

Comprehensive Annual Financial Report For the Year Ended June 30, 2015

The Metropolitan Government of Nashville and Davidson County
Nashville, Tennessee



Megan Barry, Mayor



THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2015

Prepared by
DEPARTMENT OF FINANCE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Page
Numbers

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

Basic Financial Statements

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

Required Supplementary Information (Unaudited)

| | |
|---|---------|
| Condition Rating of Transportation Network | B - 114 |
| Schedule of Employer Contributions – Pension Plans | B - 117 |
| Schedule of Changes in the Net Pension Liability and Related Ratios – Pension Plans | B - 120 |
| Schedule of Investment Returns – Pension Plans | B - 126 |
| Schedule of the Government's Contributions – Teacher Pension Plans of the TCRS | B - 127 |
| Schedule of the Government's Proportionate Share of the Net Pension Liability (Asset) – Teacher Pension Plans of the TCRS | B - 128 |
| Schedule of Employer Contributions – Other Postemployment Benefit Plans | B - 129 |
| Schedule of Funding Progress – Other Postemployment Benefit Plans | B - 130 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS (CONTINUED)

| | <u>Page Numbers</u> |
|---|-------------------------|
| <i>Governmental Funds</i> | |
| Combining Balance Sheet - Nonmajor Governmental Funds | C - 2 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | C - 6 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GSD General Purposes Debt Service Fund | C - 9 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GSD School Purposes Debt Service Fund | C - 10 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - USD General Purposes Debt Service Fund | C - 11 |
| Description of Nonmajor Governmental Funds | C - 12 |
| | |
| <i>Proprietary Funds</i> | |
| Combining Statement of Net Position - Nonmajor Enterprise Funds | D - 2 |
| Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds | D - 10 |
| Combining Statement of Cash Flows - Nonmajor Enterprise Funds | D - 14 |
| Combining Statement of Net Position - Internal Service Funds | D - 22 |
| Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds | D - 26 |
| Combining Statement of Cash Flows - Internal Service Funds | D - 30 |
| Description of Proprietary Funds | D - 38 |
| | |
| <i>Fiduciary Funds</i> | |
| Combining Statement of Fiduciary Net Position - Fiduciary Funds - Pension (and Other Employee Benefit) Trust Funds | E - 2 |
| Combining Statement of Fiduciary Net Position - Fiduciary Funds - Agency Funds | E - 4 |
| Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Pension (and Other Employee Benefit) Trust Funds | E - 6 |
| Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds - Agency Funds | E - 8 |
| Description of Fiduciary Funds | E - 11 |
| | |
| <i>Component Units</i> | |
| Balance Sheet - Sports Authority Fund | F - 2 |
| Reconciliation of the Balance Sheet to the Statement of Net Position - Sports Authority | F - 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Sports Authority Fund | F - 4 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Sports Authority | F - 5 |
| Balance Sheet - Industrial Development Board Fund | F - 6 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Industrial Development Board Fund | F - 7 |
| | |
| <i>Schedules</i> | |
| Schedule of Combining Balance Sheets - General Fund | G - 2 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund | G - 3 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund | G - 4 |
| Detailed Schedule of Expenditures and Other Financing Sources (Uses) - Budget and Actual - General Fund - General Services District | G - 6 |
| Detailed Schedule of Expenditures and Other Financing Sources (Uses) - Budget and Actual - General Fund - Urban Services District | G - 9 |
| Schedule of Delinquent Property Taxes Receivable - By Fund | G - 10 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS (CONTINUED)

Page
Numbers

Schedules (Continued)

| | |
|--|--------|
| Schedule of Delinquent Property Taxes Receivable - By Type | G - 12 |
| Schedule of Bonds Payable | G - 14 |
| Future Principal and Interest Requirements of Bonds Payable | G - 18 |
| Budgetary Schedule of Estimated Revenues and Fund Balances to Support Appropriations - 2015-2016 Fiscal Year | G - 22 |
| Budgetary Schedule of Appropriations by Function and/or Funds - 2015-2016 Fiscal Year | G - 24 |
| Budgetary Schedule of Requirements of the Debt Service Funds by Function - Debt Service Funds - General Services District - 2015-2016 Fiscal Year | G - 25 |
| Budgetary Schedule of Requirements of the Debt Service Funds by Function - Debt Service Funds - Urban Services District - 2015-2016 Fiscal Year | G - 26 |
| Budgetary Schedule of Appropriations - School Funds - General Services District - 2015-2016 Fiscal Year | G - 27 |
| Summary of Salaries and Surety Bonds of Principal Officers | G - 28 |
| Schedule of Utility Rates – Department of Water and Sewerage Services | G - 29 |
| Schedule of Number of Customers – Department of Water and Sewerage Services | G - 30 |
| Schedule of Unaccounted for Water – Department of Water and Sewerage Services | G - 31 |

STATISTICAL SECTION

| | |
|--|--------|
| Table of Contents | H - 1 |
| Net Position by Component Last Ten Fiscal Years | H - 2 |
| Changes in Net Position Last Ten Fiscal Years | H - 4 |
| Fund Balances of Governmental Funds Last Ten Fiscal Years | H - 8 |
| Fund Balances of Budgeted Governmental Funds Last Ten Fiscal Years | H - 10 |
| Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years | H - 12 |
| Assessed Value and Estimated Actual Value of General Services District Taxable Property Last Ten Fiscal Years | H - 16 |
| Assessed Value of Urban Services District Taxable Property Last Ten Fiscal Years | H - 18 |
| Property Tax Rates Last Ten Fiscal Years | H - 19 |
| Principal Property Taxpayers Current Year and Nine Years Ago | H - 20 |
| Property Tax Levies and Collections Last Ten Fiscal Years | H - 22 |
| Ratios of Outstanding Debt by Type Last Ten Fiscal Years | H - 24 |
| Ratios of General Bonded Debt Outstanding General and Urban Services Districts Last Ten Fiscal Years | H - 26 |
| Ratios of General Bonded Debt Outstanding Urban Services District Last Ten Fiscal Years | H - 27 |
| Legal Debt Margin Information Urban Services District Last Ten Fiscal Years | H - 28 |
| Computation of Legal Debt Margin Urban Services District for the Year Ended June 30, 2015 | H - 29 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures Last Ten Fiscal Years | H - 30 |
| Pledged Revenue Coverage Department of Water and Sewerage Services Revenue Bonds Last Ten Fiscal Years | H - 31 |
| Demographic and Economic Statistics Last Ten Calendar Years | H - 32 |
| Principal Employers Current Year and Nine Years Ago | H - 33 |
| Full-Time Equivalent Government Employees by Function Last Ten Fiscal Years | H - 34 |
| Operating Indicators by Function Last Ten Fiscal Years | H - 36 |
| Capital Asset Statistics by Function Last Ten Fiscal Years | H - 40 |

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



MEGAN BARRY
MAYOR

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

October 31, 2015

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, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Government. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the Government in accordance with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Government's financial activities have been included.

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

In conformity with generally accepted accounting principles, 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 been slightly 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 2015, for fiscal year 2016 and for the future are discussed below.

FOR FISCAL YEAR 2015: Substitute budget ordinance BL-2014-774 appropriated a balanced budget of \$1,891,647,000 in the budgetary funds, an overall increase of 4.37% from the budget for fiscal year 2014.

The FY2015 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – Metro Nashville Public Schools (MNPS) received \$773,920,300 in FY15, which was a \$27.5 million dollar increase over the amount budgeted in FY14. The recommended increase funded additional teachers, pay increases for teachers, employee benefits, contractual obligations, three new charter schools, and additional pre-K classrooms. MNPS' FY15 estimated fund balance was 5.8% of budgeted expenditures, which is above the 3.0% required by the State.
- Public Safety – Resources dedicated to public safety services increased by \$5.1 million. The Police Department's annual budget for FY15 provided additional funding to ensure the safety and well-being of Nashville's citizens and visitors. The FY15 budget provided over \$4 million in additional funding for the Midtown Hills Precinct, special events policing, and the Crime Lab accreditation efforts. The Fire Department's operational budget for FY15 continued to support full staffing for front-line positions in fire response and emergency management services, maintaining the commitment to public safety. The Davidson County Sheriff's Office received an increase of \$1.5 million to provide security for the new Lentz Health Department, the Southeast Davidson Library and Community Center, the creation of the Domestic Violence Program and for the security functions that transferred from General Services. Funding also included an additional \$1 million investment across multiple departments to end domestic violence in our city. This multi-department effort included the Criminal Court Clerk, District Attorney's Office, General Sessions Court, Public Defender's Office, Sheriff's Office and the creation of a new Victim Resource Center.
- Livability – One of the budgetary goals was to maintain the livability of Nashville by providing opportunities for citizens to pursue a healthy lifestyle. Accordingly, the budget allocated funding for opening two Park community centers in FY15 - Southeast and Sevier. The Metro Transit Authority was recommended for an improvement of \$3 million to maintain transit services and to plan for bus rapid transit (BRT) services on Charlotte Pike. Additionally, the budget recommended an increase to the Public Library's budget to open two new branches - Southeast Branch Library and Bellevue Branch Library. Finally, Nashville Public Library now houses the Nashville After-Zones Alliance (NAZA). This program was created in partnership with Metro Nashville Public Schools to develop a coordinated system of free after school programs to the 21,500 middle school students in Davidson County. NAZA after school programs are organized by several geographic zones to provide Metro

Nashville middle school students access to after school programs that offer meaningful enrichment activities in a safe and structured environment.

- Economic Development – Several significant investments in business incentives and job growth were funded for FY15. These include job development incentives for Dell, a subsidy for the Nashville Career Advancement Center, and continued funding for the Office of Innovation. Metro Nashville opened a Fast Track Permitting and One-Stop Business Assistance Program in FY15, streamlining business development processes. The budget also provided financial support for the development and ongoing operation of the Nashville Entrepreneur Center, a business incubator which is helping creative people in Nashville turn ideas into jobs and revenue. Along with maintaining a low cost for government services, these investments are enabling continued growth in Nashville's economy.

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

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

- Public Education – Metro Nashville Public Schools (MNPS) received \$810,000,000 in FY16. The FY15 MNPS total budget of \$790.1 million included \$16.1 million to pay debt service, which is being redirected for use by school operations in FY16. This makes the increase in MNPS's operational funding \$36.1 million, or 4.7%. The recommended increase will fund pay increases and employee benefits, will add approximately 100 new employees, and will fund seven new charter schools and two new district schools. The increase will also fund the expansion of Reading Recovery (the district's literacy program), fund increases in leadership stipends for teachers and expand English Language Learner services. MNPS's FY15 estimated fund balance is 6.6% of budgeted expenditures, which is above the 3.0% required by the State.
- Public Safety – Resources dedicated to public safety services increased by \$8.5 million. The Police Department's annual budget for FY16 provides \$750,000 in additional funding to support special events to help ensure the safety and well-being of Nashville's citizens and visitors. The newly accredited Crime Lab will receive \$250,000 of additional funding for operational supplies for its first year of full operations in FY16. The Fire Department's operational budget for FY16 continues to support full staffing for front line positions in the fire response and emergency management services areas. Metro continues its investment to end domestic violence in our city by establishing an Office of Family Safety. This office will provide support to the Jean Crowe Advocacy Center, the Criminal Court Clerk, the District Attorney's Office, General Sessions Courts, the Public Defender's Office and the Sheriff's Office.
- Economic Development – For FY16, the city of Nashville will invest \$1 million in affordable housing through the Barnes Fund, along with \$4 million of capital funding for the Metropolitan Development and Housing Agency to advance affordable housing initiatives.
- Citizen Services – There are several other budget increases to enhance direct services to citizens. Metro Public Health will receive \$319,800 to expand dental services at the Lentz Public Health Center and increase staff at the Division of Metro Animal Control. Public Works will receive an additional \$1.26 million to fund a convenience center for residential waste and recycling in southern Davidson County and to provide operating costs for a new recycling program that would be concentrated in the downtown area. The Metro Transit Authority will receive \$3.64 million to fund the bus rapid transit lines on Charlotte Pike and Nolensville Pike to complement the routes already established on Gallatin Pike and Murfreesboro Pike.

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 2016 budget without a property tax increase. Revenue increases are anticipated from modest growth in the property tax base, increases in local option sales taxes, and growth in other revenue sources. A measured amount of fund balances have been appropriated to balance the budget, while maintaining fund balance levels in excess of legal requirements. Departmental savings opportunities were also considered and budget reductions were made where prudent. Details of the fiscal

year 2015 and 2016 budgets are described in the annual *Operating Budget* books published by the Department of Finance, Office of Management and Budget. They are also available on the GFOA-award-winning Citizen's Guide to the Budget at www.nashville.gov/Finance/Management-and-Budget/Citizens-Guide-to-the-Budget.aspx.

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

- Education – The administration will work with the MNPS School Board and community partners to find ways to improve access to a high-quality education for every child. That starts with universal access to a high-quality pre-K classroom, while implementing needed improvements in Kindergarten and beyond to protect gains made in early-childhood education.
- Public Safety – The administration will work to improve public safety by ensuring that our police officers, fire fighters, and other emergency responders have the tools and resources necessary to keep the community safe by reducing crime and quickly responding to emergencies.
- Transportation and Infrastructure – In order to continue Nashville's economic growth, the administration is focused on implementing transportation strategies that will address increased traffic congestion in the Middle Tennessee region. The administration will also focus on enhancing infrastructure in other areas in order to accommodate new growth within the city while incorporating green building standards and growth practices that protect our air, water, and open spaces.
- Economic and Community Development – The administration is focused on continuing efforts to grow the local economy while also ensuring that more residents and communities within Nashville are able to participate in the growth and prosperity of our city. In order to further this goal, the Mayor's Office of Economic and Community Development works with the Nashville Area Chamber of Commerce to recruit and retain businesses that will create new, high-quality jobs for residents.

In addition to attracting new companies to Nashville, ECD will be committed to helping connect citizens from every part of the County to programs designed to promote entrepreneurship and small business ownership, including endeavors aimed at enhancing our creative economy and giving New Americans more opportunity.

- Quality of Life – The administration is committed to making sure that Nashville remains a place where people can live, work and play all in one setting. 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.

The Mayor's Office of Economic Opportunity and Empowerment is focused on giving citizens access to affordable housing, job training, and financial empowerment tools that will improve their quality of life. The Mayor's Office of Neighborhoods and Community Engagement will work with neighborhood and community groups to enhance citizen engagement in the governing process and empower them to take steps to improve their local community. In addition, promoting access to health services and ensuring our city remains an affordable place to live will be key priorities.

FINANCIAL INFORMATION

CASH MANAGEMENT: Cash temporarily idle during the year was primarily invested in the State of Tennessee Local Government Investment Pool, the State of Tennessee Intermediate Term Investment Pool, and the First Tennessee Bank Advisors Short Investment Pool. Investments are made either directly or through the Metro Investment Pool. Investments in the pension trust funds also include common stocks, U. S. Treasury Obligations, corporate bonds and other holdings.

The Government's investment policy is to preserve principal, minimize credit and market risks and maintain adequate liquidity while maximizing the rate of return on its portfolio. The investment policy encourages conservative, low risk investments and does not permit high risk methods to enhance investment returns.

The majority of the cash deposits are held by financial institutions participating in the bank collateral pool administered by the State of Tennessee, thus ensuring that they are collateralized. The banking service agreement provides for the daily investment of demand deposit balances.

RISK MANAGEMENT: The Government continued to operate a risk management program, which was initiated in 1978. As part of its comprehensive plan, resources are being accumulated in various internal service funds to meet potential losses. Additionally, the Government has a property insurance policy for single losses over \$1 million and for all aggregate losses over \$3 million annually. Accepted risk control techniques, including employee accident prevention training, have been implemented to minimize potential liability losses. The Government has elected to come under the Tennessee Tort Liability laws in order to limit its potential liability.

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

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

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

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

The total net assets of all pension (and other employee benefit) trust funds were \$2.8 billion at June 30, 2015.

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, 2015 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2016 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 2015 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, 2014. This was the 32nd 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.

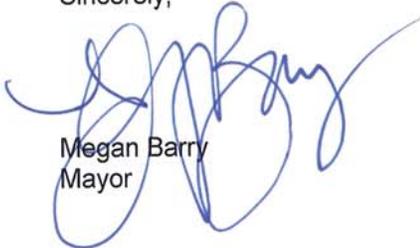
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Government for its annual budget for the fiscal year beginning July 1, 2014. 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 24th year to receive this award.

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

In conclusion, we acknowledge and express our appreciation for the strong support of the Metropolitan Council. The Council's support will continue to be vital as we work together to strengthen the financial condition of the Metropolitan Government.

Sincerely,



Megan Barry
Mayor



Talia Lomax-O'dneal
Director of Finance

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The Metropolitan Government
of Nashville & Davidson County
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emswiler', is positioned above the title of the Executive Director/CEO.

Executive Director/CEO

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

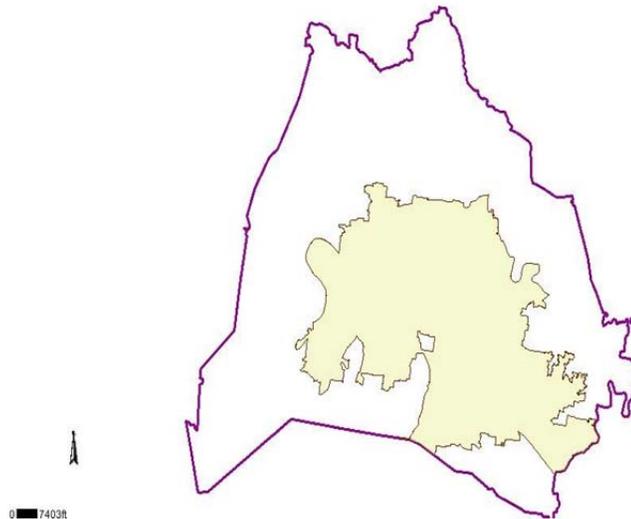
FORM OF GOVERNMENT

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

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

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

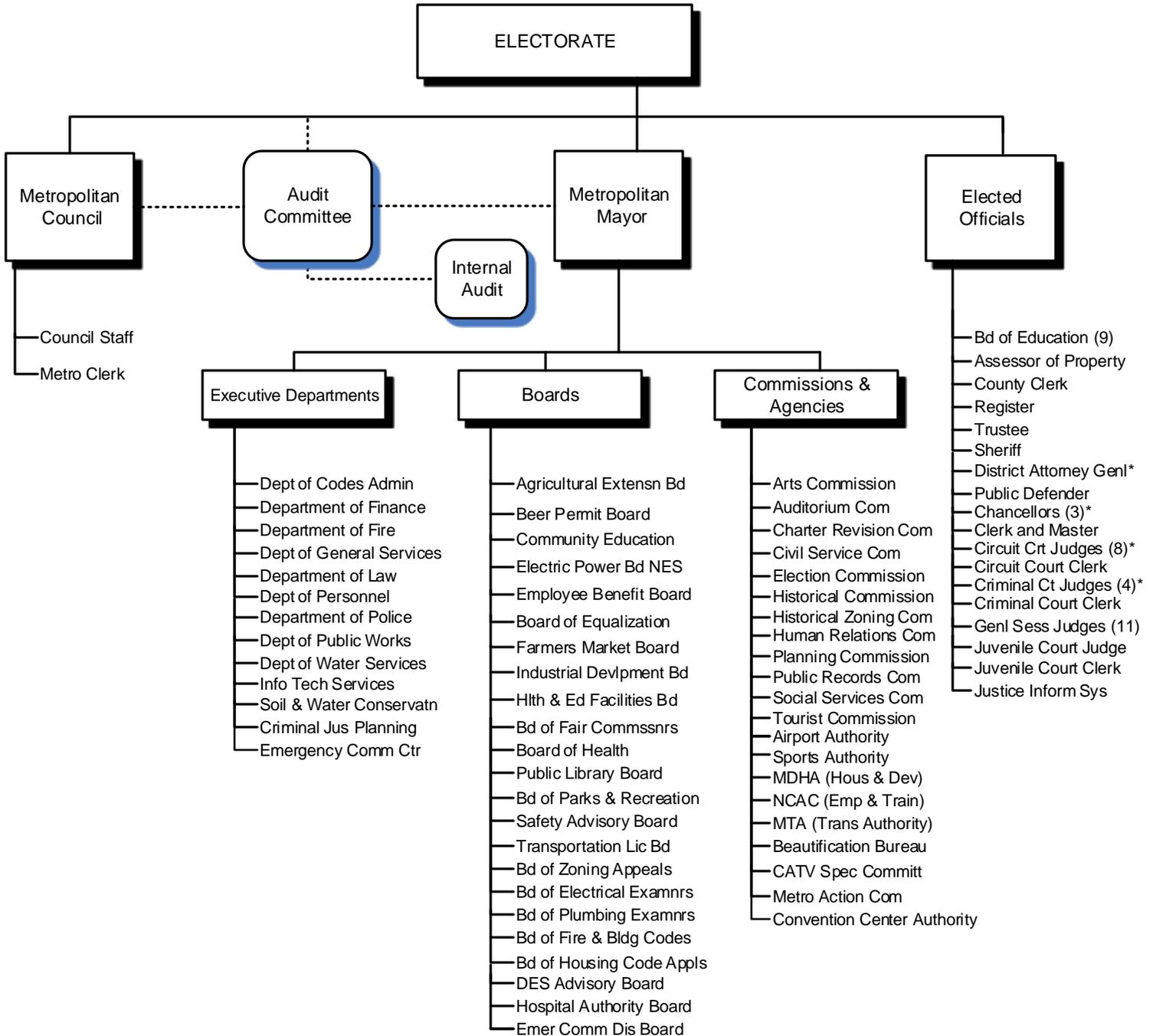
The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police protection, storm sewers, street lighting and refuse collection. The Charter provides: "The area of the Urban Services District may be expanded and its territorial limits extended by annexation whenever particular areas of the General Services District come to need urban services, and The Metropolitan Government becomes able to provide such service within a reasonable period which shall be no greater than one year after ad valorem taxes in the annexed area become due." Since April 1, 1963 the area of the USD has been expanded from 72 square miles to 187 square miles.



The USD is a subset of the GSD.

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

ORGANIZATION CHART



* State officials with local funding for certain operations

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

ELECTED OFFICIALS

At June 30, 2015

Karl Dean, Mayor

Finance Officials

George Rooker
Charles E. Cardwell
Brenda Wynn

Assessor of Property
Trustee
County Clerk

The Metropolitan Council

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

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

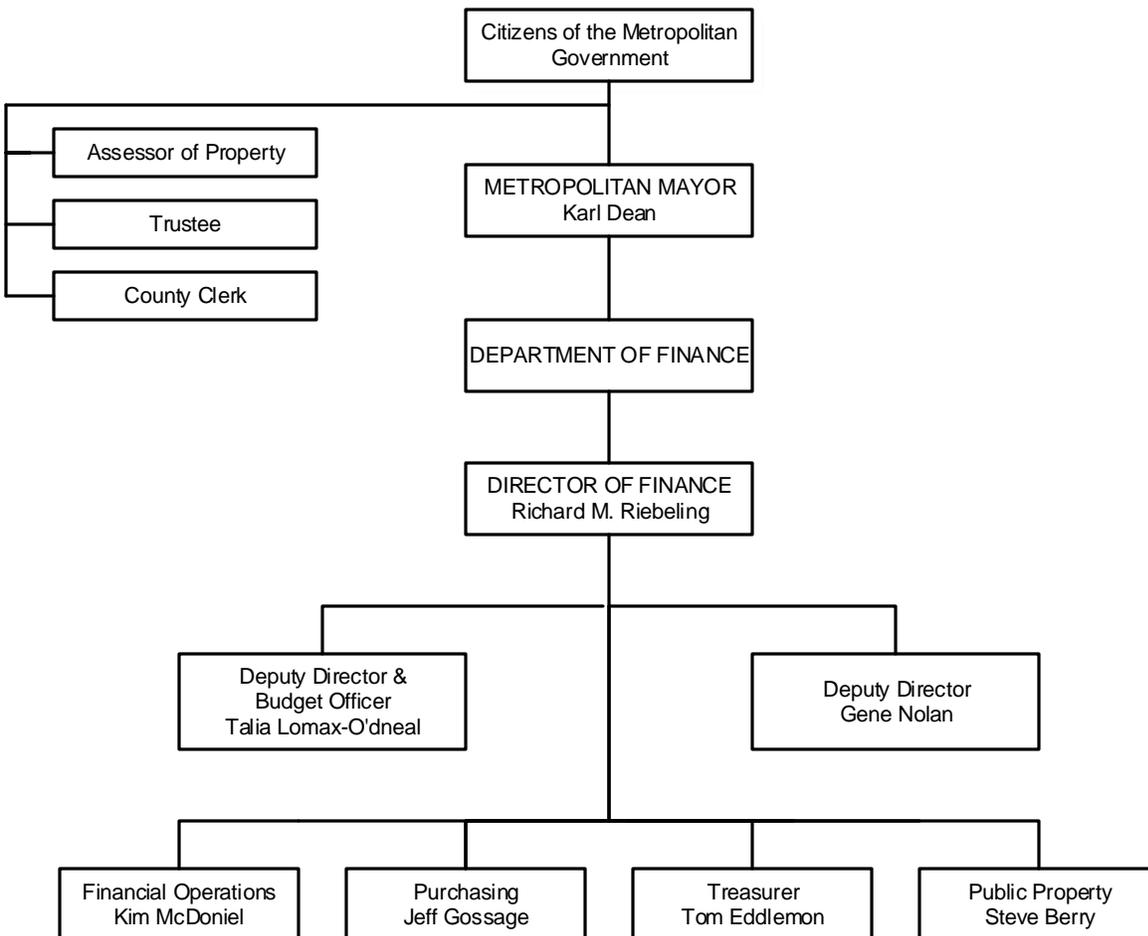
District No. 1 – Lonnell Matthews, Jr.
District No. 2 – Frank Harrison
District No. 3 – Walter Hunt
District No. 4 – Brady Banks
District No. 5 – Scott Davis
District No. 6 – Peter Westerholm
District No. 7 – Anthony Davis
District No. 8 – Karen Bennett
District No. 9 – Bill Pridemore
District No. 10 – Doug Pardue
District No. 11 – Larry Hagar
District No. 12 – Steve Glover
District No. 13 – Josh Stites
District No. 14 – Bruce Stanley
District No. 15 – Phil Claiborne
District No. 16 – Tony Tenpenny
District No. 17 – Sandra Moore
District No. 18 – Burkley Allen

District No. 19 – Erica Gilmore
District No. 20 – Buddy Baker
District No. 21 – Edith Langster
District No. 22 – Sheri Weiner
District No. 23 – Emily Evans
District No. 24 – Jason Holleman
District No. 25 – Sean McGuire
District No. 26 – Chris Harmon
District No. 27 – Davette Blalock
District No. 28 – Duane A. Dominy
District No. 29 – Karen Y. Johnson
District No. 30 – Jason Potts
District No. 31 – Fabian Bedne
District No. 32 – Jacobia Dowell
District No. 33 – Robert Duvall
District No. 34 – Carter Todd
District No. 35 – Bo Mitchell

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

ORGANIZATION OF THE DEPARTMENT OF
FINANCE AND OTHER FINANCIAL OFFICES

At June 30, 2015







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, 2015, 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, 2015, 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, 2015, 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 84% of the total assets, 81% 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, 2015, 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, 2015, 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 Matters

As discussed in Notes 1.B, 2 and 7, in fiscal year 2015, the Government adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

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



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A11, the condition rating of transportation network, the schedule of employer contributions - pension plans, the schedule of changes in net pension liability and related ratios - pension plans, the schedule of investment returns - pension plans, the schedule of the Government's contributions - teacher pension plans of the TCRS, the schedule of the Government's proportionate share of the net pension liability (asset) - teachers pension plans of the TCRS, the schedule of employer contributions - other postemployment benefit plans, and the schedule of funding progress - other postemployment benefit plans on pages B-114 through B-115, B-117 through B-119, B-120 through B-125, B-126, B-127, B-128, B-129, B-130 through B-131, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections listed in the table of contents and schedules on pages G-29 through G-32 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2015, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Croselin & Associates, PLLC

Nashville, Tennessee
October 31, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.0 billion (*net position*). This amount includes negative \$1.2 billion of *unrestricted net position*.
- The Government's total net position decreased by \$70 million (a decrease of \$81 million from governmental activities and an increase of \$11 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 \$166 million, a decrease of \$302 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$83 million, or 9.1% of total general fund expenditures and other financing uses.
- At the end of the current fiscal year, committed fund balance available for the general purpose school fund was \$53 million, or 6.9% 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 \$4 million during the year.
- The Government's total general obligation and revenue bonds outstanding decreased by \$152 million (4.5%) during the current fiscal year. New bond issues totaled \$164 million, which were offset by principal payments of \$143 million and refundings of \$156 million. Deferred amounts decreased a net amount of \$17 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. Total commercial paper outstanding at the close of the fiscal year was \$575 million.
- The Government implemented GASB Statement No.68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, in fiscal 2015. The Statement revised the calculation and reporting of obligations related to pensions. The effect was a decrease in beginning net position of \$341 million (\$329 million for governmental activities and \$12 million for business-type activities). The amounts reported in Management's Discussion and Analysis for 2014 have not been restated to reflect the effect of the implementation as the information necessary for restatement was not available.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended

to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

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

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

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

Fund Financial Statements

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

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

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

The Government reports 21 individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, General Purpose School Fund, GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, USD General Purposes Debt Service Fund, GSD Capital Projects Fund, Education Capital Projects Fund and USD Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

Proprietary funds – The Government maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Government uses enterprise funds to account for the Department of Water and Sewerage Services, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Surplus Property Auction, Municipal Auditorium, Police Impound, Stormwater Operations, and Community Education Commission functions. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Government's various functions. For the fiscal year ended June 30, 2015, the Government used internal service funds to account for its fleet, information systems, radio equipment, insurance, treasury management and school printing functions. Because these services predominantly benefit governmental rather than business-type functions, they have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Department of Water and

Sewerage Services and the District Energy System, which are considered to be major funds of the Government. Data from the other enterprise funds are combined into a single, aggregated presentation. Also, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages B-18 to B-23 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages B-24 to B-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages B-39 to B-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-117 to B-128, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-129 to B-131.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator over time of a government's financial position. In the case of the Government, assets and deferred inflows of resources exceeded liabilities and deferred outflows of resources by \$1.0 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 | |
|----------------------------------|-------------------------|------------------|--------------------------|---------------------|--------------------------|---------------------|
| | 2015 | 2014 (1) | 2015 | 2014 (1) | 2015 | 2014 (1) |
| Current and other assets | \$ 1,698,569 | \$ 1,615,085 | \$ 371,814 | \$ 410,115 | \$ 2,070,383 | \$ 2,025,200 |
| Capital assets | 3,558,578 | 3,414,832 | 1,954,877 | 1,885,858 | 5,513,455 | 5,300,690 |
| Total assets | 5,257,147 | 5,029,917 | 2,326,691 | 2,295,973 | 7,583,838 | 7,325,890 |
| Deferred outflows of resources | 240,495 | 150,012 | 7,399 | 4,620 | 247,894 | 154,632 |
| Long-term liabilities | 3,944,214 | 3,757,984 | 860,828 | 881,157 | 4,805,042 | 4,639,141 |
| Other liabilities | 799,585 | 448,728 | 134,811 | 85,066 | 934,396 | 533,794 |
| Total liabilities | 4,743,799 | 4,206,712 | 995,639 | 966,223 | 5,739,438 | 5,172,935 |
| Deferred inflows of resources | 1,076,515 | 886,104 | 4,562 | - | 1,081,077 | 886,104 |
| Net position: | | | | | | |
| Net investment in capital assets | 905,271 | 955,256 | 1,236,872 | 1,232,187 | 2,142,143 | 2,187,443 |
| Restricted | 41,647 | 39,551 | 55,270 | 64,253 | 96,917 | 103,804 |
| Unrestricted | (1,269,590) | (907,694) | 41,747 | 37,930 | (1,227,843) | (869,764) |
| Total net position | \$ (322,672) | \$ 87,113 | \$ 1,333,889 | \$ 1,334,370 | \$ 1,011,217 | \$ 1,421,483 |

(1) The Government implemented GASB Statement No. 68 in fiscal 2015. Information was unavailable to restate fiscal 2014.

