512</u>	<u>4,368,825</u>
<u>\$ 36,589,029</u>	<u>\$ 37,838,606</u>	<u>\$ 22,426,893</u>	<u>\$ 3,493,723</u>	<u>\$ 1,973,512</u>	<u>\$ 4,368,825</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, 2018

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Other Government Services	General Government	Education	
ASSETS:				
Cash and cash equivalents	\$ 39,563,911	\$ 205,935	\$ 188,905	\$ 159,110,055
Accounts receivable	16,278,405	-	-	66,710,657
Accrued interest receivable	57,638	282	259	262,441
Due from other funds of the primary government	3,638,309	-	-	10,489,311
Inventories of supplies	194,149	-	-	1,140,930
Other assets	5,010	-	-	505,384
Total assets	\$ 59,737,422	\$ 206,217	\$ 189,164	\$ 238,218,778
LIABILITIES:				
Accounts payable	\$ 8,046,187	\$ -	\$ 161	\$ 22,018,673
Accrued payroll	1,168,300	-	-	2,778,825
Due to other funds of the primary government	5,391,243	-	-	33,597,231
Due to component units	-	-	-	10,917,002
Other liabilities	1,995,878	-	-	1,995,878
Total liabilities	16,601,608	-	161	71,307,609
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants	2,404,830	-	-	16,994,010
Total deferred inflows of resources	2,404,830	-	-	16,994,010
FUND BALANCES (DEFICITS):				
Nonspendable	199,159	105,994	79,118	1,331,426
Restricted for other purposes	12,396,806	100,223	109,885	57,785,371
Committed for:				
Equipment acquisitions (appropriated)	-	-	-	54,202,931
Equipment acquisitions (unappropriated)	-	-	-	3,672,425
Other purposes	28,135,019	-	-	32,925,006
Total fund balances (deficits)	40,730,984	206,217	189,003	149,917,159
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 59,737,422	\$ 206,217	\$ 189,164	\$ 238,218,778

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, 2018

	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	11,284	558,002	42,783
Revenues from other governmental agencies	19,136,294	-	294,091
Commissions and fees	-	-	-
Charges for current services	189,195	-	6,825,051
Compensation for loss, sale or damage to property	1,161	-	-
Contributions and gifts	26,744	-	-
Miscellaneous	390	-	32,020
Total revenues	<u>19,365,068</u>	<u>558,002</u>	<u>7,193,945</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	24,467,392	-	-
Public health and hospitals	-	-	-
Public library system	-	-	-
Public works, highways and streets	-	-	25,918,073
Recreational and cultural	-	-	-
Education	-	-	-
Capital outlay	-	19,031,575	-
Total expenditures	<u>24,467,392</u>	<u>19,031,575</u>	<u>25,918,073</u>
Excess (deficiency) of revenues over expenditures	<u>(5,102,324)</u>	<u>(18,473,573)</u>	<u>(18,724,128)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	5,312,100	31,142,209	20,235,800
Transfers out	(21,962)	(9,862,565)	(636,800)
Total other financing sources (uses)	<u>5,290,138</u>	<u>21,279,644</u>	<u>19,599,000</u>
Net change in fund balances (deficits)	187,814	2,806,071	874,872
FUND BALANCES (DEFICITS), beginning of year	<u>1,348,815</u>	<u>55,069,285</u>	<u>4,855,856</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 1,536,629</u>	<u>\$ 57,875,356</u>	<u>\$ 5,730,728</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, 2018

Special Revenue Funds					
Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	CBID Events And Marketing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	76,556,433	18,669,957	3,716,106	-
-	-	-	-	-	-
690,553	117,917	66,355	7,913	9,320	33,795
5,980,541	148,459,356	-	-	-	1,962,832
-	-	-	-	-	-
-	12,460,804	-	-	-	-
-	909,765	-	-	-	-
-	1,187,678	-	-	-	-
-	72,102	-	-	-	-
<u>6,671,094</u>	<u>163,207,622</u>	<u>76,622,788</u>	<u>18,677,870</u>	<u>3,725,426</u>	<u>1,996,627</u>
455,819	-	61,335,407	18,677,870	3,495,000	650,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	272,376,343	-	-	-	-
-	3,833,282	-	-	-	-
<u>455,819</u>	<u>276,209,625</u>	<u>61,335,407</u>	<u>18,677,870</u>	<u>3,495,000</u>	<u>650,000</u>
<u>6,215,275</u>	<u>(113,002,003)</u>	<u>15,287,381</u>	<u>-</u>	<u>230,426</u>	<u>1,346,627</u>
5	113,347,203	-	-	-	-
-	(3,890,674)	(12,769,698)	-	-	-
<u>5</u>	<u>109,456,529</u>	<u>(12,769,698)</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,215,280	(3,545,474)	2,517,683	-	230,426	1,346,627
<u>2,392,875</u>	<u>27,569,303</u>	<u>3,401,238</u>	<u>-</u>	<u>498,086</u>	<u>3,022,198</u>
<u>\$ 8,608,155</u>	<u>\$ 24,023,829</u>	<u>\$ 5,918,921</u>	<u>\$ -</u>	<u>\$ 728,512</u>	<u>\$ 4,368,825</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, 2018

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Other Government Services	General Government	Education	
REVENUES:				
Property taxes	\$ 2,861,900	\$ -	\$ -	\$ 2,861,900
Other taxes, licenses and permits	484,292	-	-	99,426,788
Fines, forfeits and penalties	4,021,246	-	-	4,021,246
Revenues from the use of money or property	398,329	1,998	1,832	1,940,081
Revenues from other governmental agencies	53,140,621	-	-	228,973,735
Commissions and fees	9,519,060	-	-	9,519,060
Charges for current services	7,649,537	-	-	27,124,587
Compensation for loss, sale or damage to property	108,930	-	-	1,019,856
Contributions and gifts	4,744,687	-	-	5,959,109
Miscellaneous	30	-	-	104,542
Total revenues	82,928,632	1,998	1,832	380,950,904
EXPENDITURES:				
Current:				
General government	8,954,389	-	-	93,568,485
Fiscal administration	1,442,826	-	-	1,442,826
Administration of justice	10,578,509	-	-	10,578,509
Law enforcement and care of prisoners	23,651,407	-	-	23,651,407
Fire prevention and control	11,809	-	-	11,809
Regulation and inspection	63,729	-	-	63,729
Public welfare	11,846,310	-	-	36,313,702
Public health and hospitals	23,909,026	-	-	23,909,026
Public library system	854,279	-	-	854,279
Public works, highways and streets	11,713,584	-	-	37,631,657
Recreational and cultural	2,148,090	-	-	2,148,090
Education	-	-	415	272,376,758
Capital outlay	5,282,049	-	-	28,146,906
Total expenditures	100,456,007	-	415	530,697,183
Excess (deficiency) of revenues over expenditure	(17,527,375)	1,998	1,417	(149,746,279)
OTHER FINANCING SOURCES (USES):				
Transfers in	23,341,283	-	-	193,378,600
Transfers out	(4,622,278)	-	-	(31,803,977)
Total other financing sources (uses)	18,719,005	-	-	161,574,623
Net change in fund balances (deficits)	1,191,630	1,998	1,417	11,828,344
FUND BALANCES (DEFICITS), beginning of year	39,539,354	204,219	187,586	138,088,815
FUND BALANCES (DEFICITS), end of year	\$ 40,730,984	\$ 206,217	\$ 189,003	\$ 149,917,159

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 94,042,500	\$ 94,042,500	\$ 91,762,381	\$ (2,280,119)
Local option sales tax	3,240,500	3,240,500	2,331,521	(908,979)
Fines, forfeits and penalties	282,200	282,200	323,999	41,799
Revenues from other governmental agencies	5,216,200	5,216,200	6,030,459	814,259
Bond interest tax credit	4,843,400	4,843,400	4,874,645	31,245
Miscellaneous	-	-	12	12
Total revenues	107,624,800	107,624,800	105,323,017	(2,301,783)
EXPENDITURES:				
Principal retirement	85,945,800	83,345,800	74,519,733	8,826,067
Interest	75,441,900	75,441,900	76,028,557	(586,657)
Fiscal charges	4,005,500	4,005,500	4,117,806	(112,306)
Total expenditures	165,393,200	162,793,200	154,666,096	8,127,104
Excess (deficiency) of revenues over expenditures	(57,768,400)	(55,168,400)	(49,343,079)	5,825,321
OTHER FINANCING SOURCES (USES):				
Transfers in	56,868,400	54,268,400	45,568,316	(8,700,084)
Total other financing sources (uses)	56,868,400	54,268,400	45,568,316	(8,700,084)
Net change in fund balances	(900,000)	(900,000)	(3,774,763)	(2,874,763)
FUND BALANCES, beginning of year	9,437,916	9,437,916	9,437,916	-
FUND BALANCES, end of year	\$ 8,537,916	\$ 8,537,916	\$ 5,663,153	\$ (2,874,763)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 39,994,500	\$ 39,994,500	\$ 38,928,698	\$ (1,065,802)
Local option sales taxes	52,879,800	52,879,800	53,723,716	843,916
Revenues from the use of money or property	97,000	97,000	440,718	343,718
Total revenues	92,971,300	92,971,300	93,093,132	121,832
EXPENDITURES:				
Principal retirement	51,113,000	53,613,000	54,649,435	(1,036,435)
Interest	41,465,100	41,465,100	39,985,797	1,479,303
Fiscal charges	1,793,200	1,793,200	2,151,653	(358,453)
Total expenditures	94,371,300	96,871,300	96,786,885	84,415
Excess (deficiency) of revenues over expenditures	(1,400,000)	(3,900,000)	(3,693,753)	206,247
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,500,000	1,607,356	(892,644)
Total other financing sources (uses)	-	2,500,000	1,607,356	(892,644)
Net change in fund balances	(1,400,000)	(1,400,000)	(2,086,397)	(686,397)
FUND BALANCE, beginning of year	6,750,433	6,750,433	6,750,433	-
FUND BALANCE, end of year	\$ 5,350,433	\$ 5,350,433	\$ 4,664,036	\$ (686,397)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 15,352,600	\$ 15,352,600	\$ 15,496,414	\$ 143,814
Total revenues	15,352,600	15,352,600	15,496,414	143,814
EXPENDITURES:				
Principal retirement	13,931,800	14,031,800	11,628,672	2,403,128
Interest	6,724,800	6,724,800	9,092,203	(2,367,403)
Fiscal charges	618,000	618,000	579,418	38,582
Total expenditures	21,274,600	21,374,600	21,300,293	74,307
Excess (deficiency) of revenues over expenditures	(5,922,000)	(6,022,000)	(5,803,879)	218,121
OTHER FINANCING SOURCES (USES):				
Transfers in	1,841,600	1,941,600	1,841,600	(100,000)
Total other financing sources (uses)	1,841,600	1,941,600	1,841,600	(100,000)
Net change in fund balances	(4,080,400)	(4,080,400)	(3,962,279)	118,121
FUND BALANCES, beginning of year	4,486,431	4,486,431	4,486,431	-
FUND BALANCES, end of year	\$ 406,031	\$ 406,031	\$ 524,152	\$ 118,121

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, 2018

	Board of Fair Commissioners	Farmers Market	Surplus Property Auction
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 664,589	\$ 360,473	\$ 2,217,536
Accounts receivable	58,974	-	5,818
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	767	67	2,970
Due from other funds of the primary government	-	20,000	-
Due from component units	-	-	-
Other current assets	8,908	-	-
	<u>733,238</u>	<u>380,540</u>	<u>2,226,324</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Land	175,293	-	-
Buildings and improvements	8,693,917	3,451,463	-
Improvements other than buildings	3,781,300	163,589	-
Furniture, machinery and equipment	736,575	429,612	-
Property under capital lease	-	3,645,000	-
Construction in progress	1,780,802	-	-
Less accumulated depreciation	(10,968,290)	(4,003,499)	-
	<u>4,199,597</u>	<u>3,686,165</u>	<u>-</u>
Capital assets - net			
	<u>4,199,597</u>	<u>3,686,165</u>	<u>-</u>
Total noncurrent assets			
	<u>4,932,835</u>	<u>4,066,705</u>	<u>2,226,324</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	<u>128,191</u>	<u>38,816</u>	<u>56,180</u>
Total deferred outflows of resources	<u>128,191</u>	<u>38,816</u>	<u>56,180</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, 2018

Municipal Auditorium	Police Impound	Stormwater Operations	Total Nonmajor Enterprise Funds
\$ 2,075,160	\$ 585,220	\$ 23,803,287	\$ 29,706,265
21,749	-	3,945,718	4,032,259
-	-	(947,508)	(947,508)
3,067	800	34,260	41,931
-	-	3,134,918	3,154,918
-	-	100	100
569	-	-	9,477
<u>2,100,545</u>	<u>586,020</u>	<u>29,970,775</u>	<u>35,997,442</u>
587,400	-	-	762,693
12,790,109	-	-	24,935,489
84,651	-	-	4,029,540
844,496	-	-	2,010,683
-	-	-	3,645,000
102,628	-	-	1,883,430
(9,727,707)	-	-	(24,699,496)
<u>4,681,577</u>	<u>-</u>	<u>-</u>	<u>12,567,339</u>
<u>4,681,577</u>	<u>-</u>	<u>-</u>	<u>12,567,339</u>
<u>6,782,122</u>	<u>586,020</u>	<u>29,970,775</u>	<u>48,564,781</u>
<u>79,652</u>	<u>-</u>	<u>731,259</u>	<u>1,034,098</u>
<u>79,652</u>	<u>-</u>	<u>731,259</u>	<u>1,034,098</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, 2018

	Board of Fair Commissioners	Farmers Market	Surplus Property Auction
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 156,921	\$ 244,987	\$ 2,192
Accrued payroll	174,099	25,567	97,483
Due to other funds of the primary government	24,586	5,279	49,111
Due to component units	-	-	974
Customer deposits	-	10,190	-
Unearned revenue	60,301	-	-
Total current liabilities	415,907	286,023	149,760
Noncurrent liabilities:			
Net pension liability	165,691	50,171	72,614
Total noncurrent liabilities	165,691	50,171	72,614
Total liabilities	581,598	336,194	222,374
DEFERRED INFLOWS OF RESOURCES:			
Pensions	239,987	72,667	105,175
Total deferred inflows of resources	239,987	72,667	105,175
NET POSITION:			
Net investment in capital assets	4,199,597	3,686,165	-
Unrestricted	39,844	10,495	1,954,955
Total net position	\$ 4,239,441	\$ 3,696,660	\$ 1,954,955

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, 2018

Municipal Auditorium	Police Impound	Stormwater Operations	Total Nonmajor Enterprise Funds
\$ 75,892	\$ -	\$ 582,842	\$ 1,062,834
126,106	-	542,117	965,372
4,226	-	21,610	104,812
-	-	-	974
-	-	-	10,190
<u>1,159,099</u>	<u>-</u>	<u>-</u>	<u>1,219,400</u>
<u>1,365,323</u>	<u>-</u>	<u>1,146,569</u>	<u>3,363,582</u>
<u>102,952</u>	<u>-</u>	<u>945,175</u>	<u>1,336,603</u>
<u>102,952</u>	<u>-</u>	<u>945,175</u>	<u>1,336,603</u>
<u>1,468,275</u>	<u>-</u>	<u>2,091,744</u>	<u>4,700,185</u>
<u>149,116</u>	<u>-</u>	<u>1,368,994</u>	<u>1,935,939</u>
<u>149,116</u>	<u>-</u>	<u>1,368,994</u>	<u>1,935,939</u>
4,681,577	-	-	12,567,339
<u>562,806</u>	<u>586,020</u>	<u>27,241,296</u>	<u>30,395,416</u>
<u>\$ 5,244,383</u>	<u>\$ 586,020</u>	<u>\$ 27,241,296</u>	<u>\$ 42,962,755</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, 2018

	Board of Fair <u>Commissioners</u>	Farmers Market <u>Market</u>	Surplus Property Auction <u>Auction</u>
OPERATING REVENUES:			
Charges for services	\$ 3,011,669	\$ 1,094,968	\$ 2,087,939
Total operating revenues	<u>3,011,669</u>	<u>1,094,968</u>	<u>2,087,939</u>
OPERATING EXPENSES:			
Personal services	1,572,886	378,506	568,887
Contractual services	1,408,112	1,399,590	65,151
Supplies and materials	125,168	22,864	3,847
Depreciation	369,859	291,330	-
Other	237,683	15,098	4,712
Total operating expenses	<u>3,713,708</u>	<u>2,107,388</u>	<u>642,597</u>
OPERATING INCOME (LOSS)	<u>(702,039)</u>	<u>(1,012,420)</u>	<u>1,445,342</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	7,110	1,748	17,179
Gain (loss) on sale of property	-	-	-
Other	-	-	-
Total nonoperating revenue (expense)	<u>7,110</u>	<u>1,748</u>	<u>17,179</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(694,929)</u>	<u>(1,010,672)</u>	<u>1,462,521</u>
TRANSFERS IN	1,398,189	556,528	-
TRANSFERS OUT	<u>(241,500)</u>	<u>(87,600)</u>	<u>(296,100)</u>
CHANGE IN NET POSITION	461,760	(541,744)	1,166,421
NET POSITION, beginning of year	<u>3,777,681</u>	<u>4,238,404</u>	<u>788,534</u>
NET POSITION, end of year	<u>\$ 4,239,441</u>	<u>\$ 3,696,660</u>	<u>\$ 1,954,955</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, 2018

Municipal Auditorium	Police Impound	Stormwater Operations	Total Nonmajor Enterprise Funds
<u>\$ 1,897,494</u>	<u>\$ 501,546</u>	<u>\$ 32,142,559</u>	<u>\$ 40,736,175</u>
<u>1,897,494</u>	<u>501,546</u>	<u>32,142,559</u>	<u>40,736,175</u>
754,691	-	7,397,306	10,672,276
907,420	375,000	7,376,621	11,531,894
35,929	-	367,047	554,855
329,980	-	-	991,169
57,626	-	229,769	544,888
<u>2,085,646</u>	<u>375,000</u>	<u>15,370,743</u>	<u>24,295,082</u>
<u>(188,152)</u>	<u>126,546</u>	<u>16,771,816</u>	<u>16,441,093</u>
18,182	5,220	192,487	241,926
10,583	-	-	10,583
-	-	187,170	187,170
<u>28,765</u>	<u>5,220</u>	<u>379,657</u>	<u>439,679</u>
<u>(159,387)</u>	<u>131,766</u>	<u>17,151,473</u>	<u>16,880,772</u>
1,599,169	-	-	3,553,886
<u>(91,400)</u>	<u>-</u>	<u>(6,028,366)</u>	<u>(6,744,966)</u>
1,348,382	131,766	11,123,107	13,689,692
<u>3,896,001</u>	<u>454,254</u>	<u>16,118,189</u>	<u>29,273,063</u>
<u>\$ 5,244,383</u>	<u>\$ 586,020</u>	<u>\$ 27,241,296</u>	<u>\$ 42,962,755</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, 2018

	Board of Fair Commissioners	Farmers Market	Surplus Property Auction
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,949,564	\$ 1,079,194	\$ 2,062,809
Payments to suppliers	(1,741,193)	(1,370,935)	(109,289)
Payments to employees	(1,563,506)	(398,754)	(593,316)
Net cash provided by (used in) operating activities	<u>(355,135)</u>	<u>(690,495)</u>	<u>1,360,204</u>
Cash flows from noncapital financing activities:			
Transfers in	1,398,189	556,528	-
Transfers out	(241,500)	(87,600)	(296,100)
Net cash provided by (used in) noncapital financing activities	<u>1,156,689</u>	<u>468,928</u>	<u>(296,100)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,398,187)	(36,528)	-
Proceeds from the sale of property	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(1,398,187)</u>	<u>(36,528)</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	6,951	2,035	14,812
Net cash provided by (used in) investing activities	<u>6,951</u>	<u>2,035</u>	<u>14,812</u>
Net changes in cash and cash equivalents	(589,682)	(256,060)	1,078,916
Cash and cash equivalents at beginning of year	<u>1,254,271</u>	<u>616,533</u>	<u>1,138,620</u>
Cash and cash equivalents at end of year	<u>\$ 664,589</u>	<u>\$ 360,473</u>	<u>\$ 2,217,536</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, 2018