Governmental activities – Current and other assets for governmental activities increased by 5.2%. The increase is primarily due to an increase in cash from current year commercial paper borrowings. Additionally, an increase in the assessed values for property resulted in an increase in the tax levy and related property tax receivable. Capital assets increased by 4.2% due to construction of new schools and other government buildings, the development of the west bank of the riverfront, renovations to the stormwater system, the acquisition of park property, and the renovation of existing government buildings. Deferred outflows of resources increased 60.3% primarily due to the inclusion of amounts for pension plans effective with the implementation of GASB Statement No. 68. Long-term liabilities increased by 5.0% primarily due to increases in the net pension liability related to the implementation of GASB Statement No. 68 and the net other postemployment benefits (OPEB) obligation, offset by principal payments on outstanding bonds and amortization of deferred premiums. Other liabilities increased by 78.2% primarily due to an increase in commercial paper outstanding to provide funding for capital projects prior to the issuance of general obligation bonds. Deferred inflows of resources increased by 21.5% primarily due to the inclusion of amounts for pension plans effective with the implementation of GASB Statement No. 68 as well as an increase in unavailable revenue from property taxes.

The largest portion of the Government's net position for governmental activities (280.6%) 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 (12.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position for governmental activities represents unrestricted net position of negative \$1.3 billion (-393.5%). Note that the unrestricted net position is negative due to the net OPEB obligation of \$1.192 billion and net pension liability of \$258 million at June 30, 2015.

Business-type activities – Current and other assets for business-type activities decreased by 9.3% primarily due to the continued current year spending of cash received from the issuance of Department of Water and Sewerage Services revenue bonds in April 2013, partially offset by an increase in cash from commercial paper borrowings. Capital assets increased by 3.7% 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 60.2% primarily due to the inclusion of amounts for pension plans effective with the implementation of GASB Statement No. 68. Long-term liabilities decreased by 2.3% primarily due to principal payments on outstanding bonds and amortization of deferred premiums, partially offset by increases in the net pension liability related to the implementation of GASB Statement No. 68. Other liabilities increased by 58.5% primarily due to an increase in commercial paper outstanding to provide funding for capital projects prior to the issuance of revenue bonds. Deferred inflows of resources increased by 100.0% due to the inclusion of amounts for pension plans effective with the implementation of GASB Statement No. 68.

The largest portion of the Government's net position for business-type activities (92.7%) 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 (4.2%) 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 \$42 million (3.1%), may be used to meet the Government's ongoing obligations to citizens and creditors.

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

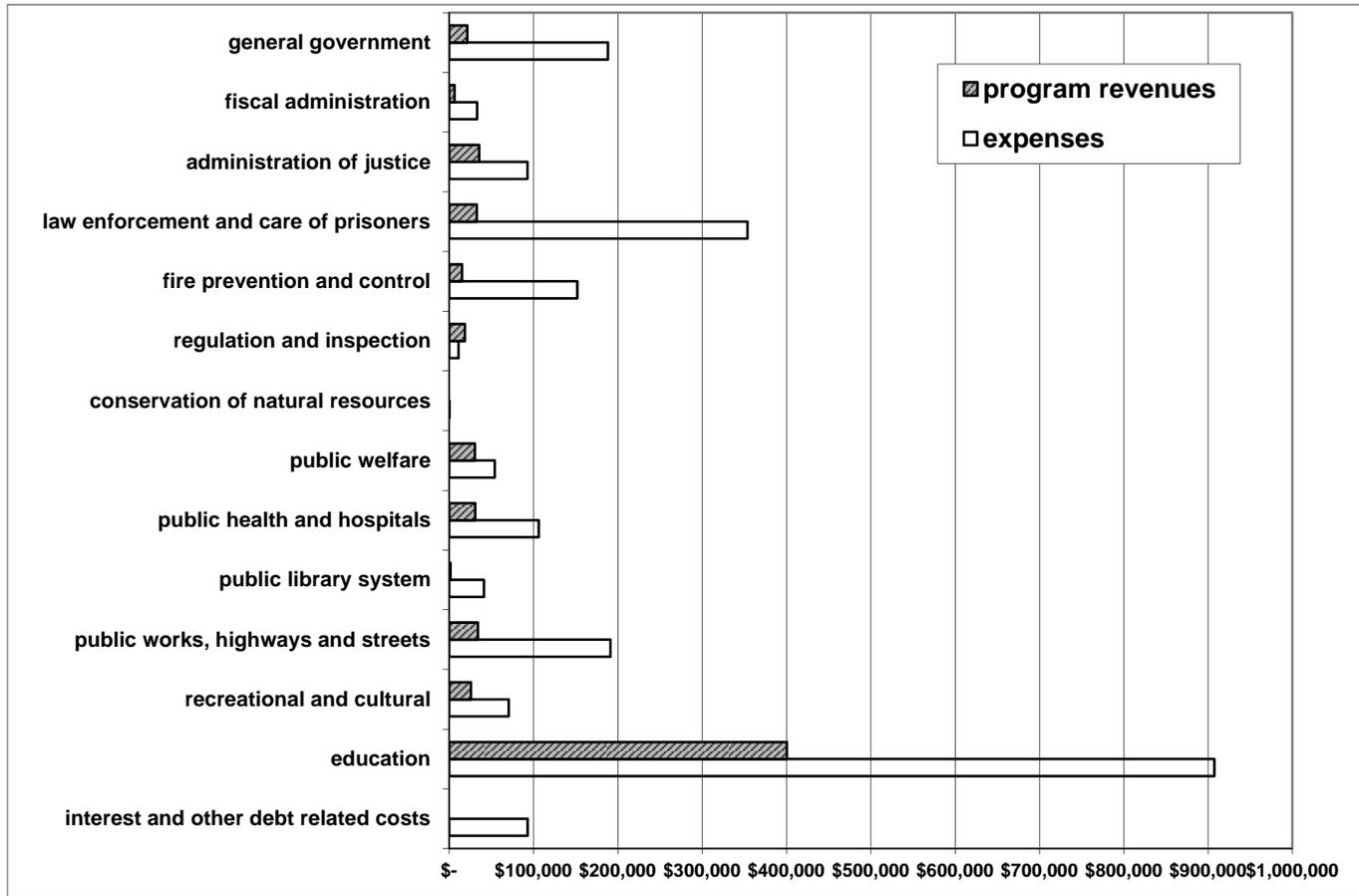
The Government's Changes in Net Position
in thousands of dollars
(for the year ended June 30,)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|------------------|--------------------------|---------------------|--------------------------|---------------------|
| | 2015 | 2014 (1) | 2015 | 2014 (1) | 2015 | 2014 (1) |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 160,993 | \$ 163,468 | \$ 256,434 | \$ 253,465 | \$ 417,427 | \$ 416,933 |
| Operating grants and contributions | 454,881 | 438,515 | - | - | 454,881 | 438,515 |
| Capital grants and contributions | 37,301 | 58,286 | 20,655 | 16,478 | 57,956 | 74,764 |
| General revenues: | | | | | | |
| Property taxes | 927,860 | 911,661 | - | - | 927,860 | 911,661 |
| Local option sales taxes | 340,077 | 315,479 | - | - | 340,077 | 315,479 |
| Hotel occupancy taxes | 69,012 | 59,651 | - | - | 69,012 | 59,651 |
| Beverage taxes | 41,759 | 38,220 | - | - | 41,759 | 38,220 |
| Wheel taxes | 29,943 | 28,581 | - | - | 29,943 | 28,581 |
| Business taxes | 31,998 | 29,050 | - | - | 31,998 | 29,050 |
| Franchise taxes | 20,578 | 18,678 | - | - | 20,578 | 18,678 |
| Other taxes | 439 | 376 | - | - | 439 | 376 |
| Revenues from the use of money or property | 1,044 | 3,244 | 1,088 | 1,655 | 2,132 | 4,899 |
| Revenues from other governmental agencies | 77,625 | 66,010 | - | - | 77,625 | 66,010 |
| Compensation for loss, sale or damage to property | 11,677 | 4,296 | 2 | 196 | 11,679 | 4,492 |
| Total revenues | 2,205,187 | 2,135,515 | 278,179 | 271,794 | 2,483,366 | 2,407,309 |
| Expenses: | | | | | | |
| General government | 188,330 | 134,592 | - | - | 188,330 | 134,592 |
| Fiscal administration | 33,277 | 31,357 | - | - | 33,277 | 31,357 |
| Administration of justice | 92,902 | 93,224 | - | - | 92,902 | 93,224 |
| Law enforcement and care of prisoners | 353,933 | 359,502 | - | - | 353,933 | 359,502 |
| Fire prevention and control | 152,045 | 149,551 | - | - | 152,045 | 149,551 |
| Regulation and inspection | 11,216 | 11,231 | - | - | 11,216 | 11,231 |
| Conservation of natural resources | 480 | 519 | - | - | 480 | 519 |
| Public welfare | 54,279 | 56,449 | - | - | 54,279 | 56,449 |
| Public health and hospitals | 106,365 | 119,828 | - | - | 106,365 | 119,828 |
| Public library system | 41,390 | 35,739 | - | - | 41,390 | 35,739 |
| Public works, highways and streets | 191,499 | 180,008 | - | - | 191,499 | 180,008 |
| Recreational and cultural | 70,841 | 76,759 | - | - | 70,841 | 76,759 |
| Education | 907,504 | 924,418 | - | - | 907,504 | 924,418 |
| Interest and other debt related costs | 93,210 | 96,842 | - | - | 93,210 | 96,842 |
| Department of Water and Sewerage Services | - | - | 213,926 | 208,945 | 213,926 | 208,945 |
| District Energy System | - | - | 18,761 | 18,774 | 18,761 | 18,774 |
| Nashville Convention Center | - | - | 3,543 | 3,591 | 3,543 | 3,591 |
| Board of Fair Commissioners | - | - | 3,661 | 3,140 | 3,661 | 3,140 |
| Farmers Market | - | - | 1,849 | 1,605 | 1,849 | 1,605 |
| Police Secondary Employment | - | - | - | 190 | - | 190 |
| Surplus Property Auction | - | - | 650 | 790 | 650 | 790 |
| Municipal Auditorium | - | - | 2,041 | 2,001 | 2,041 | 2,001 |
| Police Impound | - | - | 375 | 375 | 375 | 375 |
| Stormwater Operations | - | - | 10,506 | 11,073 | 10,506 | 11,073 |
| Community Education Commission | - | - | 357 | 324 | 357 | 324 |
| Total expenses | 2,297,271 | 2,270,019 | 255,669 | 250,808 | 2,552,940 | 2,520,827 |
| Change in net position before transfers | (92,084) | (134,504) | 22,510 | 20,986 | (69,574) | (113,518) |
| Transfers | 11,154 | 11,681 | (11,154) | (11,681) | - | - |
| Change in net position | (80,930) | (122,823) | 11,356 | 9,305 | (69,574) | (113,518) |
| Net position, beginning of year, as restated (1) | (241,742) | 209,936 | 1,322,533 | 1,325,065 | 1,080,791 | 1,535,001 |
| Acquisition of Old Hickory Utility District | - | - | - | - | - | - |
| Net position, end of year | \$ (322,672) | \$ 87,113 | \$ 1,333,889 | \$ 1,334,370 | \$ 1,011,217 | \$ 1,421,483 |

(1) The Government implemented GASB Statement No. 68 in fiscal 2015. Information was unavailable to restate fiscal 2014.

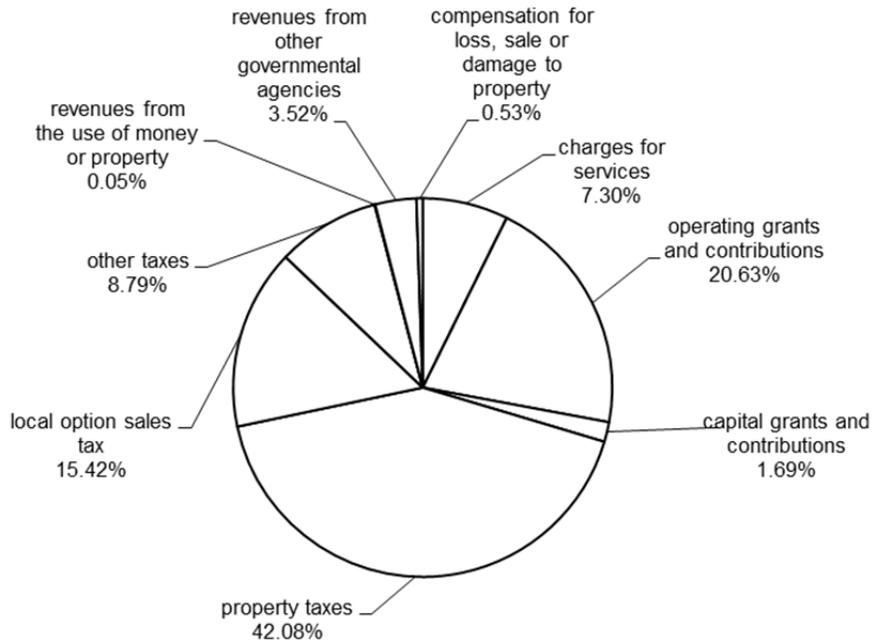
Governmental activities – Governmental activities decreased the Government’s net position by \$81 million, compared to a \$123 million decrease in the prior year. Total revenue increased by \$70 million. Significant variances in revenues included 1) an increase of \$16 million in property taxes due to more construction and continued economic recovery, 2) an increase of \$25 million in local option sales tax due to continued economic recovery, 3) an increase of \$9 million in hotel occupancy taxes due to the opening of new hotels as well as a general increase in tourism, and 4) an increase of \$12 million in revenue from other governmental agencies primarily related to funding from the Metropolitan Development and Housing Agency, a component unit, for the development of the Amphitheater and Riverfront Park. These increases were partially offset by a \$21 million decrease in capital grants and contributions primarily due to a decrease in street lane miles from developments in outlying areas, as the recent development trend is near the urban core. Total expenses increased by \$27 million. Operating expenses were generally higher across most functions due to increased appropriations, primarily in salaries and fringe benefits; however, increases were somewhat offset by a decrease in expense related to the Government’s net pension liability.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2015



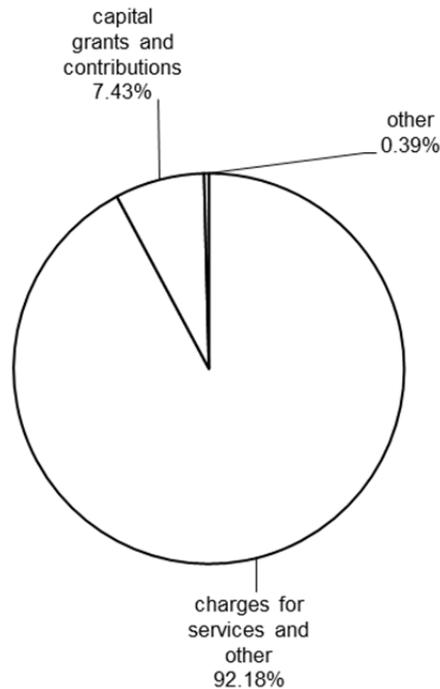
(in thousands)

Revenues by Source - Governmental Activities – For the Year Ended June 30, 2015



Business-type activities – Business-type activities increased the Government's net position by \$11 million compared to a \$9 million increase in the prior year. The increase in the change in net position is primarily due to the Department of Water and Sewerage Services operating results for the 2015 fiscal year. While operating income was slightly lower than the prior year, total change in net position increased by \$6 million primarily due to 1) an increase of \$4 million in contributions of capital assets from completed developments, and 2) a decrease of \$2 million in transfers out to other funds for street paving repairs related to water and sewer line repairs.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2015



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 \$166 million, a decrease of \$302 million in comparison with the prior year. Restricted fund balance of \$41 million can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors and grantors. Committed fund balance of \$126 million can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Metropolitan Council. Significant commitments include \$53 million for education, \$18 million for debt service, \$50 million for equipment acquisitions, and \$5 million for other purposes. Assigned fund balance of \$80 million primarily represents the portion of fund balance that is being used to balance the subsequent year budget. Unassigned fund balance of negative \$418 million represents the \$83 million residual balance of the General Fund offset by deficit balances in other funds, primarily the GSD, Education, and USD Capital Projects Funds where the deficits will be funded by the future issuance of general obligation bonds, and the Flood 2010 Recovery Fund where the deficit is expected to be funded by future grant payments. The remaining fund balance of \$5 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 \$83 million, while total fund balance was \$138 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 9.1% of total general fund expenditures and other financing uses, while total fund balance represents 15.1% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund increased by \$21 million during the current fiscal year as compared to a \$16 million increase in the previous year. Revenue collections exceeded budgeted projections by \$34 million. The increase was primarily due to improvements in local option sales tax, business taxes, building permits, state taxes, and excise taxes resulting from the general economic recovery. Ongoing operating expenditures were under budget \$24 million due to savings achieved throughout essentially all departments during the fiscal year. Despite a final budgeted deficit of \$39 million that was to be funded by assigned fund balance, higher actual revenues along with expenditure savings in the General Fund resulted in the \$21 million improvement in fund balance.

Despite a final budgeted deficit of \$38 million for the Government's General Purpose School Fund that was to be funded by assigned fund balance, higher actual revenues along with expenditure savings resulted in only an \$11 million decrease in fund balance. Revenue collections exceed budgeted projections by \$9 million. The increase was primarily due to improvements in local option sales tax and beverage tax collections that were partially offset by state basic education program revenues that were below budget projections. Ongoing operating expenditures were under budget \$20 million due to expenditure savings achieved during the fiscal year.

The fund balances of the Government's GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds increased by \$7 million in total primarily due to the proceeds from the sale of a Government office building that will be used to fund future debt service expenditures.

The fund balances of the Government's capital projects funds decreased by \$314 million as current capital project expenditures are being funded through commercial paper borrowings.

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

Unrestricted net position of proprietary funds at the end of the year amounted to \$203 million. The total increase in unrestricted net position for these funds was \$17 million. Factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Government's business-type activities. Proprietary funds also include internal service funds, the operations of which are primarily included in governmental activities in the government-wide statements. The enterprise funds increased the unrestricted net position of proprietary funds by \$8 million; the internal service funds increased unrestricted net position by \$9 million. The increase in internal service funds is primarily due to the increase in unrestricted net position of \$7 million in the School Professional Employees' Insurance Fund and \$7 million in the Injured on Duty Fund, both of which are used to accumulate assets for the payment of self-insured medical claims. These increases were partially offset by decreases in various other internal service funds, none of which were individually significant.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts

For the General Fund, there were no differences in revenues and other financing sources between the original budget and final amended budget. Differences in expenditures and other financing uses between the original budget and the final amended budget were primarily due to mid-year supplements for unanticipated expenditures and unspent amounts carried forward from the prior year as authorized by the budget ordinance. Other variances in the budget line items were primarily due to fringe benefit increases and utility contingency costs being originally budgeted under miscellaneous expenditures then later being reallocated to departmental budgets after the final budget was approved.

Final Budgeted and Actual Amounts

Revenues and other financing uses exceeded budgeted amounts by \$37 million. While revenues were budgeted conservatively due to economic uncertainty, collections exceeded budgeted amounts for local option sales tax, business taxes, building permits, certain state taxes, and excise taxes, primarily due to the general economic recovery. These overages were partially offset by a shortage in property taxes and charges for current services as collections for emergency ambulance service were less than budgeted amounts. Actual expenditures and other financing uses were under budget by \$23 million because of savings achieved by essentially all departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Government's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$5.5 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$179 million.

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Utility plant in service | \$ - | \$ - | \$ 2,734,125 | \$ 2,647,480 | \$ 2,734,125 | \$ 2,647,480 |
| Land | 393,670 | 372,581 | 30,640 | 30,640 | 424,310 | 403,221 |
| Buildings and improvements | 1,992,724 | 1,910,923 | 139,954 | 138,136 | 2,132,678 | 2,049,059 |
| Improvements other than buildings | - | 29 | 51,935 | 50,095 | 51,935 | 50,124 |
| Furniture, machinery and equipment | 425,389 | 394,096 | 63,813 | 46,234 | 489,202 | 440,330 |
| Property under capital lease | - | - | 3,645 | 3,645 | 3,645 | 3,645 |
| Infrastructure | 1,677,996 | 1,655,830 | - | - | 1,677,996 | 1,655,830 |
| Public art | 3,509 | 2,559 | - | - | 3,509 | 2,559 |
| Construction in progress | 154,573 | 87,482 | 155,365 | 114,113 | 309,938 | 201,595 |
| Less: Accumulated depreciation | <u>(1,089,283)</u> | <u>(1,008,668)</u> | <u>(1,224,600)</u> | <u>(1,144,485)</u> | <u>(2,313,883)</u> | <u>(2,153,153)</u> |
| Total capital assets | <u>\$ 3,558,578</u> | <u>\$ 3,414,832</u> | <u>\$ 1,954,877</u> | <u>\$ 1,885,858</u> | <u>\$ 5,513,455</u> | <u>\$ 5,300,690</u> |

The total increase in the Government's investment in capital assets for the current fiscal year was 4.0% (a 4.2% increase for governmental activities and a 3.7% increase for business-type activities).

Construction of new schools and other government buildings, the acquisition of park property, and the renovation of existing government buildings has continued in accordance with the Government's capital plan. Additionally, land and infrastructure increased from donated rights of way related to new developments. Significant additions include a library, development of an amphitheater and the the west bank of the riverfront, renovations to the stormwater system, land acquisitions for parks, 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 \$127.2 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 5,866 lane miles of streets and roads and 327 bridges and underpasses that the Government is responsible for maintaining. The Government's policy is to have at least 70% of roads in fair or better condition and 75% of bridges in fair or better condition. The most recent condition assessments indicate that 60.5% of roads and 97.1% 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 an unusually hard winter with heavy snowfall and salt usage. Another winter of excessive ice and snow was experienced in 2015. Increased spending on roads and streets maintenance has resulted in overall improvement in recent years in the percentage of roads and streets in fair or better condition. The FY15-16 capital budget included additional funding for road and street maintenance.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-56 of this report.

Long-term debt – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$3.2 billion. Of this amount, \$2.4 billion comprises debt backed by the full faith and credit of the Government. The remaining \$765 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 | |
|---|----------------------------|---------------------|-----------------------------|-------------------|-----------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General obligation bonds | \$ 2,067,763 | \$ 2,169,255 | \$ 56,327 | \$ 58,475 | \$ 2,124,090 | \$ 2,227,730 |
| Deferred amounts, net | 267,444 | 277,612 | 7,957 | 8,437 | 275,401 | 286,049 |
| Total general obligation bonds outstanding | 2,335,207 | 2,446,867 | 64,284 | 66,912 | 2,399,491 | 2,513,779 |
| Revenue bonds | - | - | 765,185 | 796,685 | 765,185 | 796,685 |
| Deferred amounts, net | - | - | 44,805 | 50,911 | 44,805 | 50,911 |
| Total revenue bonds outstanding | - | - | 809,990 | 847,596 | 809,990 | 847,596 |
| Total general obligation and revenue bonds outstanding | \$ 2,335,207 | \$ 2,446,867 | \$ 874,274 | \$ 914,508 | \$ 3,209,481 | \$ 3,361,375 |

The Government's total general obligation and revenue bonds outstanding net of deferred amounts decreased by \$152 million (4.5%) during the current fiscal year. New bond issues totaled \$164 million, which were offset by principal payments of \$143 million and refundings of \$156 million. Deferred amounts decreased a net amount of \$17 million.

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

Construction commitments at June 30, 2015 totaled \$128 million for the governmental activities of the Government and \$110 million for the Department of Water and Sewerage Services.

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

The Government maintains ratings ranging from "A1" to "Aa2" from Standard & Poor's and "A+" to "AA-" from Moody's for the various issues of revenue debt of the Department of Water and Sewerage Services.

The ratio of general long-term debt (defined as gross debt less debt service monies available and less debt to be repaid from sources other than property taxes) to the actual value of property is 3.48%, and the amount of net debt per capita is \$3,452.

Additional information on the Government's long-term debt can be found in Note 6 beginning on page B-60 of this report.

Commercial paper – In July 2014, the Government instituted a new general obligation commercial paper program to provide interim or short-term financing for various authorized capital projects. In April 2015, the Government instituted a new Water and Sewer revenue bond commercial paper program to provide interim and short-term financing for various authorized capital projects of the Department of Water and Sewerage Services. Commercial paper obligations of \$575 million outstanding at June 30, 2015 are considered short-term liabilities of the appropriate capital projects and proprietary funds. \$400 million of maturing commercial paper obligations was subsequently funded through the issuance of general obligation bonds, and the remainder was subsequently rolled over into new commercial paper obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The most recent (August 2015) unemployment rate for the Nashville combined statistical area is 4.7%. The state's and nation's unemployment rates are 5.7% and 5.1%, respectively. The budget for the 2016 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 2016 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

OTHER MATTERS

Governmental Accounting Standard Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), requires governments to account for and report their costs and obligations related to post employment healthcare and other nonpension benefits. At June 30, 2015, the unfunded accrued liability for these benefits for general government employees was \$2.2 billion, and the unfunded accrued liability for teachers was \$473 million. These benefits are currently funded on a pay-as-you-go basis and, as a result, the government recognized an increase in net OPEB obligations totaling \$137 million in the government-wide statements of net position and activities. Additional information can be found in Note 8 beginning on page B-95 of this report.

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

REQUESTS FOR INFORMATION

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION

June 30, 2015

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 556,003,704 | \$ 80,179,009 | \$ 636,182,713 | \$ 519,292,964 |
| Investments | - | 2,924,423 | 2,924,423 | 11,064,428 |
| Sales tax receivable | 60,917,010 | - | 60,917,010 | - |
| Accounts receivable | 152,038,348 | 26,064,302 | 178,102,650 | 206,697,406 |
| Property tax receivable | 916,399,785 | - | 916,399,785 | - |
| Allowance for doubtful accounts | (19,760,797) | (3,388,131) | (23,148,928) | (49,384,728) |
| Accrued interest receivable | 17,369 | 8,250 | 25,619 | 9,915 |
| Internal balances | 18,140,994 | (18,140,994) | - | - |
| Due from the primary government | - | - | - | 8,952,723 |
| Due from component units | 6,225,222 | 6,209 | 6,231,431 | - |
| Inventories of supplies | 4,270,983 | 2,905,572 | 7,176,555 | 27,182,833 |
| Other current assets | 2,895,102 | 14,696 | 2,909,798 | 12,460,204 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 223,756,487 | 223,756,487 | 129,026,563 |
| Investments | - | - | - | 167,746,082 |
| Accrued interest receivable | - | 1,580 | 1,580 | 121,596 |
| Due from other governmental agencies | - | - | - | 9,474,802 |
| Accounts receivable | - | 65,197 | 65,197 | 1,782,189 |
| Due from the primary government | - | - | - | 2,533,947 |
| Other restricted assets | - | 28,857 | 28,857 | 6,596,865 |
| Notes receivable | - | - | - | 67,378,884 |
| Capital assets: | | | | |
| Utility plant in service | - | 2,734,125,390 | 2,734,125,390 | 1,333,243,000 |
| Land | 393,669,561 | 30,639,729 | 424,309,290 | 354,416,367 |
| Buildings and improvements | 1,992,724,067 | 139,953,730 | 2,132,677,797 | 1,871,285,968 |
| Improvements other than buildings | - | 51,934,753 | 51,934,753 | 489,648,782 |
| Furniture, machinery and equipment | 425,388,839 | 63,813,276 | 489,202,115 | 412,566,300 |
| Property under capital lease | - | 3,645,000 | 3,645,000 | - |
| Infrastructure | 1,677,996,447 | - | 1,677,996,447 | 21,185,548 |
| Public art | 3,509,396 | - | 3,509,396 | 1,183,844 |
| Construction in progress | 154,573,537 | 155,364,687 | 309,938,224 | 140,991,815 |
| Accumulated depreciation | (1,089,283,471) | (1,224,599,649) | (2,313,883,120) | (1,641,598,864) |
| Other noncurrent assets | 1,420,602 | 57,389,143 | 58,809,745 | 2,077,356 |
| Total assets | 5,257,146,698 | 2,326,691,516 | 7,583,838,214 | 4,105,936,789 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Deferred charge on refunding | 155,362,328 | 3,212,988 | 158,575,316 | 24,286,472 |
| Effective portion of fuel hedging | 982,035 | - | 982,035 | 78,143 |
| Pensions | 84,150,829 | 4,185,833 | 88,336,662 | 14,466,852 |
| Total deferred outflows of resources | 240,495,192 | 7,398,821 | 247,894,013 | 38,831,467 |

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, 2015

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| LIABILITIES: | | | | |
| Accounts payable | \$ 123,413,217 | \$ 10,276,759 | \$ 133,689,976 | \$ 231,301,604 |
| Accrued payroll | 48,756,085 | 2,060,199 | 50,816,284 | 12,261,182 |
| Accrued interest | 46,343,584 | - | 46,343,584 | - |
| Claims payable | 33,974,879 | - | 33,974,879 | - |
| Due to component units | 10,270,265 | 1,040,629 | 11,310,894 | - |
| Due to the primary government | - | - | - | 6,231,431 |
| Customer deposits | - | 3,689,994 | 3,689,994 | 15,114,093 |
| Unearned revenue | 1,871,215 | 267,328 | 2,138,543 | 4,639,573 |
| Commercial paper payable | 524,211,727 | 50,788,273 | 575,000,000 | - |
| Other current liabilities | 10,742,832 | 3,573,757 | 14,316,589 | 34,130,312 |
| Liabilities payable from restricted assets: | | | | |
| Accounts payable | - | 19,389,024 | 19,389,024 | 5,010,795 |
| Accrued payroll | - | 202,844 | 202,844 | - |
| Accrued interest | - | 20,856,670 | 20,856,670 | 30,377,373 |
| Due to component units | - | 175,776 | 175,776 | - |
| Current portion of long-term liabilities | - | 22,489,658 | 22,489,658 | 69,095,000 |
| Noncurrent liabilities: | | | | |
| Due within one year | 165,730,369 | - | 165,730,369 | 6,013,892 |
| Due in more than one year | 3,778,484,489 | 860,828,313 | 4,639,312,802 | 1,814,718,665 |
| Total liabilities | 4,743,798,662 | 995,639,224 | 5,739,437,886 | 2,228,893,920 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Assessed and unlevied property taxes | 902,457,704 | - | 902,457,704 | - |
| Interest rate swap | 2,187,543 | - | 2,187,543 | - |
| Pensions | 171,869,664 | 4,561,705 | 176,431,369 | 13,443,293 |
| Tax increment financing | - | - | - | 28,000,000 |
| Total deferred inflows of resources | 1,076,514,911 | 4,561,705 | 1,081,076,616 | 41,443,293 |
| NET POSITION: | | | | |
| Net investment in capital assets | 905,270,736 | 1,236,872,374 | 2,142,143,110 | 1,477,974,525 |
| Restricted for debt retirement | - | 55,269,644 | 55,269,644 | 152,039,208 |
| Restricted for perpetual care: | | | | |
| Expendable | 205,545 | - | 205,545 | - |
| Nonexpendable | 185,112 | - | 185,112 | - |
| Restricted for: | | | | |
| Education | 21,286,092 | - | 21,286,092 | - |
| Law enforcement and care of prisoners | 3,956,872 | - | 3,956,872 | - |
| Public works, highways and streets | 3,358,050 | - | 3,358,050 | - |
| Convention center and tourism promotion | 2,179,572 | - | 2,179,572 | - |
| Public health | 3,234,504 | - | 3,234,504 | - |
| Public library | 1,141,276 | - | 1,141,276 | - |
| Other purposes | 6,100,426 | - | 6,100,426 | 35,161,851 |
| Unrestricted | (1,269,589,868) | 41,747,390 | (1,227,842,478) | 209,255,459 |
| Total net position | \$ (322,671,683) | \$ 1,333,889,408 | \$ 1,011,217,725 | \$ 1,874,431,043 |

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, 2015

| Functions/ Programs | Expenses | Program Revenues | | |
|---|-------------------------|-------------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 188,329,488 | \$ 7,763,556 | \$ 11,749,484 | \$ 1,984,000 |
| Fiscal administration | 33,276,605 | 6,356,304 | 111,367 | - |
| Administration of justice | 92,901,992 | 31,051,685 | 4,466,396 | - |
| Law enforcement and care of prisoners | 353,933,269 | 30,667,274 | 2,058,378 | - |
| Fire prevention and control | 152,045,148 | 11,448,868 | 3,820,910 | - |
| Regulation and inspection | 11,216,269 | 18,576,483 | - | - |
| Conservation of natural resources | 480,823 | - | - | - |
| Public welfare | 54,278,546 | 1,006,633 | 27,267,157 | 2,215,770 |
| Public health and hospitals | 106,365,209 | 11,173,130 | 19,618,229 | - |
| Public library system | 41,389,557 | 409,376 | 1,104,628 | - |
| Public works, highways and streets | 191,499,295 | 14,271,936 | 908,671 | 18,942,776 |
| Recreational and cultural | 70,841,128 | 11,331,649 | 684,222 | 13,805,676 |
| Education | 907,503,525 | 16,936,574 | 383,091,190 | 352,759 |
| Interest and other debt related costs | 93,210,038 | - | - | - |
| Total governmental activities | <u>2,297,270,892</u> | <u>160,993,468</u> | <u>454,880,632</u> | <u>37,300,981</u> |
| Business-type activities: | | | | |
| Department of Water and Sewerage Services | 213,926,167 | 214,750,822 | - | 20,655,130 |
| District Energy System | 18,761,208 | 18,541,701 | - | - |
| Nashville Convention Center | 3,542,684 | 1,768,192 | - | - |
| Board of Fair Commissioners | 3,660,894 | 3,366,700 | - | - |
| Farmers Market | 1,848,396 | 1,037,864 | - | - |
| Surplus Property Auction | 650,298 | 711,794 | - | - |
| Municipal Auditorium | 2,040,664 | 1,427,411 | - | - |
| Police Impound | 375,000 | 474,789 | - | - |
| Stormwater Operations | 10,505,224 | 14,295,083 | - | - |
| Community Education Commission | 357,113 | 59,147 | - | - |
| Total business-type activities | <u>255,667,648</u> | <u>256,433,503</u> | <u>-</u> | <u>20,655,130</u> |
| Total primary government | <u>\$ 2,552,938,540</u> | <u>\$ 417,426,971</u> | <u>\$ 454,880,632</u> | <u>\$ 57,956,111</u> |
| Component units | <u>\$ 1,770,679,303</u> | <u>\$ 1,518,016,124</u> | <u>\$ 278,794,940</u> | <u>\$ 88,428,023</u> |

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2015

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------|-------------------------|-------------------------|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| \$ (166,832,448) | \$ - | \$ (166,832,448) | \$ - |
| (26,808,934) | - | (26,808,934) | - |
| (57,383,911) | - | (57,383,911) | - |
| (321,207,617) | - | (321,207,617) | - |
| (136,775,370) | - | (136,775,370) | - |
| 7,360,214 | - | 7,360,214 | - |
| (480,823) | - | (480,823) | - |
| (23,788,986) | - | (23,788,986) | - |
| (75,573,850) | - | (75,573,850) | - |
| (39,875,553) | - | (39,875,553) | - |
| (157,375,912) | - | (157,375,912) | - |
| (45,019,581) | - | (45,019,581) | - |
| (507,123,002) | - | (507,123,002) | - |
| (93,210,038) | - | (93,210,038) | - |
| <u>(1,644,095,811)</u> | <u>-</u> | <u>(1,644,095,811)</u> | <u>-</u> |
| - | 21,479,785 | 21,479,785 | - |
| - | (219,507) | (219,507) | - |
| - | (1,774,492) | (1,774,492) | - |
| - | (294,194) | (294,194) | - |
| - | (810,532) | (810,532) | - |
| - | 61,496 | 61,496 | - |
| - | (613,253) | (613,253) | - |
| - | 99,789 | 99,789 | - |
| - | 3,789,859 | 3,789,859 | - |
| - | (297,966) | (297,966) | - |
| - | <u>21,420,985</u> | <u>21,420,985</u> | <u>-</u> |
| <u>(1,644,095,811)</u> | <u>21,420,985</u> | <u>(1,622,674,826)</u> | <u>-</u> |
| - | - | - | 114,559,784 |
| 927,859,665 | - | 927,859,665 | - |
| 340,076,515 | - | 340,076,515 | - |
| 69,011,658 | - | 69,011,658 | - |
| 41,758,975 | - | 41,758,975 | - |
| 29,943,201 | - | 29,943,201 | - |
| 31,998,443 | - | 31,998,443 | - |
| 20,578,477 | - | 20,578,477 | - |
| 439,851 | - | 439,851 | - |
| 1,043,744 | 1,087,853 | 2,131,597 | 2,901,401 |
| 77,624,591 | - | 77,624,591 | - |
| 11,677,169 | 1,722 | 11,678,891 | 937,535 |
| 11,154,289 | (11,154,289) | - | - |
| <u>1,563,166,578</u> | <u>(10,064,714)</u> | <u>1,553,101,864</u> | <u>3,838,936</u> |
| (80,929,233) | 11,356,271 | (69,572,962) | 118,398,720 |
| (241,742,450) | 1,322,533,137 | 1,080,790,687 | 1,756,032,323 |
| <u>\$ (322,671,683)</u> | <u>\$ 1,333,889,408</u> | <u>\$ 1,011,217,725</u> | <u>\$ 1,874,431,043</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, 2015

| | General | General Purpose School | GSD General Purposes Debt Service | GSD School Purposes Debt Service |
|---|-----------------------|---------------------------|---|--|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 124,977,378 | \$ 65,433,124 | \$ 12,633,360 | \$ 3,157,263 |
| Sales tax receivable | 22,155,273 | 34,214,138 | 904,915 | 3,642,684 |
| Accounts receivable | 61,021,960 | 12,364,134 | 2,710,689 | - |
| Accrued interest receivable | 2,118 | - | 2,592 | 35 |
| Property tax receivable | 473,902,985 | 298,485,424 | 89,288,860 | 37,962,564 |
| Allowance for doubtful accounts | (15,472,796) | (2,758,608) | (983,856) | (375,193) |
| Due from other funds of the primary government | 4,186,358 | 1,302,143 | 120,472 | 1,598,738 |
| Due from component units | 6,225,162 | - | - | - |
| Inventories of supplies | 276,016 | 1,366,017 | - | - |
| Other assets | 274,866 | 1,456,126 | 20,000 | - |
| Total assets | \$ 677,549,320 | \$ 411,862,498 | \$ 104,697,032 | \$ 45,986,091 |
| LIABILITIES: | | | | |
| Accounts payable | \$ 18,101,496 | \$ 15,935,614 | \$ 36,989 | \$ 18,353 |
| Accrued payroll | 18,222,150 | 26,463,953 | - | - |
| Due to other funds of the primary government | 16,502,242 | 1,866,490 | 7,079 | 3,897 |
| Due to component units | 1,099,630 | - | - | - |
| Commercial paper payable | - | - | - | - |
| Other liabilities | 2,905,911 | 1,401 | - | - |
| Total liabilities | 56,831,429 | 44,267,458 | 44,068 | 22,250 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue - property taxes | 470,210,323 | 295,202,838 | 88,148,868 | 37,519,843 |
| Unavailable revenue - grants | - | - | - | - |
| Unavailable revenue - other revenues | 12,453,970 | 276,670 | - | - |
| Total deferred inflows of resources | 482,664,293 | 295,479,508 | 88,148,868 | 37,519,843 |
| FUND BALANCES (DEFICITS): | | | | |
| Nonspendable | 546,062 | 2,790,092 | - | - |
| Restricted for: | | | | |
| Other purposes | - | - | - | - |
| Committed for: | | | | |
| Education (available) | - | 53,325,440 | - | - |
| Debt service | - | - | 11,504,096 | 5,143,998 |
| Equipment acquisitions (appropriated) | - | - | - | - |
| Equipment acquisitions (unappropriated) | - | - | - | - |
| Other purposes | - | - | - | - |
| Assigned for: | | | | |
| Subsequent year budgetary appropriations | 48,070,700 | 16,000,000 | 5,000,000 | 3,300,000 |
| Specific projects | 6,241,100 | - | - | - |
| Unassigned | 83,195,736 | - | - | - |
| Total fund balances (deficits) | 138,053,598 | 72,115,532 | 16,504,096 | 8,443,998 |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | \$ 677,549,320 | \$ 411,862,498 | \$ 104,697,032 | \$ 45,986,091 |

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, 2015

| USD General Purposes Debt Service | GSD Capital Projects | Education Capital Projects | USD Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|----------------------------------|----------------------------|--------------------------------|--------------------------------|
| \$ 3,120,786 | \$ 33,972,650 | \$ 20,480,959 | \$ 1,155,970 | \$ 119,867,669 | \$ 384,799,159 |
| - | - | - | - | - | 60,917,010 |
| - | 3,094,621 | 982 | - | 72,192,371 | 151,384,757 |
| 108 | 6 | - | - | 6,072 | 10,931 |
| 16,759,952 | - | - | - | - | 916,399,785 |
| (170,344) | - | - | - | - | (19,760,797) |
| - | 1,017,472 | 167,562 | 276,497 | 6,847,790 | 15,517,032 |
| - | - | - | - | - | 6,225,162 |
| - | - | - | - | 979,583 | 2,621,616 |
| - | - | - | - | 631,237 | 2,382,229 |
| <u>\$ 19,710,502</u> | <u>\$ 38,084,749</u> | <u>\$ 20,649,503</u> | <u>\$ 1,432,467</u> | <u>\$ 200,524,722</u> | <u>\$ 1,520,496,884</u> |
| \$ 6,907 | \$ 34,279,482 | \$ 12,043,265 | \$ 526,695 | \$ 21,166,590 | \$ 102,115,391 |
| - | 19,322 | - | - | 1,729,963 | 46,435,388 |
| 1,077 | 1,018,910 | 262,845 | 13,271 | 25,924,715 | 45,600,526 |
| - | 472,613 | - | - | 8,698,022 | 10,270,265 |
| - | 329,853,728 | 155,156,204 | 8,763,678 | 30,438,117 | 524,211,727 |
| - | 15,000 | - | - | 3,949,412 | 6,871,724 |
| <u>7,984</u> | <u>365,659,055</u> | <u>167,462,314</u> | <u>9,303,644</u> | <u>91,906,819</u> | <u>735,505,021</u> |
| 16,560,155 | - | - | - | - | 907,642,027 |
| - | - | - | - | 30,202,026 | 30,202,026 |
| - | - | - | - | - | 12,730,640 |
| <u>16,560,155</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>30,202,026</u> | <u>950,574,693</u> |
| - | - | - | - | 1,289,872 | 4,626,026 |
| - | - | - | - | 41,461,337 | 41,461,337 |
| - | - | - | - | - | 53,325,440 |
| 1,642,363 | - | - | - | - | 18,290,457 |
| - | - | - | - | 35,539,096 | 35,539,096 |
| - | - | - | - | 14,224,996 | 14,224,996 |
| - | - | - | - | 5,041,592 | 5,041,592 |
| 1,500,000 | - | - | - | - | 73,870,700 |
| - | - | - | - | - | 6,241,100 |
| - | (327,574,306) | (146,812,811) | (7,871,177) | (19,141,016) | (418,203,574) |
| <u>3,142,363</u> | <u>(327,574,306)</u> | <u>(146,812,811)</u> | <u>(7,871,177)</u> | <u>78,415,877</u> | <u>(165,582,830)</u> |
| <u>\$ 19,710,502</u> | <u>\$ 38,084,749</u> | <u>\$ 20,649,503</u> | <u>\$ 1,432,467</u> | <u>\$ 200,524,722</u> | <u>\$ 1,520,496,884</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, 2015

| | | |
|--|----|-----------------|
| Fund balances - total governmental funds | \$ | (165,582,830) |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported for governmental funds in the Balance Sheet because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p> | | |
| Capital assets | | 4,461,375,232 |
| Less accumulated depreciation | | (949,638,814) |
| <p>Net pension assets are not financial resources and therefore are not reported in the governmental funds.</p> | | |
| | | 1,420,602 |
| <p>Deferred outflows related to the fair value of derivative financial instruments are not financial resources and therefore not reported in the governmental funds.</p> | | |
| | | 982,035 |
| <p>Deferred outflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p> | | |
| | | 84,150,829 |
| <p>Deferred inflows related to the fair value of derivative financial instruments are not financial obligations and therefore not reported in the governmental funds.</p> | | |
| | | (2,187,543) |
| <p>Deferred inflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p> | | |
| | | (171,869,664) |
| <p>Loss contingencies that are probable and reasonably estimable are not financial obligations and therefore not reported in governmental funds.</p> | | |
| | | (3,871,108) |
| <p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p> | | |
| Bonds payable | | (2,067,762,893) |
| Qualified zone academy notes payable | | (2,487,398) |
| Qualified school construction bond loan payable | | (41,800,837) |
| Less deferred charge on refunding | | 155,362,328 |
| Add net bond premium/discount | | (267,387,135) |
| Accrued interest payable | | (46,343,584) |
| Unamortized swaption proceeds | | (1,871,215) |
| Net pension liability | | (257,862,346) |
| Net other postemployment benefits obligation | | (1,192,147,000) |
| Compensated absences | | (85,404,301) |
| Claims and judgments | | (5,180,500) |
| Landfill closure costs | | (9,280,505) |
| Fair value of derivative financial instruments | | (11,076,923) |
| <p>Certain deferred inflows reported in the governmental funds are recognized as revenues in the governmental activities.</p> | | |
| | | 48,116,989 |
| <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> | | |
| | | 207,674,898 |
| Net position - governmental activities | \$ | (322,671,683) |

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, 2015

| | <u>General</u> | <u>General Purpose School</u> | <u>GSD General Purposes Debt Service</u> | <u>GSD School Purposes Debt Service</u> |
|---|--------------------|-----------------------------------|--|---|
| REVENUES: | | | | |
| Property taxes | \$ 499,753,779 | \$ 289,172,011 | \$ 85,476,535 | \$ 36,373,883 |
| Local option sales taxes | 124,756,122 | 192,810,899 | 1,974,044 | 20,535,450 |
| Other taxes, licenses and permits | 132,376,873 | 9,128,766 | - | - |
| Fines, forfeits and penalties | 11,920,012 | - | 266,864 | - |
| Revenues from the use of money or property | 255,599 | 86,267 | 129,122 | 589,409 |
| Revenues from other governmental agencies | 94,263,064 | 260,757,971 | 3,247,299 | - |
| Commissions and fees | 13,627,359 | - | - | - |
| Charges for current services | 31,106,384 | 2,677,776 | - | - |
| Compensation for loss, sale or damage to property | 3,289,222 | 1,839,117 | 6,084,798 | - |
| Contributions and gifts | 343,681 | 608,118 | - | - |
| Bond interest tax credit | - | - | 4,839,480 | - |
| Miscellaneous | 1,802,914 | 144,078 | - | - |
| Total revenues | <u>913,495,009</u> | <u>757,225,003</u> | <u>102,018,142</u> | <u>57,498,742</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 47,417,134 | - | - | - |
| Fiscal administration | 20,510,344 | - | - | - |
| Administration of justice | 54,856,715 | - | - | - |
| Law enforcement and care of prisoners | 249,765,327 | - | - | - |
| Fire prevention and control | 113,389,098 | - | - | - |
| Regulation and inspection | 7,547,675 | - | - | - |
| Conservation of natural resources | 348,293 | - | - | - |
| Public welfare | 7,835,469 | - | - | - |
| Public health and hospitals | 53,361,022 | - | - | - |
| Public library system | 24,003,183 | - | - | - |
| Public works, highways and streets | 33,124,553 | - | - | - |
| Recreational and cultural | 35,965,864 | - | - | - |
| Education | - | 692,862,309 | - | - |
| Employee benefits | 80,114,975 | - | - | - |
| Miscellaneous | 87,245,357 | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | 60,734,953 | 42,536,769 |
| Interest | - | - | 60,661,096 | 33,100,589 |
| Fiscal charges | - | - | 4,370,696 | 1,895,311 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>815,485,009</u> | <u>692,862,309</u> | <u>125,766,745</u> | <u>77,532,669</u> |
| Excess (deficiency) of revenues over expenditures | <u>98,010,000</u> | <u>64,362,694</u> | <u>(23,748,603)</u> | <u>(20,033,927)</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, 2015

| USD General Purposes Debt Service | GSD Capital Projects | Education Capital Projects | USD Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|----------------------------------|----------------------------|--------------------------------|--------------------------------|
| \$ 15,972,099 | \$ - | \$ - | \$ - | \$ 2,047,935 | \$ 928,796,242 |
| - | - | - | - | - | 340,076,515 |
| - | - | - | - | 71,418,269 | 212,923,908 |
| - | - | - | - | 5,540,757 | 17,727,633 |
| - | 21,446 | 63 | - | 638,155 | 1,720,061 |
| - | 15,474,753 | 345,758 | - | 201,327,610 | 575,416,455 |
| - | - | - | - | 9,474,964 | 23,102,323 |
| - | 166,795 | - | - | 24,970,703 | 58,921,658 |
| - | 120,246 | 703,396 | - | 70,355 | 12,107,134 |
| - | 2,436,300 | 7,000 | - | 4,188,532 | 7,583,631 |
| - | - | - | - | - | 4,839,480 |
| - | - | - | - | 443,805 | 2,390,797 |
| <u>15,972,099</u> | <u>18,219,540</u> | <u>1,056,217</u> | <u>-</u> | <u>320,121,085</u> | <u>2,185,605,837</u> |
| - | - | - | - | 73,965,291 | 121,382,425 |
| - | - | - | - | 200,547 | 20,710,891 |
| - | - | - | - | 14,377,227 | 69,233,942 |
| - | - | - | - | 23,141,747 | 272,907,074 |
| - | - | - | - | 1,105,747 | 114,494,845 |
| - | - | - | - | 81,650 | 7,629,325 |
| - | - | - | - | - | 348,293 |
| - | - | - | - | 30,594,494 | 38,429,963 |
| - | - | - | - | 21,055,299 | 74,416,321 |
| - | - | - | - | 1,040,918 | 25,044,101 |
| - | - | - | - | 29,843,795 | 62,968,348 |
| - | - | - | - | 2,369,651 | 38,335,515 |
| - | - | - | - | 178,345,810 | 871,208,119 |
| - | - | - | - | - | 80,114,975 |
| - | - | - | - | - | 87,245,357 |
| 10,316,280 | - | - | - | - | 113,588,002 |
| 9,540,131 | - | - | - | - | 103,301,816 |
| 645,325 | - | - | - | - | 6,911,332 |
| - | 211,841,832 | 112,757,302 | 6,155,372 | 25,739,455 | 356,493,961 |
| <u>20,501,736</u> | <u>211,841,832</u> | <u>112,757,302</u> | <u>6,155,372</u> | <u>401,861,631</u> | <u>2,464,764,605</u> |
| <u>(4,529,637)</u> | <u>(193,622,292)</u> | <u>(111,701,085)</u> | <u>(6,155,372)</u> | <u>(81,740,546)</u> | <u>(279,158,768)</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, 2015

| | General | General Purpose School | GSD General Purposes Debt Service | GSD School Purposes Debt Service |
|--|----------------|---------------------------|---|--|
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of refunding debt | \$ - | \$ - | \$ 106,199,299 | \$ 53,045,752 |
| Debt issue premium | - | - | 8,961,930 | 4,476,417 |
| Payments to refunded bond escrow agent | - | - | (114,235,260) | (57,284,896) |
| Transfers in | 23,509,995 | 1,884,768 | 29,876,088 | 21,848,613 |
| Transfers out | (100,483,300) | (76,859,253) | - | - |
| Total other financing sources (uses) | (76,973,305) | (74,974,485) | 30,802,057 | 22,085,886 |
| Net change in fund balances | 21,036,695 | (10,611,791) | 7,053,454 | 2,051,959 |
| FUND BALANCES (DEFICITS), beginning of year | 117,016,903 | 82,727,323 | 9,450,642 | 6,392,039 |
| FUND BALANCES (DEFICITS), end of year | \$ 138,053,598 | \$ 72,115,532 | \$ 16,504,096 | \$ 8,443,998 |