Municipal Auditorium	Police Impound	Stormwater Operations	Total Nonmajor Enterprise Funds
\$ 2,440,614	\$ 501,543	\$ 30,720,225	\$ 39,753,949
(971,793)	(375,000)	(7,951,604)	(12,519,814)
(747,202)	-	(7,304,768)	(10,607,546)
<u>721,619</u>	<u>126,543</u>	<u>15,463,853</u>	<u>16,626,589</u>
1,599,169	-	-	3,553,886
(91,400)	-	(6,028,366)	(6,744,966)
<u>1,507,769</u>	<u>-</u>	<u>(6,028,366)</u>	<u>(3,191,080)</u>
(1,599,168)	-	-	(3,033,883)
10,583	-	-	10,583
<u>(1,588,585)</u>	<u>-</u>	<u>-</u>	<u>(3,023,300)</u>
<u>15,873</u>	<u>4,678</u>	<u>166,467</u>	<u>210,816</u>
<u>15,873</u>	<u>4,678</u>	<u>166,467</u>	<u>210,816</u>
656,676	131,221	9,601,954	10,623,025
<u>1,418,484</u>	<u>453,999</u>	<u>14,201,333</u>	<u>19,083,240</u>
<u>\$ 2,075,160</u>	<u>\$ 585,220</u>	<u>\$ 23,803,287</u>	<u>\$ 29,706,265</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, 2018

	Board of Fair Commissioners	Farmers Market	Surplus Property Auction
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (702,039)	\$ (1,012,420)	\$ 1,445,342
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	369,859	291,330	-
Provision for doubtful accounts	-	-	-
Other receipts	-	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	(39,473)	4,226	(2,278)
Due from other funds of the primary government	-	(20,000)	3
Due from component units	-	-	-
Other current assets	20,408	-	-
Deferred outflows pensions	(128,191)	(38,816)	(56,180)
Accounts payable	3,295	66,328	(35,579)
Accrued payroll	(7,264)	(10,594)	(20,497)
Due to other funds of the primary government	6,067	289	(23,829)
Due to component units	-	-	974
Customer deposits	(28,221)	-	-
Unearned revenue	5,589	-	-
Net pension liability	46,680	7,431	15,335
Deferred inflows pensions	98,155	21,731	36,913
Total adjustments	346,904	321,925	(85,138)
Net cash provided by (used in) operating activities	\$ (355,135)	\$ (690,495)	\$ 1,360,204

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, 2018

<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ (188,152)	\$ 126,546	\$ 16,771,816	\$ 16,441,093
329,980	-	-	991,169
-	-	443,357	443,357
-	-	187,170	187,170
(18,791)	-	(788,381)	(844,697)
13,549	-	(1,077,410)	(1,083,858)
-	-	100	100
1,460	-	-	21,868
(79,652)	-	(731,259)	(1,034,098)
25,762	-	153,448	213,254
(2,496)	-	(33,412)	(74,263)
1,960	(3)	(318,785)	(334,301)
-	-	-	974
-	-	-	(28,221)
548,362	-	-	553,951
28,842	-	280,430	378,718
60,795	-	576,779	794,373
<u>909,771</u>	<u>(3)</u>	<u>(1,307,963)</u>	<u>185,496</u>
<u>\$ 721,619</u>	<u>\$ 126,543</u>	<u>\$ 15,463,853</u>	<u>\$ 16,626,589</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, 2018

	Office of Fleet Management	Information Systems	School Self Insurance
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 7,134,355	\$ 4,573,206	\$ 4,488,337
Accounts receivable	12,799	191,257	-
Accrued interest receivable	9,116	7,103	6,150
Due from other funds of the primary government	535,207	355,680	2,126
Due from component units	-	100	-
Inventories of supplies	1,657,496	-	-
Other current assets	-	-	-
	<u>9,348,973</u>	<u>5,127,346</u>	<u>4,496,613</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Furniture, machinery and equipment	176,522,204	21,798,177	-
Less accumulated depreciation	(130,269,118)	(10,842,775)	-
Capital assets - net	<u>46,253,086</u>	<u>10,955,402</u>	<u>-</u>
	<u>55,602,059</u>	<u>16,082,748</u>	<u>4,496,613</u>
Total assets			
LIABILITIES:			
Current liabilities:			
Accounts payable	2,178,020	862,549	229,212
Accrued payroll	703,724	2,187,365	-
Claims payable	-	-	1,474,876
Due to other funds of the primary government	2,006,680	45,779	75
	<u>4,888,424</u>	<u>3,095,693</u>	<u>1,704,163</u>
Total current liabilities			
Noncurrent liabilities:			
Claims payable	-	-	1,575,337
	<u>-</u>	<u>-</u>	<u>1,575,337</u>
Total noncurrent liabilities			
	<u>4,888,424</u>	<u>3,095,693</u>	<u>3,279,500</u>
Total liabilities			
NET POSITION:			
Net investment in capital assets	46,253,086	10,955,402	-
Unrestricted	4,460,549	2,031,653	1,217,113
	<u>50,713,635</u>	<u>12,987,055</u>	<u>1,217,113</u>
Total net position			

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, 2018

General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured on Duty	Treasury Management
\$ 19,848,531	\$ 17,820,360	\$ 100,544,175	\$ 31,671,184	\$ 28,887
-	116	422,363	1,828	-
27,415	28,775	132,343	45,290	30
1,503	425,763	262,805	-	173,069
-	-	-	-	-
-	-	-	-	-
-	512,873	-	-	-
<u>19,877,449</u>	<u>18,787,887</u>	<u>101,361,686</u>	<u>31,718,302</u>	<u>201,986</u>
-	-	-	-	10,626
-	-	-	-	(10,626)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>19,877,449</u>	<u>18,787,887</u>	<u>101,361,686</u>	<u>31,718,302</u>	<u>201,986</u>
260,916	2,014,636	5,538,500	155,187	491
-	19,991	-	-	112,575
2,613,117	8,587,854	16,697,000	4,070,000	-
2,126	522	16,987	231	406
<u>2,876,159</u>	<u>10,623,003</u>	<u>22,252,487</u>	<u>4,225,418</u>	<u>113,472</u>
<u>3,393,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,393,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,269,273</u>	<u>10,623,003</u>	<u>22,252,487</u>	<u>4,225,418</u>	<u>113,472</u>
-	-	-	-	-
<u>13,608,176</u>	<u>8,164,884</u>	<u>79,109,199</u>	<u>27,492,884</u>	<u>88,514</u>
<u>\$ 13,608,176</u>	<u>\$ 8,164,884</u>	<u>\$ 79,109,199</u>	<u>\$ 27,492,884</u>	<u>\$ 88,514</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, 2018

	Technology Revolving	School Print Shop	Total Internal Service Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 1,833,580	\$ 689,053	\$ 188,631,668
Accounts receivable	-	474	628,837
Accrued interest receivable	2,702	915	259,839
Due from other funds of the primary government	20,490	12,569	1,789,212
Due from component units	-	-	100
Inventories of supplies	-	-	1,657,496
Other current assets	-	-	512,873
	<u>1,856,772</u>	<u>703,011</u>	<u>193,480,025</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Furniture, machinery and equipment	-	276,896	198,607,903
Less accumulated depreciation	-	(275,708)	(141,398,227)
Capital assets - net	<u>-</u>	<u>1,188</u>	<u>57,209,676</u>
	<u>1,856,772</u>	<u>704,199</u>	<u>250,689,701</u>
Total assets			
LIABILITIES:			
Current liabilities:			
Accounts payable	30,373	37,076	11,306,960
Accrued payroll	-	21,819	3,045,474
Claims payable	-	-	33,442,847
Due to other funds of the primary government	-	-	2,072,806
	<u>30,373</u>	<u>58,895</u>	<u>49,868,087</u>
Total current liabilities			
Noncurrent liabilities:			
Claims payable	<u>-</u>	<u>-</u>	<u>4,968,451</u>
	<u>-</u>	<u>-</u>	<u>4,968,451</u>
Total noncurrent liabilities			
	<u>30,373</u>	<u>58,895</u>	<u>54,836,538</u>
Total liabilities			
NET POSITION:			
Net investment in capital assets	-	1,188	57,209,676
Unrestricted	<u>1,826,399</u>	<u>644,116</u>	<u>138,643,487</u>
	<u>\$ 1,826,399</u>	<u>\$ 645,304</u>	<u>\$ 195,853,163</u>
Total net position			

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, 2018

	Office of Fleet Management	Information Systems	School Self Insurance
OPERATING REVENUES:			
Charges for services	\$ 20,234,594	\$ 24,912,017	\$ -
Other	-	-	-
Total operating revenues	20,234,594	24,912,017	-
OPERATING EXPENSES:			
Personal services	5,688,724	13,888,971	33,518
Contractual services	5,029,640	6,754,199	189,675
Supplies and materials	9,761,253	324,878	-
Depreciation	13,747,896	2,380,288	-
Compensation for damages	-	-	1,292,654
Medical and insurance benefits	-	-	-
Other	104,045	2,526,507	8,305
Total operating expenses	34,331,558	25,874,843	1,524,152
OPERATING INCOME (LOSS)	(14,096,964)	(962,826)	(1,524,152)
NONOPERATING REVENUE (EXPENSE):			
Investment income	56,787	38,775	42,966
Gain (loss) on sale of property	(45,661)	1,943	-
Other	242,179	(5,398)	165,028
Total nonoperating revenue (expense)	253,305	35,320	207,994
INCOME (LOSS) BEFORE TRANSFERS	(13,843,659)	(927,506)	(1,316,158)
TRANSFERS IN	19,423,884	532,642	1,250,000
TRANSFERS OUT	-	-	-
CHANGE IN NET POSITION	5,580,225	(394,864)	(66,158)
NET POSITION, beginning of year	45,133,410	13,381,919	1,283,271
NET POSITION, end of year	\$ 50,713,635	\$ 12,987,055	\$ 1,217,113

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, 2018

General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	Treasury Management
\$ 8,912,967	\$ 122,096,756	\$ 238,455,578	\$ 2,213,000	\$ 816,560
-	-	12,800,589	779	-
<u>8,912,967</u>	<u>122,096,756</u>	<u>251,256,167</u>	<u>2,213,779</u>	<u>816,560</u>
420,212	453,220	453,356	-	770,673
2,895,650	6,937,998	6,346,140	2,089,309	35,589
29	52,650	-	-	5,266
-	-	-	-	-
2,463,750	-	-	-	-
-	118,912,761	230,598,694	13,500,782	-
-	320	10,000	84,930	4,375
<u>5,779,641</u>	<u>126,356,949</u>	<u>237,408,190</u>	<u>15,675,021</u>	<u>815,903</u>
<u>3,133,326</u>	<u>(4,260,193)</u>	<u>13,847,977</u>	<u>(13,461,242)</u>	<u>657</u>
200,101	185,314	850,166	366,252	505
-	-	-	-	-
-	(501,462)	(3,900)	-	-
<u>200,101</u>	<u>(316,148)</u>	<u>846,266</u>	<u>366,252</u>	<u>505</u>
<u>3,333,427</u>	<u>(4,576,341)</u>	<u>14,694,243</u>	<u>(13,094,990)</u>	<u>1,162</u>
222,734	-	2,518,745	4,572,650	-
(1,933,000)	-	-	-	-
1,623,161	(4,576,341)	17,212,988	(8,522,340)	1,162
<u>11,985,015</u>	<u>12,741,225</u>	<u>61,896,211</u>	<u>36,015,224</u>	<u>87,352</u>
<u>\$ 13,608,176</u>	<u>\$ 8,164,884</u>	<u>\$ 79,109,199</u>	<u>\$ 27,492,884</u>	<u>\$ 88,514</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, 2018

	Technology Revolving	School Print Shop	Total Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 265,045	\$ 486,396	\$ 418,392,913
Other	-	-	12,801,368
Total operating revenues	<u>265,045</u>	<u>486,396</u>	<u>431,194,281</u>
OPERATING EXPENSES:			
Personal services	-	145,741	21,854,415
Contractual services	-	159,435	30,437,635
Supplies and materials	1,582,012	50,980	11,777,068
Depreciation	-	4,711	16,132,895
Compensation for damages	-	-	3,756,404
Medical and insurance benefits	-	-	363,012,237
Other	-	121,577	2,860,059
Total operating expenses	<u>1,582,012</u>	<u>482,444</u>	<u>449,830,713</u>
OPERATING INCOME (LOSS)	<u>(1,316,967)</u>	<u>3,952</u>	<u>(18,636,432)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	19,355	6,623	1,766,844
Gain (loss) on sale of property	-	-	(43,718)
Other	-	-	(103,553)
Total nonoperating revenue (expense)	<u>19,355</u>	<u>6,623</u>	<u>1,619,573</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,297,612)</u>	<u>10,575</u>	<u>(17,016,859)</u>
TRANSFERS IN	1,200,000	-	29,720,655
TRANSFERS OUT	-	-	(1,933,000)
CHANGE IN NET POSITION	<u>(97,612)</u>	<u>10,575</u>	<u>10,770,796</u>
NET POSITION, beginning of year	<u>1,924,011</u>	<u>634,729</u>	<u>185,082,367</u>
NET POSITION, end of year	<u>\$ 1,826,399</u>	<u>\$ 645,304</u>	<u>\$ 195,853,163</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2018

	Office of Fleet Management	Information Systems	School Self Insurance
Cash flows from operating activities:			
Receipts from customers and users	\$ 19,978,057	\$ 24,391,837	\$ (2,126)
Payments to suppliers	(11,904,462)	(9,489,448)	(928,382)
Payments to employees	(5,714,158)	(13,830,954)	-
Other receipts	242,179	-	165,028
Other payments	-	-	-
Net cash provided by (used in) operating activities	<u>2,601,616</u>	<u>1,071,435</u>	<u>(765,480)</u>
Cash flows from noncapital financing activities:			
Transfers in	19,423,884	532,642	1,250,000
Transfers out	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>19,423,884</u>	<u>532,642</u>	<u>1,250,000</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(20,412,888)	(436,642)	-
Proceeds from the sale of property	8,614	1,943	-
Net cash provided by (used in) capital and related financing activities	<u>(20,404,274)</u>	<u>(434,699)</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	49,198	33,845	39,073
Net cash provided by (used in) investing activities	<u>49,198</u>	<u>33,845</u>	<u>39,073</u>
Net changes in cash and cash equivalents	1,670,424	1,203,223	523,593
Cash and cash equivalents at beginning of year	<u>5,463,931</u>	<u>3,369,983</u>	<u>3,964,744</u>
Cash and cash equivalents at end of year	<u>\$ 7,134,355</u>	<u>\$ 4,573,206</u>	<u>\$ 4,488,337</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, 2018

General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	Treasury Management
\$ 8,913,010	\$ 121,986,451	\$ 250,935,978	\$ 2,224,794	\$ 807,774
(7,091,775)	(127,714,662)	(233,250,178)	(16,958,201)	(45,227)
-	(447,920)	(453,356)	-	(770,528)
-	-	-	-	-
-	(501,462)	(3,900)	-	-
<u>1,821,235</u>	<u>(6,677,593)</u>	<u>17,228,544</u>	<u>(14,733,407)</u>	<u>(7,981)</u>
222,734	-	2,518,745	4,572,650	-
(1,933,000)	-	-	-	-
<u>(1,710,266)</u>	<u>-</u>	<u>2,518,745</u>	<u>4,572,650</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>183,995</u>	<u>170,765</u>	<u>778,557</u>	<u>345,267</u>	<u>495</u>
<u>183,995</u>	<u>170,765</u>	<u>778,557</u>	<u>345,267</u>	<u>495</u>
294,964	(6,506,828)	20,525,846	(9,815,490)	(7,486)
<u>19,553,567</u>	<u>24,327,188</u>	<u>80,018,329</u>	<u>41,486,674</u>	<u>36,373</u>
<u>\$ 19,848,531</u>	<u>\$ 17,820,360</u>	<u>\$ 100,544,175</u>	<u>\$ 31,671,184</u>	<u>\$ 28,887</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, 2018

	Technology Revolving	School Print Shop	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 272,661	\$ 526,210	\$ 430,034,646
Payments to suppliers	(1,781,055)	(335,796)	(409,499,186)
Payments to employees	-	(158,545)	(21,375,461)
Other receipts	-	-	407,207
Other payments	-	-	(505,362)
Net cash provided by (used in) operating activities	<u>(1,508,394)</u>	<u>31,869</u>	<u>(938,156)</u>
Cash flows from noncapital financing activities:			
Transfers in	1,200,000	-	29,720,655
Transfers out	-	-	(1,933,000)
Net cash provided by (used in) noncapital financing activities	<u>1,200,000</u>	<u>-</u>	<u>27,787,655</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	(20,849,530)
Proceeds from the sale of property	-	-	10,557
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(20,838,973)</u>
Cash flows from investing activities:			
Interest on investments	<u>17,845</u>	<u>6,082</u>	<u>1,625,122</u>
Net cash provided by (used in) investing activities	<u>17,845</u>	<u>6,082</u>	<u>1,625,122</u>
Net changes in cash and cash equivalents	(290,549)	37,951	7,635,648
Cash and cash equivalents at beginning of year	<u>2,124,129</u>	<u>651,102</u>	<u>180,996,020</u>
Cash and cash equivalents at end of year	<u>\$ 1,833,580</u>	<u>\$ 689,053</u>	<u>\$ 188,631,668</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, 2018

	Office of Fleet Management	Information Systems	School Self Insurance
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (14,096,964)	\$ (962,826)	\$ (1,524,152)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	13,747,896	2,380,288	-
Other receipts	242,179	-	165,028
Other payments	-	(5,398)	-
Changes in assets and liabilities:			
Accounts receivable	(6,148)	(164,735)	-
Due from other funds of the primary government	(250,389)	(349,947)	(2,126)
Due from component units	-	(100)	-
Inventories of supplies	123,490	-	-
Accounts payable	860,306	97,250	220,438
Accrued payroll	(25,434)	58,017	-
Claims payable	-	-	375,282
Due to other funds of the primary government	<u>2,006,680</u>	<u>18,886</u>	<u>50</u>
Total adjustments	<u>16,698,580</u>	<u>2,034,261</u>	<u>758,672</u>
Net cash provided by (used in) operating activities	<u>\$ 2,601,616</u>	<u>\$ 1,071,435</u>	<u>\$ (765,480)</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, 2018

<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured On Duty</u>	<u>Treasury Management</u>
\$ 3,133,326	\$ (4,260,193)	\$ 13,847,977	\$ (13,461,242)	\$ 657
-	-	-	-	-
-	-	-	-	-
-	(501,462)	(3,900)	-	-
-	107,812	(206,757)	(1,336)	-
43	(218,117)	(113,432)	12,351	(8,786)
-	-	-	-	-
-	-	-	-	-
91,884	(1,179,902)	2,767,669	(127,411)	(403)
-	5,300	-	-	145
(1,406,144)	(631,413)	920,000	(1,156,000)	-
2,126	382	16,987	231	406
<u>(1,312,091)</u>	<u>(2,417,400)</u>	<u>3,380,567</u>	<u>(1,272,165)</u>	<u>(8,638)</u>
<u>\$ 1,821,235</u>	<u>\$ (6,677,593)</u>	<u>\$ 17,228,544</u>	<u>\$ (14,733,407)</u>	<u>\$ (7,981)</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, 2018

	<u>Technology Revolving</u>	<u>School Print Shop</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,316,967)	\$ 3,952	\$ (18,636,432)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	4,711	16,132,895
Other receipts	-	-	407,207
Other payments	-	-	(510,760)
Changes in assets and liabilities:			
Accounts receivable	-	749	(270,415)
Due from other funds of the primary government	7,616	39,065	(883,722)
Due from component units	-	-	(100)
Inventories of supplies	-	-	123,490
Accounts payable	(199,043)	(3,804)	2,526,984
Accrued payroll	-	(12,804)	25,224
Claims payable	-	-	(1,898,275)
Due to other funds of the primary government	-	-	2,045,748
Total adjustments	<u>(191,427)</u>	<u>27,917</u>	<u>17,698,276</u>
Net cash provided by (used in) operating activities	<u>\$ (1,508,394)</u>	<u>\$ 31,869</u>	<u>\$ (938,156)</u>

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

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

NONMAJOR ENTERPRISE FUNDS

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.

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.

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

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.

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, 2018

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ -	\$ 230,921,018	\$ 1,172,609	\$ 9,365,852
Investments, at fair value:				
Bank debt notes	-	20,598,240	-	587,695
Commingled funds U.S. debt	-	26,369,358	-	752,352
Conventional mortgages	-	10,479,368	-	298,990
Preferred stock	-	5,457,670	-	155,714
Common stock	-	305,970,497	-	8,729,739
Corporate bonds and notes	-	211,926,077	-	6,046,529
Emerging markets	-	35,873,835	-	1,023,528
Equity commingled funds	-	64,471,781	-	1,839,464
High yield bonds	-	32,207,055	-	918,909
International bonds	-	4,714,927	-	134,523
Non agency mortgages/collateralized mortgage obligations	-	83,578,858	-	2,384,614
Other fixed income	-	213,971,295	-	6,104,881
Other securities	-	135,092,261	-	3,854,359
Venture capital and partnerships	-	1,690,374,446	-	48,228,597
Real estate	-	16,885,267	-	481,759
Municipals	-	815,073	-	23,255
Registered investment companies	-	112,671,971	-	3,214,679
U.S. treasury securities	-	55,687,495	-	1,588,837
Non U.S. treasury securities developing markets	-	13,666,036	-	389,910
Cash collateral received - securities lending program	-	85,065,545	-	-
Accounts receivable	-	295,517,912	-	8,431,513
Accrued interest receivable	-	6,113,604	1,763	179,102
Due from other funds of the primary government	7	193,699	2	6,396,681
Total assets	7	3,658,623,288	1,174,374	111,131,482
LIABILITIES:				
Accounts payable	7	737,251	2	-
Due to brokers	-	456,226,100	-	13,016,728
Payable for collateral received - securities lending program	-	85,065,545	-	-
Due to other funds of the primary government	-	22,650	-	-
Total liabilities	7	542,051,546	2	13,016,728
NET POSITION:				
Restricted for pensions	-	3,116,571,742	1,174,372	98,114,754
Held in trust for other employee benefits	-	-	-	-
Total net position	\$ -	\$ 3,116,571,742	\$ 1,174,372	\$ 98,114,754

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, 2018

Closed City Plan	Teachers' Civil Service and Pension	Metropolitan Employees' Flexible Benefits Plan	Education Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ -	\$ 920,749	\$ 1,877,227	\$ 156,857	\$ 244,414,312
-	-	-	-	21,185,935
-	-	-	-	27,121,710
-	-	-	-	10,778,358
-	-	-	-	5,613,384
-	-	-	-	314,700,236
-	-	-	-	217,972,606
-	-	-	-	36,897,363
-	-	-	-	66,311,245
-	-	-	-	33,125,964
-	-	-	-	4,849,450
-	-	-	-	85,963,472
-	-	-	-	220,076,176
-	-	-	-	138,946,620
-	-	-	-	1,738,603,043
-	-	-	-	17,367,026
-	-	-	-	838,328
-	-	-	-	115,886,650
-	-	-	-	57,276,332
-	-	-	-	14,055,946
-	-	-	-	85,065,545
-	-	62	-	303,949,487
-	1,377	3,971	890	6,300,707
37	-	701	-	6,591,127
<u>37</u>	<u>922,126</u>	<u>1,881,961</u>	<u>157,747</u>	<u>3,773,891,022</u>
37	-	46,951	102	784,350
-	-	-	-	469,242,828
-	-	-	-	85,065,545
-	-	-	-	22,650
<u>37</u>	<u>-</u>	<u>46,951</u>	<u>102</u>	<u>555,115,373</u>
-	922,126	-	-	3,216,782,994
-	-	1,835,010	157,645	1,992,655
<u>\$ -</u>	<u>\$ 922,126</u>	<u>\$ 1,835,010</u>	<u>\$ 157,645</u>	<u>\$ 3,218,775,649</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, 2018

	Richard R. Rooker, Circuit Court Clerk	Maria M. Salas, Clerk and Master	Brenda Wynn, County Clerk	Howard Gentry, Criminal Court Clerk	Bill Garrett, County Register
ASSETS:					
Cash and cash equivalents	\$ 18,892,665	\$ 14,767,035	\$ 569,311	\$ 10,963,933	\$ 7,193,364
Investments:					
Mortgages and real estate	-	-	-	1,291,100	-
Mutual funds	-	18,583	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	-	-	-	-	128,617
Total assets	\$ 18,892,665	\$ 14,785,618	\$ 569,311	\$ 12,255,033	\$ 7,321,981
LIABILITIES:					
Funds held in custody for others	\$ 9,991,399	\$ 14,772,908	\$ -	\$ 9,698,145	\$ -
Other liabilities	8,901,266	12,710	569,311	2,556,888	7,321,981
Total liabilities	\$ 18,892,665	\$ 14,785,618	\$ 569,311	\$ 12,255,033	\$ 7,321,981

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, 2018

David Smith, Juvenile Court Clerk	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Planning Performance Bonds	Total Agency Funds
\$ 1,956,230	\$ 2,459,130	\$ 82,078	\$ 1,658,670	\$ 58,542,416
-	-	-	-	1,291,100
-	-	-	-	18,583
-	2,057	-	-	2,057
-	1,721,803	-	-	1,721,803
-	-	-	-	128,617
<u>\$ 1,956,230</u>	<u>\$ 4,182,990</u>	<u>\$ 82,078</u>	<u>\$ 1,658,670</u>	<u>\$ 61,704,576</u>
\$ 1,732,769	\$ 4,182,990	\$ 82,078	\$ 1,658,670	\$ 42,118,959
223,461	-	-	-	19,585,617
<u>\$ 1,956,230</u>	<u>\$ 4,182,990</u>	<u>\$ 82,078</u>	<u>\$ 1,658,670</u>	<u>\$ 61,704,576</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, 2018

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ -	\$ 91,003,196	\$ 12,055	\$ 2,443,634
Net appreciation (depreciation) of investments	-	192,109,097	-	4,789,994
Miscellaneous	-	163,643	-	-
Net increase (decrease) in fair value of investments	-	283,275,936	12,055	7,233,628
Net income earned on securities lending transactions:				
Securities lending income	-	214,545	-	-
Securities lending expense	-	(42,888)	-	-
Net income earned on securities lending transactions	-	171,657	-	-
Less investment expenses	(37)	(41,282,873)	(8)	(1,076,654)
Net investment income (loss)	(37)	242,164,720	12,047	6,156,974
Contributions:				
Employee contributions	-	79,136	-	-
Employer contributions	1,098,462	76,539,373	2,932,320	22,681,681
Transfers in	-	316,543	-	-
Contributions from the State of Tennessee	-	-	2,286,856	10,935,092
Miscellaneous	-	-	-	-
Total contributions	1,098,462	76,935,052	5,219,176	33,616,773
Total additions	1,098,425	319,099,772	5,231,223	39,773,747
DEDUCTIONS:				
Pension and other employee benefits	1,098,425	166,180,671	5,229,770	31,087,074
Refunds of contributions	-	15,894	-	-
Administrative expenses	-	4,590,257	-	20,154
Transfers out	-	-	-	-
Total deductions	1,098,425	170,786,822	5,229,770	31,107,228
Change in net position	-	148,312,950	1,453	8,666,519
NET POSITION, beginning of year	-	2,968,258,792	1,172,919	89,448,235
NET POSITION, end of year	\$ -	\$ 3,116,571,742	\$ 1,174,372	\$ 98,114,754

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, 2018

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
\$ -	\$ 9,464	\$ 31,384	\$ 1,601	\$ 93,501,334
-	-	-	-	196,899,091
-	-	-	-	163,643
-	9,464	31,384	1,601	290,564,068
-	-	-	-	214,545
-	-	-	-	(42,888)
-	-	-	-	171,657
(189)	-	-	(1,709)	(42,361,470)
(189)	9,464	31,384	(108)	248,374,255
-	-	1,248,624	765,951	2,093,711
5,466,526	1,307,430	-	-	110,025,792
-	-	-	-	316,543
-	1,560,512	-	-	14,782,460
-	-	2,592,263	-	2,592,263
5,466,526	2,867,942	3,840,887	765,951	129,810,769
5,466,337	2,877,406	3,872,271	765,843	378,185,024
5,466,337	2,876,029	1,404,962	1,048,767	214,392,035
-	-	-	-	15,894
-	-	-	-	4,610,411
-	-	2,518,745	-	2,518,745
5,466,337	2,876,029	3,923,707	1,048,767	221,537,085
-	1,377	(51,436)	(282,924)	156,647,939
-	920,749	1,886,446	440,569	3,062,127,710
\$ -	\$ 922,126	\$ 1,835,010	\$ 157,645	\$ 3,218,775,649

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, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 16,080,776	\$ 70,759,740	\$ 67,947,851	\$ 18,892,665
LIABILITIES:				
Funds held in custody for others	\$ 8,460,006	\$ 6,468,911	\$ 4,937,518	\$ 9,991,399
Other liabilities	7,620,770	64,290,829	63,010,333	8,901,266
Total liabilities	<u>\$ 16,080,776</u>	<u>\$ 70,759,740</u>	<u>\$ 67,947,851</u>	<u>\$ 18,892,665</u>
 <u>Maria M. Salas, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 21,967,185	\$ 55,380,192	\$ 62,580,342	\$ 14,767,035
Mutual funds	18,158	1,356	931	18,583
Total assets	<u>\$ 21,985,343</u>	<u>\$ 55,381,548</u>	<u>\$ 62,581,273</u>	<u>\$ 14,785,618</u>
LIABILITIES:				
Funds held in custody for others	\$ 21,977,829	\$ 47,224,448	\$ 54,429,369	\$ 14,772,908
Other liabilities	7,514	8,157,100	8,151,904	12,710
Total liabilities	<u>\$ 21,985,343</u>	<u>\$ 55,381,548</u>	<u>\$ 62,581,273</u>	<u>\$ 14,785,618</u>
 <u>Brenda Wynn, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 765,224	\$ 112,953,390	\$ 113,149,303	\$ 569,311
LIABILITIES:				
Other liabilities	\$ 765,224	\$ 112,953,390	\$ 113,149,303	\$ 569,311
 <u>Howard Gentry, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 10,825,766	\$ 10,365,015	\$ 10,226,848	\$ 10,963,933
Mortgages and real estate	1,291,100	-	-	1,291,100
Total assets	<u>\$ 12,116,866</u>	<u>\$ 10,365,015</u>	<u>\$ 10,226,848</u>	<u>\$ 12,255,033</u>
LIABILITIES:				
Funds held in custody for others	\$ 9,822,745	\$ 761,700	\$ 886,300	\$ 9,698,145
Other liabilities	2,294,121	9,603,315	9,340,548	2,556,888
Total liabilities	<u>\$ 12,116,866</u>	<u>\$ 10,365,015</u>	<u>\$ 10,226,848</u>	<u>\$ 12,255,033</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, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 6,717,048	\$ 53,966,708	\$ 53,490,392	\$ 7,193,364
Other assets	130,956	18,866,818	18,869,157	128,617
Total assets	<u>\$ 6,848,004</u>	<u>\$ 72,833,526</u>	<u>\$ 72,359,549</u>	<u>\$ 7,321,981</u>
LIABILITIES:				
Other liabilities	<u>\$ 6,848,004</u>	<u>\$ 72,833,526</u>	<u>\$ 72,359,549</u>	<u>\$ 7,321,981</u>
 <u>David Smith, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 1,890,925</u>	<u>\$ 721,094</u>	<u>\$ 655,789</u>	<u>\$ 1,956,230</u>
LIABILITIES:				
Funds held in custody for others	\$ 1,665,619	\$ 171,173	\$ 104,023	\$ 1,732,769
Other liabilities	225,306	549,921	551,766	223,461
Total liabilities	<u>\$ 1,890,925</u>	<u>\$ 721,094</u>	<u>\$ 655,789</u>	<u>\$ 1,956,230</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ 787,657	\$ 43,968,217	\$ 42,296,744	\$ 2,459,130
Accrued interest receivable	1,126	11,371	10,440	2,057
Due from other funds of the primary government	537,784	1,721,804	537,785	1,721,803
Total assets	<u>\$ 1,326,567</u>	<u>\$ 45,701,392</u>	<u>\$ 42,844,969</u>	<u>\$ 4,182,990</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 1,326,567</u>	<u>\$ 45,701,392</u>	<u>\$ 42,844,969</u>	<u>\$ 4,182,990</u>
 <u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 426,178</u>	<u>\$ 2,001,798</u>	<u>\$ 2,345,898</u>	<u>\$ 82,078</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 426,178</u>	<u>\$ 2,001,798</u>	<u>\$ 2,345,898</u>	<u>\$ 82,078</u>
 <u>Planning Performance Bonds</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 1,387,692</u>	<u>\$ 475,417</u>	<u>\$ 204,439</u>	<u>\$ 1,658,670</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 1,387,692</u>	<u>\$ 475,417</u>	<u>\$ 204,439</u>	<u>\$ 1,658,670</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, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 60,848,451	\$ 350,591,571	\$ 352,897,606	\$ 58,542,416
Investments:				
Mortgages and real estate	1,291,100	-	-	1,291,100
Mutual funds	18,158	1,356	931	18,583
Accrued interest receivable	1,126	11,371	10,440	2,057
Due from other funds of the primary government	537,784	1,721,804	537,785	1,721,803
Other assets	130,956	18,866,818	18,869,157	128,617
Total assets	<u>\$ 62,827,575</u>	<u>\$ 371,192,920</u>	<u>\$ 372,315,919</u>	<u>\$ 61,704,576</u>
LIABILITIES:				
Funds held in custody for others	\$ 45,066,636	\$ 102,804,839	\$ 105,752,516	\$ 42,118,959
Other liabilities	17,760,939	268,388,081	266,563,403	19,585,617
Total liabilities	<u>\$ 62,827,575</u>	<u>\$ 371,192,920</u>	<u>\$ 372,315,919</u>	<u>\$ 61,704,576</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, 2018

ASSETS:

Cash and cash equivalents	\$ 24,359,611
Investments	2,461,643
Accounts receivable	3,627,892
Accrued interest receivable	22,946
Notes receivable	29,157,197
Due from the primary government	763,794
	<hr/>
Total assets	<u>\$ 60,393,083</u>

LIABILITIES:

Accounts payable	\$ 3,552,462
Accrued payroll	10,652
Due to the primary government	200
	<hr/>
Total liabilities	<u>3,563,314</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	4,943
Restricted for debt service	14,533,110
Unassigned	14,291,716
	<hr/>
Total fund balances	<u>28,829,769</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 60,393,083</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, 2018

Fund balances	\$	28,829,769
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.		
		378,580,214
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		(128,785,000)
Line of credit		(18,465,498)
Less deferred charge on refunding		2,691,089
Add net bond premium/discount		(3,540,957)
Accrued interest payable		(2,978,280)
Compensated absences		(12,764)
		(145,066,306)
Net position	\$	256,318,573

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, 2018

REVENUES:	
Local option sales tax	\$ 3,977,193
Other taxes, licenses and permits	3,022,140
Revenues from the use of money or property	1,504,013
Revenues from other governmental agencies	32,835,610
Charges for current services	6,267,146
Compensation for loss, sale or damage to property	1,857,008
	<hr/>
Total revenues	49,463,110
EXPENDITURES:	
Personal services	274,195
Contractual services	24,716,772
Supplies and materials	12,760
Other costs	666,879
Capital outlay	1,951,436
Debt service:	
Principal retirement	10,812,046
Interest	6,924,199
	<hr/>
Total expenditures	45,358,287
Excess (deficiency) of revenues over expenditures	4,104,823
OTHER FINANCING SOURCES (USES):	
Issuance of new debt	165,547
	<hr/>
Total other financing sources (uses)	165,547
Net change in fund balances	4,270,370
FUND BALANCES, beginning of year	24,559,399
	<hr/>
FUND BALANCES, end of year	\$ 28,829,769
	<hr/> <hr/>

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, 2018

Net change in fund balances	\$	4,270,370
<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		1,951,436
Depreciation expense		(17,003,370)
<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		(165,547)
Principal repayments		10,812,046
Amortization of deferred charge on refunding		(378,476)
Amortization of premium/discount		363,031
Change in accrued interest		233,194
<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>		(3,608)
Change in net position	\$	79,076

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, 2018

ASSETS:	
Cash and cash equivalents	\$ 640,043
Accrued interest receivable	<u>869</u>
Total assets	<u>\$ 640,912</u>
LIABILITIES:	
Accounts payable	<u>\$ 7,688</u>
Total liabilities	<u>7,688</u>
FUND BALANCES:	
Unassigned	<u>633,224</u>
Total fund balances	<u>633,224</u>
Total liabilities and fund balances	<u>\$ 640,912</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, 2018

REVENUES:	
Revenue from the use of money or property	\$ 6,319
Revenue from other governmental agencies	4,107,006
Charges for current services	<u>750</u>
Total revenues	<u>4,114,075</u>
EXPENDITURES:	
Contractual services	428
Supplies and materials	219
Other costs	<u>4,107,006</u>
Total expenditures	<u>4,107,653</u>
Net change in fund balances	6,422
FUND BALANCES, beginning of year	<u>626,802</u>
FUND BALANCES, end of year	<u><u>\$ 633,224</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, 2018

	General Services District	Urban Services District	Total General Fund
ASSETS:			
Cash and cash equivalents	\$ 59,548,010	\$ 11,343,840	\$ 70,891,850
Sales tax receivable	24,163,322	-	24,163,322
Accounts receivable	52,805,213	6,309,197	59,114,410
Accrued interest receivable	50,720	13,649	64,369
Property taxes receivable	423,346,990	95,448,866	518,795,856
Allowance for doubtful accounts	(11,076,209)	(979,419)	(12,055,628)
Due from other funds of the primary government	5,925,450	532,090	6,457,540
Due from component units	7,500,000	-	7,500,000
Inventories of supplies	351,943	-	351,943
Other assets	578,624	-	578,624
	<u>563,194,063</u>	<u>112,668,223</u>	<u>675,862,286</u>
Total assets	<u>\$ 563,194,063</u>	<u>\$ 112,668,223</u>	<u>\$ 675,862,286</u>
LIABILITIES:			
Accounts payable	\$ 18,534,548	\$ 871,532	\$ 19,406,080
Accrued payroll	24,249,129	3,578,261	27,827,390
Due to other funds of the primary government	9,150,606	4,825,476	13,976,082
Due to component units	429,635	-	429,635
Other liabilities	5,741,870	-	5,741,870
	<u>58,105,788</u>	<u>9,275,269</u>	<u>67,381,057</u>
Total liabilities	<u>58,105,788</u>	<u>9,275,269</u>	<u>67,381,057</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	419,886,006	94,423,915	514,309,921
Unavailable revenue - other revenues	16,678,384	831,597	17,509,981
	<u>436,564,390</u>	<u>95,255,512</u>	<u>531,819,902</u>
Total deferred inflow of resources	<u>436,564,390</u>	<u>95,255,512</u>	<u>531,819,902</u>
FUND BALANCES:			
Nonspendable	842,106	-	842,106
Assigned for subsequent year budgetary appropriations	8,350,000	500,000	8,850,000
Assigned for specific projects	7,039,900	1,049,700	8,089,600
Unassigned	52,291,879	6,587,742	58,879,621
	<u>68,523,885</u>	<u>8,137,442</u>	<u>76,661,327</u>
Total fund balances	<u>68,523,885</u>	<u>8,137,442</u>	<u>76,661,327</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 563,194,063</u>	<u>\$ 112,668,223</u>	<u>\$ 675,862,286</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, 2018

	General Services District	Urban Services District	Total General Fund
REVENUES:			
Property taxes	\$ 432,476,740	\$ 106,866,729	\$ 539,343,469
Local option sales tax	133,884,975	-	133,884,975
Other taxes, licenses and permits	139,025,206	16,800,859	155,826,065
Fines, forfeits and penalties	9,311,162	-	9,311,162
Revenues from the use of money or property	971,572	3,922	975,494
Revenues from other governmental agencies	110,256,591	1,893,600	112,150,191
Commissions and fees	17,257,045	-	17,257,045
Charges for current services	40,807,084	310,256	41,117,340
Compensation for loss, sale or damage to property	903,657	-	903,657
Contributions and gifts	562,551	-	562,551
Miscellaneous	3,023,042	-	3,023,042
Total revenues	<u>888,479,625</u>	<u>125,875,366</u>	<u>1,014,354,991</u>
EXPENDITURES:			
General government	50,846,174	-	50,846,174
Fiscal administration	23,703,880	-	23,703,880
Administration of justice	64,444,333	-	64,444,333
Law enforcement and care of prisoners	284,014,877	-	284,014,877
Fire prevention and control	56,959,068	74,880,557	131,839,625
Regulation and inspection	10,156,818	-	10,156,818
Conservation of natural resources	407,900	-	407,900
Public welfare	6,709,667	-	6,709,667
Public health and hospitals	69,697,474	-	69,697,474
Public library system	30,793,711	-	30,793,711
Public works, highways and streets	24,905,860	9,453,294	34,359,154
Recreational and cultural	42,296,855	-	42,296,855
Retiree benefits	67,379,078	20,200,809	87,579,887
Miscellaneous	113,036,283	3,339,929	116,376,212
Total expenditures	<u>845,351,978</u>	<u>107,874,589</u>	<u>953,226,567</u>
Excess of revenues over expenditures	<u>43,127,647</u>	<u>18,000,777</u>	<u>61,128,424</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	26,219,860	-	26,219,860
Transfers out	(101,257,183)	(16,126,300)	(117,383,483)
Total other financing sources (uses)	<u>(75,037,323)</u>	<u>(16,126,300)</u>	<u>(91,163,623)</u>
Net change in fund balances	(31,909,676)	1,874,477	(30,035,199)
FUND BALANCES, beginning of year	<u>100,433,561</u>	<u>6,262,965</u>	<u>106,696,526</u>
FUND BALANCES, end of year	<u>\$ 68,523,885</u>	<u>\$ 8,137,442</u>	<u>\$ 76,661,327</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, 2018