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, 2015

| USD General Purposes Debt Service | GSD Capital Projects | Education Capital Projects | USD Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|----------------------------------|----------------------------|--------------------------------|--------------------------------|
| \$ 4,464,949 | \$ - | \$ - | \$ - | \$ - | \$ 163,710,000 |
| 376,787 | - | - | - | - | 13,815,134 |
| (4,821,765) | - | - | - | - | (176,341,921) |
| 1,940,600 | 3,000,000 | - | 1,287,075 | 106,703,599 | 190,050,738 |
| - | (7,151,520) | - | (126,191) | (29,697,431) | (214,317,695) |
| <u>1,960,571</u> | <u>(4,151,520)</u> | <u>-</u> | <u>1,160,884</u> | <u>77,006,168</u> | <u>(23,083,744)</u> |
| (2,569,066) | (197,773,812) | (111,701,085) | (4,994,488) | (4,734,378) | (302,242,512) |
| <u>5,711,429</u> | <u>(129,800,494)</u> | <u>(35,111,726)</u> | <u>(2,876,689)</u> | <u>83,150,255</u> | <u>136,659,682</u> |
| <u>\$ 3,142,363</u> | <u>\$ (327,574,306)</u> | <u>\$ (146,812,811)</u> | <u>\$ (7,871,177)</u> | <u>\$ 78,415,877</u> | <u>\$ (165,582,830)</u> |

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, 2015

Net change in fund balances - governmental funds \$ (302,242,512)

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 | 214,809,446 |
| Depreciation expense | (82,908,337) |

| | |
|--|------------|
| Donations of capital assets increase net position for governmental activities, but do not appear in the governmental funds because they are not financial resources. | 16,428,946 |
|--|------------|

| | |
|---|-------------|
| 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. | (2,159,156) |
|---|-------------|

| | |
|--|-----------|
| 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. | 1,420,602 |
|--|-----------|

| | |
|---|------------|
| 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. | 84,150,829 |
|---|------------|

| | |
|--|---------------|
| 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. | (171,869,664) |
|--|---------------|

Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.

| | |
|--|---------------|
| Issuance of refunding debt | (163,710,000) |
| Principal repayments | 113,588,002 |
| Payments to refunded bond escrow agent | 176,341,921 |
| Amortization of deferred charge on refunding | (14,301,373) |
| Bond premium/discount | (13,815,134) |
| Amortization of premium/discount | 23,972,666 |
| Change in accrued interest | 2,052,744 |

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, 2015

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 |
|---------------------------|------------|

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 | 163,246,804 |
| Net other postemployment benefits obligation | (137,242,000) |
| Compensated absences | (5,672,156) |
| Claims and judgments | (137,052) |
| Landfill closure costs | (28,089) |

| | |
|---|-----------|
| Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds. | 6,504,562 |
|---|-----------|

| | |
|--|-------------------|
| 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>10,466,991</u> |
|--|-------------------|

| | |
|--|-------------------------------|
| Change in net position - governmental activities | <u><u>\$ (80,929,233)</u></u> |
|--|-------------------------------|

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 502,342,900 | \$ 502,342,900 | \$ 499,753,779 | \$ (2,589,121) |
| Local option sales tax | 121,738,100 | 121,738,100 | 124,756,122 | 3,018,022 |
| Other taxes, licenses and permits | 113,599,300 | 113,599,300 | 132,376,873 | 18,777,573 |
| Fines, forfeits and penalties | 11,279,100 | 11,279,100 | 11,920,012 | 640,912 |
| Revenues from the use of money or property | - | - | 255,599 | 255,599 |
| Revenues from other governmental agencies | 81,563,200 | 81,563,200 | 94,263,064 | 12,699,864 |
| Commissions and fees | 13,948,000 | 13,948,000 | 13,627,359 | (320,641) |
| Charges for current services | 32,244,800 | 32,244,800 | 31,106,384 | (1,138,416) |
| Compensation for loss, sale or damage to property | 1,308,500 | 1,308,500 | 3,289,222 | 1,980,722 |
| Contributions and gifts | 274,800 | 274,800 | 343,681 | 68,881 |
| Miscellaneous | 1,564,000 | 1,564,000 | 1,802,914 | 238,914 |
| Total revenues | 879,862,700 | 879,862,700 | 913,495,009 | 33,632,309 |
| EXPENDITURES: | | | | |
| General government | 47,953,100 | 48,713,100 | 47,417,134 | 1,295,966 |
| Fiscal administration | 21,853,800 | 22,269,400 | 20,510,344 | 1,759,056 |
| Administration of justice | 55,954,300 | 56,518,200 | 54,856,715 | 1,661,485 |
| Law enforcement and care of prisoners | 243,877,800 | 250,636,200 | 249,765,327 | 870,873 |
| Fire prevention and control | 112,052,600 | 114,455,100 | 113,389,098 | 1,066,002 |
| Regulation and inspection | 8,344,400 | 8,567,200 | 7,547,675 | 1,019,525 |
| Conservation of natural resources | 356,000 | 369,100 | 348,293 | 20,807 |
| Public welfare | 8,153,900 | 8,255,700 | 7,835,469 | 420,231 |
| Public health and hospitals | 53,039,000 | 53,426,700 | 53,361,022 | 65,678 |
| Public library system | 24,180,900 | 24,448,000 | 24,003,183 | 444,817 |
| Public works, highways and streets | 32,872,300 | 33,355,200 | 33,124,553 | 230,647 |
| Recreational and cultural | 35,972,500 | 36,182,300 | 35,965,864 | 216,436 |
| Employee benefits | 82,151,200 | 83,280,000 | 80,114,975 | 3,165,025 |
| Miscellaneous | 108,719,100 | 99,166,000 | 87,245,357 | 11,920,643 |
| Total expenditures | 835,480,900 | 839,642,200 | 815,485,009 | 24,157,191 |
| Excess (deficiency) of revenues over expenditures | 44,381,800 | 40,220,500 | 98,010,000 | 57,789,500 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 20,057,100 | 20,057,100 | 23,509,995 | 3,452,895 |
| Transfers out | (96,463,700) | (99,616,100) | (100,483,300) | (867,200) |
| Total other financing sources (uses) | (76,406,600) | (79,559,000) | (76,973,305) | 2,585,695 |
| Net change in fund balances | (32,024,800) | (39,338,500) | 21,036,695 | 60,375,195 |
| FUND BALANCES, beginning of year | 117,016,903 | 117,016,903 | 117,016,903 | - |
| FUND BALANCES, end of year | \$ 84,992,103 | \$ 77,678,403 | \$ 138,053,598 | \$ 60,375,195 |

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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 291,326,300 | \$ 291,326,300 | \$ 289,172,011 | \$ (2,154,289) |
| Local option sales tax | 182,083,300 | 182,083,300 | 192,810,899 | 10,727,599 |
| Other taxes, licenses and permits | 5,955,000 | 5,955,000 | 9,128,766 | 3,173,766 |
| Fines, forfeits and penalties | 6,200 | 6,200 | - | (6,200) |
| Revenues from the use of money or property | - | - | 86,267 | 86,267 |
| Revenues from other governmental agencies | 266,976,900 | 266,976,900 | 260,757,971 | (6,218,929) |
| Charges for current services | 570,000 | 570,000 | 2,677,776 | 2,107,776 |
| Compensation for loss, sale or damage to property | 1,103,000 | 1,103,000 | 1,839,117 | 736,117 |
| Contributions and gifts | 300,000 | 300,000 | 608,118 | 308,118 |
| Miscellaneous | 45,000 | 45,000 | 144,078 | 99,078 |
| Total revenues | 748,365,700 | 748,365,700 | 757,225,003 | 8,859,303 |
| EXPENDITURES: | | | | |
| Education | 713,122,337 | 713,122,337 | 692,862,309 | 20,260,028 |
| Total expenditures | 713,122,337 | 713,122,337 | 692,862,309 | 20,260,028 |
| Excess (deficiency) of revenues over expenditures | 35,243,363 | 35,243,363 | 64,362,694 | 29,119,331 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,696,800 | 3,696,800 | 1,884,768 | (1,812,032) |
| Transfers out | (76,945,163) | (76,945,163) | (76,859,253) | 85,910 |
| Total other financing sources (uses) | (73,248,363) | (73,248,363) | (74,974,485) | (1,726,122) |
| Net change in fund balances | (38,005,000) | (38,005,000) | (10,611,791) | 27,393,209 |
| FUND BALANCES, beginning of year | 82,727,323 | 82,727,323 | 82,727,323 | - |
| FUND BALANCES, end of year | \$ 44,722,323 | \$ 44,722,323 | \$ 72,115,532 | \$ 27,393,209 |

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, 2015

| | 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 | \$ 53,394,746 | \$ 5,463,046 | \$ 21,321,217 | \$ 80,179,009 | \$ 171,204,545 |
| Investments | - | 2,924,423 | - | 2,924,423 | - |
| Accounts receivable | 19,458,590 | 2,679,359 | 3,926,353 | 26,064,302 | 483,047 |
| Allowance for doubtful accounts | (2,446,134) | - | (941,997) | (3,388,131) | - |
| Accrued interest receivable | 7,437 | 9 | 804 | 8,250 | 6,438 |
| Due from other funds of the primary government | 1,408,661 | - | 1,189,740 | 2,598,401 | 969,290 |
| Due from component units | 6,109 | - | 100 | 6,209 | 60 |
| Inventories of supplies | 2,905,572 | - | - | 2,905,572 | 1,649,367 |
| Other current assets | 923 | - | 13,773 | 14,696 | 512,873 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 91,580,892 | 1,651,813 | - | 93,232,705 | - |
| Accounts receivable | 65,197 | - | - | 65,197 | - |
| Accrued interest receivable | 1,580 | - | - | 1,580 | - |
| Due from other funds of the primary government | 18,549,634 | - | - | 18,549,634 | - |
| Other current assets | 28,857 | - | - | 28,857 | - |
| Total current assets | 184,962,064 | 12,718,650 | 25,509,990 | 223,190,704 | 174,825,620 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Utility plant in service | 2,668,558,078 | 65,567,312 | - | 2,734,125,390 | - |
| Land | 22,509,294 | 1,311,213 | 6,819,222 | 30,639,729 | - |
| Buildings and improvements | 42,725,280 | 22,249,491 | 74,978,959 | 139,953,730 | 126,643 |
| Improvements other than buildings | 47,592,889 | 273,754 | 4,068,110 | 51,934,753 | - |
| Furniture, machinery and equipment | 60,600,049 | 886,904 | 2,326,323 | 63,813,276 | 184,284,982 |
| Property under capital lease | - | - | 3,645,000 | 3,645,000 | - |
| Construction in progress | 154,979,160 | 94,498 | 291,029 | 155,364,687 | 2,074,990 |
| Less accumulated depreciation | (1,145,609,614) | (23,507,484) | (55,482,551) | (1,224,599,649) | (139,644,657) |
| Capital assets - net | 1,851,355,136 | 66,875,688 | 36,646,092 | 1,954,876,916 | 46,841,958 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 130,523,782 | - | - | 130,523,782 | - |
| Other noncurrent assets | 57,389,143 | - | - | 57,389,143 | - |
| Total noncurrent assets | 2,039,268,061 | 66,875,688 | 36,646,092 | 2,142,789,841 | 46,841,958 |
| Total assets | 2,224,230,125 | 79,594,338 | 62,156,082 | 2,365,980,545 | 221,667,578 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | | |
| Deferred charge on refunding | 1,501,004 | 1,711,984 | - | 3,212,988 | - |
| Pensions | 3,532,876 | 8,986 | 643,971 | 4,185,833 | - |
| Total deferred outflows of resources | 5,033,880 | 1,720,970 | 643,971 | 7,398,821 | - |

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, 2015

| | 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 | \$ 6,623,683 | \$ 2,439,757 | \$ 1,213,319 | \$ 10,276,759 | \$ 10,862,163 |
| Accrued payroll | 1,189,189 | 2,897 | 868,113 | 2,060,199 | 2,320,697 |
| Claims payable | - | - | - | - | 33,974,879 |
| Due to other funds of the primary government | 1,657,819 | 45,690 | 323,509 | 2,027,018 | 271,932 |
| Due to component units | - | - | 1,040,629 | 1,040,629 | - |
| Customer deposits | 3,491,556 | - | 198,438 | 3,689,994 | - |
| Unearned revenue | - | - | 267,328 | 267,328 | - |
| Other current liabilities | 3,573,757 | - | - | 3,573,757 | - |
| Liabilities payable from restricted assets: | | | | | |
| Accounts payable | 19,389,024 | - | - | 19,389,024 | - |
| Accrued payroll | 202,844 | - | - | 202,844 | - |
| Accrued interest | 20,132,092 | 724,578 | - | 20,856,670 | - |
| Current portion of long term debt | 20,275,000 | 2,163,234 | - | 22,438,234 | - |
| Current portion of state loans | 51,424 | - | - | 51,424 | - |
| Commercial paper payable | 50,000,000 | 788,273 | - | 50,788,273 | - |
| Due to component units | 175,776 | - | - | 175,776 | - |
| Total current liabilities | <u>126,762,164</u> | <u>6,164,429</u> | <u>3,911,336</u> | <u>136,837,929</u> | <u>47,429,671</u> |
| Noncurrent liabilities: | | | | | |
| Revenue bonds payable | 789,715,208 | 50,306,988 | - | 840,022,196 | - |
| General obligation bonds payable | - | 11,814,343 | - | 11,814,343 | - |
| Claims payable | - | - | - | - | 3,825,020 |
| Net pension liability | 7,589,126 | 19,303 | 1,383,345 | 8,991,774 | - |
| Total noncurrent liabilities | <u>797,304,334</u> | <u>62,140,634</u> | <u>1,383,345</u> | <u>860,828,313</u> | <u>3,825,020</u> |
| Total liabilities | <u>924,066,498</u> | <u>68,305,063</u> | <u>5,294,681</u> | <u>997,666,242</u> | <u>51,254,691</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Pensions | 3,850,114 | 9,793 | 701,798 | 4,561,705 | - |
| Total deferred inflows of resources | <u>3,850,114</u> | <u>9,793</u> | <u>701,798</u> | <u>4,561,705</u> | <u>-</u> |
| NET POSITION: | | | | | |
| Net investment in capital assets | 1,196,711,448 | 3,514,834 | 36,646,092 | 1,236,872,374 | 46,841,958 |
| Restricted for debt retirement | 54,342,409 | 927,235 | - | 55,269,644 | - |
| Unrestricted | 50,293,536 | 8,558,383 | 20,157,482 | 79,009,401 | 123,570,929 |
| Total net position | <u>\$ 1,301,347,393</u> | <u>\$ 13,000,452</u> | <u>\$ 56,803,574</u> | <u>1,371,151,419</u> | <u>\$ 170,412,887</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | (37,262,011) | |
| Net position of business-type activities | | | | <u>\$ 1,333,889,408</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, 2015

| | 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 | \$ 213,446,841 | \$ 18,541,701 | \$ 23,050,653 | \$ 255,039,195 | \$ 354,638,014 |
| Other | 889,213 | - | - | 889,213 | 7,722,127 |
| Total operating revenues | <u>214,336,054</u> | <u>18,541,701</u> | <u>23,050,653</u> | <u>255,928,408</u> | <u>362,360,141</u> |
| OPERATING EXPENSES: | | | | | |
| Personal services | 42,533,707 | 110,170 | 9,331,154 | 51,975,031 | 17,121,436 |
| Contractual services | 39,726,744 | 14,353,927 | 9,506,045 | 63,586,716 | 26,928,570 |
| Supplies and materials | 12,263,648 | 183,629 | 526,645 | 12,973,922 | 14,534,457 |
| Depreciation | 75,639,061 | 2,324,784 | 2,341,346 | 80,305,191 | 15,664,704 |
| Compensation for damages | - | - | - | - | 6,383,672 |
| Medical and insurance benefits | - | - | - | - | 311,477,171 |
| Other | 6,300,405 | 40,568 | 622,482 | 6,963,455 | 3,978,134 |
| Total operating expenses | <u>176,463,565</u> | <u>17,013,078</u> | <u>22,327,672</u> | <u>215,804,315</u> | <u>396,088,144</u> |
| OPERATING INCOME (LOSS) | <u>37,872,489</u> | <u>1,528,623</u> | <u>722,981</u> | <u>40,124,093</u> | <u>(33,728,003)</u> |
| NONOPERATING REVENUE (EXPENSE): | | | | | |
| Investment income (loss) | 957,962 | 49,231 | 80,660 | 1,087,853 | 652,392 |
| Interest expense | (33,635,263) | (1,743,367) | (13,965) | (35,392,595) | - |
| Gain (loss) on sale of property | (188,033) | - | (53,034) | (241,067) | 412,046 |
| Other | 414,768 | - | 90,327 | 505,095 | 1,438,724 |
| Total nonoperating revenue (expense) | <u>(32,450,566)</u> | <u>(1,694,136)</u> | <u>103,988</u> | <u>(34,040,714)</u> | <u>2,503,162</u> |
| INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS | <u>5,421,923</u> | <u>(165,513)</u> | <u>826,969</u> | <u>6,083,379</u> | <u>(31,224,841)</u> |
| CAPITAL GRANTS AND CONTRIBUTIONS | 20,655,130 | - | - | 20,655,130 | - |
| TRANSFERS IN | - | 1,849,500 | 2,220,501 | 4,070,001 | 41,482,516 |
| TRANSFERS OUT | <u>(10,782,155)</u> | <u>(1,363,300)</u> | <u>(3,078,835)</u> | <u>(15,224,290)</u> | <u>(4,018,633)</u> |
| CHANGE IN NET POSITION | 15,294,898 | 320,687 | (31,365) | 15,584,220 | 6,239,042 |
| NET POSITION, beginning of year, as restated | <u>1,286,052,495</u> | <u>12,679,765</u> | <u>56,834,939</u> | | <u>164,173,845</u> |
| NET POSITION, end of year | <u>\$ 1,301,347,393</u> | <u>\$ 13,000,452</u> | <u>\$ 56,803,574</u> | | <u>\$ 170,412,887</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | <u>(4,227,949)</u> | |
| Change in net position of business-type activities | | | | <u>\$ 11,356,271</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, 2015

| | 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 | \$ 215,031,832 | \$ 18,821,956 | \$ 22,411,159 | \$ 256,264,947 | \$ 367,588,190 |
| Payments to suppliers | (42,662,739) | (14,437,259) | (10,194,609) | (67,294,607) | (358,696,828) |
| Payments to employees | (44,405,700) | (116,881) | (9,662,091) | (54,184,672) | (16,531,233) |
| Other receipts (payments) | (5,062,469) | - | - | (5,062,469) | 1,280,494 |
| Net cash provided by (used in) operating activities | 122,900,924 | 4,267,816 | 2,554,459 | 129,723,199 | (6,359,377) |
| Cash flows from noncapital financing activities: | | | | | |
| Transfers in | - | 1,849,500 | 2,220,501 | 4,070,001 | 41,482,516 |
| Transfers out | (10,782,155) | (1,363,300) | (3,391,925) | (15,537,380) | (4,018,633) |
| Net cash provided by (used in) non-capital financing activities | (10,782,155) | 486,200 | (1,171,424) | (11,467,379) | 37,463,883 |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition of capital assets | (133,915,832) | (542,153) | (203,807) | (134,661,792) | (13,528,810) |
| Proceeds from the sale of property | 137,006 | - | 4,128 | 141,134 | 461,107 |
| Proceeds from borrowings | 50,000,000 | 547,673 | - | 50,547,673 | - |
| Principal payments on borrowings | (31,549,927) | (2,147,994) | (245,000) | (33,942,921) | - |
| Interest subsidy | 4,946,864 | - | - | 4,946,864 | - |
| Interest paid | (41,371,404) | (2,120,447) | (13,965) | (43,505,816) | - |
| Capital contributions received | 8,636,807 | - | - | 8,636,807 | - |
| Net cash provided by (used in) capital and related financing activities | (143,116,486) | (4,262,921) | (458,644) | (147,838,051) | (13,067,703) |
| Cash flows from investing activities: | | | | | |
| Increase (decrease) in investments | - | 1,000,864 | - | 1,000,864 | - |
| Interest on investments | 950,951 | 37,029 | 79,899 | 1,067,879 | 646,999 |
| Net cash provided by (used in) investing activities | 950,951 | 1,037,893 | 79,899 | 2,068,743 | 646,999 |
| Net changes in cash and cash equivalents | (30,046,766) | 1,528,988 | 1,004,290 | (27,513,488) | 18,683,802 |
| Cash and cash equivalents at beginning of year | 305,546,186 | 5,585,871 | 20,316,927 | 331,448,984 | 152,520,743 |
| Cash and cash equivalents at end of year | \$ 275,499,420 | \$ 7,114,859 | \$ 21,321,217 | \$ 303,935,496 | \$ 171,204,545 |
| Cash and cash equivalents are classified as: | | | | | |
| Current assets | \$ 53,394,746 | \$ 5,463,046 | \$ 21,321,217 | \$ 80,179,009 | \$ 171,204,545 |
| Current restricted assets | 91,580,892 | 1,651,813 | - | 93,232,705 | - |
| Noncurrent restricted assets | 130,523,782 | - | - | 130,523,782 | - |
| Cash and cash equivalents at end of year | \$ 275,499,420 | \$ 7,114,859 | \$ 21,321,217 | \$ 303,935,496 | \$ 171,204,545 |

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, 2015

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|------------------------------|------------------------------|------------------------------|---|
| | Department of Water and Sewerage Services | District Energy System | Other Enterprise Funds | Total Enterprise Funds | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ 37,872,489 | \$ 1,528,623 | \$ 722,981 | \$ 40,124,093 | \$ (33,728,003) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 75,639,061 | 2,324,784 | 2,341,346 | 80,305,191 | 15,664,704 |
| Provision for doubtful accounts | (240,000) | - | - | (240,000) | - |
| Other receipts (payments) | 414,768 | - | 90,327 | 505,095 | 1,280,494 |
| Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources | | | | | |
| Accounts receivable | 862,646 | 280,255 | 46,582 | 1,189,483 | 11,819,211 |
| Due from other funds of the primary government | (75,138) | - | (320,957) | (396,095) | 774,214 |
| Due from component units | (1,645) | - | 1,573 | (72) | 1,468 |
| Inventories of supplies | (85,205) | - | - | (85,205) | 39,135 |
| Other current assets | 20,557 | - | (9,061) | 11,496 | (473,192) |
| Deferred outflows pensions | (3,532,876) | (8,986) | (643,971) | (4,185,833) | - |
| Accounts payable | 9,412,858 | 150,193 | (312,738) | 9,250,313 | (3,176,768) |
| Accrued payroll | 211,783 | (1,411) | 48,892 | 259,264 | 160,037 |
| Claims payable | - | - | - | - | 1,237,475 |
| Due to other funds of the primary government | (173,474) | (9,328) | (212,214) | (395,016) | 41,848 |
| Due to component units | 175,776 | - | 1,039,431 | 1,215,207 | - |
| Customer deposits | 962,345 | - | (2,732) | 959,613 | - |
| Unearned revenue | - | - | (515,128) | (515,128) | - |
| Other current liabilities | (12,121) | - | 15,986 | 3,865 | - |
| Net pension liability | (2,401,014) | (6,107) | (437,656) | (2,844,777) | - |
| Deferred inflows pensions | 3,850,114 | 9,793 | 701,798 | 4,561,705 | - |
| Total adjustments | 85,028,435 | 2,739,193 | 1,831,478 | 89,599,106 | 27,368,626 |
| Net cash provided by (used in) operating activities | \$ 122,900,924 | \$ 4,267,816 | \$ 2,554,459 | \$ 129,723,199 | \$ (6,359,377) |
| <u>Non-Cash Capital, Financing and Investing Activities:</u> | | | | | |
| Contributions of capital assets | \$ 12,552,870 | \$ - | \$ - | \$ 12,552,870 | \$ - |
| Increase in fair value of investments | - | 12,195 | - | 12,195 | - |

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, 2015

| | Pension (and Other Employee Benefit) Trust Funds | Agency Funds |
|--|---|----------------------|
| ASSETS: | | |
| Cash and cash equivalents | \$ 137,612,311 | \$ 42,854,623 |
| Investments, at fair value: | | |
| U.S. government agencies | 31,755,103 | - |
| U.S. private placement | 53,998,506 | - |
| Equity commingled funds | 75,172,260 | - |
| Common collective trust | 35,094,652 | - |
| Commercial mortgage backed securities | 3,598,932 | - |
| Conventional mortgages | 938,587 | - |
| Emerging markets | 32,961,907 | - |
| Asset backed securities | 117,721 | - |
| Corporate bonds and notes | 138,318,430 | - |
| High yield bonds | 25,108,858 | - |
| Inflation protected bonds | 4,812,281 | - |
| Common stock | 606,074,578 | - |
| Preferred stock | 4,571,754 | - |
| Collateralized mortgage obligations | 24,622,790 | - |
| U.S. treasury securities | 10,603,864 | - |
| Non U.S. treasury securities developing markets | 1,247,760 | - |
| Supranationals | 65,491 | - |
| International bonds | 7,045,404 | - |
| Sector funds | 79,380,434 | - |
| Municipal bonds | 1,246,604 | - |
| Mutual funds | 103,113,140 | - |
| Commingled funds U.S. debt | 10,000,000 | - |
| Venture capital and partnerships | 1,494,071,654 | - |
| Cash collateral received - securities lending program | 42,818,354 | - |
| Mortgages and real estate | - | 1,291,100 |
| Mutual funds | - | 16,925 |
| Accounts receivable | 264,950,905 | - |
| Accrued interest receivable | 5,002,743 | 75 |
| Due from other funds of the primary government | 8,328,635 | 2,107,028 |
| Other assets | - | 123,193 |
| Total assets | <u>3,202,633,658</u> | <u>\$ 46,392,944</u> |
| LIABILITIES: | | |
| Accounts payable | 3,496,464 | \$ - |
| Due to brokers | 309,684,571 | - |
| Payable for collateral received - securities lending program | 42,818,354 | - |
| Due to other funds of the primary government | 170,544 | - |
| Funds held in custody for others | - | 31,390,583 |
| Other liabilities | - | 15,002,361 |
| Total liabilities | <u>356,169,933</u> | <u>\$ 46,392,944</u> |
| NET POSITION: | | |
| Restricted for pensions | 2,844,523,478 | |
| Held in trust for other employee benefits | 1,940,247 | |
| Total net position | <u>\$ 2,846,463,725</u> | |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2015

| | Pension (and other Employee Benefit) Trust Funds |
|---|---|
| | <u> </u> |
| ADDITIONS: | |
| Investment income: | |
| Interest and dividend income | \$ 58,098,345 |
| Net appreciation (depreciation) of investments | 77,100,594 |
| Miscellaneous | <u>149,773</u> |
| Net increase (decrease) in fair value of investments | <u>135,348,712</u> |
| Net income earned on securities lending transactions: | |
| Securities lending income | 453,587 |
| Securities lending expense | <u>(90,702)</u> |
| Net income earned on securities lending transactions | <u>362,885</u> |
| Less investment expenses | <u>(7,456,019)</u> |
| Net investment income (loss) | <u>128,255,578</u> |
| Contributions: | |
| Employee contributions | 2,146,651 |
| Employer contributions | 127,570,912 |
| Transfers in | 169,363 |
| Contributions from the State of Tennessee | 16,902,423 |
| Miscellaneous | <u>2,238,753</u> |
| Total contributions | <u>149,028,102</u> |
| Total additions | <u>277,283,680</u> |
| DEDUCTIONS: | |
| Pension and other employee benefits | 201,093,260 |
| Refunds of contributions | 15,072 |
| Administrative expenses | 6,004,455 |
| Transfers out | <u>2,212,000</u> |
| Total deductions | <u>209,324,787</u> |
| Change in net position | 67,958,893 |
| NET POSITION, beginning of year | <u>2,778,504,832</u> |
| NET POSITION, end of year | <u><u>\$ 2,846,463,725</u></u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2015

| | Nashville District Management Corporation | Gulch Business Improvement District, Inc. | Sports Authority | Industrial Development Board |
|---|--|--|---------------------|------------------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 90,837 | \$ 215,338 | \$ 8,504,791 | \$ 604,901 |
| Investments | - | - | - | - |
| Accounts receivable | - | - | 1,468,316 | - |
| Allowance for doubtful accounts | - | - | - | - |
| Accrued interest receivable | - | - | 422 | 23 |
| Due from the primary government | - | - | 1,672,974 | 832,387 |
| Inventories of supplies | - | - | - | - |
| Other current assets | 3,051 | 4,400 | - | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | - | 8,446,526 | - |
| Investments | - | - | 2,370,424 | - |
| Accounts receivable | - | - | 1,782,189 | - |
| Accrued interest receivable | - | - | - | - |
| Due from other governmental agencies | - | - | - | - |
| Due from the primary government | - | - | - | - |
| Other restricted assets | - | - | - | - |
| Notes receivable | - | - | 29,428,508 | - |
| Capital assets: | | | | |
| Utility plant in service | - | - | - | - |
| Land | - | - | 75,530,051 | - |
| Buildings and improvements | - | - | 449,933,274 | - |
| Improvements other than buildings | 135,509 | - | 1,601,646 | - |
| Furniture, machinery and equipment | 18,697 | 37,571 | 40,403,160 | - |
| Infrastructure | - | - | - | - |
| Public art | - | - | - | - |
| Construction in progress | - | - | 2,138,972 | - |
| Less accumulated depreciation | (154,206) | (2,356) | (164,166,758) | - |
| Other noncurrent assets | - | - | - | - |
| Total assets | 93,888 | 254,953 | 459,114,495 | 1,437,311 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Deferred charge on refunding | - | - | 3,827,103 | - |
| Effective portion of fuel hedging | - | - | - | - |
| Pensions | - | - | - | - |
| Total deferred outflows of resources | - | - | 3,827,103 | - |