	General Services District			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Property taxes	\$ 445,213,000	\$ 445,213,000	\$ 432,476,740	\$ (12,736,260)
Local option sales tax	136,381,000	136,381,000	133,884,975	(2,496,025)
Other taxes, licenses and permits	143,899,600	143,899,600	139,025,206	(4,874,394)
Fines, forfeits and penalties	8,940,500	8,940,500	9,311,162	370,662
Revenues from the use of money or property	-	-	971,572	971,572
Revenues from other governmental agencies	111,564,900	112,006,500	110,256,591	(1,749,909)
Commissions and fees	15,171,900	15,171,900	17,257,045	2,085,145
Charges for current services	35,180,800	36,880,800	40,807,084	3,926,284
Compensation for loss, sale or damage to property	6,225,600	6,225,600	903,657	(5,321,943)
Contributions and gifts	-	-	562,551	562,551
Miscellaneous	538,400	538,400	3,023,042	2,484,642
Total revenues	<u>903,115,700</u>	<u>905,257,300</u>	<u>888,479,625</u>	<u>(16,777,675)</u>
EXPENDITURES:				
General government	53,284,200	54,042,400	50,846,174	3,196,226
Fiscal administration	25,546,900	26,368,400	23,703,880	2,664,520
Administration of justice	65,034,300	66,576,500	64,444,333	2,132,167
Law enforcement and care of prisoners	278,069,600	287,140,600	284,014,877	3,125,723
Fire prevention and control	54,598,200	56,960,300	56,959,068	1,232
Regulation and inspection	11,199,900	11,302,200	10,156,818	1,145,382
Conservation of natural resources	429,500	437,400	407,900	29,500
Public welfare	7,574,900	7,010,300	6,709,667	300,633
Public health and hospitals	57,120,700	74,692,400	69,697,474	4,994,926
Public library system	30,408,900	31,040,700	30,793,711	246,989
Public works, highways and streets	25,884,600	26,371,700	24,905,860	1,465,840
Recreational and cultural	43,697,600	44,178,200	42,296,855	1,881,345
Retiree benefits	65,599,700	65,599,700	67,379,078	(1,779,378)
Miscellaneous	138,928,000	123,412,100	113,036,283	10,375,817
Total expenditures	<u>857,377,000</u>	<u>875,132,900</u>	<u>845,351,978</u>	<u>29,780,922</u>
Excess (deficiency) of revenues over expenditures	<u>45,738,700</u>	<u>30,124,400</u>	<u>43,127,647</u>	<u>13,003,247</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	24,829,500	24,387,900	26,219,860	1,831,960
Transfers out	(120,377,500)	(124,191,600)	(101,257,183)	22,934,417
Total other financing sources (uses)	<u>(95,548,000)</u>	<u>(99,803,700)</u>	<u>(75,037,323)</u>	<u>24,766,377</u>
Net change in fund balances	(49,809,300)	(69,679,300)	(31,909,676)	37,769,624
FUND BALANCES, beginning of year	<u>100,433,561</u>	<u>100,433,561</u>	<u>100,433,561</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 50,624,261</u>	<u>\$ 30,754,261</u>	<u>\$ 68,523,885</u>	<u>\$ 37,769,624</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, 2018

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		
\$ 108,701,000	\$ 108,701,000	\$ 106,866,729	\$ (1,834,271)	\$ 553,914,000	\$ 553,914,000	\$ 539,343,469	\$ (14,570,531)
-	-	-	-	136,381,000	136,381,000	133,884,975	(2,496,025)
10,689,100	10,689,100	16,800,859	6,111,759	154,588,700	154,588,700	155,826,065	1,237,365
-	-	-	-	8,940,500	8,940,500	9,311,162	370,662
-	-	3,922	3,922	-	-	975,494	975,494
1,864,800	1,864,800	1,893,600	28,800	113,429,700	113,871,300	112,150,191	(1,721,109)
-	-	-	-	15,171,900	15,171,900	17,257,045	2,085,145
2,676,000	2,676,000	310,256	(2,365,744)	37,856,800	39,556,800	41,117,340	1,560,540
100,000	100,000	-	(100,000)	6,325,600	6,325,600	903,657	(5,421,943)
-	-	-	-	-	-	562,551	562,551
-	-	-	-	538,400	538,400	3,023,042	2,484,642
<u>124,030,900</u>	<u>124,030,900</u>	<u>125,875,366</u>	<u>1,844,466</u>	<u>1,027,146,600</u>	<u>1,029,288,200</u>	<u>1,014,354,991</u>	<u>(14,933,209)</u>
-	-	-	-	53,284,200	54,042,400	50,846,174	3,196,226
-	-	-	-	25,546,900	26,368,400	23,703,880	2,664,520
-	-	-	-	65,034,300	66,576,500	64,444,333	2,132,167
-	-	-	-	278,069,600	287,140,600	284,014,877	3,125,723
71,170,700	74,889,100	74,880,557	8,543	125,768,900	131,849,400	131,839,625	9,775
-	-	-	-	11,199,900	11,302,200	10,156,818	1,145,382
-	-	-	-	429,500	437,400	407,900	29,500
-	-	-	-	7,574,900	7,010,300	6,709,667	300,633
-	-	-	-	57,120,700	74,692,400	69,697,474	4,994,926
-	-	-	-	30,408,900	31,040,700	30,793,711	246,989
10,116,200	10,153,400	9,453,294	700,106	36,000,800	36,525,100	34,359,154	2,165,946
-	-	-	-	43,697,600	44,178,200	42,296,855	1,881,345
20,451,200	20,451,200	20,200,809	250,391	86,050,900	86,050,900	87,579,887	(1,528,987)
6,334,300	3,937,200	3,339,929	597,271	145,262,300	127,349,300	116,376,212	10,973,088
<u>108,072,400</u>	<u>109,430,900</u>	<u>107,874,589</u>	<u>1,556,311</u>	<u>965,449,400</u>	<u>984,563,800</u>	<u>953,226,567</u>	<u>31,337,233</u>
15,958,500	14,600,000	18,000,777	3,400,777	61,697,200	44,724,400	61,128,424	16,404,024
-	-	-	-	24,829,500	24,387,900	26,219,860	1,831,960
(15,958,500)	(16,126,300)	(16,126,300)	-	(136,336,000)	(140,317,900)	(117,383,483)	22,934,417
<u>(15,958,500)</u>	<u>(16,126,300)</u>	<u>(16,126,300)</u>	<u>-</u>	<u>(111,506,500)</u>	<u>(115,930,000)</u>	<u>(91,163,623)</u>	<u>24,766,377</u>
-	(1,526,300)	1,874,477	3,400,777	(49,809,300)	(71,205,600)	(30,035,199)	41,170,401
6,262,965	6,262,965	6,262,965	-	106,696,526	106,696,526	106,696,526	-
<u>\$ 6,262,965</u>	<u>\$ 4,736,665</u>	<u>\$ 8,137,442</u>	<u>\$ 3,400,777</u>	<u>\$ 56,887,226</u>	<u>\$ 35,490,926</u>	<u>\$ 76,661,327</u>	<u>\$ 41,170,401</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Legislative (Office of Clerk and Council)	\$ 3,078,400	\$ 3,127,900	\$ 2,859,910	\$ 267,990
Executive (Office of the Mayor)	4,218,800	4,350,600	4,137,589	213,011
Office of Emergency Management	769,700	604,400	565,052	39,348
Election Commission	2,784,900	2,861,000	2,671,746	189,254
Department of Law	6,005,300	6,195,500	6,084,986	110,514
Planning Commission	4,919,200	5,089,500	4,956,044	133,456
Human Resources	5,278,300	5,442,200	5,122,329	319,871
County Register of Deeds	263,500	266,000	257,402	8,598
General Services	24,396,200	24,497,400	22,655,994	1,841,406
Historical Commission	1,082,600	1,112,700	1,067,214	45,486
Community Education Commission	487,300	495,200	467,908	27,292
Total General Government	53,284,200	54,042,400	50,846,174	3,196,226
<u>FISCAL ADMINISTRATION:</u>				
Department of Finance	9,388,500	9,713,300	8,991,707	721,593
Assessor of Property	7,784,600	7,968,300	7,020,609	947,691
Metropolitan Trustee	2,391,600	2,440,700	2,204,673	236,027
County Clerk	4,474,500	4,700,400	4,205,556	494,844
Internal Audit	1,507,700	1,545,700	1,281,335	264,365
Total Fiscal Administration	25,546,900	26,368,400	23,703,880	2,664,520
<u>ADMINISTRATION OF JUSTICE:</u>				
District Attorney	7,020,700	7,312,900	7,311,556	1,344
Public Defender	8,327,900	8,560,800	8,171,472	389,328
Juvenile Court Clerk	1,770,600	1,823,300	1,762,677	60,623
Circuit Court Clerk	3,327,700	3,390,900	3,051,483	339,417
Criminal Court Clerk	5,950,300	6,223,700	5,909,078	314,622
Clerk and Master	1,536,500	1,590,700	1,383,906	206,794
Juvenile Court	12,352,800	12,163,600	12,159,213	4,387
General Sessions Court	11,655,600	11,980,700	11,791,978	188,722
State Trial Courts	8,647,800	8,925,500	8,599,060	326,440
Justice Information System	2,710,000	2,779,500	2,665,265	114,235
Criminal Justice Planning	514,800	530,500	524,403	6,097
Office of Family Safety	1,219,600	1,294,400	1,114,242	180,158
Total Administration of Justice	65,034,300	66,576,500	64,444,333	2,132,167
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>				
Sheriff	70,424,000	73,441,600	73,441,042	558
Police Department	192,716,600	198,389,300	195,928,602	2,460,698
Emergency Communication Center	14,929,000	15,309,700	14,645,233	664,467
Total Law Enforcement and Care of Prisoners	278,069,600	287,140,600	284,014,877	3,125,723

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 54,598,200	\$ 56,960,300	\$ 56,959,068	\$ 1,232
 <u>REGULATION AND INSPECTION:</u>				
Department of Codes Administration	10,783,000	10,873,700	9,729,059	1,144,641
Beer Board	416,900	428,500	427,759	741
Total Regulation and Inspection	11,199,900	11,302,200	10,156,818	1,145,382
 <u>CONSERVATION OF NATURAL RESOURCES:</u>				
Agricultural Extension Service	329,700	334,800	312,433	22,367
Soil and Water Conservation	99,800	102,600	95,467	7,133
Total Conservation of Natural Resources	429,500	437,400	407,900	29,500
 <u>PUBLIC WELFARE:</u>				
Social Services Commission	7,083,000	6,505,100	6,212,473	292,627
Human Relations Commission	491,900	505,200	497,194	8,006
Total Public Welfare	7,574,900	7,010,300	6,709,667	300,633
 <u>PUBLIC HEALTH AND HOSPITALS:</u>				
Board of Health	22,120,700	22,551,400	21,556,474	994,926
Hospital Authority	35,000,000	52,141,000	48,141,000	4,000,000
Total Public Health and Hospitals	57,120,700	74,692,400	69,697,474	4,994,926
 <u>PUBLIC LIBRARY SYSTEM:</u>				
Public Library	30,408,900	31,040,700	30,793,711	246,989
 <u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	25,884,600	26,371,700	24,905,860	1,465,840
 <u>RECREATIONAL AND CULTURAL:</u>				
Parks and Recreation	39,208,800	39,666,800	37,848,062	1,818,738
Arts Commission	3,629,700	3,652,300	3,589,693	62,607
Sports Authority	859,100	859,100	859,100	-
Total Recreational and Cultural	43,697,600	44,178,200	42,296,855	1,881,345

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>RETIREE BENEFITS:</u>				
Contribution to Closed Pension Plans	\$ 10,402,300	\$ 10,402,300	\$ 10,402,300	\$ -
Employer's Contribution for Group Health Insurance	52,082,800	52,082,800	53,823,189	(1,740,389)
Unemployment Compensation	200,000	200,000	69,554	130,446
Employer's Contribution for Group Life Insurance	2,914,600	2,914,600	3,084,035	(169,435)
Total Employee Benefits	65,599,700	65,599,700	67,379,078	(1,779,378)
<u>MISCELLANEOUS:</u>				
Contributions and Community Support	31,443,700	32,758,200	29,506,960	3,251,240
Subsidies	48,635,900	48,635,900	48,635,900	-
Administration and Internal Support	58,848,400	42,018,000	34,893,423	7,124,577
Total Miscellaneous	138,928,000	123,412,100	113,036,283	10,375,817
Total Expenditures	\$ 857,377,000	\$ 875,132,900	\$ 845,351,978	\$ 29,780,922
<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	14,453,300	14,453,300	16,212,060	1,758,760
District Energy System	4,600	4,600	4,600	-
Water and Sewerage Services	5,789,600	5,789,600	5,862,800	73,200
Nonmajor Enterprise Funds	1,946,000	1,504,400	1,504,400	-
Internal Service Funds	1,933,000	1,933,000	1,933,000	-
Total Transfers In	24,829,500	24,387,900	26,219,860	1,831,960
<u>TRANSFERS OUT:</u>				
GSD General Purpose Debt Service Fund	(51,439,800)	(51,761,100)	(40,335,000)	11,426,100
Nonmajor Governmental Funds	(53,358,800)	(56,770,700)	(55,428,979)	1,341,721
District Energy System	(1,690,300)	(1,690,300)	(1,690,300)	-
Internal Service Funds	(13,888,600)	(13,904,500)	(3,646,384)	10,258,116
Fiduciary Funds	-	(65,000)	(156,520)	(91,520)
Total Transfers Out	(120,377,500)	(124,191,600)	(101,257,183)	22,934,417
Total Other Financing Sources (Uses)	\$ (95,548,000)	\$ (99,803,700)	\$ (75,037,323)	\$ 24,766,377

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 71,170,700	\$ 74,889,100	\$ 74,880,557	\$ 8,543
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	10,116,200	10,153,400	9,453,294	700,106
<u>RETIREE BENEFITS:</u>				
Contribution to Closed Pension Plans	18,890,100	18,890,100	18,890,100	-
Employer's Contribution for Group Health Insurance	1,500,200	1,500,200	1,262,948	237,252
Employer's Contribution for Group Life Insurance	60,900	60,900	47,761	13,139
Total Employee Benefits	20,451,200	20,451,200	20,200,809	250,391
<u>MISCELLANEOUS:</u>				
Administration and Internal Support	6,334,300	3,937,200	3,339,929	597,271
Total Miscellaneous	6,334,300	3,937,200	3,339,929	597,271
Total Expenditures	\$ 108,072,400	\$ 109,430,900	\$ 107,874,589	\$ 1,556,311
<u>TRANSFERS OUT:</u>				
GSD General Fund	\$ (481,000)	\$ (481,000)	\$ (481,000)	\$ -
Nonmajor Governmental Funds	(14,327,000)	(14,494,800)	(14,494,800)	-
Internal Service Funds	(1,150,500)	(1,150,500)	(1,150,500)	-
Total Transfers Out	(15,958,500)	(16,126,300)	(16,126,300)	-
Total Other Financing Sources (Uses)	\$ (15,958,500)	\$ (16,126,300)	\$ (16,126,300)	\$ -

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2018

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2017 Realty	\$ 1,159,075	\$ 1,005,682	\$ 479,656	\$ 368,998	\$ 110,254	\$ 46,774
2017 Personalty	1,192,947	1,050,196	501,883	384,632	114,925	48,756
2017 Public Utility	77,041	66,308	31,590	24,354	7,277	3,087
Total 2017 Property Taxes	2,429,063	2,122,186	1,013,129	777,984	232,456	98,617
2016 Realty	179,658	159,770	76,346	58,508	17,478	7,438
2016 Personalty	916,418	806,659	384,889	295,803	88,365	37,602
2016 Public Utility	61,014	52,222	24,814	19,222	5,742	2,444
Total 2016 Property Taxes	1,157,090	1,018,651	486,049	373,533	111,585	47,484
2015 & Prior - Realty	951,913	873,853	426,309	309,439	97,689	40,416
2015 & Prior - Personalty	5,493,988	4,832,474	2,379,198	1,678,025	556,756	218,495
2015 & Prior - Public Utility	608,358	521,026	256,422	179,586	60,120	24,898
Total 2015 & Prior Property Taxes	7,054,259	6,227,353	3,061,929	2,167,050	714,565	283,809
Total Delinquent Property Taxes Receivable *	\$ 10,640,412	\$ 9,368,190	\$ 4,561,107	\$ 3,318,567	\$ 1,058,606	\$ 429,910

* Excludes 2018 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, 2018

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 153,393	\$ 130,895	\$ 22,498
142,751	121,814	20,937
10,733	9,159	1,574
306,877	261,868	45,009
19,888	16,573	3,315
109,759	91,466	18,293
8,792	7,327	1,465
138,439	115,366	23,073
78,060	65,560	12,500
661,514	557,000	104,514
87,332	74,402	12,930
826,906	696,962	129,944
\$ 1,272,222	\$ 1,074,196	\$ 198,026

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2018

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2017	\$ 1,005,682	\$ 1,050,196	\$ 66,308	\$ 2,122,186
	2016	159,770	806,659	52,222	1,018,651
	2015	51,317	770,850	39,671	861,838
	2014	473,504	609,751	46,360	1,129,615
	2013	35,107	449,429	7,907	492,443
	2012	56,030	243,290	109,134	408,454
	2011	59,119	294,877	50,195	404,191
	2010	29,974	348,776	8,526	387,276
	2009	35,578	483,518	28,173	547,269
	2008	25,658	667,698	26,808	720,164
	2007	<u>107,566</u>	<u>964,285</u>	<u>204,254</u>	<u>1,276,105</u>
Total General Services District		<u>2,039,305</u>	<u>6,689,329</u>	<u>639,558</u>	<u>9,368,192</u>
Urban Services District	2017	153,393	142,751	10,733	306,877
	2016	19,888	109,759	8,792	138,439
	2015	8,222	110,891	6,923	126,036
	2014	33,175	78,779	6,561	118,515
	2013	4,121	59,431	1,191	64,743
	2012	2,707	29,321	19,270	51,298
	2011	3,703	43,484	9,168	56,355
	2010	4,474	43,544	1,368	49,386
	2009	5,928	63,211	4,122	73,261
	2008	3,044	93,916	3,284	100,244
	2007	<u>12,684</u>	<u>138,937</u>	<u>35,445</u>	<u>187,066</u>
Total Urban Services District		<u>251,339</u>	<u>914,024</u>	<u>106,857</u>	<u>1,272,220</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 2,290,644</u>	<u>\$ 7,603,353</u>	<u>\$ 746,415</u>	<u>\$ 10,640,412</u>

* Excludes 2018 Property Tax Levy

See accompanying auditors' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE

June 30, 2018

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
<u>For General Purposes:</u>		
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
GSD G.O. Improvement Bonds (QECCB), Series 2012	3.367	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.00	July 30, 2015
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	June 1, 2016
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
GSD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.00	July 30, 2015
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	June 1, 2016
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2018