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, 2015

| Total Governmental Types | Hospital Authority | | | Metropolitan Development and Housing Agency | Electric Power Board |
|--------------------------------|---------------------|----------------------------|-------------------|--|----------------------------|
| | General Hospital | Bordeaux Long Term Care | Total | | |
| \$ 9,415,867 | \$ 560,500 | \$ 14,155 | \$ 574,655 | \$ 66,234,954 | \$ 303,851,000 |
| - | - | - | - | 4,451,769 | - |
| 1,468,316 | 52,572,232 | 32,821 | 52,605,053 | 7,106,609 | 137,082,000 |
| - | (45,198,568) | - | (45,198,568) | (3,620,824) | (469,000) |
| 445 | - | - | - | 7,394 | - |
| 2,505,361 | - | - | - | - | - |
| - | 2,361,827 | - | 2,361,827 | 2,077,782 | 19,483,000 |
| 7,451 | 1,778,112 | - | 1,778,112 | 1,185,304 | 6,912,000 |
| 8,446,526 | - | - | - | - | 30,729,000 |
| 2,370,424 | - | - | - | - | 114,911,000 |
| 1,782,189 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 29,428,508 | - | - | - | 34,832,376 | 3,118,000 |
| - | - | - | - | - | 1,333,243,000 |
| 75,530,051 | - | - | - | 85,462,471 | 3,901,000 |
| 449,933,274 | 50,733,486 | 20,248,666 | 70,982,152 | 306,434,564 | 52,920,000 |
| 1,737,155 | - | 510,539 | 510,539 | - | - |
| 40,459,428 | 41,730,187 | 4,746,270 | 46,476,457 | 4,569,236 | 82,461,000 |
| - | - | - | - | 21,185,548 | - |
| - | - | - | - | - | - |
| 2,138,972 | 1,491,721 | 113,414 | 1,605,135 | 15,619,377 | 46,616,000 |
| (164,323,320) | (63,751,732) | (18,902,491) | (82,654,223) | (159,826,562) | (599,257,000) |
| - | - | - | - | - | 238,000 |
| <u>460,900,647</u> | <u>42,277,765</u> | <u>6,763,374</u> | <u>49,041,139</u> | <u>385,719,998</u> | <u>1,535,739,000</u> |
| 3,827,103 | - | - | - | - | 19,393,000 |
| - | - | - | - | - | - |
| - | 1,425,651 | - | 1,425,651 | - | 6,008,000 |
| <u>3,827,103</u> | <u>1,425,651</u> | <u>-</u> | <u>1,425,651</u> | <u>-</u> | <u>25,401,000</u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2015

| | Metropolitan Transit Authority | Metropolitan Nashville Airport Authority | Emergency Communications District |
|---|--------------------------------------|---|---|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 2,825,875 | \$ 78,234,916 | \$ 806,564 |
| Investments | - | - | 6,612,659 |
| Accounts receivable | 994,610 | 5,235,345 | - |
| Allowance for doubtful accounts | (6,000) | (90,000) | - |
| Accrued interest receivable | - | - | - |
| Due from the primary government | - | - | - |
| Inventories of supplies | 2,740,948 | 519,276 | - |
| Other current assets | 429,299 | 1,550,628 | 122,558 |
| Restricted assets: | | | |
| Cash and cash equivalents | 6,131,767 | 52,867,736 | - |
| Investments | - | 11,369,000 | - |
| Accounts receivable | - | - | - |
| Accrued interest receivable | - | - | - |
| Due from other governmental agencies | 4,963,790 | 4,511,012 | - |
| Due from the primary government | - | - | - |
| Other restricted assets | - | 3,458,587 | - |
| Notes receivable | - | - | - |
| Capital assets: | | | |
| Utility plant in service | - | - | - |
| Land | 15,155,266 | 96,968,771 | - |
| Buildings and improvements | 97,223,908 | 258,305,085 | - |
| Improvements other than buildings | - | 487,401,088 | - |
| Furniture, machinery and equipment | 109,385,648 | 114,296,969 | 11,694,012 |
| Infrastructure | - | - | - |
| Public art | - | - | - |
| Construction in progress | 12,887,223 | 62,125,108 | - |
| Less accumulated depreciation | (90,271,519) | (503,403,889) | (7,478,747) |
| Other noncurrent assets | 350,000 | 1,489,356 | - |
| Total assets | 162,810,815 | 674,838,988 | 11,757,046 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred charge on refunding | - | 1,066,369 | - |
| Effective portion of fuel hedging | 78,143 | - | - |
| Pensions | 3,201,780 | 3,659,781 | - |
| Total deferred outflows of resources | 3,279,923 | 4,726,150 | - |

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, 2015

| Convention Center Authority | Total Proprietary Types | Total Component Units |
|-----------------------------------|-------------------------------|-----------------------------|
| \$ 57,349,133 | \$ 509,877,097 | \$ 519,292,964 |
| - | 11,064,428 | 11,064,428 |
| 2,205,473 | 205,229,090 | 206,697,406 |
| (336) | (49,384,728) | (49,384,728) |
| 2,076 | 9,470 | 9,915 |
| 6,447,362 | 6,447,362 | 8,952,723 |
| - | 27,182,833 | 27,182,833 |
| 474,852 | 12,452,753 | 12,460,204 |
| 30,851,534 | 120,580,037 | 129,026,563 |
| 39,095,658 | 165,375,658 | 167,746,082 |
| - | - | 1,782,189 |
| 121,596 | 121,596 | 121,596 |
| - | 9,474,802 | 9,474,802 |
| 2,533,947 | 2,533,947 | 2,533,947 |
| 3,138,278 | 6,596,865 | 6,596,865 |
| - | 37,950,376 | 67,378,884 |
| - | 1,333,243,000 | 1,333,243,000 |
| 77,398,808 | 278,886,316 | 354,416,367 |
| 635,486,985 | 1,421,352,694 | 1,871,285,968 |
| - | 487,911,627 | 489,648,782 |
| 3,223,550 | 372,106,872 | 412,566,300 |
| - | 21,185,548 | 21,185,548 |
| 1,183,844 | 1,183,844 | 1,183,844 |
| - | 138,852,843 | 140,991,815 |
| (34,383,604) | (1,477,275,544) | (1,641,598,864) |
| - | 2,077,356 | 2,077,356 |
| 825,129,156 | 3,645,036,142 | 4,105,936,789 |
| - | 20,459,369 | 24,286,472 |
| - | 78,143 | 78,143 |
| 171,640 | 14,466,852 | 14,466,852 |
| 171,640 | 35,004,364 | 38,831,467 |

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, 2015

| | Nashville District Management Corporation | Gulch Business Improvement District, Inc. | Sports Authority | Industrial Development Board |
|--|--|--|-----------------------|------------------------------------|
| LIABILITIES: | | | | |
| Accounts payable | \$ 59,740 | \$ 13,123 | \$ 6,925,731 | \$ 832,487 |
| Accrued payroll | - | - | 5,731 | - |
| Due to the primary government | - | - | 250,180 | - |
| Customer deposits | - | - | - | - |
| Unearned revenue | 30,982 | 7,808 | - | - |
| Current portion of long-term liabilities | - | - | - | - |
| Current portion of capitalized lease obligations | - | - | - | - |
| Other current liabilities | - | - | - | - |
| Liabilities payable from restricted assets: | | | | |
| Accounts payable | - | - | - | - |
| Accrued interest | - | - | 3,185,591 | - |
| Current portion of long-term liabilities | - | - | 5,540,000 | - |
| Revenue bonds payable | - | - | 148,219,725 | - |
| Capitalized lease obligations | - | - | - | - |
| TVA advances | - | - | - | - |
| Other long-term liabilities | - | - | 7,524,159 | - |
| | <u>90,722</u> | <u>20,931</u> | <u>171,651,117</u> | <u>832,487</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Tax increment financing | - | - | 28,000,000 | - |
| Pensions | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>28,000,000</u> | <u>-</u> |
| NET POSITION: | | | | |
| Net investment in capital assets | - | 35,215 | 245,629,558 | - |
| Restricted for debt retirement | - | - | 13,250,722 | - |
| Restricted for other purposes | - | - | - | - |
| Unrestricted | <u>3,166</u> | <u>198,807</u> | <u>4,410,201</u> | <u>604,824</u> |
| | <u>\$ 3,166</u> | <u>\$ 234,022</u> | <u>\$ 263,290,481</u> | <u>\$ 604,824</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, 2015

| Total Governmental Types | Hospital Authority | | | Metropolitan Development and Housing Agency | Electric Power Board |
|--------------------------------|------------------------|----------------------------|-----------------------|--|----------------------------|
| | General Hospital | Bordeaux Long Term Care | Total | | |
| \$ 7,831,081 | \$ 16,279,342 | \$ - | \$ 16,279,342 | \$ 4,248,640 | \$ 185,918,000 |
| 5,731 | 3,868,018 | - | 3,868,018 | 927,441 | - |
| 250,180 | 5,961,500 | - | 5,961,500 | - | - |
| - | - | - | - | 674,093 | 14,440,000 |
| 38,790 | - | - | - | - | - |
| - | - | - | - | 2,968,746 | - |
| - | 2,162,480 | - | 2,162,480 | - | - |
| - | 583,331 | 186,122 | 769,453 | 28,017,349 | - |
| - | - | - | - | - | 2,894,000 |
| 3,185,591 | - | - | - | - | 3,159,000 |
| 5,540,000 | - | - | - | - | 31,230,000 |
| 148,219,725 | - | - | - | - | 599,342,000 |
| - | 25,127,610 | - | 25,127,610 | - | - |
| - | - | - | - | - | 3,118,000 |
| 7,524,159 | 3,062,503 | - | 3,062,503 | 12,721,604 | 171,229,000 |
| - | - | - | - | - | - |
| 172,595,257 | 57,044,784 | 186,122 | 57,230,906 | 49,557,873 | 1,011,330,000 |
| 28,000,000 | - | - | - | - | - |
| - | 1,553,669 | - | 1,553,669 | - | 6,945,000 |
| 28,000,000 | 1,553,669 | - | 1,553,669 | - | 6,945,000 |
| 245,664,773 | (3,060,425) | 6,716,398 | 3,655,973 | 259,204,897 | 384,058,000 |
| 13,250,722 | - | - | - | - | 63,730,000 |
| - | - | - | - | 54,531 | - |
| 5,216,998 | (11,834,612) | (139,146) | (11,973,758) | 76,902,697 | 95,077,000 |
| <u>\$ 264,132,493</u> | <u>\$ (14,895,037)</u> | <u>\$ 6,577,252</u> | <u>\$ (8,317,785)</u> | <u>\$ 336,162,125</u> | <u>\$ 542,865,000</u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2015

| | Metropolitan Transit Authority | Metropolitan Nashville Airport Authority | Emergency Communications District |
|--|--------------------------------------|---|---|
| LIABILITIES: | | | |
| Accounts payable | \$ 4,459,844 | \$ 10,975,290 | \$ 98,206 |
| Accrued payroll | 1,662,420 | 4,448,016 | - |
| Due to the primary government | 7,467 | - | - |
| Customer deposits | - | - | - |
| Unearned revenue | - | - | - |
| Current portion of long-term liabilities | - | 882,666 | - |
| Current portion of capitalized lease obligations | - | - | - |
| Other current liabilities | 5,343,510 | - | - |
| Liabilities payable from restricted assets: | | | |
| Accounts payable | - | 1,191,333 | - |
| Accrued interest | - | 3,522,905 | - |
| Current portion of long-term liabilities | - | 29,105,000 | - |
| Revenue bonds payable | - | 115,857,902 | - |
| Capitalized lease obligations | - | - | - |
| TVA advances | - | - | - |
| Other long-term liabilities | 58,200,229 | 49,066,786 | - |
| Total liabilities | 69,673,470 | 215,049,898 | 98,206 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Tax increment financing | - | - | - |
| Pensions | 3,426,187 | 1,331,384 | - |
| Total deferred inflows of resources | 3,426,187 | 1,331,384 | - |
| NET POSITION: | | | |
| Net investment in capital assets | 131,712,263 | 387,595,082 | 4,215,265 |
| Restricted for debt retirement | - | 23,811,939 | - |
| Restricted for other purposes | 2,360,000 | 32,747,320 | - |
| Unrestricted | (41,081,182) | 19,029,515 | 7,443,575 |
| Total net position | \$ 92,991,081 | \$ 463,183,856 | \$ 11,658,840 |

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, 2015

| Convention Center Authority | Total Proprietary Types | Total Component Units |
|-----------------------------------|-------------------------------|-----------------------------|
| \$ 1,491,201 | \$ 223,470,523 | \$ 231,301,604 |
| 1,349,556 | 12,255,451 | 12,261,182 |
| 12,284 | 5,981,251 | 6,231,431 |
| - | 15,114,093 | 15,114,093 |
| 4,600,783 | 4,600,783 | 4,639,573 |
| - | 3,851,412 | 3,851,412 |
| - | 2,162,480 | 2,162,480 |
| - | 34,130,312 | 34,130,312 |
| 925,462 | 5,010,795 | 5,010,795 |
| 20,509,877 | 27,191,782 | 30,377,373 |
| 3,220,000 | 63,555,000 | 69,095,000 |
| 620,880,438 | 1,336,080,340 | 1,484,300,065 |
| - | 25,127,610 | 25,127,610 |
| - | 3,118,000 | 3,118,000 |
| 368,709 | 294,648,831 | 302,172,990 |
| <u>653,358,310</u> | <u>2,056,298,663</u> | <u>2,228,893,920</u> |
| - | - | 28,000,000 |
| 187,053 | 13,443,293 | 13,443,293 |
| <u>187,053</u> | <u>13,443,293</u> | <u>41,443,293</u> |
| 61,868,272 | 1,232,309,752 | 1,477,974,525 |
| 51,246,547 | 138,788,486 | 152,039,208 |
| - | 35,161,851 | 35,161,851 |
| 58,640,614 | 204,038,461 | 209,255,459 |
| <u>\$ 171,755,433</u> | <u>\$ 1,610,298,550</u> | <u>\$ 1,874,431,043</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, 2015

| | Expenses | Program Revenues | | |
|---|-------------------------|-------------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Nashville District Management Corporation | \$ 1,781,518 | \$ 1,710,593 | \$ 69,620 | \$ - |
| Gulch Business Improvement District, Inc. | 253,740 | 266,446 | - | - |
| Sports Authority | 48,870,157 | 4,371,116 | 23,553,194 | 19,522,630 |
| Industrial Development Board | 7,970,268 | 4,250 | 7,972,276 | - |
| General Hospital | 94,732,415 | 57,773,171 | 27,668,475 | 5,803,923 |
| Bordeaux Long Term Care | 8,680,831 | 300,028 | 7,955,820 | - |
| Metropolitan Development and Housing Agency | 123,185,821 | 18,024,879 | 94,065,396 | 7,342,448 |
| Electric Power Board | 1,191,814,000 | 1,246,632,000 | - | - |
| Metropolitan Transit Authority | 98,088,779 | 14,647,480 | 45,699,558 | 28,252,442 |
| Metropolitan Nashville Airport Authority | 117,521,420 | 146,735,029 | - | 27,506,580 |
| Emergency Communications District | 7,124,943 | 6,094,748 | - | - |
| Convention Center Authority | 70,655,411 | 21,456,384 | 71,810,601 | - |
| Total component units | \$ 1,770,679,303 | \$ 1,518,016,124 | \$ 278,794,940 | \$ 88,428,023 |

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, 2015

| Net (Expense) Revenue and Changes in Net Position | | | | | | | |
|--|--|-----------------------|------------------------------------|--------------------------------|------------------------|----------------------------|-----------------------|
| Nashville District Management Corporation | Gulch Business Improvement District, Inc. | Sports Authority | Industrial Development Board | Total Governmental Types | Hospital Authority | | |
| | | | | | General Hospital | Bordeaux Long Term Care | Total |
| \$ (1,305) | \$ - | \$ - | \$ - | \$ (1,305) | \$ - | \$ - | \$ - |
| - | 12,706 | - | - | 12,706 | - | - | - |
| - | - | (1,423,217) | - | (1,423,217) | - | - | - |
| - | - | - | 6,258 | 6,258 | - | - | - |
| - | - | - | - | - | (3,486,846) | - | (3,486,846) |
| - | - | - | - | - | - | (424,983) | (424,983) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>(1,305)</u> | <u>12,706</u> | <u>(1,423,217)</u> | <u>6,258</u> | <u>(1,405,558)</u> | <u>(3,486,846)</u> | <u>(424,983)</u> | <u>(3,911,829)</u> |
| 1,305 | 2,151 | 288,995 | 2,448 | 294,899 | - | 1,940 | 1,940 |
| - | - | 933,643 | - | 933,643 | - | - | - |
| <u>1,305</u> | <u>2,151</u> | <u>1,222,638</u> | <u>2,448</u> | <u>1,228,542</u> | <u>-</u> | <u>1,940</u> | <u>1,940</u> |
| - | 14,857 | (200,579) | 8,706 | (177,016) | (3,486,846) | (423,043) | (3,909,889) |
| <u>3,166</u> | <u>219,165</u> | <u>263,491,060</u> | <u>596,118</u> | <u>264,309,509</u> | <u>(11,408,191)</u> | <u>7,000,295</u> | <u>(4,407,896)</u> |
| <u>\$ 3,166</u> | <u>\$ 234,022</u> | <u>\$ 263,290,481</u> | <u>\$ 604,824</u> | <u>\$ 264,132,493</u> | <u>\$ (14,895,037)</u> | <u>\$ 6,577,252</u> | <u>\$ (8,317,785)</u> |

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, 2015

| | Net (Expense) Revenue and Changes in Net Position | | | |
|--|--|----------------------------|--------------------------------------|---|
| | Metropolitan Development and Housing Agency | Electric Power Board | Metropolitan Transit Authority | Metropolitan Nashville Airport Authority |
| Nashville District Management Corporation | \$ - | \$ - | \$ - | \$ - |
| Gulch Business Improvement District, Inc. | - | - | - | - |
| Sports Authority | - | - | - | - |
| Industrial Development Board | - | - | - | - |
| General Hospital | - | - | - | - |
| Bordeaux Long Term Care | - | - | - | - |
| Metropolitan Development and Housing Agency | (3,753,098) | - | - | - |
| Electric Power Board | - | 54,818,000 | - | - |
| Metropolitan Transit Authority | - | - | (9,489,299) | - |
| Metropolitan Nashville Airport Authority | - | - | - | 56,720,189 |
| Emergency Communications District | - | - | - | - |
| Convention Center Authority | - | - | - | - |
| Total component units | (3,753,098) | 54,818,000 | (9,489,299) | 56,720,189 |
| General revenues: | | | | |
| Revenues from the use of money or property | 155,025 | 995,000 | - | 359,790 |
| Compensation for loss, sale or damage to property | - | - | - | - |
| Total general revenues | 155,025 | 995,000 | - | 359,790 |
| Changes in net position | (3,598,073) | 55,813,000 | (9,489,299) | 57,079,979 |
| Net position - beginning of year, as restated | 339,760,198 | 487,052,000 | 102,480,380 | 406,103,877 |
| Net position - end of year | \$ 336,162,125 | \$ 542,865,000 | \$ 92,991,081 | \$ 463,183,856 |

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, 2015

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------------|-------------------------------|-----------------------------|
| Emergency Communications District | Convention Center Authority | Total Proprietary Types | Total Component Units |
| \$ - | \$ - | \$ - | \$ (1,305) |
| - | - | - | 12,706 |
| - | - | - | (1,423,217) |
| - | - | - | 6,258 |
| - | - | (3,486,846) | (3,486,846) |
| - | - | (424,983) | (424,983) |
| - | - | (3,753,098) | (3,753,098) |
| - | - | 54,818,000 | 54,818,000 |
| - | - | (9,489,299) | (9,489,299) |
| - | - | 56,720,189 | 56,720,189 |
| (1,030,195) | - | (1,030,195) | (1,030,195) |
| - | 22,611,574 | 22,611,574 | 22,611,574 |
| <u>(1,030,195)</u> | <u>22,611,574</u> | <u>115,965,342</u> | <u>114,559,784</u> |
| 6,815 | 1,087,932 | 2,606,502 | 2,901,401 |
| 3,892 | - | 3,892 | 937,535 |
| <u>10,707</u> | <u>1,087,932</u> | <u>2,610,394</u> | <u>3,838,936</u> |
| (1,019,488) | 23,699,506 | 118,575,736 | 118,398,720 |
| <u>12,678,328</u> | <u>148,055,927</u> | <u>1,491,722,814</u> | <u>1,756,032,323</u> |
| <u>\$ 11,658,840</u> | <u>\$ 171,755,433</u> | <u>\$ 1,610,298,550</u> | <u>\$ 1,874,431,043</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 (CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Authority land and buildings and improvements are titled in the Government's name. Both entities are financially dependent on contributions from the Government's General Fund. Complete financial statements for each entity can be obtained by writing to the Hospital Authority at 1818 Albion Street, Nashville, TN 37208.

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

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

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

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

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

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

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

The separately issued financial statements for the component units contain additional note disclosures that are not considered essential to the fair presentation of the Government's basic financial statements and have therefore been excluded from these notes to the financial statements in the Government's Comprehensive Annual Financial Report for the year ended June 30, 2015.

The primary government includes \$6,231,431 due from component units and \$11,486,670 due to component units in the Statement of Net Position. The component units include \$6,231,431 due to the primary government and \$11,486,670 due from the primary government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

B. Accounting Pronouncements

The Government adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, required for fiscal periods beginning after June 15, 2014, in fiscal 2015. This Statement improves accounting and financial reporting by state and local governments for pensions.

The Government adopted GASB Statement No. 69, Government Operations and Disposals of Government Operations, required for fiscal periods beginning after December 15, 2013, in fiscal 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The Government adopted GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, required for fiscal periods beginning after June 15, 2014, in fiscal 2015. This Statement improves accounting and financial reporting by state and local governments for pensions by addressing an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement.

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

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

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

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

The Government plans to adopt GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, required for fiscal periods beginning after June 15, 2015, in fiscal 2016. This Statement identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles.

The Government plans to adopt GASB Statement No. 77, Tax Abatement Disclosures, required for fiscal periods beginning after December 15, 2015, in fiscal 2017. This Statement improves financial reporting by giving users of financial statements essential information regarding tax abatements that is not currently reported consistently or comprehensively.

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:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The Government reports the following major governmental funds:

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

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

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

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

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

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

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

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

The Government reports the following major enterprise funds:

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

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

Additionally, the Government reports the following fund types:

Internal service funds are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Government on a cost reimbursement basis. For the year ended June 30, 2015, 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2015. The Government and certain component units also invest in the Tennessee Local Government Investment Pool which is maintained and managed by the State of Tennessee. This Pool is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Government’s investments in the Pool have been determined based on the Pool’s share price. Investment income consists of realized and unrealized appreciation or depreciation in the fair value of assets. Investment income of the capital projects funds is reported in those funds and is transferred to the debt service funds after arbitrage calculations, as applicable.

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

Capital assets – Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost at the time of acquisition. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. Capitalized interest totaled \$2,166,473 for the year ended June 30, 2015.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

differences between projected and actual investment earnings, as well as contributions between the measurement and reporting dates, which are accounted for as deferred outflows of resources.

Claims payable – Losses for claim liabilities are reported in the self-insurance funds for claims payable from those funds. Claims payable include reported claims and an estimated liability for claims incurred but not reported at June 30, 2015. The claims liabilities are based on the estimated cost of settling the claim, including nonincremental claim adjustments, using past experience and adjusting for current conditions. Losses for uninsured judgments against the Government payable from governmental funds not expected to be liquidated with expendable available resources are reported in the applicable governmental activities in the Statements of Net Position and Activities.

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

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

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

Landfills – State and federal laws and regulations require the Government to place a final cover on all its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the Government is required to report a portion of these closure and postclosure care costs as an expense in the government-wide financial statements. This expense is based on landfill capacity used at the reporting date. The current year expenditures of the landfills are reported in the Solid Waste Operations Fund, a nonmajor governmental fund, in the Governmental Funds section of this report. The long term liability and expense are reported in the Statements of Net Position and Activities. The total liability for landfill purposes is \$9,280,505.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$5,719,611 are included in the long-term liability.

Metro Thermal Ash Landfill – This landfill has stopped accepting solid waste, and closing procedures are 100% complete. Estimated postclosure costs of \$1,216,454 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 \$1,600,334 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 \$744,106 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

F. Revenues, Expenditures and Expenses

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Payments are due by February 28 of the following year and are delinquent on March 1. Property taxes receivable have been included in the Balance Sheet – Governmental Funds with offsetting deferred inflows to reflect amounts not available at June 30, 2015. Amounts available at June 30, 2015 have been recorded as revenue in the governmental fund statements. Current tax collections of \$876,959,909 for the fiscal year ended June 30, 2015 were approximately 99% of the tax levy.

Of the \$916,399,785 property tax receivable, \$902,457,704 represents the 2016 property taxes which have been assessed but not yet levied and recorded as required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

G. Estimates

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

NOTE 2 – RESTATEMENT OF NET POSITION

The Government adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, for the year ended June 30, 2015. The Statement establishes accounting and financial reporting requirements that, among other things, require the Government to recognize a liability equal to the net pension liability. The impact on the financial statements was a decrease in beginning net position as follows:

| | Statement of Activities | | | Statement of Revenues, Expenses, and Changes in Net Position | Statement of Activities |
|---|-------------------------|--------------------------|-------------------------|--|-------------------------|
| | Governmental Activities | Business-type Activities | Component Units | Proprietary Funds | Component Units |
| Net position - beginning of year, as previously reported | \$ 87,113,535 | \$ 1,334,369,688 | \$ 1,974,740,791 | \$ 1,367,403,750 | \$ 1,974,740,791 |
| Adjustment to record net pension liability and related deferred outflows and inflows of resources | <u>(328,855,985)</u> | <u>(11,836,551)</u> | <u>(218,708,468)</u> | <u>(11,836,551)</u> | <u>(218,708,468)</u> |
| Net position - beginning of year, as restated | <u>\$ (241,742,450)</u> | <u>\$ 1,322,533,137</u> | <u>\$ 1,756,032,323</u> | <u>\$ 1,355,567,199</u> | <u>\$ 1,756,032,323</u> |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2015.