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2018</u>	<u>Interest to Maturity as of June 30, 2018</u>
July 1, 2026	\$ 159,008,728	\$ 78,589,247	\$ 11,393,944
July 1, 2034	138,046,756	138,046,756	101,870,317
July 1, 2024	144,150,016	83,088,112	12,114,334
July 1, 2023	49,712,377	38,214,465	5,628,519
July 1, 2025	154,956,701	138,305,217	26,494,641
Aug. 1, 2027	6,440,000	6,440,000	2,059,931
July 1, 2024	67,480,283	45,793,027	4,981,033
July 1, 2027	138,755,487	130,019,857	43,799,094
Jan. 1, 2033	253,070,885	38,396,473	6,981,883
July 1, 2026	33,884,829	33,884,829	9,655,304
July 1, 2029	72,314,470	68,465,070	8,811,103
July 1, 2034	240,454,031	231,929,576	107,142,151
Jan. 1, 2033	231,949,343	227,356,821	109,074,615
July 1, 2036	280,675,679	280,675,679	127,875,975
	<u>1,970,899,585</u>	<u>1,539,205,129</u>	<u>577,882,844</u>
July 1, 2026	114,567,598	55,813,450	7,766,182
July 1, 2034	70,516,649	70,516,649	52,037,101
July 1, 2024	120,126,326	69,240,856	10,095,388
July 1, 2023	32,574,740	23,082,652	3,467,591
July 1, 2025	53,280,200	47,554,769	9,109,900
July 1, 2024	62,161,564	42,183,669	4,588,434
July 1, 2027	82,814,365	77,600,621	26,140,907
Jan. 1, 2033	84,932,213	12,886,103	2,343,165
July 1, 2026	22,804,914	22,804,914	6,498,140
July 1, 2029	30,240,838	28,631,076	3,684,672
July 1, 2034	97,563,777	94,104,995	43,472,729
Jan. 1, 2033	78,790,586	77,201,410	36,956,472
July 1, 2036	171,785,733	171,785,733	78,265,662
	<u>1,022,159,503</u>	<u>793,406,897</u>	<u>284,426,343</u>
	<u>\$ 2,993,059,088</u>	<u>\$ 2,332,612,026</u>	<u>\$ 862,309,187</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2018

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
USD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
USD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010
USD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
USD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
USD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
USD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
USD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015
USD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.00	July 30, 2015
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	June 1, 2016
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
Total General Obligation Bonds Payable (governmental activities)		
USD G.O. Improvement and Refunding Bonds, Series 2010A (1)	2.21 - 5.71	June 10, 2010
USD G.O. Refunding Bonds, Series 2010D (1)	1.50 - 5.00	Sept. 21, 2010
USD G.O. Refunding Bonds, Series 2011 (1)	2.00 - 5.00	Sept. 29, 2011
District Energy System Revenue Refunding Bonds, Series 2012A	2.00 - 5.00	Aug. 15, 2012
USD G.O. Refunding Bonds, Series 2012B (1)	.320 - 2.767	Aug. 15, 2012
USD G.O. Improvement Bonds, Series 2013A (1)	3.00 - 5.00	May 9, 2013
USD G.O. Improvement Bonds, Series 2015C (1)	4.00 - 5.00	July 30, 2015
USD G.O. Refunding Bonds, Series 2016 (1)	2.00 - 5.00	June 1, 2016
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
Total General Obligation Bonds Payable (business-type activities)		
Total General Obligation Bonds Payable - Urban Services District		
<u>REVENUE BONDS PAYABLE</u>		
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2008A	3.25 - 5.25	Feb. 15, 2008
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2010A	3.00 - 5.00	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Bonds Federally Taxable (BAB's), Series 2010B	6.393 - 6.568	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Bonds Federally Taxable, Series 2010C	6.693	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Refunding Bonds Federally Taxable, Series 2010D	4.255 - 4.791	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2012	1.00 - 5.00	Feb. 2, 2012
Dept. of Water and Sewerage Revenue Bonds, Series 2013	3.00 - 5.00	Apr. 25, 2013
Dept. of Water and Sewerage Revenue Bonds, Series 2017A (Green Bonds)	3.00 - 5.00	Nov. 2, 2017
Dept. of Water and Sewerage Revenue Bonds, Series 2017B	5.00	Nov. 2, 2017
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, 2018

Date of Final Maturity	Amount of Issue	Principal Amount Outstanding June 30, 2018	Interest to Maturity as of June 30, 2018
July 1, 2026	\$ 22,899,473	\$ 10,390,982	\$ 1,134,215
July 1, 2034	43,441,595	43,441,595	32,057,319
July 1, 2024	25,925,413	14,943,417	2,178,765
July 1, 2023	6,688,796	6,688,796	983,878
July 1, 2025	18,873,099	16,845,014	3,226,940
July 1, 2024	7,471,610	5,070,334	551,514
July 1, 2027	23,915,148	22,409,522	7,548,977
Jan. 1, 2033	30,135,613	4,572,241	831,401
July 1, 2026	3,040,257	3,040,257	866,307
July 1, 2029	1,424,692	1,348,854	173,591
July 1, 2034	8,531,298	8,228,851	3,801,399
Jan. 1, 2033	27,571,610	27,026,662	12,969,558
July 1, 2036	2,538,666	2,538,666	1,156,617
	<u>222,457,270</u>	<u>166,545,191</u>	<u>67,480,481</u>
July 1, 2034	274,201	176,321	5,870
July 1, 2024	1,158,245	667,615	97,338
July 1, 2023	504,087	504,087	122,511
Oct. 1, 2033	47,450,000	39,590,000	15,661,575
July 1, 2024	3,231,543	2,192,970	238,535
Jan. 1, 2033	6,526,289	990,183	180,051
July 1, 2034	685,894	661,578	305,623
Jan. 1, 2033	5,663,461	5,565,107	2,702,055
July 1, 2036	539,922	539,922	245,989
	<u>66,033,642</u>	<u>50,887,783</u>	<u>19,559,547</u>
	<u>\$ 288,490,912</u>	<u>\$ 217,432,974</u>	<u>\$ 87,040,028</u>
Jan. 1, 2022	\$ 122,530,000	\$ 27,905,000	\$ 2,214,450
July 1, 2027	104,050,000	76,530,000	18,494,675
July 1, 2037	135,000,000	135,000,000	130,647,588
July 1, 2041	75,000,000	75,000,000	109,754,157
July 1, 2018	7,610,000	990,000	23,715
July 1, 2023	129,625,000	94,380,000	11,900,000
July 1, 2033	237,930,000	237,930,000	187,016,075
July 1, 2046	89,420,000	89,420,000	82,571,822
July 1, 2046	155,210,000	155,210,000	145,404,500
	<u>\$ 1,056,375,000</u>	<u>\$ 892,365,000</u>	<u>\$ 688,026,982</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, 2018

Year Ending June 30	General Services District - General Obligation Bonds		
	Total General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 140,082,427	\$ 103,556,169	\$ 243,638,596
2020	147,975,948	97,775,083	245,751,031
2021	154,408,261	91,308,013	245,716,274
2022	157,655,584	84,062,207	241,717,791
2023	166,034,103	76,560,016	242,594,119
2024	175,443,514	69,072,682	244,516,196
2025	175,333,060	61,376,552	236,709,612
2026	157,739,944	53,719,884	211,459,828
2027	142,092,615	46,503,492	188,596,107
2028	139,727,960	39,675,457	179,403,417
2029	101,498,203	34,002,947	135,501,150
2030	105,288,405	29,753,869	135,042,274
2031	105,716,683	24,777,316	130,493,999
2032	110,358,456	19,649,821	130,008,277
2033	115,212,390	14,291,500	129,503,890
2034	83,598,584	8,758,827	92,357,411
2035	87,069,323	4,743,371	91,812,694
2036	33,015,361	2,034,756	35,050,117
2037	34,361,205	687,225	35,048,430
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
	<u>\$ 2,332,612,026</u>	<u>\$ 862,309,187</u>	<u>\$ 3,194,921,213</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, 2018

General Services District - General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 84,467,213	68,725,676	\$ 153,192,889	\$ 55,615,214	34,830,493	\$ 90,445,707
95,882,838	65,110,887	160,993,725	52,093,110	32,664,196	84,757,306
100,243,882	60,921,727	161,165,609	54,164,379	30,386,286	84,550,665
101,860,076	56,215,826	158,075,902	55,795,508	27,846,381	83,641,889
111,169,703	51,277,489	162,447,192	54,864,400	25,282,527	80,146,927
111,902,991	46,365,781	158,268,772	63,540,523	22,706,901	86,247,424
113,582,557	41,358,945	154,941,502	61,750,503	20,017,607	81,768,110
104,064,797	36,321,333	140,386,130	53,675,147	17,398,551	71,073,698
94,500,103	31,544,707	126,044,810	47,592,512	14,958,785	62,551,297
96,252,129	26,952,017	123,204,146	43,475,831	12,723,440	56,199,271
69,918,152	23,057,147	92,975,299	31,580,051	10,945,800	42,525,851
72,506,728	20,164,388	92,671,116	32,781,677	9,589,481	42,371,158
72,748,319	16,735,716	89,484,035	32,968,364	8,041,600	41,009,964
75,959,305	13,203,096	89,162,401	34,399,151	6,446,725	40,845,876
79,318,168	9,510,276	88,828,444	35,894,222	4,781,224	40,675,446
55,363,524	5,697,556	61,061,080	28,235,060	3,061,271	31,296,331
57,668,899	3,031,750	60,700,649	29,400,424	1,711,621	31,112,045
20,480,440	1,262,221	21,742,661	12,534,921	772,535	13,307,456
21,315,305	426,306	21,741,611	13,045,900	260,919	13,306,819
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,539,205,129</u>	<u>\$ 577,882,844</u>	<u>\$ 2,117,087,973</u>	<u>\$ 793,406,897</u>	<u>\$ 284,426,343</u>	<u>\$ 1,077,833,240</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Based on Bonded Debt as of June 30, 2018

Year Ending June 30	Urban Services District - General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 13,742,573	\$ 10,062,470	\$ 23,805,043
2020	12,159,052	9,530,512	21,689,564
2021	12,736,739	8,989,356	21,726,095
2022	12,934,416	8,366,924	21,301,340
2023	13,690,897	7,738,179	21,429,076
2024	15,381,486	7,105,822	22,487,308
2025	15,256,940	6,428,311	21,685,251
2026	13,840,056	5,739,198	19,579,254
2027	14,872,385	5,044,681	19,917,066
2028	14,487,040	4,324,640	18,811,680
2029	11,361,797	3,688,924	15,050,721
2030	11,766,595	3,190,265	14,956,860
2031	12,193,317	2,605,736	14,799,053
2032	12,696,544	1,997,586	14,694,130
2033	13,232,610	1,347,814	14,580,424
2034	9,841,416	655,623	10,497,039
2035	6,780,677	205,468	6,986,145
2036	224,639	13,844	238,483
2037	233,795	4,675	238,470
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
	<u>\$ 217,432,974</u>	<u>\$ 87,040,028</u>	<u>\$ 304,473,002</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, 2018

Year Ending June 30	Revenue Bonds		
	Department of Water and Sewerage Services		
	Principal	Interest	Total
2019	\$ 38,225,000	\$ 46,136,004	\$ 84,361,004
2020	39,120,000	44,225,115	83,345,115
2021	25,080,000	42,304,977	67,384,977
2022	29,955,000	40,984,827	70,939,827
2023	36,775,000	39,449,077	76,224,077
2024	27,475,000	37,987,378	65,462,378
2025	21,445,000	36,819,677	58,264,677
2026	22,490,000	35,756,878	58,246,878
2027	23,605,000	34,622,378	58,227,378
2028	24,780,000	33,375,526	58,155,526
2029	25,850,000	32,061,447	57,911,447
2030	26,995,000	30,657,731	57,652,731
2031	28,270,000	29,114,622	57,384,622
2032	29,605,000	27,488,762	57,093,762
2033	31,015,000	25,779,580	56,794,580
2034	32,490,000	23,989,844	56,479,844
2035	34,045,000	22,111,927	56,156,927
2036	35,670,000	20,145,338	55,815,338
2037	37,380,000	18,085,809	55,465,809
2038	39,165,000	15,925,580	55,090,580
2039	41,005,000	13,654,921	54,659,921
2040	42,875,000	11,274,966	54,149,966
2041	44,810,000	8,795,273	53,605,273
2042	46,765,000	6,285,776	53,050,776
2043	29,685,000	4,380,044	34,065,044
2044	31,035,000	3,028,900	34,063,900
2045	14,810,000	1,967,500	16,777,500
2046	15,575,000	1,207,875	16,782,875
2047	16,370,000	409,250	16,779,250
	<u>\$ 892,365,000</u>	<u>\$ 688,026,982</u>	<u>\$ 1,580,391,982</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, 2018 Through June 30, 2019

<u>SOURCE OF REVENUE:</u>	General Fund	Debt Service Fund	School Debt Service Fund	School Funds	Total
Property Taxes - Current Year	\$ 416,370,900	\$ 95,132,300	\$ 40,359,100	\$ 318,389,700	\$ 870,252,000
Property Taxes - Non Current Year	34,692,900	270,100	114,200	3,991,400	39,068,600
Local Option Sales Tax	141,331,000	2,618,200	61,103,300	233,058,200	438,110,700
Other Taxes, Licenses, and Permits	146,969,700	-	-	20,237,200	167,206,900
Fines, Forfeits, and Penalties	8,801,400	287,500	-	1,200	9,090,100
Revenues From Use of Money or Property	-	-	97,000	-	97,000
Other Agencies - Federal Direct	3,000	-	-	100,000	103,000
Other Agencies - Federal Through State	3,273,300	-	-	436,000	3,709,300
Other Agencies - Other Pass - Through	6,550,000	-	-	-	6,550,000
Other Agencies - State Direct	91,726,400	7,324,300	-	288,718,000	387,768,700
Other Agencies - Other Governments	17,019,300	-	-	10,000	17,029,300
Commissions and Fees	15,431,100	-	-	-	15,431,100
Charges for Current Services	40,484,900	-	-	1,380,000	41,864,900
Compensation from Property	11,364,200	15,000,000	-	14,728,000	41,092,200
Contributions and Gifts	-	-	-	600,000	600,000
Miscellaneous	544,100	4,843,400	-	150,000	5,537,500
Subtotal	<u>934,562,200</u>	<u>125,475,800</u>	<u>101,673,600</u>	<u>881,799,700</u>	<u>2,043,511,300</u>
Operating Transfers In	18,437,500	43,820,400	1,599,600	2,500,000	66,357,500
Non-Operating Transfers In	<u>8,524,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,524,300</u>
Subtotal	<u>26,961,800</u>	<u>43,820,400</u>	<u>1,599,600</u>	<u>2,500,000</u>	<u>74,881,800</u>
Appropriated Unreserved Fund Balances	<u>8,350,000</u>	<u>-</u>	<u>550,000</u>	<u>-</u>	<u>8,900,000</u>
Total Available for GSD Appropriations	<u>\$ 969,874,000</u>	<u>\$ 169,296,200</u>	<u>\$ 103,823,200</u>	<u>\$ 884,299,700</u>	<u>\$ 2,127,293,100</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2018-1184 for the 2018-2019 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, 2018 Through June 30, 2019

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>			
Property Taxes - Current Year	\$ 91,577,300	\$ 17,803,400	\$ 109,380,700
Property Taxes - Non Current Year	17,520,900	45,300	17,566,200
Other Taxes, Licenses, and Permits	11,327,700	-	11,327,700
Other Agencies - State Direct	1,863,200	-	1,863,200
Charges for Current Services	124,800	-	124,800
Compensation from Property	100,000	-	100,000
Operating Transfers In	-	1,808,600	1,808,600
	<u>122,513,900</u>	<u>19,657,300</u>	<u>142,171,200</u>
Subtotal			
Appropriated Unreserved Fund Balances	<u>500,000</u>	-	<u>500,000</u>
Total Available for USD Appropriations	<u>\$ 123,013,900</u>	<u>\$ 19,657,300</u>	<u>\$ 142,671,200</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2018-1184 for the 2018-2019 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, 2018 Through June 30, 2019

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 188,643,200	\$ 24,459,900	\$ -	\$ 213,103,100
Fiscal Administration	25,697,900	-	-	25,697,900
Administration of Justice	67,647,900	-	-	67,647,900
Law Enforcement and Care of Prisoners	272,930,500	481,000	481,000	272,930,500
Fire Prevention and Control	58,625,500	70,014,200	-	128,639,700
Regulation, Inspection, & Economic Development	44,788,600	2,898,100	-	47,686,700
Social Services	7,919,900	-	-	7,919,900
Health and Hospitals	93,042,400	-	-	93,042,400
Public Library System	31,240,700	-	-	31,240,700
Recreational, Cultural, Conservation & Community Support	62,092,500	350,000	-	62,442,500
Infrastructure and Transportation	83,175,100	24,810,700	-	107,985,800
Transfers	34,069,800	-	-	34,069,800
Total General Funds	969,874,000	123,013,900	481,000	1,092,406,900
<u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	273,119,400	19,657,300	-	292,776,700
<u>SCHOOL FUNDS</u> (See detail on succeeding pages)	884,299,700	-	-	884,299,700
Total Appropriations By District	2,127,293,100	142,671,200	481,000	2,269,483,300
<u>LESS INTERFUND TRANSFER:</u>				
GSD Operating to GSD Debt	(37,591,100)	-	-	(37,591,100)
Schools to GSD General	(192,000)	-	-	(192,000)
MNPS to MNPS Debt	(1,599,600)	-	-	(1,599,600)
Net Appropriation by District	\$ 2,087,910,400	\$ 142,671,200	\$ 481,000	\$ 2,230,100,600

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2018-1184 for the 2018-2019 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, 2018 Through June 30, 2019

	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
<u>SCHOOL DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 90,445,800	\$ -	\$ 90,445,800
Reserve for New Debt	4,425,000	-	4,425,000
Redemption, Cremation and Management Fees	-	645,100	645,100
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
Commercial Paper (Bonds Anticipation Loans)	2,234,700	-	2,234,700
	<u>\$ 97,105,500</u>	<u>\$ 6,717,700</u>	<u>\$ 103,823,200</u>
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 153,192,900	\$ -	\$ 153,192,900
Reserve for New Debt	7,230,000	-	7,230,000
Redemption, Cremation and Management Fees	-	1,036,800	1,036,800
Treasury Internal Service Fees	-	151,700	151,700
Commercial Paper (Bonds Anticipation Loans)	5,883,400	-	5,883,400
Swap Agreement	1,801,400	-	1,801,400
	<u>\$ 168,107,700</u>	<u>\$ 1,188,500</u>	<u>\$ 169,296,200</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2018-1184 for the 2018-2019 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, 2018 Through June 30, 2019

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:	\$ 23,805,100	\$ -	\$ 23,805,100
Outstanding G.O. USD Bonds	79,300	-	79,300
Redemption, Cremation and Management Fees	-	161,100	161,100
Treasury Internal Service Fees	-	26,000	26,000
Debt Service Paid Directly by DES	-	(4,562,700)	(4,562,700)
Commercial Paper (Bonds Anticipation Loans)	<u>148,500</u>	<u>-</u>	<u>148,500</u>
Total USD General Purposes Debt Service Fund	<u>\$ 24,032,900</u>	<u>\$ (4,375,600)</u>	<u>\$ 19,657,300</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2018-1184 for the 2018-2019 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, 2018 Through June 30, 2019

GENERAL PURPOSE SCHOOL FUND: (1)

General Purpose School Fund:

Operational	\$ 875,767,700
Property Tax Increment	<u>8,532,000</u>

Total General Purpose School Fund	<u><u>\$ 884,299,700</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 BL2018-1184 for the 2018-2019 fiscal year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2018

NAME OF OFFICIAL	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
David Briley	Mayor	\$ 180,000	\$ 50,000
Talia Lomax-O'dneal	Director of Finance	181,386	250,000
Tom Eddlemon	Treasurer	127,790	2,000,000
Michelle Lane	Purchasing Agent	123,830	- (1)
Phil Carr	Chief Accountant	119,952	- (1)
Shannon Hall	Human Resources Director	130,000	- (1)
Richard R. Rooker	Circuit Court Clerk	146,413	100,000
Richard R. Rooker	Probate Clerk	-	250,000
William B. Garrett, Jr.	Register of Deeds	133,830	150,000
Charles E. Cardwell	Trustee	133,830	14,000,000
Brenda P. Wynn	County Clerk	133,830	500,000
Howard C. Gentry, Jr.	Criminal Court Clerk	146,413	150,000
J. Daron Hall	Sheriff	161,854	100,000
Vivian M. Wilhoite	Assessor of Property	133,830	50,000
Maria Salas	Clerk & Master	133,830	50,000
David A. Smith	Juvenile Court Clerk	133,830	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	104,976	50,000
Chris Henson	MNPS Assistant Superintendent of Business, Facility and Services	185,000	1,000,000

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

See accompanying auditors' report.

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

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

	<u>Page Numbers</u>
FINANCIAL TRENDS	H - 2
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
REVENUE CAPACITY	H - 16
These schedules contain information to help the reader assess the Government's most significant local revenue source, the property tax.	
DEBT CAPACITY	H - 24
These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the Government's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	H - 32
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activities take place.	
OPERATING INFORMATION	H - 34
These schedules contain service and infrastructure data to help the reader understand how the information in the Government's financial report relates to the services the Government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 1,083,097	\$ 1,099,333	\$ 1,010,874	\$ 924,393
Restricted	22,917	31,994	42,860	31,771
Unrestricted	<u>(97,423)</u>	<u>(383,624)</u>	<u>(564,405)</u>	<u>(637,147)</u>
Total governmental activities net position	<u>1,008,591</u>	<u>747,703</u>	<u>489,329</u>	<u>319,017</u>
Business-type activities				
Net investment in capital assets	1,196,149	1,217,101	1,220,912	1,259,241
Restricted	22,587	21,481	46,256	49,700
Unrestricted	<u>14,840</u>	<u>26,925</u>	<u>38,908</u>	<u>32,057</u>
Total business-type activities net position	<u>1,233,576</u>	<u>1,265,507</u>	<u>1,306,076</u>	<u>1,340,998</u>
Primary government				
Net investment in capital assets	2,279,246	2,316,434	2,231,786	2,183,634
Restricted	45,504	53,475	89,116	81,471
Unrestricted	<u>(82,583)</u>	<u>(356,699)</u>	<u>(525,497)</u>	<u>(605,090)</u>
Total primary government net position	<u>\$ 2,242,167</u>	<u>\$ 2,013,210</u>	<u>\$ 1,795,405</u>	<u>\$ 1,660,015</u>

(1) In 2015, the Government implemented GASB Statement No. 68 which revised the reporting for its liability related to pensions. Amounts for prior years have not been restated.

(2) In 2018, the Government implemented GASB Statement No. 75 which revised the reporting for its liability related to other postemployment benefits. 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

2013	2014	2015 (1)	2016	2017	2018 (2)
\$ 857,598	\$ 955,256	\$ 905,271	\$ 817,836	\$ 758,016	\$ 706,897
35,802	39,551	41,647	43,203	56,345	57,970
(683,464)	(907,694)	(1,269,590)	(1,333,519)	(1,528,114)	(3,956,494)
209,936	87,113	(322,672)	(472,480)	(713,753)	(3,191,627)
1,236,765	1,232,187	1,236,872	1,227,147	1,191,252	1,172,712
56,720	64,253	55,270	66,837	87,141	100,070
27,268	37,930	41,747	36,937	27,516	47,575
1,320,753	1,334,370	1,333,889	1,330,921	1,305,909	1,320,357
2,094,363	2,187,443	2,142,143	2,044,983	1,949,268	1,879,609
92,522	103,804	96,917	110,040	143,486	158,040
(656,196)	(869,764)	(1,227,843)	(1,296,582)	(1,500,598)	(3,908,919)
\$ 1,530,689	\$ 1,421,483	\$ 1,011,217	\$ 858,441	\$ 592,156	\$ (1,871,270)

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

	2009	2010	2011	2012
Expenses				
Governmental activities				
General government	\$ 83,668	\$ 85,444	\$ 122,913	\$ 117,669
Fiscal administration	34,264	35,358	33,613	31,802
Administration of justice	85,723	89,601	87,374	89,564
Law enforcement and care of prisoners	304,917	321,175	322,782	335,162
Fire prevention and control	143,912	150,117	149,619	158,763
Regulation and inspection	9,910	10,170	10,248	11,717
Conservation of natural resources	491	471	445	439
Public welfare	51,362	60,159	59,386	56,504
Public health and hospitals	131,677	170,662	132,993	114,145
Public library system	29,754	28,742	30,033	30,676
Public works, highways and streets	125,490	130,469	144,012	152,201
Recreational and cultural	76,290	68,667	59,421	61,259
Education	808,285	839,760	869,449	867,599
Interest and other debt related costs	85,651	80,460	102,859	86,223
Total governmental activities	<u>1,971,394</u>	<u>2,071,255</u>	<u>2,125,147</u>	<u>2,113,723</u>
Business-type activities				
Department of Water and Sewerage Services	177,291	173,215	189,521	185,385
District Energy System	20,206	17,853	17,837	18,102
Nashville Convention Center	7,572	7,134	7,539	7,147
Board of Fair Commissioners	4,428	4,195	2,814	2,945
Farmers Market	1,215	1,080	1,193	1,265
Police Secondary Employment	881	1,545	855	832
Surplus Property Auction	806	735	734	713
Municipal Auditorium	1,738	1,654	1,801	1,808
Police Impound	1,882	1,687	1,320	967
School Community Education	1,050	192	-	-
Stormwater Operations	-	10,598	10,669	10,426
Community Education Commission	-	358	302	297
Total business-type activities	<u>217,069</u>	<u>220,246</u>	<u>234,585</u>	<u>229,887</u>
Total primary government	<u>\$ 2,188,463</u>	<u>\$ 2,291,501</u>	<u>\$ 2,359,732</u>	<u>\$ 2,343,610</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 7,292	\$ 6,550	\$ 6,908	\$ 9,134
Fiscal administration	4,591	4,176	5,286	5,181
Administration of justice	34,567	34,344	33,745	32,772
Law enforcement and care of prisoners	31,053	31,282	30,637	33,172
Fire prevention and control	14,358	10,939	16,395	12,759
Regulation and inspection	7,060	7,552	8,858	10,846
Public welfare	1,313	1,367	1,352	1,208
Public health and hospitals	12,788	8,943	9,902	8,796
Public library system	579	494	484	474
Public works, highways and streets	9,295	9,343	11,191	12,594
Recreational and cultural	9,111	8,618	9,068	9,755
Education	16,216	18,225	17,838	18,485
Operating grants and contributions (1)	351,066	390,732	432,938	436,073
Capital grants and contributions (1)	56,163	41,648	38,595	58,447
Total governmental activities	<u>555,452</u>	<u>574,213</u>	<u>623,197</u>	<u>649,696</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

2013	2014	2015 (2)	2016	2017	2018 (3)
\$ 118,107	\$ 134,592	\$ 188,330	\$ 196,012	\$ 206,436	\$ 229,632
32,675	31,357	33,277	31,729	33,551	34,478
92,752	93,224	92,902	96,091	103,652	110,415
371,438	359,502	353,933	378,291	392,032	389,728
170,843	149,551	152,045	162,323	169,409	172,064
10,751	11,231	11,216	10,931	12,103	12,600
542	519	480	559	544	495
57,172	56,449	54,279	56,186	67,609	72,270
119,695	119,828	106,365	117,686	127,806	127,667
33,034	35,739	41,390	45,268	46,440	45,086
169,521	180,008	191,499	202,419	217,791	221,096
68,515	76,759	70,841	77,342	81,081	96,612
903,998	924,418	907,504	978,229	1,070,022	1,121,121
77,525	96,842	93,210	95,228	103,969	110,836
<u>2,226,568</u>	<u>2,270,019</u>	<u>2,297,271</u>	<u>2,448,294</u>	<u>2,632,445</u>	<u>2,744,100</u>
205,278	208,945	213,926	232,501	231,793	227,588
17,573	18,774	18,761	17,940	18,063	18,475
7,427	3,591	3,543	2,126	24,774	-
3,074	3,140	3,661	3,654	3,737	3,673
1,788	1,605	1,849	1,931	2,113	2,115
1,131	190	-	-	-	-
735	790	650	703	745	648
1,787	2,001	2,041	1,995	2,035	2,074
376	375	375	375	375	375
-	-	-	-	-	-
10,717	11,073	10,506	10,945	12,661	15,625
352	324	357	391	-	-
<u>250,238</u>	<u>250,808</u>	<u>255,669</u>	<u>272,561</u>	<u>296,296</u>	<u>270,573</u>
<u>\$ 2,476,806</u>	<u>\$ 2,520,827</u>	<u>\$ 2,552,940</u>	<u>\$ 2,720,855</u>	<u>\$ 2,928,741</u>	<u>\$ 3,014,673</u>
\$ 8,329	\$ 10,805	\$ 7,764	\$ 8,989	\$ 9,597	\$ 18,781
6,768	6,237	6,356	7,570	9,527	9,807
33,232	32,929	31,052	29,143	27,325	26,780
32,210	30,281	30,667	30,247	32,451	28,207
13,431	15,502	11,449	9,286	11,100	10,829
12,368	14,252	18,576	25,407	24,607	23,742
1,098	1,162	1,007	915	803	905
9,159	9,847	11,173	12,495	11,874	12,447
450	438	409	397	404	223
12,066	12,573	14,272	15,922	19,971	19,637
10,130	10,702	11,332	13,974	14,312	14,495
19,502	18,740	16,936	19,259	18,990	18,026
435,077	438,515	454,881	467,388	483,020	525,054
55,267	58,286	37,301	30,970	30,891	30,162
<u>649,087</u>	<u>660,269</u>	<u>653,175</u>	<u>671,962</u>	<u>694,872</u>	<u>739,095</u>

(3) In 2018, the Government implemented GASB Statement No. 75 which revised the reporting for its liability related to other postemployment benefits. 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

	2009	2010	2011	2012
Program Revenues (Continued)				
Business-type activities				
Charges for services:				
Department of Water and Sewerage Services	\$ 169,672	\$ 171,520	\$ 195,790	\$ 201,060
District Energy System	17,812	15,562	15,486	15,962
Nashville Convention Center	5,675	5,366	5,404	5,490
Board of Fair Commissioners	3,438	3,393	2,109	2,658
Farmers Market	899	983	745	961
Police Secondary Employment	1,094	2,437	1,103	935
Surplus Property Auction	958	1,094	1,081	1,298
Municipal Auditorium	1,107	1,364	1,370	1,607
Police Impound	2,182	1,583	1,271	1,584
School Community Education	141	31	-	-
Stormwater Operations	-	13,635	14,198	13,883
Community Education Commission	-	22	18	36
Capital grants and contributions	27,463	41,302	39,467	25,307
Total business-type activities	<u>230,441</u>	<u>258,292</u>	<u>278,042</u>	<u>270,781</u>
Total primary government	<u>\$ 785,893</u>	<u>\$ 832,505</u>	<u>\$ 901,239</u>	<u>\$ 920,477</u>
Net (Expense) Revenue				
Governmental activities	\$ (1,415,942)	\$ (1,497,042)	\$ (1,501,950)	\$ (1,464,027)
Business-type activities	13,372	38,046	43,457	40,894
Total primary government	<u>\$ (1,402,570)</u>	<u>\$ (1,458,996)</u>	<u>\$ (1,458,493)</u>	<u>\$ (1,423,133)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 773,659	\$ 793,293	\$ 782,192	\$ 787,882
Local option sales taxes	264,573	256,178	258,107	281,294
Other taxes	135,213	126,878	137,141	150,856
Revenue from the use of money or property	6,109	1,445	1,095	1,121
Revenue from other governmental agencies	65,026	58,160	61,262	62,929
Compensation for loss, sale or damage to property	1,022	1,747	3,290	3,385
Transfers	538	(323)	3,400	6,248
Special and extraordinary items (4)	-	(1,224)	(2,911)	-
Total governmental activities	<u>1,246,140</u>	<u>1,236,154</u>	<u>1,243,576</u>	<u>1,293,715</u>
Business-type activities				
Revenue from the use of money or property	2,790	391	230	119
Compensation for loss, sale or damage to property	92	171	282	157
Transfers	(538)	323	(3,400)	(6,248)
Special and extraordinary items (4)	-	(7,000)	-	-
Total business-type activities	<u>2,344</u>	<u>(6,115)</u>	<u>(2,888)</u>	<u>(5,972)</u>
Total primary government	<u>\$ 1,248,484</u>	<u>\$ 1,230,039</u>	<u>\$ 1,240,688</u>	<u>\$ 1,287,743</u>
Change in Net Position				
Governmental activities	\$ (169,802)	\$ (260,888)	\$ (258,374)	\$ (170,312)
Business-type activities	15,716	31,931	40,569	34,922
Total primary government	<u>\$ (154,086)</u>	<u>\$ (228,957)</u>	<u>\$ (217,805)</u>	<u>\$ (135,390)</u>

(4) 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

2013	2014	2015 (2)	2016	2017	2018 (3)
\$ 208,830	\$ 211,372	\$ 214,751	\$ 217,784	\$ 218,816	\$ 224,283
16,713	18,526	18,542	17,597	17,408	17,111
5,746	2,124	1,768	45	-	-
2,786	3,021	3,367	3,283	3,318	3,011
1,292	1,125	1,038	961	974	1,095
1,285	-	-	-	-	-
795	589	712	1,231	1,253	2,088
1,188	1,558	1,427	1,507	1,788	1,897
492	479	475	475	491	502
-	-	-	-	-	-
14,199	14,613	14,295	14,461	15,231	32,330
45	58	59	80	38	-
11,890	16,478	20,655	22,770	27,848	18,753
<u>265,261</u>	<u>269,943</u>	<u>277,089</u>	<u>280,194</u>	<u>287,165</u>	<u>301,070</u>
<u>\$ 914,348</u>	<u>\$ 930,212</u>	<u>\$ 930,264</u>	<u>\$ 952,156</u>	<u>\$ 982,037</u>	<u>\$ 1,040,165</u>
\$ (1,577,481)	\$ (1,609,750)	\$ (1,644,096)	\$ (1,776,332)	\$ (1,937,573)	\$ (2,005,005)
15,023	19,135	21,420	7,633	(9,131)	30,497
<u>\$ (1,562,458)</u>	<u>\$ (1,590,615)</u>	<u>\$ (1,622,676)</u>	<u>\$ (1,768,699)</u>	<u>\$ (1,946,704)</u>	<u>\$ (1,974,508)</u>
\$ 895,919	\$ 911,661	\$ 927,860	\$ 944,353	\$ 971,643	\$ 995,535
301,430	315,479	340,077	365,704	382,934	414,156
160,802	174,556	193,729	206,146	223,138	242,978
1,195	3,244	1,044	3,886	3,350	5,865
66,572	66,010	77,625	83,484	91,696	96,374
7,043	4,296	11,677	9,963	6,386	1,874
35,439	11,681	11,154	12,988	17,153	18,902
-	-	-	-	-	-
<u>1,468,400</u>	<u>1,486,927</u>	<u>1,563,166</u>	<u>1,626,524</u>	<u>1,696,300</u>	<u>1,775,684</u>
111	1,655	1,088	1,334	1,224	2,819
60	196	2	1,053	48	34
(35,439)	(11,681)	(11,154)	(12,988)	(17,153)	(18,902)
-	-	-	-	-	-
<u>(35,268)</u>	<u>(9,830)</u>	<u>(10,064)</u>	<u>(10,601)</u>	<u>(15,881)</u>	<u>(16,049)</u>
<u>\$ 1,433,132</u>	<u>\$ 1,477,097</u>	<u>\$ 1,553,102</u>	<u>\$ 1,615,923</u>	<u>\$ 1,680,419</u>	<u>\$ 1,759,635</u>
\$ (109,081)	\$ (122,823)	\$ (80,930)	\$ (149,808)	\$ (241,273)	\$ (229,321)
(20,245)	9,305	11,356	(2,968)	(25,012)	14,448
<u>\$ (129,326)</u>	<u>\$ (113,518)</u>	<u>\$ (69,574)</u>	<u>\$ (152,776)</u>	<u>\$ (266,285)</u>	<u>\$ (214,873)</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

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

(1) The deficit balances are due to capital projects funds that are temporarily funded with short-term commercial paper borrowings.
The balances vary due to the timing of capital expenditures and the issuance of bonds.

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 525,930	\$ 546,062	\$ 467,008	\$ 986,266	\$ 842,106
34,840,900	54,311,800	59,542,600	50,533,800	16,939,600
<u>81,650,073</u>	<u>83,195,736</u>	<u>84,493,158</u>	<u>55,176,460</u>	<u>58,879,621</u>
<u>117,016,903</u>	<u>138,053,598</u>	<u>144,502,766</u>	<u>106,696,526</u>	<u>76,661,327</u>
3,122,352	4,079,964	3,276,149	3,332,511	3,040,245
39,365,865	41,461,337	43,018,673	56,160,164	57,785,371
125,883,422	126,421,581	137,020,957	137,058,350	134,273,729
40,441,000	25,800,000	21,000,000	25,440,300	550,000
<u>(189,169,860)</u>	<u>(501,399,310)</u>	<u>(342,346,761)</u>	<u>(192,217,171)</u>	<u>(653,295,939)</u>
<u>19,642,779</u>	<u>(303,636,428)</u>	<u>(138,030,982)</u>	<u>29,774,154</u>	<u>(457,646,594)</u>
<u>\$ 136,659,682</u>	<u>\$ (165,582,830)</u>	<u>\$ 6,471,784</u>	<u>\$ 136,470,680</u>	<u>\$ (380,985,267)</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

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

Note: The 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 525,930	\$ 546,062	\$ 467,008	\$ 986,266	\$ 842,106
29,036,600	45,541,100	51,067,800	50,533,800	15,389,900
<u>70,094,923</u>	<u>74,818,956</u>	<u>80,265,059</u>	<u>48,913,495</u>	<u>52,291,879</u>
<u>99,657,453</u>	<u>120,906,118</u>	<u>131,799,867</u>	<u>100,433,561</u>	<u>68,523,885</u>
5,804,300	8,770,700	8,474,800	-	1,549,700
11,555,150	8,376,780	4,228,099	6,262,965	6,587,742
<u>17,359,450</u>	<u>17,147,480</u>	<u>12,702,899</u>	<u>6,262,965</u>	<u>8,137,442</u>
<u>117,016,903</u>	<u>138,053,598</u>	<u>144,502,766</u>	<u>106,696,526</u>	<u>76,661,327</u>
1,569,880	2,790,092	1,863,688	1,534,233	1,680,304
43,152,443	53,325,440	56,233,446	42,633,597	33,200,541
<u>38,005,000</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>19,059,900</u>	<u>-</u>
<u>82,727,323</u>	<u>72,115,532</u>	<u>74,097,134</u>	<u>63,227,730</u>	<u>34,880,845</u>
-	-	43,369	-	-
9,450,642	11,504,096	5,946,531	8,537,916	5,663,153
<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>900,000</u>	<u>-</u>
<u>9,450,642</u>	<u>16,504,096</u>	<u>10,989,900</u>	<u>9,437,916</u>	<u>5,663,153</u>
-	-	5,454	138,166	28,515
6,392,039	5,143,998	7,133,994	5,212,267	4,085,521
<u>-</u>	<u>3,300,000</u>	<u>-</u>	<u>1,400,000</u>	<u>550,000</u>
<u>6,392,039</u>	<u>8,443,998</u>	<u>7,139,448</u>	<u>6,750,433</u>	<u>4,664,036</u>
-	-	1,177	-	-
3,275,429	1,642,363	4,152,908	406,031	524,152
<u>2,436,000</u>	<u>1,500,000</u>	<u>-</u>	<u>4,080,400</u>	<u>-</u>
<u>5,711,429</u>	<u>3,142,363</u>	<u>4,154,085</u>	<u>4,486,431</u>	<u>524,152</u>
<u>\$ 221,298,336</u>	<u>\$ 238,259,587</u>	<u>\$ 240,883,333</u>	<u>\$ 190,599,036</u>	<u>\$ 122,393,513</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