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. 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 2015-2016 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2015-1122. Fund balance resources at June 30, 2015 have been assigned to the 2015-2016 fiscal year operating budget as follows:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| | |
|--|---------------|
| General Services District General Fund | \$ 40,000,000 |
| Urban Services District General Fund | 8,070,700 |
| General Purpose School Fund | 16,000,000 |
| General Services District General Purposes Debt Service Fund | 5,000,000 |
| General Services District School Purposes Debt Service Fund | 3,300,000 |
| Urban Services District General Purposes Debt Service Fund | 1,500,000 |

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, 2015 were as follows:

| | <u>Outstanding Encumbrances</u> |
|--------------------------------|-------------------------------------|
| General Fund | \$ 1,244,081 |
| Special Revenue Funds: | |
| General Purpose School | 3,751,095 |
| Metropolitan Action Commission | 1,457,623 |
| General Fund 4% Reserve | 3,977,945 |
| Solid Waste Operations | 192,928 |
| Stormwater Grants | 6,897 |
| Flood 2010 Recovery | 672,981 |
| Education Services | 3,263,863 |
| Other Governmental Services | 2,846,534 |
| Capital Projects Funds: | |
| GSD Capital Projects | 78,421,585 |
| Education Capital Projects | 46,437,393 |
| USD Capital Projects | 2,611,358 |

C. Deficit Balances and Excess Expenditures

The following funds have deficit balances at June 30, 2015:

| | <u>Unassigned Fund Balance/ Unrestricted Net Position</u> |
|----------------------------|---|
| Capital Project Funds: | |
| GSD Capital Projects | \$ (327,574,306) |
| Education Capital Projects | (146,812,811) |
| USD Capital Projects | (7,871,177) |
| Special Revenue Funds: | |
| Flood 2010 Recovery | (19,141,016) |

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2015, 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: | | | |
| Miscellaneous: | | | |
| Subsidies | \$ 44,096,400 | \$ 44,601,472 | \$ (505,072) |
| Transfers Out: | | | |
| Nonmajor Governmental Funds | 36,993,100 | 37,626,180 | (633,080) |
| Nonmajor Enterprise Funds | 1,755,000 | 2,016,695 | (261,695) |
| GSD General Purposes Debt Service Fund: | | | |
| Interest | 58,383,400 | 60,661,096 | (2,277,696) |
| Fiscal Charges | 1,878,900 | 4,370,696 | (2,491,796) |
| Payments to Refunded Bond Escrow Agent | - | 114,235,260 | (114,235,260) |
| GSD School Purposes Debt Service Fund: | | | |
| Principal Retirement | 38,905,300 | 42,536,769 | (3,631,469) |
| Fiscal Charges | 1,067,900 | 1,895,311 | (827,411) |
| Payments to Refunded Bond Escrow Agent | - | 57,284,896 | (57,284,896) |
| USD General Purposes Debt Service Fund: | | | |
| Interest | 7,577,700 | 9,540,131 | (1,962,431) |
| Fiscal Charges | 444,700 | 645,325 | (200,625) |
| Payments to Refunded Bond Escrow Agent | - | 4,821,765 | (4,821,765) |

Subsidies are over budget due to increased collection of tax increments, which are remitted to the Metropolitan Development and Housing Agency.

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

Transfers Out to Nonmajor Enterprise Funds are over budget due to a transfer to the Surplus Property Auction Fund that was budgeted in the General Services Department.

Expenditures for the Debt Service Funds are not controlled on a line item basis, and refundings – including the related fiscal charges – are not budgeted. Also, interest in the GSD General Purposes Debt Service Fund is budgeted net of bond interest tax credits, which are reported as revenue. Taking these factors into consideration, the Debt Service Funds are under budget as a whole.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – DEPOSITS AND INVESTMENTS

Primary Government

The Government is authorized by policy to invest funds that are not immediately needed in: United States Treasury Bills, Bonds and Notes; The State of Tennessee Local Government Investment Pool (LGIP); the State of Tennessee Intermediate Term Investment Fund (ITIF); the First Tennessee Bank Advisors Short Investment Pool (FTB Short Pool); most bonds issued by U.S. Government Agencies and other investments such as repurchase agreements and commercial paper. The Government is authorized to invest in these instruments either directly or through the Metro Investment Pool (MIP). The Metro Investment Pool is invested in the LGIP, the ITIF, and the FTB Short Pool. Primary oversight for the LGIP and the ITIF rests with the State of Tennessee Funding Board. The LGIP and ITIF are similar to a SEC 2a-7 account (SEC designation). The ITIF and the FTB Short Pool are primarily invested in bonds issued by U.S. Government Agencies. The Government's amounts included in the LGIP and ITIF are reported at the fair value of its position in the LGIP or ITIF, which approximates the value of the shares at amortized cost. The Government's amounts in the FTB Short Pool are reported at fair value. The Metropolitan Employees' Benefit Trust is authorized to invest funds in accordance with the Statement of Investment Policy of the Investment Committee of the Government, which states that the Investment Committee may make investments it deems suitable for the Trust. Investments of the Teachers Retirement Plan are administered by the Administrative Retirement Committee of the Metropolitan Nashville Public Schools, which adopted the Metropolitan Employees' Benefit Trust Statement of Investment Policy effective July 1, 2011.

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. As of June 30, 2015, 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, 2015, 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 | \$ 439,584,331 | 0.30 |
| Tennessee Intermediate Term Investment Fund | 161,942,421 | 2.63 |
| First Tennessee Bank Advisors Short Investment Pool | <u>200,859,946</u> | 2.37 |
| Total Metro Investment Pool (a) | <u>\$ 802,386,698</u> | |
| Separate Portfolios: | | |
| U.S. Treasuries (a) | \$ 27,233,254 | (b) |
| U.S. Government Bonds | <u>2,924,493</u> | 3.23 |
| Total Separate Portfolios | <u>\$ 30,157,747</u> | |

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

Metropolitan Employees' Benefit Trust and
Teachers' Retirement Plan:

| | | |
|--|-----------------------------|------|
| U.S. Government Agencies | \$ 31,755,103 | (b) |
| U.S. Private Placement | 53,998,506 | (b) |
| Equity Commingled Funds | 75,172,260 | (b) |
| Common Collective Trust | 35,094,652 | (b) |
| Commercial Mortgage Backed Securities | 3,598,932 | 0.04 |
| Conventional Mortgages | 938,587 | (b) |
| Emerging Markets | 32,961,907 | 1.58 |
| Asset Backed Securities | 117,721 | (b) |
| Corporate Bonds and Notes | 138,318,430 | 3.89 |
| High Yield Bonds | 25,108,858 | 0.47 |
| Inflation Protected Bonds | 4,812,281 | 0.71 |
| Common Stock | 606,074,578 | (b) |
| Preferred Stock | 4,571,754 | 0.13 |
| Collateralized Mortgage Obligations | 24,622,790 | 0.69 |
| U.S. Treasury Securities | 10,603,864 | 3.50 |
| Non U.S. Treasury Securities Developing Markets | 1,247,760 | 0.03 |
| Supranationals | 65,491 | (b) |
| International Bonds | 7,045,404 | (b) |
| Sector Funds | 79,380,434 | 4.06 |
| Municipal Bonds | 1,246,604 | 0.10 |
| Mutual Funds | 103,113,140 | (b) |
| Commingled Funds U.S. Debt | 10,000,000 | (b) |
| Venture Capital and Partnerships | 1,494,071,654 | (b) |
| Cash Collateral Received - Securities Lending Program | <u>42,818,354</u> | (b) |
| Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan | <u>\$ 2,786,739,064</u> | |

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policies place no specific limit on the weighted average maturity of the Government's investment portfolios. However, the average maturity of the portfolios are monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. As of June 30, 2015, the investments of the Government had average weighted maturities as noted on the preceding table.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Also, the use of futures, options and swaps is permitted as long as the particular investment manager's strategy or mandate allows it. As of June, 30, 2015, the investments of the Government had credit ratings as follows:

| Investment Type | Credit Ratings | | | | | | | | |
|---|----------------|---------------|---------------|--------------|--------------|---------------|----------------|---------------|---------------|
| | Fair Value | A | AA | AAA | B | BB | BBB | CC - D | Not Rated |
| Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan | | | | | | | | | |
| Commercial Mortgage Backed Securities | \$ 3,598,932 | \$ - | \$ 1,383,916 | \$ 1,760,051 | \$ - | \$ - | \$ - | \$ - | \$ 454,965 |
| Conventional Mortgages | 938,587 | - | 938,587 | - | - | - | - | - | - |
| Emerging Markets | 32,961,907 | 7,888,408 | 2,741,197 | 536,743 | 544,535 | 5,139,783 | 9,473,051 | - | 6,638,191 |
| Asset Backed Securities | 117,721 | 242 | - | - | 117,479 | - | - | - | - |
| Corporates Bonds and Notes | 138,318,430 | 36,480,684 | 5,548,434 | - | - | 1,069,583 | 88,758,867 | - | 6,460,861 |
| High Yield Bonds | 25,108,858 | - | - | - | 4,454,475 | 16,998,033 | - | 1,143,994 | 2,512,356 |
| Inflation Protected Bonds | 4,812,281 | - | 4,812,281 | - | - | - | - | - | - |
| Preferred Stock | 4,571,754 | 250,526 | - | - | - | 1,034,443 | 3,200,105 | - | 86,681 |
| Collateralized Mortgage Obligations | 24,622,790 | 483,658 | 25,574 | 520,863 | 1,170,504 | 765,206 | 450,105 | 12,844,063 | 8,362,817 |
| U.S. Treasury Securities | 10,603,864 | - | 10,603,864 | - | - | - | - | - | - |
| Non U.S. Treasury Securities Developing Markets | 1,247,760 | 1,283,361 | - | - | - | - | (35,601) | - | - |
| Supranationals | 65,491 | - | - | - | - | - | - | - | 65,491 |
| International Bonds | 7,045,404 | 1,397,223 | - | 148,123 | - | 592,077 | 4,864,282 | (67,092) | 110,789 |
| Sector Funds | 79,380,434 | - | 14,873,498 | - | - | - | - | - | 64,506,936 |
| Municipal Bonds | 1,246,604 | 300,416 | 713,327 | 245,061 | - | - | - | - | (12,201) |
| Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan | \$ 334,640,817 | \$ 48,084,519 | \$ 41,640,679 | \$ 3,210,841 | \$ 6,286,993 | \$ 25,599,126 | \$ 106,710,809 | \$ 13,920,965 | \$ 89,186,885 |

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, 2015.

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, 2015, all investments were insured or registered or the securities were held by the Government or its agent in the Government's name.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2015, 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, 2015, the Government's exposure to foreign currency risk is as follows:

| <u>Base Currency</u> | <u>Fair Value</u> |
|---|------------------------|
| Common Stock: | |
| Australian dollar | \$ 8,681,665 |
| British pound sterling | 49,353,407 |
| Canadian dollar | 7,834,824 |
| Danish krone | 895,467 |
| Euro | 58,777,230 |
| Japanese yen | 25,313,538 |
| Norwegian krone | 3,981,710 |
| Singapore dollar | 144,751 |
| Swedish krona | 3,990,255 |
| Swiss franc | <u>10,751,476</u> |
| Total Common Stock | <u>169,724,323</u> |
| Venture Capital and Partnerships: | |
| Euro | <u>61,901,385</u> |
| Total Venture Capital and Partnerships | <u>61,901,385</u> |
| Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan | |
| | <u>\$ 231,625,708</u> |

C. Securities Lending Program

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

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

All securities loans can be terminated on demand by either the lender or the borrower. The average term of the Trust loans for the year ended June 30, 2015 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, 2015 was \$42,818,354 and \$41,596,031 respectively, for the Trust. The cash collateral is recorded as both an asset and a liability on the Trust

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

financial statements. Securities and letters-of-credit received as collateral at June 30, 2015 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 \$66,992 and borrowers rebates were \$386,595 for total income of \$453,587, and the related expenses were \$90,702 in agent fees, netting \$362,885 in securities lending income for the Trust.

Component Units

A. Deposits

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

B. Investments

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

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government

Governmental activities:

| | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 |
|---|-------------------------|-----------------------|------------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 372,581,141 | \$ 21,623,763 | \$ (535,343) | \$ 393,669,561 |
| Transportation infrastructure | 1,523,953,185 | 8,510,915 | - | 1,532,464,100 |
| Public art | 2,558,939 | 950,457 | - | 3,509,396 |
| Construction in progress | 87,482,184 | 139,154,811 | (72,063,458) | 154,573,537 |
| | <u>1,986,575,449</u> | <u>170,239,946</u> | <u>(72,598,801)</u> | <u>2,084,216,594</u> |
| Total capital assets, not being depreciated | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,910,923,010 | 85,041,822 | (3,240,765) | 1,992,724,067 |
| Improvements other than buildings | 29,031 | - | (29,031) | - |
| Furniture, machinery and equipment | 394,095,893 | 48,097,531 | (16,804,585) | 425,388,839 |
| Stormwater infrastructure | 131,876,418 | 13,655,929 | - | 145,532,347 |
| | <u>2,436,924,352</u> | <u>146,795,282</u> | <u>(20,074,381)</u> | <u>2,563,645,253</u> |
| Total capital assets, being depreciated | | | | |
| Less accumulated depreciation: | | | | |
| Building and improvements | (677,218,510) | (63,473,277) | 1,326,994 | (739,364,793) |
| Furniture, machinery and equipment | (290,658,262) | (32,439,788) | 16,630,811 | (306,467,239) |
| Stormwater infrastructure | (40,791,463) | (2,659,976) | - | (43,451,439) |
| | <u>(1,008,668,235)</u> | <u>(98,573,041)</u> | <u>17,957,805</u> | <u>(1,089,283,471)</u> |
| Total accumulated depreciation | | | | |
| Total capital assets, being depreciated, net | <u>1,428,256,117</u> | <u>48,222,241</u> | <u>(2,116,576)</u> | <u>1,474,361,782</u> |
| Governmental activities capital assets, net | <u>\$ 3,414,831,566</u> | <u>\$ 218,462,187</u> | <u>\$ (74,715,377)</u> | <u>\$ 3,558,578,376</u> |

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

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

Business-type activities:

| | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 |
|---|-------------------------|-----------------------|------------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 30,639,729 | \$ - | \$ - | \$ 30,639,729 |
| Construction in progress | 114,113,704 | 134,412,417 | (93,161,434) | 155,364,687 |
| Total capital assets, not being depreciated | <u>144,753,433</u> | <u>134,412,417</u> | <u>(93,161,434)</u> | <u>186,004,416</u> |
| Capital assets, being depreciated: | | | | |
| Utility plant in service | 2,647,479,702 | 86,645,688 | - | 2,734,125,390 |
| Buildings and improvements | 138,135,719 | 1,818,011 | - | 139,953,730 |
| Improvements other than buildings | 50,095,190 | 1,839,563 | - | 51,934,753 |
| Furniture, machinery and equipment | 46,234,141 | 17,826,889 | (247,754) | 63,813,276 |
| Property under capital lease | <u>3,645,000</u> | <u>-</u> | <u>-</u> | <u>3,645,000</u> |
| Total capital assets, being depreciated | <u>2,885,589,752</u> | <u>108,130,151</u> | <u>(247,754)</u> | <u>2,993,472,149</u> |
| Less accumulated depreciation: | | | | |
| Utility plant in service | (985,791,450) | (73,060,383) | - | (1,058,851,833) |
| Buildings and improvements | (82,100,184) | (3,607,231) | - | (85,707,415) |
| Improvements other than buildings | (38,379,467) | (1,175,632) | - | (39,555,099) |
| Furniture, machinery and equipment | (36,566,231) | (2,370,821) | 190,593 | (38,746,459) |
| Property under capital lease | <u>(1,647,719)</u> | <u>(91,124)</u> | <u>-</u> | <u>(1,738,843)</u> |
| Total accumulated depreciation | <u>(1,144,485,051)</u> | <u>(80,305,191)</u> | <u>190,593</u> | <u>(1,224,599,649)</u> |
| Total capital assets, being depreciated, net | <u>1,741,104,701</u> | <u>27,824,960</u> | <u>(57,161)</u> | <u>1,768,872,500</u> |
| Business-type activities capital assets, net | <u>\$ 1,885,858,134</u> | <u>\$ 162,237,377</u> | <u>\$ (93,218,595)</u> | <u>\$ 1,954,876,916</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 | \$ 16,194,243 |
| Fiscal administration | 852,239 |
| Administration of justice | 2,274,408 |
| Law enforcement and care of prisoners | 7,479,790 |
| Fire prevention and control | 2,242,561 |
| Education | 36,774,697 |
| Regulation and inspection | 5,721 |
| Public welfare | 1,610,785 |
| Public health and hospitals | 1,301,389 |
| Public library system | 2,472,787 |
| Public works, highways and streets, including depreciation of stormwater infrastructure | 4,978,981 |
| Recreational and cultural | 6,720,736 |
| Capital assets held by internal service funds are charged to the various functions based on each function's usage of the services provided by the funds | <u>15,664,704</u> |
| Total depreciation expense, governmental activities | <u><u>\$ 98,573,041</u></u> |
| Business-type activities: | |
| Department of Water and Sewerage Services | \$ 75,639,061 |
| District Energy System | 2,324,784 |
| Nashville Convention Center | 1,423,254 |
| Board of Fair Commissioners | 381,671 |
| Farmers Market | 292,178 |
| Municipal Auditorium | <u>244,243</u> |
| Total depreciation expense, business-type activities | <u><u>\$ 80,305,191</u></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, 2015 was as follows:

| | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 |
|---|-------------------------|-----------------------|-------------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 359,090,299 | \$ 2,715,904 | \$ (7,389,836) | \$ 354,416,367 |
| Public art | 1,183,844 | - | - | 1,183,844 |
| Construction in progress | <u>154,785,560</u> | <u>125,790,464</u> | <u>(139,584,209)</u> | <u>140,991,815</u> |
| Total capital assets, not being depreciated | <u>515,059,703</u> | <u>128,506,368</u> | <u>(146,974,045)</u> | <u>496,592,026</u> |
| Capital assets, being depreciated: | | | | |
| Utility plant in service | 1,292,528,000 | 54,409,000 | (13,694,000) | 1,333,243,000 |
| Buildings and improvements | 1,779,297,684 | 93,002,823 | (1,014,539) | 1,871,285,968 |
| Improvements other than buildings | 479,132,998 | 10,515,784 | - | 489,648,782 |
| Furniture, machinery and equipment | 377,031,683 | 42,741,694 | (7,207,077) | 412,566,300 |
| Infrastructure | <u>21,185,548</u> | <u>-</u> | <u>-</u> | <u>21,185,548</u> |
| Total capital assets, being depreciated | <u>3,949,175,913</u> | <u>200,669,301</u> | <u>(21,915,616)</u> | <u>4,127,929,598</u> |
| Less accumulated depreciation for: | | | | |
| Utility plant in service | (505,319,000) | (46,623,000) | 22,965,000 | (528,977,000) |
| Buildings and improvements | (504,623,835) | (58,036,832) | 1,014,539 | (561,646,128) |
| Improvements other than buildings | (296,183,947) | (17,726,820) | - | (313,910,767) |
| Furniture, machinery and equipment | (202,460,077) | (31,201,308) | 6,650,271 | (227,011,114) |
| Infrastructure | <u>(9,347,016)</u> | <u>(706,839)</u> | <u>-</u> | <u>(10,053,855)</u> |
| Total accumulated depreciation | <u>(1,517,933,875)</u> | <u>(154,294,799)</u> | <u>30,629,810</u> | <u>(1,641,598,864)</u> |
| Total capital assets, being depreciated, net | <u>2,431,242,038</u> | <u>46,374,502</u> | <u>8,714,194</u> | <u>2,486,330,734</u> |
| Component units activities capital assets, net | <u>\$ 2,946,301,741</u> | <u>\$ 174,880,870</u> | <u>\$ (138,259,851)</u> | <u>\$ 2,982,922,760</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, 2015 was as follows:

| | Balance July 1, 2014 | Additions | Reductions | Balance June 30, 2015 | Due Within One Year |
|--|-------------------------|-----------------------|-------------------------|--------------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds payable: | | | | | |
| General Services District | \$ 1,274,006,703 | \$ 106,199,299 | \$ (158,406,590) | \$ 1,221,799,412 | \$ 63,187,260 |
| Schools | 701,393,501 | 53,045,752 | (92,033,348) | 662,405,905 | 41,601,306 |
| Urban Services District | 193,854,695 | 4,464,949 | (14,762,068) | 183,557,576 | 7,218,200 |
| Deferred premium (discount) | <u>277,612,035</u> | <u>13,815,134</u> | <u>(23,983,030)</u> | <u>267,444,139</u> | <u>-</u> |
| Total general obligation bonds payable | <u>2,446,866,934</u> | <u>177,525,134</u> | <u>(289,185,036)</u> | <u>2,335,207,032</u> | <u>112,006,766</u> |
| Qualified zone academy notes payable: | | | | | |
| Qualified Zone Academy Notes | 2,901,965 | - | (414,567) | 2,487,398 | 414,567 |
| Deferred premium (discount) | <u>(67,368)</u> | <u>-</u> | <u>10,364</u> | <u>(57,004)</u> | <u>-</u> |
| Total qualified zone academy notes payable | <u>2,834,597</u> | <u>-</u> | <u>(404,203)</u> | <u>2,430,394</u> | <u>414,567</u> |
| Qualified school construction bond loans payable | <u>45,337,266</u> | <u>-</u> | <u>(3,536,429)</u> | <u>41,800,837</u> | <u>3,536,429</u> |
| Other obligations payable: | | | | | |
| Net pension liability (1) | 421,109,150 | 69,009,267 | (232,256,071) | 257,862,346 | - |
| Net other postemployment benefits obligation | 1,054,905,000 | 237,340,000 | (100,098,000) | 1,192,147,000 | - |
| Compensated absences | 79,732,145 | 66,246,609 | (60,574,453) | 85,404,301 | 48,887,713 |
| Claims and judgments | 9,771,635 | 1,308,246 | (2,074,361) | 9,005,520 | 377,500 |
| Landfill closure costs | 9,252,416 | 208,861 | (180,772) | 9,280,505 | 507,394 |
| Fair value of derivative financial instruments | <u>10,698,568</u> | <u>982,035</u> | <u>(603,680)</u> | <u>11,076,923</u> | <u>-</u> |
| Total other obligations payable | <u>1,585,468,914</u> | <u>375,095,018</u> | <u>(395,787,337)</u> | <u>1,564,776,595</u> | <u>49,772,607</u> |
| Total governmental activities long-term liabilities | <u>\$ 4,080,507,711</u> | <u>\$ 552,620,152</u> | <u>\$ (688,913,005)</u> | <u>\$ 3,944,214,858</u> | <u>\$ 165,730,369</u> |
| Business-type activities: | | | | | |
| Department of Water and Sewerage Services: | | | | | |
| Revenue bonds payable | \$ 796,685,000 | \$ - | \$ (31,500,000) | \$ 765,185,000 | \$ 20,275,000 |
| Deferred premium (discount) | 50,910,703 | - | (6,105,495) | 44,805,208 | - |
| State economic and development loan | 101,351 | - | (49,927) | 51,424 | 51,424 |
| Net pension liability (1) | <u>9,990,140</u> | <u>4,273,856</u> | <u>(6,674,870)</u> | <u>7,589,126</u> | <u>-</u> |
| Total Department of Water and Sewerage Services | <u>857,687,194</u> | <u>4,273,856</u> | <u>(44,330,292)</u> | <u>817,630,758</u> | <u>20,326,424</u> |
| District Energy System: | | | | | |
| General obligation bonds payable | 58,475,101 | - | (2,147,994) | 56,327,107 | 2,163,234 |
| Deferred premium (discount) | 8,437,402 | - | (479,944) | 7,957,458 | - |
| Net pension liability (1) | <u>25,410</u> | <u>10,871</u> | <u>(16,978)</u> | <u>19,303</u> | <u>-</u> |
| Total District Energy System | <u>66,937,913</u> | <u>10,871</u> | <u>(2,644,916)</u> | <u>64,303,868</u> | <u>2,163,234</u> |
| Other business-type activities: | | | | | |
| Capitalized lease obligations payable | 245,000 | - | (245,000) | - | - |
| Net pension liability (1) | <u>1,821,001</u> | <u>779,037</u> | <u>(1,216,693)</u> | <u>1,383,345</u> | <u>-</u> |
| Total other business-type activities | <u>2,066,001</u> | <u>779,037</u> | <u>(1,461,693)</u> | <u>1,383,345</u> | <u>-</u> |
| Total business-type activities long-term liabilities | <u>\$ 926,691,108</u> | <u>\$ 5,063,764</u> | <u>\$ (48,436,901)</u> | <u>\$ 883,317,971</u> | <u>\$ 22,489,658</u> |

(1) The net pension liability balances at July 1, 2014 were restated to reflect the impact of the implementation of GASB Statement No. 68. See Note 2.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

B. Description of Amounts Payable

| | Interest Rate | Amount |
|---|----------------|------------------|
| Governmental activities: | | |
| General obligation bonds payable from ad valorem taxes: | | |
| General Services District - General Purposes, due in varying amounts to July 1, 2034 | .30 - 5.71% | \$ 1,221,799,412 |
| General Services District - School Purposes, due in varying amounts to July 1, 2034 | .30 - 5.71% | 662,405,905 |
| Urban Services District - General Purposes, due in varying amounts to July 1, 2034 | .30 - 5.71% | 183,557,576 |
| Deferred premium (discount) | | 267,444,139 |
| Total general obligation bonds payable from ad valorem taxes | | 2,335,207,032 |
| Qualified zone academy notes payable: | | |
| Qualified Zone Academy Notes, due in varying amounts to December 28, 2020 | N/A | 2,487,398 |
| Deferred premium (discount) | | (57,004) |
| Total qualified zone academy notes payable | | 2,430,394 |
| Qualified school construction bond loans payable | 1.515% | 41,800,837 |
| Other obligations payable: | | |
| Net pension liability | | 257,862,346 |
| Net other postemployment benefits obligation | | 1,192,147,000 |
| Compensated absences | | 85,404,301 |
| Claims and judgments | | 9,005,520 |
| Landfill closure | | 9,280,505 |
| Fair value of derivative financial instruments | | 11,076,923 |
| Total other obligations payable | | 1,564,776,595 |
| Total governmental activities long-term liabilities | | \$ 3,944,214,858 |
| Business-type activities: | | |
| Bonds payable: | | |
| Series 2007, due in varying amounts to January 1, 2016 | 4.25 - 5.00% | \$ 2,460,000 |
| Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A, due in varying amounts to January 1, 2022 | 3.25 - 5.25% | 96,190,000 |
| Department of Water and Sewerage Revenue Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2027 | 3.00 - 5.00% | 88,490,000 |
| Department of Water and Sewerage Revenue Bonds, Federally Taxable (BAB's), Series 2010B, due in varying amounts to July 1, 2037 | 6.393 - 6.568% | 135,000,000 |
| Department of Water and Sewerage Revenue Bonds, Federally Taxable, Series 2010C, due in varying amounts to July 1, 2041 | 6.693% | 75,000,000 |
| Department of Water and Sewerage Revenue Refunding Bonds, Federally Taxable, Series 2010D, due in varying amounts to July 1, 2018 | 4.255 - 4.791% | 7,610,000 |
| Department of Water and Sewerage Revenue Refunding Bonds, Series 2012, due in varying amounts to July 1, 2023 | 1.00 - 5.00% | 122,505,000 |
| Department of Water and Sewerage Revenue Refunding Bonds, Series 2013, due in varying amounts to July 1, 2033 | 3.00 - 5.00% | 237,930,000 |
| Deferred premium (discount) | | 44,805,208 |
| Total Department of Water and Sewerage Services | | 809,990,208 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| Business-type activities: (Continued) | Interest Rate | Amount |
|--|---------------|--------------------|
| District Energy System G. O. Multi-purpose Bonds, Series 2005A, due in varying amounts to January 1, 2025 | 4.25 - 5.25% | \$ 390,000 |
| District Energy System G. O. Public Improvement and Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2026 | 2.75 - 5.00% | 274,201 |
| District Energy System G. O. Refunding Bonds, Series 2010C, due in varying amounts to July 1, 2015 | 2.21 - 3.23% | 118,901 |
| District Energy System G. O. Refunding Bonds, Series 2010D, due in varying amounts to July 1, 2024 | 1.50 - 5.00% | 965,783 |
| 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% | 44,435,000 |
| District Energy System G. O. Refunding Bonds, Series 2012B, due in varying amounts to July 1, 2024 | .32 - 2.767% | 3,112,846 |
| District Energy System G. O. Refunding Bonds, Series 2013A, due in varying amounts to July 1, 2033 | 3.00 - 5.00% | 6,526,289 |
| Deferred premium (discount) | | 7,957,458 |
| Total District Energy System | | 64,284,565 |
| Total bonds payable | | 874,274,773 |
| Department of Water and Sewerage Services - state economic and development loan | 3.00% | 51,424 |
| Net pension liability: | | |
| Department of Water and Sewerage Services | | 7,589,126 |
| District Energy System | | 19,303 |
| Other business-type activities | | 1,383,345 |
| Total net pension liability | | 8,991,774 |
| Total business-type activities long-term liabilities | | \$ 883,317,971 |

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

Governmental activities:

Noncurrent liabilities:

Due within one year \$ 165,730,369

Due in more than one year 3,778,484,489

Total governmental activities \$ 3,944,214,858

Business-type activities:

Liabilities payable from restricted assets:

Current portion of long-term liabilities \$ 22,489,658

Noncurrent liabilities:

Due in more than one year 860,828,313

Total business-type activities \$ 883,317,971

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

| | |
|--|--|
| Net pension liability | Fund incurring the related employees' compensation, primarily the General Fund and General Purpose School Fund |
| Other postemployment benefits obligation | Fund incurring the related employees' compensation, primarily the General Fund, General Purpose School Fund and Department of Water and Sewerage Services Fund |
| Compensated absences | Fund incurring the related employees' compensation, primarily the General Fund and the General Purpose School Fund |
| Claims and judgments | Fund to which the claim or judgment relates |
| Landfill closure costs | Solid Waste Operations Fund |

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

C. Collateral for Obligations of the Proprietary Funds

All bonds of the Department of Water and Sewerage Services and the District Energy System are collateralized by the revenues of those entities.

D. Bond Covenants

The various revenue bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of a flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. As of June 30, 2015, 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, 2015 are as follows:

| Year Ending June 30 | General Obligation Bonds | | Revenue Bonds | | Total Primary Government | |
|-----------------------------------|--------------------------|----------------|----------------|----------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$ 114,170,000 | \$ 95,308,006 | \$ 20,275,000 | \$ 40,175,458 | \$ 134,445,000 | \$ 135,483,464 |
| 2017 | 124,715,000 | 90,117,057 | 28,795,000 | 39,028,808 | 153,510,000 | 129,145,865 |
| 2018 | 126,535,000 | 85,468,776 | 37,475,000 | 37,476,030 | 164,010,000 | 122,944,806 |
| 2019 | 132,250,000 | 79,632,374 | 38,225,000 | 35,654,524 | 170,475,000 | 115,286,898 |
| 2020 | 129,880,000 | 74,618,956 | 39,120,000 | 33,743,634 | 169,000,000 | 108,362,590 |
| 2021-2025 | 722,995,000 | 282,164,349 | 151,125,000 | 141,286,418 | 874,120,000 | 423,450,767 |
| 2026-2030 | 490,640,000 | 132,945,799 | 91,870,000 | 114,423,414 | 582,510,000 | 247,369,213 |
| 2031-2035 | 282,905,000 | 35,808,546 | 114,640,000 | 85,365,391 | 397,545,000 | 121,173,937 |
| 2036-2040 | - | - | 143,740,000 | 47,529,920 | 143,740,000 | 47,529,920 |
| 2041-2044 | - | - | 99,920,000 | 7,744,658 | 99,920,000 | 7,744,658 |
| Total | 2,124,090,000 | 876,063,863 | 765,185,000 | 582,428,255 | 2,889,275,000 | 1,458,492,118 |
| Deferred Premium (Discount) | 275,401,597 | - | 44,805,208 | - | 320,206,805 | - |
| Total | \$ 2,399,491,597 | \$ 876,063,863 | \$ 809,990,208 | \$ 582,428,255 | \$ 3,209,481,805 | \$ 1,458,492,118 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Commercial Paper

In August 2003, the Government instituted a general obligation commercial paper (bond anticipation note) program. Commercial paper notes are issued to provide interim or short-term financing of various authorized capital projects. The notes may be refunded with new notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the commercial paper program. In July 2007, the Government entered into a Standby Note Purchase Agreement with three banks to provide liquidity for the commercial paper program. If the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the liquidity providers would issue bank notes, the proceeds of which would be applied to pay the principal of and interest on commercial paper notes on the respective maturity dates. This program expired July 11, 2014.

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

General obligation commercial paper is issued as federally tax-exempt notes. The commercial paper is sold at par as interest-bearing obligations in minimum denominations of \$100,000 with interest payable at maturity. The commercial paper has varying maturities not to exceed 270 days, and all rollover commercial paper will not have a final maturity more than two years from the initial dates of issuance. The State has waived the two year final maturity limitation and approved a final maturity not to exceed six years. Interest rates vary depending on the market. At June 30, 2015, the amount of principal outstanding could not exceed \$700 million.

In November 2009, the Government instituted a Water and Sewerage revenue commercial paper (bond anticipation note) program. Commercial paper notes are issued to provide interim or short-term financing of various water and sewer capital projects. The notes may be refunded with new notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the commercial paper program. The Government entered into Standby Note Purchase Agreements with two banks to provide liquidity for the commercial paper program. If the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the liquidity providers would issue bank notes, the proceeds of which would be applied to pay the principal of and interest on commercial paper notes on the respective maturity dates. This program expired November 11, 2014.

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

Revenue commercial paper is issued as federally tax-exempt notes. The commercial paper is sold at par as interest-bearing obligations in minimum denominations of \$100,000 with interest payable at maturity. The commercial paper has varying maturities not to exceed 270 days, and all rollover commercial paper will not have a

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2015, the amount of principal outstanding could not exceed \$300 million.

Commercial paper obligations of \$575,000,000 with interest rates ranging from .06% to .35% were outstanding at June 30, 2015. These obligations were refunded subsequent to year-end with rollover notes or general obligation bonds. The obligations are considered short-term debt at June 30, 2015 and are recorded as a liability in the Capital Project Funds, Flood 2010 Recovery Fund, Department of Water and Sewerage Services, and the District Energy System of the Government.

Commercial paper activity for the year ended June 30, 2015 was as follows:

| | Balance July 1, 2014 | Additions | Reductions | Balance June 30, 2015 |
|--------------------------|-------------------------|------------------|--------------------|--------------------------|
| Commercial paper payable | \$ 200,000,000 | \$ 2,241,100,000 | \$ (1,866,100,000) | \$ 575,000,000 |

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

| | |
|----------------------------------|----------------|
| Governmental activities: | |
| Commercial paper payable | \$ 524,211,727 |
| Total governmental activities | 524,211,727 |
| Business-type activities: | |
| Commercial paper payable | 50,788,273 |
| Total business-type activities | 50,788,273 |
| Total commercial paper payable | \$ 575,000,000 |

G. Issuance of Bonds

On February 19, 2015, the Government issued \$59,730,000 General Obligation Refunding Bonds, Series 2015A, maturing on July 1, 2026, with an interest rate of 5.00%. The Series 2015A Bonds refunded certain maturities of General Obligation Refunding Bonds, Series 2010A. By issuing the Series 2015A Bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$2,609,176. The refunding will reduce the Government's debt service payments over the next twelve years by an estimated \$3,058,625.

On February 19, 2015, the Government issued \$103,980,000 General Obligation Refunding Bonds, Series 2015B (Taxable), maturing on July 1, 2029, with interest rates ranging from .30% to 3.49%. The Series 2015B Bonds refunded certain maturities of General Obligation Refunding Bonds, Series 2007A. By issuing the Series 2015B Bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$6,099,008. The refunding will reduce the Government's debt service payments over the next sixteen years by an estimated \$9,671,236.

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, 2015, \$483,240,000 of general obligation bonds and \$5,460,000 of revenue bonds are considered defeased.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Redemption Options

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

J. Qualified Zone Academy Notes

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

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

QZAB note principal maturities at June 30, 2015 are summarized below:

| Year Ending June 30 | Principal | Investment Credit (1) |
|---|---------------------|--------------------------|
| 2016 | \$ 414,567 | \$ 97,031 |
| 2017 | 414,567 | 97,031 |
| 2018 | 414,567 | 97,031 |
| 2019 | 414,567 | 97,031 |
| 2020 | 414,567 | 97,031 |
| 2021 | 414,563 | 97,031 |
| Total qualified zone academy notes payable | <u>\$ 2,487,398</u> | <u>\$ 582,186</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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The TSSBA will hold and invest the proceeds from the Series 2010 Bonds, and as allowable expenditures are incurred, the Government will request reimbursement. The Government is required to make annual principal payments to TSSBA. Interest earned by the TSSBA on the Government's portion of the bond proceeds will be used to reduce future payments.

QSCB note principal maturities at June 30, 2015 are summarized below:

| Year Ending June 30 | Principal | Interest | Subsidy |
|--|----------------------|----------------------|----------------------|
| 2016 | \$ 3,536,429 | \$ 2,043,674 | \$ 1,723,706 |
| 2017 | 3,536,429 | 2,043,674 | 1,723,706 |
| 2018 | 3,536,429 | 2,043,674 | 1,723,706 |
| 2019 | 3,536,429 | 2,043,674 | 1,723,706 |
| 2020 | 3,536,429 | 2,043,674 | 1,723,706 |
| 2021-2025 | 17,682,140 | 10,218,372 | 8,618,532 |
| 2026-2028 | 6,436,552 | 3,963,803 | 4,309,266 |
| Total qualified school construction bond loan payable | <u>\$ 41,800,837</u> | <u>\$ 24,400,545</u> | <u>\$ 21,546,328</u> |

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

In January 2009, the Department entered a loan agreement with the Tennessee Department of Economic Development for \$330,000. The proceeds of the loan are being used to fund the installation of variable frequency drives on the raw water pumps at the K.R. Harrington water treatment plant. The energy savings resulting from the ability to gradually increase or decrease pump speeds rather than adding or dropping pumps at full capacity will be used to repay the loan. The loan is for seven years, and interest is calculated on the loan at 3%.

State economic and development loan principal maturities as of June 30, 2015 are summarized below:

| Year Ending June 30 | Principal | Interest |
|--|------------------|-----------------|
| 2016 | \$ 51,424 | \$ 1,543 |
| Total state economic and development loan | <u>\$ 51,424</u> | <u>\$ 1,543</u> |

M. Derivative Financial Instruments

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$42,540,000 at June 30, 2015. The SIFMA rate at June 30, 2015 was .07%. All terms of the swap remain in effect and expire May 15, 2026. The credit rating of the Counterparty at June 30, 2015 is BBB+. The fair value of this swap contract was a liability of \$10,094,888 at June 30, 2015 and is recorded in noncurrent liabilities in the Statement of Net Position. The liability decreased by \$603,680 for the year ended June 30, 2015. 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, 2015 are summarized below. The amounts assume that the current reference rate (.07%) 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 |
|--|-------------------------------------|
| 2016 | \$ 2,267,382 |
| 2017 | 2,113,345 |
| 2018 | 1,950,247 |
| 2019 | 1,778,088 |
| 2020 | 1,596,335 |
| 2021-2025 | 4,872,153 |
| 2026 | 267,300 |
| Total hedging derivative, net payments | <u>\$ 14,844,850</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, 2015. However, should interest rates change and the fair value of the swap becomes positive, the Government would be exposed to credit risk in the amount of the derivative's fair value. The Government relies primarily on the credit rating of the counterparty to assess credit risk.

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

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

Termination risk – The Government or the Counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, the hedging derivative instrument is in a liability position, the Government would be liable to the Counterparty for a payment equal to the liability.

N. Unissued Bonds or Notes

At June 30, 2015, authorized but unissued general obligation bonds totaled \$1,234,393,000. 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, 2015 was as follows:

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

| | Balance July 1, 2014 | Additions | Reductions | Balance June 30, 2015 | Due Within One Year |
|--|-------------------------|-----------------------|-------------------------|--------------------------|------------------------|
| Governmental types: | | | | | |
| Revenue bonds payable: | | | | | |
| Sports Authority | \$ 159,572,137 | \$ 19,853,719 | \$ (25,666,131) | \$ 153,759,725 | \$ 5,540,000 |
| Total revenue bonds payable - governmental types | <u>159,572,137</u> | <u>19,853,719</u> | <u>(25,666,131)</u> | <u>153,759,725</u> | <u>5,540,000</u> |
| Proprietary types: | | | | | |
| Revenue bonds payable: | | | | | |
| Electric Power Board | 652,009,000 | 129,528,000 | (150,965,000) | 630,572,000 | 31,230,000 |
| Metropolitan Nashville Airport Authority | 174,217,486 | - | (29,254,584) | 144,962,902 | 29,105,000 |
| Convention Center Authority | 624,180,933 | - | (80,495) | 624,100,438 | 3,220,000 |
| Total revenue bonds payable - proprietary types | <u>1,450,407,419</u> | <u>129,528,000</u> | <u>(180,300,079)</u> | <u>1,399,635,340</u> | <u>63,555,000</u> |
| Notes payable: | | | | | |
| Metropolitan Development and Housing Agency | 71,319,686 | 2,945,072 | (60,025,021) | 14,239,737 | 2,968,746 |
| Metropolitan Nashville Airport Authority | 10,061,724 | - | (852,382) | 9,209,342 | 882,666 |
| Total notes payable - proprietary types | <u>81,381,410</u> | <u>2,945,072</u> | <u>(60,877,403)</u> | <u>23,449,079</u> | <u>3,851,412</u> |
| Total revenue bonds and notes payable | <u>1,691,360,966</u> | <u>152,326,791</u> | <u>(266,843,613)</u> | <u>1,576,844,144</u> | <u>72,946,412</u> |
| Other liabilities payable: | | | | | |
| Sports Authority: | | | | | |
| Other liabilities | 4,848,436 | 4,200,000 | (1,524,277) | 7,524,159 | - |
| Hospital Authority: | | | | | |
| Capitalized lease obligation | 28,864,430 | - | (1,574,340) | 27,290,090 | 2,162,480 |
| Net pension liability (1) | 4,031,404 | 645,024 | (1,613,925) | 3,062,503 | - |
| Metropolitan Development and Housing Agency: | | | | | |
| Other liabilities | 1,613,150 | 1,450,613 | (1,613,150) | 1,450,613 | - |
| Electric Power Board: | | | | | |
| TVA advances and other | 12,994,000 | 5,044,000 | (9,126,000) | 8,912,000 | - |
| Net pension liability (1) | 148,956,000 | 54,786,000 | (38,307,000) | 165,435,000 | - |
| Metropolitan Transit Authority: | | | | | |
| Advance lease receipts | 10,917,477 | - | (590,007) | 10,327,470 | - |
| Refundable grants | 3,642,082 | 206,614 | (76,929) | 3,771,767 | - |
| Net pension liability (1) | 15,770,227 | 5,532,709 | (9,508,660) | 11,794,276 | - |
| Other postemployment benefits obligation | 26,922,207 | 7,725,145 | (2,340,636) | 32,306,716 | - |
| Metropolitan Nashville Airport Authority: | | | | | |
| Fair value of derivative financial instruments | 1,886,325 | - | (344,230) | 1,542,095 | - |
| Unearned income | 2,118,574 | 101,548 | (329,699) | 1,890,423 | - |
| Net pension liability (1) | 13,063,642 | 6,986,050 | (9,428,204) | 10,621,488 | - |
| Other postemployment benefits obligation | 26,459,177 | 2,284,474 | (2,057,547) | 26,686,104 | - |
| Convention Center Authority: | | | | | |
| Net pension liability (1) | 485,359 | 172,644 | (289,294) | 368,709 | - |
| Total other liabilities payable - proprietary types | <u>302,572,490</u> | <u>89,134,821</u> | <u>(78,723,898)</u> | <u>312,983,413</u> | <u>2,162,480</u> |
| Total revenue bonds, notes and other liabilities payable - component units | <u>\$ 1,993,933,456</u> | <u>\$ 241,461,612</u> | <u>\$ (345,567,511)</u> | <u>\$ 1,889,827,557</u> | <u>\$ 75,108,892</u> |

(1) The net pension liability balances at July 1, 2014 were restated to reflect the impact of the implementation of GASB Statement No. 68. See Note 2.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

B. Description of Amounts Payable

Amounts payable at June 30, 2015 are as follows:

| | <u>Interest Rates</u> | <u>Amount</u> |
|--|-----------------------|--------------------|
| Governmental types: | | |
| Revenue bonds payable: | | |
| Series 2012A (Stadium Project), due in varying amount to July 1, 2033 | 1.142 - 5.231% | \$ 21,340,000 |
| Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project), due in varying amount to July 1, 2018 | .38 - 2.944% | 6,180,000 |
| Taxable Public Facility Revenue Improvement Bonds (Hockey Project), Series 2013A, due in varying amount to July 1, 2033 | .793 - 5.150% | 13,645,000 |
| Taxable Public Improvement Revenue Refunding Bonds, Series 2013B, due in varying amount to July 1, 2025 | .793 - 4.050% | 25,560,000 |
| Public Improvement Revenue Bonds (Ballpark Project), Series 2013A due in varying amounts to August 1, 2043 | 3.00 - 5.250% | 53,760,000 |
| Taxable Public Improvement Revenue Bonds (Ballpark Project), Series 2013B due in varying amounts to August 1, 2043 | 1.25 - 5.625% | 11,240,000 |
| Public Improvement Revenue Refunding Bonds, Series 2014 due in varying amounts to July 1, 2026 | 4.00 - 5.000% | 17,390,000 |
| Deferred premium (discount) | | <u>4,644,725</u> |
| Total revenue bonds payable - governmental types | | <u>153,759,725</u> |
| 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% | 30,492,000 |
| Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017 | 4.75 - 5.50% | 12,443,000 |
| Electric Power Board Electric System Revenue Bonds, 2008 Series A, due in varying amounts to May 15, 2033 | 3.25 - 5.00% | 10,278,000 |
| Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023 | 3.25 - 5.00% | 18,886,000 |
| Electric Power Board Electric System Revenue Bonds, 2011 Series A, due in varying amounts to May 15, 2036 | 1.50 - 5.00% | 98,417,000 |
| Electric Power Board Electric System Revenue Bonds, 2011 Series B, due in varying amounts to May 15, 2026 | 2.00 - 5.00% | 140,864,000 |
| Electric Power Board Electric System Revenue Bonds, 2013 Series A, due in varying amounts to May 15, 2029 | 3.25 - 5.00% | 61,100,000 |
| Electric Power Board Electric System Revenue Bonds, 2014 Series A, due in varying amounts to May 15, 2039 | 2.00 - 5.00% | 122,119,000 |
| Electric Power Board Electric System Revenue Bonds, 2015 Series A, due in varying amounts to May 15, 2039 | 5.00% | 135,973,000 |
| Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033 | 4.13 - 5.94% | 15,250,000 |
| Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019 | 4.49% | 12,200,000 |
| Airport Improvement Revenue Bonds, Series 2009A, due in varying amounts to July 1, 2019 | 3.00 - 5.25% | 23,755,000 |
| Airport Improvement Revenue Bonds, Series 2010A, due in varying amounts to July 1, 2017 | 3.00 - 5.00% | 11,085,000 |
| Special Facility Revenue Bonds, Series 2010, due in varying amounts to July 1, 2029 (includes terms bonds at 6.79%) | 2.25 - 6.19% | 61,070,000 |
| Airport Improvement Revenue Bonds, Series 2010B, due in varying amounts to July 1, 2015 | 3.00 - 4.00% | 16,475,000 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| | <u>Interest Rates</u> | <u>Amount</u> |
|--|-----------------------|-----------------------------|
| Proprietary types: | | |
| Revenue bonds payable: (Continued) | | |
| Airport Improvement Revenue Bonds, Series 2010C, due in varying amounts to July 1, 2016 | 3.00 - 4.00% | \$ 4,340,000 |
| Metropolitan Nashville Airport Authority: | | |
| Deferred premium (discount) | | 787,902 |
| Convention Center Authority Revenue Bonds, 2010A-1 due in varying amounts to July 1, 2026 | 3.35 - 5.00% | 51,730,000 |
| Convention Center Authority Revenue Bonds, 2010A-2 due in varying amounts to July 1, 2043 | 7.431% | 152,395,000 |
| Convention Center Authority Revenue Bonds, 2010B due in varying amounts to July 1, 2043 | 4.862 - 6.731% | 419,090,000 |
| Convention Center Authority: | | |
| Deferred premium (discount) | | <u>885,438</u> |
| Total revenue bonds payable - proprietary types | | <u>1,399,635,340</u> |
| Notes payable: | | |
| Metropolitan Development and Housing Agency | | 14,239,737 |
| Metropolitan Nashville Airport Authority | | <u>9,209,342</u> |
| Total notes payable - proprietary types | | <u>23,449,079</u> |
| Total revenue bonds and notes payable | | <u>1,576,844,144</u> |
| Other liabilities payable: | | |
| Sports Authority: | | |
| Other liabilities | | 7,524,159 |
| Hospital Authority: | | |
| Capitalized lease obligation | | 27,290,090 |
| Net pension liability | | 3,062,503 |
| Metropolitan Development and Housing Agency: | | |
| Other liabilities | | 1,450,613 |
| Electric Power Board: | | |
| TVA advances | | 3,118,000 |
| Other | | 5,794,000 |
| Net pension liability | | 165,435,000 |
| Metropolitan Transit Authority: | | |
| Advance lease receipts | | 10,327,470 |
| Refundable grants | | 3,771,767 |
| Net pension liability | | 11,794,276 |
| Other postemployment benefits obligation | | 32,306,716 |
| Metropolitan Nashville Airport Authority: | | |
| Fair value of derivative financial instruments | | 1,542,095 |
| Unearned income | | 1,890,423 |
| Net pension liability | | 10,621,488 |
| Other postemployment benefits obligation | | 26,686,104 |
| Convention Center Authority: | | |
| Net pension liability | | <u>368,709</u> |
| Total other liabilities payable - proprietary types | | <u>312,983,413</u> |
| Total bonds, notes and other liabilities payable - component units | | <u>\$ 1,889,827,557</u> |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

| | |
|---|-------------------------|
| Liabilities payable from restricted assets: | |
| Current portion of long-term liabilities | \$ 69,095,000 |
| Noncurrent liabilities: | |
| Due within one year | 6,013,892 |
| Due in more than one year | <u>1,814,718,665</u> |
| Total component units long-term liabilities | <u>\$ 1,889,827,557</u> |

C. Issuance of Bonds

Sports Authority

On July 29, 2014, the Sports Authority issued \$17,390,000 Public Improvement Revenue Refunding Bonds, Series 2014, maturing on July 1, 2026, with interest rates ranging from 4.00% to 5.00%. The Series 2014 Bonds refunded a portion of the Public Improvement Revenue Bonds, Series 2004. By issuing the Series 2014 Bonds, the Sports Authority obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$2,049,950. The refunding will reduce the Sports Authority's debt service payments over the next thirteen years by an estimated \$2,512,339.

D. 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.

E. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. 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, 2015 for the Industrial Revenue Bonds issued after April 1, 1996 was approximately \$784,538,765. 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 \$4,292,606,525. The aggregate principal amount of revenue bonds which were issued by the Board and were still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

G. Other Matters

Sports Authority

The Authority has a \$10,000,000 revolving credit line with First Tennessee 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 September 30, 2017 at which time the principal outstanding balance and any interest will be due to First Tennessee Bank. The total outstanding balance as of June 30, 2015 is \$7,520,610.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

H. Annual Debt Service Requirements

The annual principal maturities of all bonds and notes payable as of June 30, 2015 for the component units are as follows:

| Year Ending June 30 | Revenue Bonds and Notes Payable | |
|------------------------|---------------------------------|----------------|
| | Principal | Interest |
| 2016 | \$ 72,946,412 | \$ 68,208,603 |
| 2017 | 57,834,945 | 73,008,808 |
| 2018 | 65,198,681 | 71,049,901 |
| 2019 | 56,728,442 | 69,030,614 |
| 2020 | 69,375,155 | 58,668,449 |
| 2021-2025 | 304,047,481 | 250,569,547 |
| 2026-2030 | 288,597,769 | 181,464,361 |
| 2031-2035 | 219,581,194 | 114,493,998 |
| 2036-2040 | 195,665,000 | 61,554,438 |
| 2041-2044 | 158,060,000 | 15,520,051 |
| Total | 1,488,035,079 | 963,568,770 |
| Deferred charges | 88,809,065 | - |
| Total | \$ 1,576,844,144 | \$ 963,568,770 |

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

I. 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> |
|---------------------------|-----------------|---------------|---------------------------------------|
| Primary Government | | | |
| Fiduciary Fund Types: | | | |
| County | Defined Benefit | Closed 1963 | Davidson County Employees' Retirement |
| Metro - Division A | Defined Benefit | Closed 1995 | Metropolitan Employees Benefit Trust |
| Metro - Division B | Defined Benefit | Open | Metropolitan Employees Benefit Trust |
| County Education | Defined Benefit | Closed 1963 | Employees' Pension and Insurance |
| Metro Education | Defined Benefit | Closed 1969 | Teachers' Retirement Plan |
| City | Defined Benefit | Closed 1963 | Closed City Plan |
| City Education | Defined Benefit | Closed 1963 | Teachers' Civil Service and Pension |

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

No separate financial reports are issued for these plans.

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

Component Units

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Plans Administered by the Government

A. Summary of Significant Accounting Policies

Measurement Focus, Basis of Account and Financial Statement Presentation

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

Method Used to Value Investments

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

B. Plan Descriptions

Plan Administration

All plans of the primary government were established or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed through plan assets. The plans are managed and administered by the Metropolitan Employee Benefit Board (the Board), an independent board created by the Metropolitan Charter. The Board is composed of ten members, as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by employees and retirees of the Metropolitan Government.

Plan Membership

Plan membership is summarized on the Selected Pension Information Schedules on pages B-84 to B-85.

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 17.987% for the non-certificated employees of Metropolitan Nashville Public Schools and all other Metro employees.

City Plan

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

County Plan

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

Metro Education Plan

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

City Education Plan

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

County Education Plan

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

C. Investments

Investment Policy

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

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

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

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

Concentrations

There are no individual investments in the Metro Plan or the Metro Education Plan that exceed 5% of plan assets at June 30, 2015.

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

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on investments of the Metro Plan and Metro Education Plan, net of investment expense, was 4.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014. Actuarial assumptions are summarized on the Selected Pension Information Schedules on pages B-84 to B-85.

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

The actuarial assumptions used in the July 1, 2014 valuations were based on the results of an actuarial experience study for the period 2007 to 2012.

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

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

Discount Rate

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

| Plan | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|-----------------------------|------------------------|----------------------------------|------------------------|
| County | \$ 8,838,622 | \$ 8,409,286 | \$ 8,020,417 |
| Metro | 382,270,827 | 68,909,234 | (216,040,921) |
| County Education | 29,428,033 | 28,119,171 | 26,719,418 |
| Metro Education | 123,166,709 | 112,853,583 | 103,219,512 |
| City | 40,920,636 | 38,889,081 | 37,050,832 |
| City Education | 13,657,139 | 13,104,977 | 12,488,554 |
| Total net pension liability | <u>\$ 598,281,966</u> | <u>\$ 270,285,332</u> | <u>\$ (28,542,189)</u> |

E. Pension Expense

For the year ended June 30, 2015, the Government recognized pension expense for each of the plans as follows:

| | Pension Expense |
|-----------------------|----------------------|
| County | \$ 706,491 |
| Metro | 67,369,776 |
| County Education | 4,012,106 |
| Metro Education | 12,614,862 |
| City | 2,224,332 |
| City Education | 2,274,588 |
| Total pension expense | <u>\$ 89,202,155</u> |

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

F. Special Funding Situations

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

| | County Education Plan | | Metro Education Plan | | City Education Plan |
|---|--------------------------|---|-------------------------|---|------------------------|
| Employer's proportionate share | 73.79 | % | 55.35 | % | 70.81 |
| Collective pension expense | \$ 4,012,106 | | \$ 12,614,862 | | \$ 2,274,588 |
| Support of State of Tennessee | (1,051,573) | | (5,632,536) | | (663,952) |
| Collective net pension liability | 38,107,469 | | 203,904,180 | | 18,507,469 |
| Proportionate share of net pension liability | 28,119,171 | | 112,853,583 | | 13,104,977 |
| Proportionate share of deferred outflows of resources | 16,493 | | 955,807 | | 13,319 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

G. Additional Pension Information

Additional information regarding the changes in the net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions for the plans of the primary government is summarized on the Selected Pension Information Schedules on pages B-86 to B-89.