	2009	2010	2011	2012
Revenues				
Property taxes	\$ 775,403,870	\$ 792,882,229	\$ 782,238,201	\$ 790,774,878
Local option sales tax	264,572,950	256,178,237	258,106,909	281,294,520
Other taxes, licenses and permits	143,696,309	136,182,711	147,382,286	162,804,251
Fines, forfeits and penalties	17,962,587	18,915,362	18,574,592	16,253,081
Revenues from the use of money or property	3,785,674	494,777	321,354	362,910
Revenues from other governmental agencies	453,448,063	488,535,713	559,516,608	576,547,108
Commissions and fees	25,049,552	22,002,060	23,460,446	24,002,476
Charges for current services	51,137,029	50,686,861	56,593,344	56,309,437
Compensation for loss, sale or damage to property	2,144,252	1,712,551	2,016,432	4,109,532
Contributions and gifts	10,645,368	5,469,908	3,783,798	14,418,670
Bond interest tax credit	-	-	5,327,305	5,895,527
Miscellaneous	4,603,664	2,706,377	2,718,741	2,269,697
Total revenues	1,752,449,318	1,775,766,786	1,860,040,016	1,935,042,087
Expenditures				
Current:				
General government (1)	60,035,388	88,954,555	121,146,642	95,085,871
Fiscal administration	24,112,437	22,499,859	23,760,394	21,912,507
Administration of justice	56,871,162	54,590,759	55,407,798	53,575,166
Law enforcement and care of prisoners	239,436,458	239,014,459	249,724,844	255,276,886
Fire prevention and control	107,034,837	104,214,957	109,108,267	108,609,078
Regulation and inspection	8,095,128	7,492,864	7,867,410	7,760,963
Conservation of natural resources	407,442	352,001	340,296	333,713
Public welfare	37,924,764	42,946,288	41,385,895	39,169,144
Public health and hospitals (2)	101,575,884	114,094,878	86,019,317	85,975,912
Public library system	20,564,850	19,016,993	20,542,242	21,178,142
Public works, highways and streets	63,204,089	51,039,081	58,151,723	51,792,795
Recreational and cultural	37,312,292	33,235,850	33,630,118	34,454,492
Education	720,909,041	740,550,178	777,009,413	797,821,937
Employee benefits	62,420,127	64,637,576	69,327,218	72,920,868
Miscellaneous	40,260,803	55,652,301	71,067,149	75,985,530

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

2013	2014	2015	2016	2017	2018
\$ 892,398,894	\$ 914,121,619	\$ 928,796,242	\$ 944,010,324	\$ 972,303,558	\$ 998,584,196
301,430,612	315,478,742	340,076,515	365,703,934	382,934,148	414,155,992
174,702,273	190,370,587	212,923,908	233,889,194	252,614,490	271,455,280
18,652,738	18,225,785	17,727,633	17,055,354	14,661,562	13,656,857
489,242	1,895,305	1,720,061	2,334,936	1,834,351	3,387,084
559,780,403	556,743,508	575,416,455	585,321,632	621,112,678	642,241,942
24,211,549	24,120,359	23,102,323	24,025,983	26,248,505	26,776,105
58,600,398	59,783,530	58,921,658	65,642,511	69,693,874	70,529,679
5,231,290	5,265,788	12,107,134	13,157,818	9,802,146	4,238,496
8,948,728	10,160,516	7,583,631	12,631,751	8,283,416	9,576,623
4,900,351	4,837,386	4,839,480	4,864,020	4,859,357	4,874,645
2,081,927	2,200,931	2,390,797	2,741,647	3,487,567	3,231,709
<u>2,051,428,405</u>	<u>2,103,204,056</u>	<u>2,185,605,837</u>	<u>2,271,379,104</u>	<u>2,367,835,652</u>	<u>2,462,708,608</u>
81,829,427	88,894,101	121,382,425	128,220,069	132,839,297	144,414,659
22,316,247	21,746,114	20,710,891	21,734,682	23,768,516	25,146,706
68,479,472	70,290,863	69,233,942	71,353,866	71,423,262	75,022,842
259,384,359	263,774,603	272,907,074	283,870,494	297,122,296	307,666,284
113,452,154	111,520,124	114,494,845	116,955,164	124,437,211	131,851,434
8,057,406	7,782,724	7,629,325	8,189,234	9,217,944	10,220,547
398,931	357,658	348,293	373,209	411,714	407,900
40,056,346	38,361,990	38,429,963	38,949,970	39,754,229	43,023,369
89,757,405	86,084,524	74,416,321	85,562,915	93,429,462	93,606,500
22,328,538	22,349,552	25,044,101	28,384,505	30,644,306	31,647,990
58,251,129	61,817,477	62,968,348	63,853,645	68,220,307	71,990,811
36,110,497	36,336,635	38,335,515	40,044,257	43,548,448	44,444,945
832,361,152	856,362,684	871,208,119	918,531,408	965,421,660	1,033,114,424
76,165,493	79,043,492	80,114,975	81,576,678	84,585,219	87,579,887
80,080,144	87,709,934	87,245,357	89,278,073	109,046,528	116,376,212

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

	2009	2010	2011	2012
Expenditures (Continued)				
Debt service:				
Principal retirement (1)	\$ 85,914,567	\$ 85,889,567	\$ 3,397,777	\$ 12,943,203
Interest	83,169,612	80,611,709	85,123,862	93,879,521
Fiscal charges	3,604,978	906,832	3,406,148	3,257,031
Debt issue costs	240,000	4,347,663	1,925,066	2,207,494
Capital outlay - capitalized (2)	83,576,267	92,640,446	100,682,804	133,571,317
Capital outlay - noncapitalized	66,712,095	79,800,124	112,034,900	63,091,834
	<u>1,903,382,221</u>	<u>1,982,488,940</u>	<u>2,031,059,283</u>	<u>2,030,803,404</u>
Total expenditures				
Excess of revenue over (under) expenditures	<u>(150,932,903)</u>	<u>(206,722,154)</u>	<u>(171,019,267)</u>	<u>(95,761,317)</u>
Other Financing Sources (Uses)				
Issuance of new debt	59,140,000	430,900,000	35,555,000	-
Issuance of refunding debt	-	189,895,243	290,201,755	316,085,913
Debt issue premium (discount)	-	36,559,565	43,480,488	67,444,362
Payments to refunded bond escrow agent	(58,900,000)	(206,868,923)	(331,757,177)	(383,595,322)
Insurance recovery (3)	-	15,000,000	37,000,000	-
Transfers in	98,879,725	109,679,961	214,988,824	180,292,626
Transfers out	(107,040,208)	(136,553,615)	(246,991,267)	(212,907,693)
	<u>(7,920,483)</u>	<u>438,612,231</u>	<u>42,477,623</u>	<u>(32,680,114)</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ (158,853,386)</u>	<u>\$ 231,890,077</u>	<u>\$ (128,541,644)</u>	<u>\$ (128,441,431)</u>
Debt service as a percentage of noncapitalized expenditures (4)				
	9.29 %	8.81 %	4.59 %	5.63 %

(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

2013	2014	2015	2016	2017	2018
\$ 44,743,407	\$ 97,320,344	\$ 113,588,002	\$ 115,957,762	\$ 132,859,891	\$ 140,797,840
93,272,037	101,497,666	103,301,816	104,982,211	103,366,006	125,106,557
3,716,622	3,226,035	6,911,332	7,898,402	6,792,950	6,848,877
2,704,649	-	-	-	-	-
110,878,249	202,968,322	214,809,446	139,450,169	210,753,687	312,043,055
110,821,632	131,042,781	141,684,515	134,787,666	174,861,981	172,170,172
<u>2,155,165,296</u>	<u>2,368,487,623</u>	<u>2,464,764,605</u>	<u>2,479,954,379</u>	<u>2,722,504,914</u>	<u>2,973,481,011</u>
<u>(103,736,891)</u>	<u>(265,283,567)</u>	<u>(279,158,768)</u>	<u>(208,575,275)</u>	<u>(354,669,262)</u>	<u>(510,772,403)</u>
374,874,554	-	-	346,549,106	455,000,078	-
382,598,457	-	163,710,000	338,311,539	-	-
131,109,907	-	13,815,134	127,100,018	48,071,097	-
(433,836,850)	-	(176,341,921)	(409,215,077)	-	-
-	-	-	-	-	-
199,600,840	183,807,020	190,050,738	195,258,693	243,930,794	270,899,050
<u>(208,258,842)</u>	<u>(205,498,680)</u>	<u>(214,317,695)</u>	<u>(217,374,390)</u>	<u>(262,333,811)</u>	<u>(277,582,594)</u>
<u>446,088,066</u>	<u>(21,691,660)</u>	<u>(23,083,744)</u>	<u>380,629,889</u>	<u>484,668,158</u>	<u>(6,683,544)</u>
<u>\$ 342,351,175</u>	<u>\$ (286,975,227)</u>	<u>\$ (302,242,512)</u>	<u>\$ 172,054,614</u>	<u>\$ 129,998,896</u>	<u>\$ (517,455,947)</u>
6.75 %	9.18 %	9.64 %	9.44 %	9.40 %	9.99 %

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
2008-09	\$ 14,949,650,247	\$ 1,003,474,654	\$ 601,229,146	\$ 16,554,354,047
2009-10	17,452,127,001	1,118,966,031	651,277,995	19,222,371,027
2010-11	17,447,570,422	1,128,934,816	632,009,935	19,208,515,173
2011-12	17,366,226,070	1,098,349,735	639,688,011	19,104,263,816
2012-13	17,404,334,210	1,115,387,381	640,800,994	19,160,522,585
2013-14	18,313,859,433	1,231,932,155	663,744,930	20,209,536,518
2014-15	18,498,390,332	1,177,300,927	700,367,364	20,376,058,623
2015-16	18,866,789,974	1,209,436,393	666,469,036	20,742,695,403
2016-17	19,435,521,082	1,187,902,496	691,397,076	21,314,820,654
2017-18	28,945,737,943	1,419,531,774	779,345,451	31,144,615,168

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	\$ 61,881,138,204	26.75 %
3.560	63,157,226,914	30.44
3.560	63,280,838,469	30.35
3.560	63,127,519,037	30.26
4.040	63,259,449,113	30.29
3.924	65,810,054,890	30.71
3.924	66,270,673,259	30.75
3.924	67,533,296,332	30.71
3.924	78,262,509,134	27.24
2.755	99,659,583,923	31.25

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>
2008-09	\$ 10,034,679,742	\$ 804,965,057	\$ 469,223,447	\$ 11,308,868,246	\$ 0.650
2009-10	11,845,833,807	899,198,794	507,695,082	13,252,727,683	0.570
2010-11	11,819,864,666	919,181,529	481,388,729	13,220,434,924	0.570
2011-12	11,847,282,828	915,167,902	482,396,101	13,244,846,831	0.570
2012-13	11,877,136,516	928,784,082	477,220,794	13,283,141,392	0.620
2013-14	12,743,560,657	1,042,522,606	500,973,282	14,287,056,545	0.592
2014-15	12,895,435,922	983,507,268	526,411,427	14,405,354,617	0.592
2015-16	13,184,753,548	1,023,107,282	495,162,952	14,703,023,782	0.592
2016-17	13,644,574,094	971,185,978	510,672,763	15,126,432,835	0.592
2017-18	21,923,461,416	1,230,063,669	589,517,294	23,743,042,379	0.400

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	
2008-09 (2)	\$ 2.060	\$ 1.330	\$ 0.480	\$ 0.170	\$ 4.040	\$ 0.530	\$ 0.120	\$ 0.650	\$ 4.690
2009-10 (3)	1.820	1.170	0.420	0.150	3.560	0.460	0.110	0.570	4.130
2010-11	1.820	1.170	0.420	0.150	3.560	0.460	0.110	0.570	4.130
2011-12	1.820	1.170	0.420	0.150	3.560	0.460	0.110	0.570	4.130
2012-13 (4)	1.960	1.400	0.430	0.250	4.040	0.510	0.110	0.620	4.660
2013-14 (3)	1.905	1.416	0.423	0.180	3.924	0.480	0.112	0.592	4.516
2014-15	1.905	1.416	0.423	0.180	3.924	0.480	0.112	0.592	4.516
2015-16 (2)	1.905	1.416	0.423	0.180	3.924	0.495	0.097	0.592	4.516
2016-17	1.905	1.416	0.423	0.180	3.924	0.495	0.097	0.592	4.516
2017-18 (3)	1.338	0.994	0.297	0.126	2.755	0.334	0.066	0.400	3.155

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 \$.05 to \$.08 over the last ten years.
- (2) In these fiscal years, the property tax rate was reallocated among the funds receiving property tax revenue.
- (3) The State mandates a reappraisal valuation of property within Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the reallocation by the Metropolitan Council.
- (4) In this year, the combined GSD-USD tax rate was increased by the Metropolitan Council and reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the increase and reallocation by the Metropolitan Council.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Taxpayer	December 31, 2017				December 31, 2008			
	2017 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2008 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1) \$	N/A	\$ 29,322,160	1	3.05 %	\$ N/A	\$ 23,472,736	1	3.16 %
Columbia/HCA	345,539,345	11,332,657	2	1.18	233,062,240	10,187,240	3	1.37
RHP Hotels Inc./ Gaylord (3)	257,973,885	8,163,650	3	0.85	238,598,060	11,226,636	2	1.51
The Mall at Green Hills	157,169,202	4,958,688	4	0.52	-	-	(2)	-
AT&T Telephone/ BellSouth (3)	152,083,562	4,739,961	5	0.49	173,301,349	7,001,372	4	0.94
Highwoods Realty	142,371,524	4,573,575	6	0.48	-	-	(2)	-
Mid-America Apartments	142,061,960	4,270,886	7	0.44	-	-	(2)	-
Piedmont Natural Gas	138,452,757	4,219,875	8	0.44	78,681,665	3,561,715	7	0.48
Vanderbilt	132,777,384	4,184,602	9	0.44	61,365,054	2,878,021	8	0.39
Opry Mills Mall	120,506,745	3,801,988	10	0.40	70,154,676	3,795,703	5	0.51
CBL & Associates	-	-	(2)	-	82,983,092	3,591,978	6	0.48
Davis Street Land	-	-	(2)	-	42,921,720	2,022,178	9	0.27
PREFCO XIV LTD	-	-	(2)	-	38,950,000	1,947,497	10	0.26
	<u>\$ 1,588,936,364</u>	<u>\$ 79,568,042</u>		<u>8.29 %</u>	<u>\$ 1,020,017,856</u>	<u>\$ 69,685,076</u>		<u>9.37 %</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, 2008 and December 31, 2017. 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
2008-09	\$ 659,755,545	\$ 82,555,463	\$ 742,311,008	\$ 732,021,054	98.61 %
2009-10	675,043,791	84,818,421	759,862,212	748,828,597	98.55
2010-11	674,573,125	84,611,716	759,184,841	741,791,912	97.71
2011-12	670,841,793	84,767,649	755,609,442	745,445,734	98.65
2012-13	763,462,757	92,982,763	856,445,520	845,378,327	98.71
2013-14	781,593,235	96,009,026	877,602,261	863,883,378	98.44
2014-15	788,032,918	96,803,988	884,836,906	876,959,909	99.11
2015-16	802,143,672	98,797,912	900,941,584	889,764,582	98.76
2016-17	824,429,176	101,837,165	926,266,341	918,570,697	99.17
2017-18	853,383,025	107,918,734	961,301,759	943,304,767	98.13

Source: Metropolitan Trustee's Office

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

	Current Year
2008-09	\$ 21,544,115
2009-10	26,509,998
2010-11	26,178,622
2011-12	20,843,656
2012-13	21,437,137
2013-14	22,238,850
2014-15	21,679,890
2015-16	22,224,919
2016-17	16,158,670
2017-18	19,116,400

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		
\$ (4,531,680)	\$ 737,779,328	\$ 4,937,866	\$ 736,958,920	99.89 %	\$ 820,408	0.11 %
(12,382,753)	747,479,459	(1,969,668)	746,858,929	99.92	620,530	0.08
(15,009,514)	744,175,327	1,946,753	743,738,665	99.94	436,662	0.06
(9,843,928)	745,765,514	(140,766)	745,304,968	99.94	460,546	0.06
(8,468,488)	847,977,032	2,138,963	847,517,290	99.95	459,752	0.05
(13,052,822)	864,549,439	108,875	863,992,253	99.94	557,186	0.06
(5,674,756)	879,162,150	954,111	877,914,020	99.86	1,248,130	0.14
(7,775,105)	893,166,479	2,414,023	892,178,605	99.89	987,874	0.11
(4,650,915)	921,615,426	1,887,639	920,458,336	99.87	1,157,090	0.13
(15,567,929)	945,733,830	-	943,304,767	99.74	2,429,063	0.26

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
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	2,022,604	1,997	4,048	52,650	55,577	2,136,876	640,249	6,913
2011-12	2,105,210	-	3,643	-	52,410	2,161,263	752,158	7,074
2012-13	2,564,208	-	3,238	-	48,874	2,616,320	884,874	69,097
2013-14	2,446,867	-	2,835	-	45,337	2,495,039	847,596	66,913
2014-15	2,335,207	-	2,430	-	41,801	2,379,438	809,990	64,285
2015-16	2,676,899	-	2,026	-	38,264	2,717,189	784,013	63,773
2016-17	3,018,412	-	1,622	-	34,728	3,054,762	749,589	61,484
2017-18	2,847,473	-	1,218	-	31,192	2,879,883	963,190	58,618

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)
\$ 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	2,944,619	6.74	3,103.03
197	695	760,124	2,921,387	9.72	4,597.17
150	475	954,596	3,570,916	10.69	5,508.17
101	245	914,855	3,409,894	10.10	5,177.47
51	-	874,326	3,253,764	8.96	4,868.38
-	-	847,786	3,564,975	9.48	5,251.19
-	-	811,073	3,865,835	9.69	5,648.42
-	-	1,021,808	3,901,691	N/A (2)	5,644.46

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
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	2,022,604	37,955	1,984,649	3.14	3,166.92
2011-12	2,105,210	29,168	2,076,042	3.29	3,266.91
2012-13	2,564,208	37,330	2,526,878	3.99	3,897.73
2013-14	2,446,867	21,554	2,425,313	3.69	3,682.52
2014-15	2,335,207	28,090	2,307,117	3.48	3,451.97
2015-16	2,676,899	22,283	2,654,616	3.93	3,910.24
2016-17	3,018,412	20,675	2,997,737	3.83	4,380.03
2017-18	2,847,473	10,851	2,836,622	2.85	4,103.65

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)
2008-09	\$ 144,049	\$ 4,299	\$ 139,750	N/A %	\$ N/A
2009-10	157,592	2,985	154,607	N/A	N/A
2010-11	156,260	6,160	150,100	N/A	N/A
2011-12	181,076	7,325	173,751	N/A	N/A
2012-13	196,077	8,629	187,448	N/A	N/A
2013-14	193,855	5,711	188,144	N/A	N/A
2014-15	183,558	3,142	180,416	N/A	N/A
2015-16	185,491	4,154	181,337	N/A	N/A
2016-17	178,174	4,486	173,688	N/A	N/A
2017-18	166,545	524	166,021	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>
2008-09	\$ 1,681,640	\$ 139,750	\$ 1,541,890	8.31 %
2009-10	1,993,317	154,607	1,838,710	7.76
2010-11	1,983,065	150,100	1,832,965	7.57
2011-12	1,986,727	173,751	1,812,976	8.75
2012-13	1,992,471	187,448	1,805,023	9.41
2013-14	2,143,058	188,143	1,954,915	8.78
2014-15	2,160,803	180,415	1,980,388	8.35
2015-16	2,205,454	181,337	2,024,117	8.22
2016-17	2,268,965	173,687	2,095,278	7.65
2017-18	3,561,456	166,021	3,395,435	4.66

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, 2018

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		<u>\$ 23,743,042,379</u>
Debt limit - 15 percent of assessed valuation		\$ 3,561,456,357
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 166,545,191	
Less:		
Amounts available in debt service funds	<u>524,152</u>	
Total amount of debt applicable to debt limit		<u>166,021,039</u>
Legal debt margin		<u>\$ 3,395,435,318</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>
2008-09	\$ 81,580	\$ 82,842	\$ 164,422	\$ 1,777,590	9.2 %
2009-10	81,600	79,968	161,568	1,844,374	8.8
2010-11 (2)	-	79,276	79,276	1,863,923	4.3
2011-12 (2)	7,377	86,808	94,185	1,881,454	5.0
2012-13 (2)	40,792	84,680	125,472	1,964,390	6.4
2013-14	93,369	93,059	186,428	2,059,327	9.1
2014-15	109,637	92,396	202,033	2,134,006	9.5
2015-16	112,007	94,221	206,228	2,231,093	9.2
2016-17	128,909	92,977	221,886	2,359,209	9.4
2017-18	136,847	114,986	251,833	2,517,414	10.0

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

(1) Includes General, Special Revenue and Debt Service Funds.

(2) As the result of a bond refunding in June 2010, principal payments for the years ended June 30, 2011 through 2013 were significantly reduced.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2008-09	\$ 172,379	\$ 90,685	\$ 81,694	\$ 33,370	\$ 18,859	\$ 52,229	1.56
2009-10	171,966	88,603	83,363	35,525	16,526	52,051	1.60
2010-11	196,268	94,478	101,790	37,830	26,998	64,828	1.57
2011-12	201,263	102,485	98,778	42,410	29,386	71,796	1.38
2012-13	209,110	103,423	105,687	30,765	34,189	64,954	1.63
2013-14	213,055	101,703	111,352	31,500	41,367	72,867	1.53
2014-15	215,709	100,825	114,884	20,275	40,175	60,450	1.90
2015-16	219,023	112,208	106,815	28,795	39,029	67,824	1.57
2016-17	219,964	112,654	107,310	37,475	37,476	74,951	1.43
2017-18	226,804	113,858	112,946	38,225	46,136	84,361	1.34

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>
2008	626,144	\$ 44,228	\$ 27,784,064	5.5 %
2009	635,710	43,457	27,626,360	9.3
2010	626,681	45,913	28,835,836	9.0
2011	635,475	47,318	30,069,470	8.5
2012	648,295	51,526	33,403,945	7.2
2013	658,602	51,245	33,749,886	7.1
2014	668,347	54,307	36,295,950	6.3
2015	678,889	55,411	37,617,693	4.3
2016	684,410	58,283	39,889,221	3.9
2017 (4)	691,243	N/A	N/A	2.9

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

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

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

(4) Personal income statistics for calendar year 2017 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, 2018			June 30, 2009		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University (2)	27,340	1	2.74 %	19,968	2	2.76 %
State of Tennessee	25,777	2	2.58	20,800	1	2.65
Metro Nashville-Davidson Co. Government and Public Schools	18,820	3	1.89	19,692	3	2.62
U.S. Government	13,148	4	1.32	11,271	4	1.50
Nissan North America	10,750	5	1.08	6,750	7	0.90
HCA Healthcare Inc.	10,613	6	1.06	8,700	5	1.16
Saint Thomas Health	6,243	7	0.63	7,200	6	0.96
Community Health Systems Inc.	4,700	8	0.47	-		- (1)
Randstad	4,557	9	0.46	-		- (1)
Asurion	3,600	10	0.36	-		- (1)
Wal-Mart Stores Inc.	-		- (1)	4,500	8	0.60
CBRL Group Inc.	-		- (1)	4,017	9	0.53
Shoney's Inc.	-		- (1)	4,000	10	0.53
	<u>125,548</u>		<u>12.59 %</u>	<u>106,898</u>		<u>14.21 %</u>

Sources:

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

Note: The schedule reflects employers and number of employees within the Metropolitan Statistical Area.

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

(2) The variance in employees for Vanderbilt University is due to the consolidation of the university, medical center and other entities.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2009	2010	2011	2012
Governmental activities:				
General government (1)	330	288	297	306
Fiscal administration	317	306	296	282
Administration of justice	813	773	804	765
Law enforcement and care of prisoners (5)	2,733	2,787	2,740	2,802
Fire prevention and control	1,150	1,141	1,138	1,170
Regulation and inspection	105	95	97	99
Conservation of natural resources	10	9	9	8
Public welfare	483	468	488	492
Public health and hospitals	486	473	469	450
Public library system	317	297	292	295
Public works, highways and streets (2)	470	363	364	368
Recreational and cultural	605	543	534	544
Education	9,563	9,671	9,019	9,154
Total governmental activities	17,382	17,214	16,547	16,735
Internal service activities:				
Office of Fleet Management	94	89	89	89
Information Systems	130	114	112	110
Radio Shop (6)	18	16	16	15
Metro Postal Service	4	4	4	4
Facilities Planning and Construction	-	-	-	-
Treasury Management	8	8	8	7
General Services (1)	58	48	47	47
Total internal service activities	312	279	276	272
Business-type activities:				
Department of Water and Sewerage Services	650	692	704	700
Nashville Convention Center (4)	59	57	57	52
Board of Fair Commissioners	25	28	23	22
Farmers Market	7	7	7	7
Police Secondary Employment (5)	5	5	5	5
Surplus Property Auction	7	7	7	7
Police Impound (3)	29	29	29	29
Municipal Auditorium	11	8	8	8
Community Education Commission (7)	14	8	5	2
Stormwater Operations (2)	-	90	90	93
Total business-type activities	807	931	935	925
Total primary government	18,501	18,424	17,758	17,932

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) Effective July 1, 2014, various programs previously reported as General Services internal service activities 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

2013	2014	2015	2016	2017	2018
308	302	364	371	375	385
281	282	280	279	281	289
772	777	775	789	798	805
2,826	2,831	2,893	2,898	2,912	2,984
1,170	1,205	1,206	1,206	1,237	1,250
93	94	111	117	106	114
8	8	8	8	8	8
491	492	494	500	470	428
437	464	483	487	493	495
297	309	330	359	368	369
381	389	388	395	407	398
528	546	577	585	640	669
9,291	9,304	9,294	9,658	9,910	9,950
16,883	17,003	17,203	17,652	18,005	18,144
88	89	95	95	103	106
111	112	115	115	147	147
15	15	15	15	-	-
4	4	-	-	-	-
-	-	-	-	-	-
7	7	7	7	7	7
47	47	-	-	-	-
272	274	232	232	257	260
707	715	713	728	724	724
-	-	-	-	-	-
24	24	25	28	29	29
7	7	7	7	7	7
5	5	-	-	-	-
7	7	8	8	8	8
-	-	-	-	-	-
9	9	10	9	9	9
3	3	3	3	3	-
93	93	93	89	93	97
855	863	859	872	873	874
18,010	18,140	18,294	18,756	19,135	19,278

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

(5) Effective July 1, 2014, the operations of Police Secondary Employment were moved to the general fund and are included in governmental activities - law enforcement and care of prisoners.

(6) Effective July 1, 2016, the operations of Radio Shop were moved to Information Systems and the Office of Fleet Management.

(7) Effective July 1, 2017, the operations of the Community Education Commission were moved to the general fund.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2009	2010	2011	2012
Governmental activities:				
General government:				
Election Commission - registered voters	345,243	349,733	345,687	358,136
Assessor of Property - real property inspections (1)	236,459	58,158	94,348	103,837
Administration of justice:				
Public Defender - warrants and charges	46,006	44,776	43,139	45,852
Circuit Court Clerk - circuit filings	11,324	10,298	10,900	10,738
Circuit Court Clerk - general sessions civil filings	53,441	48,834	47,193	49,978
Circuit Court Clerk - probate filings	1,930	1,954	1,879	1,906
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	920,662	929,674	898,860	804,641
Sheriff - inmate days detention facility	401,562	397,566	388,466	426,168
Police - total CAD calls received	1,152,012	1,315,649	1,417,859	1,585,228
Police - incident numbers issued	918,749	1,315,455	1,035,026	1,045,077
ECC - total 911 calls received	359,926	344,276	370,704	377,118
ECC - total non 911 calls received	696,757	690,297	675,908	625,120
Fire prevention and control:				
Fire - life threatening responses (2)	41,989	43,124	44,518	46,076
Fire - non life threatening responses (2)	21,045	24,116	25,835	26,739
Regulation and inspection:				
Codes - construction/land use permits	8,235	10,172	8,343	9,304
Public welfare:				
Social Services - clients served	18,870	17,291	14,963	13,785
Public health and hospitals:				
Health - clinic visits	187,717	190,942	195,222	192,902
Health - restaurant inspections	13,796	13,525	13,378	12,082
Public library system:				
Library - circulating materials check-outs	4,144,374	4,148,419	4,208,363	4,340,657
Library - number of visits	3,923,154	3,677,765	3,723,416	3,938,659

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

(1) Years 2009, 2013 and 2017 were reappraisal years where all values are updated with new base rates, depreciation schedules and land tables to produce values at 100% of market value. Beginning in 2017, the Assessor determined to do no inspections in reappraisal years.

(2) The categorization of responses as "life threatening" and "non life threatening" was revised in 2018.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2013	2014	2015	2016	2017	2018
362,816	373,231	373,823	392,428	390,804	427,556
238,107	48,559	108,401	92,449	-	53,499
41,809	42,857	43,956	41,842	35,839	25,301
10,729	10,915	10,062	8,168	6,856	6,800
46,445	46,116	43,859	46,047	49,890	50,582
2,048	2,027	2,126	2,146	2,189	2,211
771,630	721,508	655,734	632,169	535,262	529,038
435,098	379,811	350,472	322,674	380,920	353,417
1,384,481	1,333,945	1,357,306	1,492,259	1,496,617	1,495,576
1,119,012	1,201,162	1,199,375	1,318,113	1,308,704	1,305,055
365,278	351,814	408,433	450,517	401,269	374,337
605,693	634,280	634,124	644,590	665,239	700,790
44,232	47,161	47,053	47,453	45,773	59,993
25,403	28,332	34,812	35,374	33,810	35,042
9,900	10,131	11,695	12,852	12,225	11,465
13,271	13,122	13,990	13,737	12,396	13,039
181,395	181,959	164,330	154,398	150,948	146,302
13,050	13,440	13,689	12,067	10,890	13,023
4,368,494	4,663,347	5,133,351	5,371,115	5,430,309	5,648,749
3,697,063	3,501,710	3,444,250	3,338,972	3,615,302	3,261,586

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	2009	2010	2011	2012
Governmental activities (continued):				
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,423,000	6,477,000	6,503,700	6,630,000
Public Works - tons of disposed waste	957,837	745,442	852,856	596,111
Public Works - rehabilitated street lane miles	171	87	125	89
Recreational and cultural:				
Parks - Sportsplex attendance	339,718	344,858	343,835	333,365
Parks - cultural enrichment class attendance	12,374	15,710	17,430	18,300
Parks - senior citizen program attendance (3)	37,932	36,898	37,970	60,759
Education:				
Public Schools - students (second month enrollment)	75,049	76,329	78,014	79,121
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	175,121	176,033	177,475	184,421
Average daily actual water pumped (millions of gallons per day)	98	119	101	100
Customers - wastewater	187,655	189,299	189,898	195,380
Average daily wastewater flow (millions of gallons per day)	151	166	154	148
District Energy System:				
Steam sales (thousand pounds)	283,071	272,448	277,943	250,414
Chilled water sales (thousand ton hours)	52,976	51,273	56,118	57,233
Nashville Convention Center - events (5)	234	243	237	217
Board of Fair Commissioners:				
Flea market booth rentals	15,743	15,908	14,510	16,423
State fair attendance (4)	192,130	209,385	208,131	62,352
Municipal Auditorium - events held	110	111	123	90
Component units:				
Music City Center - events (5)	-	-	-	-

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

(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 operation of the state fair was outsourced beginning in 2011.

(5) The Music City Center opened in May 2013. 2014 was the first full year of operations. Nashville Convention Center events decreased in 2014 as events move to the Music City Center. Nashville Convention Center ceased operations in 2017.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2013	2014	2015	2016	2017	2018
6,630,000	6,625,840	6,672,700	6,731,500	6,803,000	6,864,156
645,224	649,108	725,871	757,332	885,047	862,641
167	173	169	164	287	287
355,999	343,332	355,699	400,830	454,878	461,964
18,202	19,430	39,376	55,558	55,257	57,080
61,214	54,152	65,504	104,104	136,021	134,297
81,001	82,307	84,353	85,797	87,783	86,633
187,272	190,699	194,270	197,957	204,181	204,976
95	101	87	87	88	88
198,485	198,119	200,425	203,255	206,562	210,157
164	169	168	166	146	168
374,366	410,084	381,755	325,248	321,508	366,928
62,538	61,768	59,626	61,337	64,119	59,914
254	56	15	4	2	-
16,515	18,612	22,314	20,271	22,481	16,796
67,805	67,635	66,752	70,265	56,492	60,502
110	155	135	175	148	144
-	342	305	293	287	302

OPERATING INDICATORS BY FUNCTION
 SCHEDULE OF UNACCOUNTED FOR WATER
 DEPARTMENT OF WATER AND SEWERAGE SERVICES
 June 30, 2018

**AWWA Free Water Audit Software:
 Reporting Worksheet**



[?](#) Click to access definition
[+](#) Click to add a comment

Water Audit Report for: **Metro Water Service**
 Reporting Year: **2018** **7/2017 - 6/2018**

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

				----- Enter grading in column 'E' and 'J' ----->				Pcnt:		Value:		
Volume from own sources:	+	?	8	32,231.170	MG/Yr	+	?	9	<input type="radio"/>	<input checked="" type="radio"/>	1.455	MG/Yr
Water imported:	+	?	n/a		MG/Yr	+	?		<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
Water exported:	+	?	5	261.643	MG/Yr	+	?		<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:		Value:	
<input type="radio"/>	<input checked="" type="radio"/>		
<input checked="" type="radio"/>	<input type="radio"/>		
<input type="radio"/>	<input checked="" type="radio"/>		
<input type="radio"/>	<input type="radio"/>		

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

WATER SUPPLIED: **31,968.072** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+	?	7	22,506.348	MG/Yr
Billed unmetered:	+	?	n/a	0.000	MG/Yr
Unbilled metered:	+	?	n/a	0.000	MG/Yr
Unbilled unmetered:	+	?	10	151.622	MG/Yr

Click here: [?](#)
 for help using option buttons below

Pcnt:		Value:	
<input type="radio"/>	<input checked="" type="radio"/>		
<input checked="" type="radio"/>	<input type="radio"/>		

Use buttons to select percentage of water supplied **OR** value

AUTHORIZED CONSUMPTION: **22,657.970** MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

9,310.102 MG/Yr

Apparent Losses

Unauthorized consumption: [+](#) [?](#) 7 92.958 MG/Yr
Unauthorized consumption volume entered is greater than the recommended default value

Customer metering inaccuracies:	+	?	7	419.493	MG/Yr
Systematic data handling errors:	+	?	7	4.501	MG/Yr

Pcnt:		Value:	
<input type="radio"/>	<input checked="" type="radio"/>		
<input checked="" type="radio"/>	<input type="radio"/>		

<input type="radio"/>	<input checked="" type="radio"/>	419.493	MG/Yr
<input type="radio"/>	<input checked="" type="radio"/>	4.501	MG/Yr

Apparent Losses: **516.952** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **8,793.150** MG/Yr

WATER LOSSES: **9,310.102** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **9,461.724** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	9	3,043.1	miles
Number of active AND inactive service connections:	+	?	9	199,294	
Service connection density:	?			65	conn./mile main

Are customer meters typically located at the curbside or property line? **Yes** (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: [+](#) [?](#) **Average length of customer service line has been set to zero and a data grading score of 10 has been applied**

Average operating pressure: [+](#) [?](#) 7 90.4 psi

COST DATA

Total annual cost of operating water system:	+	?	10	\$93,369,870	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$7.18	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	5	\$312.04	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 77 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score


PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Variable production cost (applied to Real Losses)
- 3: Billed metered

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

June 30, 2018



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: Metro Water Service

Reporting Year: 2018 | 7/2017 - 6/2018

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 77 out of 100 ***

System Attributes:

	Apparent Losses:	516.952	MG/Yr	
	+ Real Losses:	8,793.150	MG/Yr	
	= <u>Water Losses:</u>	9,310.102	MG/Yr	
? Unavoidable Annual Real Losses (UARL): 1,529.60 MG/Yr				
Annual cost of Apparent Losses: \$3,711,715				
Annual cost of Real Losses: \$2,743,771 Valued at Variable Production Cost Return to Reporting Worksheet to change this assumption				

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	29.6%			}	
		Non-revenue water as percent by cost of operating system:	7.0%				
Operational Efficiency:	{	Apparent Losses per service connection per day:	7.11			}	
		Real Losses per service connection per day:	120.88				
		Real Losses per length of main per day*:	N/A				
		Real Losses per service connection per day per psi pressure:	1.34				gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL): 8,793.15 million gallons/year							
? Infrastructure Leakage Index (ILI) [CARL/UARL]: 5.75							

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

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2018

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, 2018:

METER:	Water				Sewer			
	Residential	Small Commercial	Intermediate Commercial	Large Commercial	Residential	Small Commercial	Intermediate Commercial	Large Commercial
5/8"	\$ 3.13	\$ 3.98	\$ 13.85	\$ 597.23	\$ 7.62	\$ 8.51	\$ 27.89	\$ 1,076.37
3/4"	10.62	11.32	19.64	603.59	21.63	24.22	39.55	1,088.01
1"	12.77	13.63	21.51	605.80	26.05	29.17	43.33	1,091.79
1 1/2"	18.77	20.03	26.71	611.60	38.29	42.89	53.81	1,102.25
2"	25.29	26.97	32.63	618.22	51.59	57.75	65.73	1,114.18
3"	33.38	35.61	40.84	624.04	68.04	76.21	82.26	1,124.65
4"	54.41	58.03	64.65	650.65	110.88	124.18	130.22	1,172.65
6"	85.42	91.12	99.81	689.96	174.12	195.01	201.05	1,243.48
8"	133.59	142.50	155.38	755.41	272.29	304.96	312.96	1,361.43
10"	133.59	142.50	155.38	755.41	272.29	304.96	312.96	1,361.43

VOLUME:

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

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

\$ 2.33	\$ 2.48	\$ 2.14	\$ 1.81	\$ 4.74	\$ 5.30	\$ 4.32	\$ 3.26
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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
SCHEDULE OF NUMBER OF CUSTOMERS
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2018

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Water Customers	179,238	25,737	204,975
Sewer Customers	<u>190,634</u>	<u>19,504</u>	<u>210,138</u>
Total Customers	<u><u>369,872</u></u>	<u><u>45,241</u></u>	<u><u>415,113</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2009	2010	2011	2012
Governmental activities:				
General government:				
General government vehicles (1)	3,277	3,408	3,510	3,507
Law enforcement and care of prisoners:				
Sheriff inmate capacity - jails (5)	2,918	2,918	2,918	2,918
Sheriff inmate capacity - detention facility	1,092	1,092	1,092	1,092
Police stations	6	6	7	7
Fire prevention and control:				
Fire stations	41	41	38	38
Public library system:				
Libraries	24	24	24	24
Public works, highways and streets:				
Streets and roads (lane miles)	5,740	5,777	5,796	5,814
Recreational and cultural:				
Parks (number)	115	115	118	127
Parks (acreage)	10,713	10,876	11,131	12,554
Miles of completed greenways	37	46	47	51
Education:				
Schools (3)	132	138	137	136
School buses	646	673	725	697
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles)	2,873	2,878	2,912	2,886
Maximum daily water capacity (thousands of gallons)	180,000	180,000	180,000	180,000
Sewers (miles)	2,890	3,045	3,051	3,063
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	303,833	321,430	295,998
Percentage maximum contract capacity represented by customers	67.13%	80.66%	76.00%	73.16%
Chilled water:				
Maximum contract capacity (tons)	28,599	29,279	31,169	30,044
Percentage maximum contract capacity represented by customers (2)	86.30%	82.00%	77.00%	73.58%
Board of Fair Commissioners:				
Exhibition space (square footage)	126,600	126,600	120,919	115,459
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) (4)	-	-	-	-

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2013	2014	2015	2016	2017	2018
3,524	3,542	3,452	3,393	3,422	3,449
2,918	2,918	2,918	2,918	2,111	2,111
1,348	1,348	1,348	1,348	1,348	1,348
7	7	8	8	8	8
38	38	38	38	38	38
24	23	23	22	22	22
5,832	5,852	5,866	5,880	5,893	5,911
126	126	132	185	185	175
13,022	13,802	15,078	15,873	15,873	15,169
55	79	82	85	85	89
135	131	131	131	131	131
751	721	831	820	828	733
2,910	3,042	3,054	3,053	3,086	3,043
180,000	180,000	180,000	180,000	180,000	180,000
3,096	3,082	3,091	3,120	3,137	3,150
483,000	510,000	510,000	510,000	510,000	510,000
299,053	297,389	321,289	321,289	321,289	321,289
85.14%	99.70%	93.20%	93.20%	93.20%	93.20%
30,415	30,533	34,230	34,230	34,230	34,230
84.47%	82.33%	88.70%	88.70%	88.70%	88.70%
115,459	120,919	120,919	70,265	70,265	70,265
50,400	50,400	50,400	50,400	50,400	50,400
7,800	7,800	7,800	7,800	7,800	7,800
-	350,000	350,000	350,000	350,000	350,000

(3) Beginning in 2014, charter schools, academic academies and pre-k sites are included in total schools.

(4) The Music City Center opened in May 2013.

(5) Due to the closing of the Criminal Justice Center in 2017 for construction, jail capacity has decreased until the new facility is open.



For an ADA accommodation, please contact Kimberly Northern at
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