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-84 to B-85. 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, 2014 | July 1, 2014 | July 1, 2014 |
| Measurement date | June 30, 2015 | June 30, 2015 | June 30, 2015 |
| Actuarial cost method | entry age normal | entry age normal | entry age normal |
| Amortization method | level dollar open | level dollar open | level dollar open |
| Amortization period | 8 years | 15 years | 9 years |
| Asset valuation method | market | 5 year smoothed market | market |
| Actuarial assumptions: | | | |
| Investment rate of return* | 7.50% | 7.50% | 7.50% |
| Projected salary increases* | N/A | 4.00% | N/A |
| Inflation | 2.60% | 2.60% | 2.60% |
| Postretirement benefit increase adjustr | 2.50% | 2.50% Division A 1.50% Division B | 3.00% |
| * Includes inflation | | | |
| PLAN MEMBERSHIP | | | |
| Active: | | | |
| Fully vested | - | 8,664 | - |
| Non-vested and partially vested | - | 2,704 | - |
| Total active | <u>-</u> | <u>11,368</u> | <u>-</u> |
| Retirees and beneficiaries receiving bene | 89 | 8,262 | 216 |
| Terminated vested | - | 3,301 | - |
| Total | <u><u>89</u></u> | <u><u>22,931</u></u> | <u><u>216</u></u> |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

| <u>Metro Education</u> | <u>City</u> | <u>City Education</u> |
|------------------------------|----------------------|---------------------------|
| July 1, 2014 | July 1, 2014 | July 1, 2014 |
| June 30, 2015 | June 30, 2015 | June 30, 2015 |
| entry age normal | entry age normal | entry age normal |
| level dollar closed | level dollar open | level dollar open |
| 30 years | 8 years | 8 years |
| 5 year smoothed market | market | market |
| 7.50% | 7.50% | 7.50% |
| N/A | N/A | N/A |
| 2.60% | 2.60% | 2.60% |
| 3.00% | 2.50% | 3.00% |
| - | - | - |
| - | - | - |
| - | - | - |
| 1,008 | 396 | 117 |
| 2 | - | - |
| <u>1,010</u> | <u>396</u> | <u>117</u> |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

CHANGES IN THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| <u>County Plan (Closed)</u> | | | |
| Balance at June 30, 2014 | \$ 9,176,237 | \$ - | \$ 9,176,237 |
| Changes for the year: | | | |
| Interest | 638,093 | - | 638,093 |
| Difference between expected and actual experience | 68,376 | - | 68,376 |
| Contributions - employer | - | 1,473,442 | (1,473,442) |
| Net investment income | - | (22) | 22 |
| Benefit payments, including refunds of member contributions | (1,473,420) | (1,473,420) | - |
| Net changes | (766,951) | - | (766,951) |
| Balance at June 30, 2015 | <u>\$ 8,409,286</u> | <u>\$ -</u> | <u>\$ 8,409,286</u> |

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

Metro Plan (Open)

| | | | |
|---|-------------------------|-------------------------|----------------------|
| Balance at June 30, 2014 | \$ 2,797,807,144 | \$ 2,697,364,111 | \$ 100,443,033 |
| Changes for the year: | | | |
| Service cost | 45,995,228 | - | 45,995,228 |
| Interest | 202,724,640 | - | 202,724,640 |
| Difference between expected and actual experience | (67,376,484) | - | (67,376,484) |
| Contributions - employer | - | 94,045,896 | (94,045,896) |
| Contributions - members | - | 57,996 | (57,996) |
| Net investment income | - | 124,578,432 | (124,578,432) |
| Transfers in | - | 169,363 | (169,363) |
| Benefit payments, including refunds of member contributions | (146,745,385) | (146,745,385) | - |
| Administrative expenses | - | (5,974,504) | 5,974,504 |
| Net changes | 34,597,999 | 66,131,798 | (31,533,799) |
| Balance at June 30, 2015 | <u>\$ 2,832,405,143</u> | <u>\$ 2,763,495,909</u> | <u>\$ 68,909,234</u> |

Plan fiduciary net position as a percentage of the total pension liability 97.57 %

County Education Plan (Closed)

| | | | |
|---|----------------------|-------------------|----------------------|
| Balance at June 30, 2014 | \$ 41,499,104 | \$ - | \$ 41,499,104 |
| Changes for the year: | | | |
| Interest | 2,944,102 | - | 2,944,102 |
| Difference between expected and actual experience | 1,090,757 | - | 1,090,757 |
| Contributions - employer | - | 4,594,448 | (4,594,448) |
| Contributions - State of Tennessee | - | 2,831,644 | (2,831,644) |
| Net investment income | - | 402 | (402) |
| Benefit payments, including refunds of member contributions | (6,670,328) | (6,670,328) | - |
| Net changes | (2,635,469) | 756,166 | (3,391,635) |
| Balance at June 30, 2015 | <u>\$ 38,863,635</u> | <u>\$ 756,166</u> | <u>\$ 38,107,469</u> |

Plan fiduciary net position as a percentage of the total pension liability 1.95 %

Proportionate share of collective net pension liability: \$ 28,119,171
Employer 9,988,298
State of Tennessee

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, 2015

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| <u>Metro Education Plan (Closed)</u> | | | |
| Balance at June 30, 2014 | \$ 299,380,854 | \$ 79,280,996 | \$ 220,099,858 |
| Changes for the year: | | | |
| Interest | 20,961,496 | - | 20,961,496 |
| Difference between expected and actual experience | (2,986,289) | - | (2,986,289) |
| Contributions - employer | - | 18,340,834 | (18,340,834) |
| Contributions - State of Tennessee | - | 12,196,548 | (12,196,548) |
| Net investment income | - | 3,663,454 | (3,663,454) |
| Benefit payments, including refunds of member contributions | (33,815,913) | (33,815,913) | - |
| Administrative expenses | - | (29,951) | 29,951 |
| Net changes | (15,840,706) | 354,972 | (16,195,678) |
| Balance at June 30, 2015 | \$ 283,540,148 | \$ 79,635,968 | \$ 203,904,180 |

Plan fiduciary net position as a percentage of the total pension liability 28.09 %

Proportionate share of collective net pension liability:

| | |
|--------------------|----------------|
| Employer | \$ 112,853,583 |
| State of Tennessee | 91,050,597 |

City Plan (Closed)

| | | | |
|---|---------------|-------------|---------------|
| Balance at June 30, 2014 | \$ 43,353,576 | \$ - | \$ 43,353,576 |
| Changes for the year: | | | |
| Interest | 2,946,519 | - | 2,946,519 |
| Difference between expected and actual experience | (722,290) | - | (722,290) |
| Contributions - employer | - | 6,688,827 | (6,688,827) |
| Contributions - State of Tennessee | - | - | - |
| Net investment income | - | (103) | 103 |
| Benefit payments, including refunds of member contributions | (6,688,724) | (6,688,724) | - |
| Net changes | (4,464,495) | - | (4,464,495) |
| Balance at June 30, 2015 | \$ 38,889,081 | \$ - | \$ 38,889,081 |

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

City Education Plan (Closed)

| | | | |
|---|---------------|-------------|---------------|
| Balance at June 30, 2014 | \$ 20,515,768 | \$ - | \$ 20,515,768 |
| Changes for the year: | | | |
| Interest | 1,463,455 | - | 1,463,455 |
| Difference between expected and actual experience | 830,248 | - | 830,248 |
| Contributions - employer | - | 2,427,465 | (2,427,465) |
| Contributions - State of Tennessee | - | 1,874,231 | (1,874,231) |
| Net investment income | - | 306 | (306) |
| Benefit payments, including refunds of member contributions | (3,666,567) | (3,666,567) | - |
| Net changes | (1,372,864) | 635,435 | (2,008,299) |
| Balance at June 30, 2015 | \$ 19,142,904 | \$ 635,435 | \$ 18,507,469 |

Plan fiduciary net position as a percentage of the total pension liability 3.32 %

Proportionate share of collective net pension liability:

| | |
|--------------------|---------------|
| Employer | \$ 13,104,977 |
| State of Tennessee | 5,402,492 |

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 Plan</u> | | |
| Difference between expected and actual experience | \$ - | \$ 58,954,422 |
| Net difference between projected and actual earnings on pension plan investments | <u>54,096,742</u> | <u>-</u> |
| Balance at June 30, 2015 | <u>\$ 54,096,742</u> | <u>\$ 58,954,422</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, | |
| 2016 | \$ 5,102,125 |
| 2017 | 5,102,125 |
| 2018 | 5,102,125 |
| 2019 | 5,102,125 |
| 2020 | (8,422,061) |
| Thereafter | (16,844,119) |

County Education Plan

| | | |
|---|------------------|-------------|
| Net difference between projected and actual earnings on pension plan investments | <u>\$ 16,493</u> | <u>\$ -</u> |
| Balance at June 30, 2015 | <u>\$ 16,493</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, | |
| 2016 | \$ 4,123 |
| 2017 | 4,123 |
| 2018 | 4,123 |
| 2019 | 4,124 |

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 | \$ 955,807 | \$ - |
| Balance at June 30, 2015 | <u>\$ 955,807</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, | |
| 2016 | \$ 238,952 |
| 2017 | 238,952 |
| 2018 | 238,952 |
| 2019 | 238,951 |

City Education Plan

| | | |
|---|------------------|-------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 13,319 | \$ - |
| Balance at June 30, 2015 | <u>\$ 13,319</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, | |
| 2016 | \$ 3,330 |
| 2017 | 3,330 |
| 2018 | 3,330 |
| 2019 | 3,329 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Plans Administered by the Tennessee Consolidated Retirement System (TCRS)

H. Summary of Significant Accounting Policies

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

I. General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

The Government's employer contributions of \$31,402,723, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | | |
|-----------------------------|----|--------------|
| 2016 | \$ | (29,048,851) |
| 2017 | | (29,048,851) |
| 2018 | | (29,048,851) |
| 2019 | | (29,048,851) |
| 2020 | | 213,301 |
| Thereafter | | 213,301 |

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

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2102 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Discount Rate

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

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

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

| <u>Plan</u> | <u>1% Decrease (6.50%)</u> | <u>Current Discount Rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|-----------------------------|--------------------------------|--|--------------------------------|
| Teacher Legacy Pension Plan | \$ 239,600,668 | \$ (1,420,602) | \$ (200,960,085) |

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, 2015, the Government reported a payable of \$2,790 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

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 | \$ 8,409,286 | \$ - | \$ - |
| Metro | 68,909,234 | 54,096,742 | 58,954,422 |
| County Education | 28,119,171 | 16,493 | - |
| Metro Education | 112,853,583 | 955,807 | - |
| City | 38,889,081 | - | - |
| City Education | 13,104,977 | 13,319 | - |
| Teacher Legacy (TCRS) | (1,420,602) | 33,595,483 | 119,217,669 |
| Teacher Retirement (TCRS) | - | 1,256,109 | - |
| | <u>-</u> | <u>1,256,109</u> | <u>-</u> |
| Total by plan | <u>\$ 268,864,730</u> | <u>\$ 89,933,953</u> | <u>\$ 178,172,091</u> |
| Reconciliation: | | | |
| Statement of Net Position: | | | |
| Primary government: | | | |
| Governmental activities | \$ 257,862,346 | \$ 84,150,829 | \$ 171,869,664 |
| Business-type activities | 8,991,774 | 4,185,833 | 4,561,705 |
| | <u>266,854,120</u> | <u>88,336,662</u> | <u>176,431,369</u> |
| Component units: | | | |
| Hospital Authority | 3,062,503 | 1,425,651 | 1,553,669 |
| Convention Center Authority | 368,709 | 171,640 | 187,053 |
| | <u>3,431,212</u> | <u>1,597,291</u> | <u>1,740,722</u> |
| Total component units | <u>3,431,212</u> | <u>1,597,291</u> | <u>1,740,722</u> |
| Total Statement of Net Position | <u>270,285,332</u> | <u>89,933,953</u> | <u>178,172,091</u> |
| Less Statement of Net Position other assets | <u>(1,420,602)</u> | <u>-</u> | <u>-</u> |
| Total allocation | <u>\$ 268,864,730</u> | <u>\$ 89,933,953</u> | <u>\$ 178,172,091</u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Primary Government

A. Plan Descriptions

Metropolitan Government

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

Metropolitan Nashville Public Schools

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

B. Funding Policies

Metropolitan Government

The contribution requirements of Metro Employees' Medical Benefit Plan members and the Government are established and may be amended by the Employee Benefit Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. For health insurance, the Government contributes 75% of all premium payments, and the retirees contribute 25%. For the fiscal year ended June 30, 2015, the Government and retirees contributed \$45,093,968 and \$15,031,323 to the Metro Plan, respectively, for health insurance. The Government also provides a 50% matching contribution on dental insurance for any retiree who elects to participate. For the fiscal year ended June 30, 2015, the Government and retirees each contributed \$2,654,195 for dental insurance. Finally, the Government provides life insurance at no charge to the retirees. For the fiscal year ended June 30, 2015, the Government contributed \$2,933,365 for life insurance.

Metropolitan Nashville Public Schools

The contribution requirements of the School Professional Employees' Insurance Plan members and the Government are established and may be amended by the Metro Nashville Board of Education. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid. The Government contributes 75% of all premium payments, and the retirees contribute 25%. For the fiscal year ended June 30, 2015, the Government and retirees contributed \$21,186,222 and \$6,735,918 to the School Plan, respectively.

C. Annual OPEB Cost and Net OPEB Obligation

The Government's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The Plans contain both active employees and retirees. Although the Government's contribution is 75% of premium payments for the combined participants, the share of claims related to retirees represents a higher percentage of the total claims. Accordingly, contributions reflected in the OPEB calculations, including contributions made, have been adjusted to reflect that a portion of contributions for active employees are subsidizing the retiree claims.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following table shows the components of the Government's annual OPEB cost for the year, the amounts contributed to the Plans, and changes in the Government's net OPEB obligation.

| | Metro Employees' Medical Benefit Plan | School Professional Employees' Insurance Plan | Total |
|--|---|---|------------------|
| Annual required contribution | \$ 187,890,000 | \$ 42,099,000 | \$ 229,989,000 |
| Interest on net OPEB obligation | 39,820,000 | 7,651,000 | 47,471,000 |
| Adjustment to annual required contribution | (33,554,000) | (6,566,000) | (40,120,000) |
| Annual OPEB cost | 194,156,000 | 43,184,000 | 237,340,000 |
| Contributions made | (76,938,000) | (23,160,000) | (100,098,000) |
| Increase (decrease) in net OPEB obligation | 117,218,000 | 20,024,000 | 137,242,000 |
| Net OPEB obligation beginning of year | 884,876,000 | 170,029,000 | 1,054,905,000 |
| Net OPEB obligation end of year | \$ 1,002,094,000 | \$ 190,053,000 | \$ 1,192,147,000 |

The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plans, and the net OPEB obligation for the current and preceding two years were as follows:

| | Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|----------------------|---------------------|--|------------------------|
| Metro Employees' Medical Benefit Plan | | | | |
| | June 30, 2015 | \$ 194,156,000 | 39.63 % | \$ 1,002,094,000 |
| | June 30, 2014 | 181,188,000 | 35.98 | 884,876,000 |
| | June 30, 2013 | 181,484,000 | 34.48 | 768,874,000 |
| School Professional Employees' Insurance Plan | | | | |
| | June 30, 2015 | 43,184,000 | 53.63 | 190,053,000 |
| | June 30, 2014 | 39,413,000 | 50.54 | 170,029,000 |
| | June 30, 2013 | 36,955,000 | 59.90 | 150,534,000 |

D. Funded Status and Funding Progress

Metropolitan Government

As of June 30, 2015 the most recent actuarial valuation date, the Metro Employee' Medical Benefit Plan was 0% funded. The actuarial accrued liability for benefits was \$2.16 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.16 billion. The covered payroll (annual payroll of active employees covered by the Metro Plan) was \$528 million, and the ratio of the UAAL to the covered payroll was 409%.

Metropolitan Nashville Public Schools

As of June 30, 2015 the most recent actuarial valuation date, the School Professional Employees' Insurance Plan was 0% funded. The actuarial accrued liability for benefits was \$473 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$473 million. The covered payroll (annual payroll of active employees covered by the School Plan) was \$313 million, and the ratio of the UAAL to the covered payroll was 151%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. Actuarial Valuations

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

F. Actuarial Methods and Assumptions

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

In the June 30, 2015 valuations for both Plans, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% rate of return (net of administrative expenses), 2.75% rate of inflation, and 4.5% projected increase in salaries. Because the Government has not begun funding the Plans, the rate of return was based on the Government's historic interest earned on idle cash. Annual non prescription drug medical costs are assumed to increase 8.5% in the first year of valuation. Future annual increases are assumed to grade uniformly from 8.0% to 5.0% over a six year period. Annual prescription drug costs are assumed to increase 7.0% in the first year of valuation. Future annual increases are assumed to grade uniformly from 6.5% to 5.0% over a three year period. Costs for supplemental insurance for retirees are assumed to increase 3.5% in the first year of valuation and 8.0% in the second year of valuation. Future annual increases are assumed to grade uniformly to 5.0% over a six year period. Dental costs are assumed to have no increase from fiscal 2015 through fiscal 2018 and increase 4% each year thereafter. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period for the initial amortization amount at June 30, 2015 was 23 years.

Component Units

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

NOTE 9 – DEFERRED COMPENSATION AND PROFIT SHARING PLANS

Primary Government

Metro Plan

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

Component Units

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

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, 2015. There is an additional credit in excess of \$1 million available for roof replacement. The

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

roof replacement was completed in fiscal 2009. The lease agreement expires February, 2016. However, the Government may exercise up to six renewal options for five additional years each. Rent expense for the year ended June 30, 2015 was \$390,627.

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, 2015 totaled \$1,883,234. Future minimum rental payments are as follows:

| <u>Year Ending June 30,</u> | | |
|-------------------------------------|-----------|-------------------|
| 2016 | \$ | 1,900,892 |
| 2017 | | 1,921,706 |
| 2018 | | 1,943,158 |
| 2019 | | 1,979,011 |
| 2020 | | 2,018,480 |
| 2021-2024 | | <u>6,962,489</u> |
| Total future minimum lease payments | <u>\$</u> | <u>16,725,736</u> |

The Government entered into an operating lease agreement during the year ended June 30, 2014 for space to be used as a clinic for employees who are injured in the line of duty. Rent expense for the year ended June 30, 2015 totaled \$102,876. Future minimum rental payments are as follows:

| <u>Year Ending June 30,</u> | | |
|-------------------------------------|-----------|----------------|
| 2016 | \$ | 105,962 |
| 2017 | | 109,141 |
| 2018 | | 112,415 |
| 2019 | | <u>28,310</u> |
| Total future minimum lease payments | <u>\$</u> | <u>355,828</u> |

The Government leases certain other facilities from various lessors under operating lease agreements. Total rental expenditures under these leases are nominal for the year ended June 30, 2015.

The Government leases certain warehouse and office space and various other places for periodic use to various lessees. Such leases are accounted for as operating leases and range in duration from less than one year to five years. The lease agreements provide for fixed rental payments. Annual rental income under these operating leases is nominal.

The Government entered into a capital lease agreement with the State of Tennessee for the construction of a Farmers Market. Under the terms of the agreement, the Government leased the building for 20 years at a cost of \$3,645,000. Lease payments began in June 1996. The remaining lease payments were made over the initial term of the lease in annual rental payments. The final lease payment was made during the year ended June 30, 2015.

Component Units

Nashville District Management Corporation

The Corporation leases office space under a noncancelable operating lease which expires December, 2017. The space is paid for and used by Nashville Downtown Partnership, Inc., a related nonprofit organization. In connection with the lease, the lessor provided rent reductions totaling \$42,120 for the year ended December 31, 2014 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, 2014. Future minimum lease payments at December 31, 2013 totaled \$204,907.

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

General Hospital

The Government, on behalf of General Hospital, entered into a capital lease agreement with Meharry Medical College for the use of the Hubbard Hospital site on the Meharry campus. Under the terms of the agreement, the Government will lease the building for 30 years at \$4 million per year, including imputed interest at 7.5% per annum. Lease payments began in December 1994 after Meharry Medical College and the Board of Hospitals agreed on a program of renovations by Meharry Medical College to the property. This lease has been subleased to the Hospital Authority. At June 30, 2015, the leased building is carried in the proprietary type component units at the present value of minimum future lease payments of \$48,000,000, less accumulated depreciation.

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

A summary of future minimum lease payments required under the agreements as of June 30, 2015 follows:

| <u>Year Ending June 30,</u> | | |
|--|----|-------------------|
| 2016 | \$ | 4,128,285 |
| 2017 | | 4,128,285 |
| 2018 | | 4,096,214 |
| 2019 | | 4,000,000 |
| 2020-2024 | | 20,000,000 |
| 2025 | | <u>1,666,668</u> |
| Total future minimum lease payments | | 38,019,452 |
| Less: | | |
| Amount representing interest | | 10,729,362 |
| Current portion of capital lease | | <u>2,162,480</u> |
| Long-term capitalized lease obligation | \$ | <u>25,127,610</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. The initial lease payment of \$250,000 due to the Authority for the fiscal year ended June 30, 2015 was abated at the November 13, 2014 Authority Board meeting. Future minimum lease payments to the Authority will be as follows:

| <u>Years Ending June 30,</u> | | <u>Annual Rent</u> |
|------------------------------|----|--------------------|
| 2016-2019 | \$ | 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, 2015 is \$36,282,813.

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, 2015 are attributable to unsettled balances at year-end, primarily for internal service billings and transfers between funds.

Balances at June 30, 2015 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2015

| 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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 122,212 |
| General Purpose School Fund | 959,485 | - | - | - | - | - |
| GSD General Purposes Debt Service Fund | - | - | - | - | - | - |
| GSD School Purposes Debt Service Fund | - | - | - | - | - | - |
| GSD Capital Projects Fund | 600,785 | - | - | - | - | - |
| Education Capital Projects Fund | - | 14,001 | - | - | - | - |
| USD Capital Projects Fund | - | - | - | - | - | 276,497 |
| Nonmajor Governmental Funds | 3,955,380 | 1,151,355 | - | - | - | 618,752 |
| Department of Water and Sewerage Services | 223,486 | 186,076 | - | - | - | - |
| Nonmajor Enterprise Funds | 269,799 | 17,095 | - | - | - | 1,449 |
| Internal Service Funds | 281,919 | 426,828 | 7,079 | 3,897 | 1,077 | - |
| Fiduciary Funds | 10,211,388 | 71,135 | - | - | - | - |
| | <u>\$ 16,502,242</u> | <u>\$ 1,866,490</u> | <u>\$ 7,079</u> | <u>\$ 3,897</u> | <u>\$ 1,077</u> | <u>\$ 1,018,910</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, 2015

| Due To | | | | | | | | |
|---------------------------------------|------------------------------------|-----------------------------------|--|------------------------------|---------------------------------|------------------------------|--------------------|----------------------|
| Education Capital Projects Fund | USD Capital Projects Fund | Nonmajor Governmental Funds | Department of Water and Sewerage Services | District Energy System | Nonmajor Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total |
| \$ - | \$ - | \$ 3,877,607 | \$ 10,170 | \$ - | \$ 8,335 | \$ 168,034 | \$ - | \$ 4,186,358 |
| - | - | 340,284 | - | - | 2,374 | - | - | 1,302,143 |
| - | - | 120,472 | - | - | - | - | - | 120,472 |
| - | - | 1,598,738 | - | - | - | - | - | 1,598,738 |
| - | - | 183,269 | 134,813 | - | - | 98,605 | - | 1,017,472 |
| - | - | 153,561 | - | - | - | - | - | 167,562 |
| - | - | - | - | - | - | - | - | 276,497 |
| 262,845 | 13,271 | 171,038 | 600,823 | - | 73,150 | 1,176 | - | 6,847,790 |
| - | - | 19,397,135 | - | 45,590 | 106,008 | - | - | 19,958,295 |
| - | - | 4,557 | 895,590 | 100 | 1,150 | - | - | 1,189,740 |
| - | - | 78,054 | 16,423 | - | 132,492 | 4,117 | 17,404 | 969,290 |
| - | - | - | - | - | - | - | 153,140 | 10,435,663 |
| <u>\$ 262,845</u> | <u>\$ 13,271</u> | <u>\$ 25,924,715</u> | <u>\$ 1,657,819</u> | <u>\$ 45,690</u> | <u>\$ 323,509</u> | <u>\$ 271,932</u> | <u>\$ 170,544</u> | <u>\$ 48,070,020</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, 2015 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2015

| Transferred From | Transferred To | | | | | |
|----------------------------------|----------------------|-----------------------------|--|---------------------------------------|--|---------------------------|
| | General Fund | General Purpose School Fund | GSD General Purposes Debt Service Fund | GSD School Purposes Debt Service Fund | USD General Purposes Debt Service Fund | GSD Capital Projects Fund |
| General Fund | \$ 481,000 | \$ - | \$ 26,893,400 | \$ - | \$ - | \$ - |
| General Purpose School Fund | 192,000 | - | 388,800 | 20,249,875 | - | - |
| GSD Capital Projects Fund | 30,000 | - | - | - | - | - |
| USD Capital Projects Fund | - | - | - | - | - | - |
| Nonmajor Governmental Funds | 12,000,362 | 1,884,768 | 959,988 | 1,598,738 | 583,400 | 3,000,000 |
| Department of Water and Sewerage | | | | | | |
| Services | 5,245,800 | - | 133,900 | - | - | - |
| District Energy System | 6,100 | - | - | - | 1,357,200 | - |
| Nonmajor Enterprise Funds | 1,536,100 | - | 1,500,000 | - | - | - |
| Internal Service Funds | 4,018,633 | - | - | - | - | - |
| Fiduciary Funds | - | - | - | - | - | - |
| | <u>\$ 23,509,995</u> | <u>\$ 1,884,768</u> | <u>\$ 29,876,088</u> | <u>\$ 21,848,613</u> | <u>\$ 1,940,600</u> | <u>\$ 3,000,000</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, 2015

| Transferred To | | | | | | |
|------------------------------------|-----------------------------------|------------------------------|---------------------------------|------------------------------|--------------------|-----------------------|
| USD Capital Projects Fund | Nonmajor Governmental Funds | District Energy System | Nonmajor Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total |
| \$ - | \$ 46,774,480 | \$ 1,849,500 | \$ 2,016,695 | \$ 22,391,706 | \$ 76,519 | \$ 100,483,300 |
| - | 54,705,476 | - | - | 1,250,000 | 73,102 | 76,859,253 |
| - | 462,912 | - | 37,773 | 6,620,835 | - | 7,151,520 |
| - | 126,191 | - | - | - | - | 126,191 |
| 1,287,075 | 33,666 | - | 166,033 | 8,163,659 | 19,742 | 29,697,431 |
| - | 4,600,874 | - | - | 801,581 | - | 10,782,155 |
| - | - | - | - | - | - | 1,363,300 |
| - | - | - | - | 42,735 | - | 3,078,835 |
| - | - | - | - | - | - | 4,018,633 |
| - | - | - | - | 2,212,000 | - | 2,212,000 |
| <u>\$ 1,287,075</u> | <u>\$ 106,703,599</u> | <u>\$ 1,849,500</u> | <u>\$ 2,220,501</u> | <u>\$ 41,482,516</u> | <u>\$ 169,363</u> | <u>\$ 235,772,618</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 \$37,799,899 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, 2014 and 2015:

| | 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, 2013 | \$ 1,206,903 | \$ 8,229,509 | \$ 6,141,396 | \$ 16,631,000 | \$ 7,894,500 | \$ 40,103,308 |
| Add: Provision for events of the current fiscal year | 289,133 | 2,516,760 | 81,484,965 | 186,645,221 | 16,083,067 | 287,019,146 |
| Deduct: Payments on claims during the fiscal year | 766,983 | 3,710,449 | 82,069,810 | 186,435,221 | 17,577,567 | 290,560,030 |
| Claims payable June 30, 2014 | 729,053 | 7,035,820 | 5,556,551 | 16,841,000 | 6,400,000 | 36,562,424 |
| Add: Provision for events of the current fiscal year | 619,612 | 5,764,060 | 93,726,987 | 201,122,583 | 16,627,601 | 317,860,843 |
| Deduct: Payments on claims during the fiscal year | 519,397 | 3,735,263 | 92,426,524 | 204,775,583 | 15,166,601 | 316,623,368 |
| Claims payable June 30, 2015 | \$ 829,268 | \$ 9,064,617 | \$ 6,857,014 | \$ 13,188,000 | \$ 7,861,000 | \$ 37,799,899 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Component Units

The Hospital Authority participates in the Government's insurance programs.

The Convention Center Authority is exposed to various risks of loss incidental to its operations and has obtained several insurance policies after performing risk assessment analyses. The Convention Center Authority retains risk up to \$4,000,000, and has obtained excess insurance for any claims above that amount. These policies provide insurance for property, builder's risk, workers' compensation, automobile, general liability and other exposures. There have been no settlements exceeding insurance coverage since the inception of the Convention Center Authority.

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

C. Federal and State Financial Assistance

The Government and its component units have received federal and state financial assistance for specific purposes that is subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the programs, the Government believes that any required reimbursements would not be material to the basic financial and individual fund and component unit financial statements. Accordingly, no provision has been made for any potential reimbursements to the grantor agencies.

Prior to the issuance of the Water and Sewer Revenue Refunding Bonds, Series 2010A, on December 16, 2010, the full faith and credit of the Government was pledged for possible deficiencies in the collection of required state sewer user fees established in connection with certain grants received from the State Funding Board (TCA 68-221-202 through 68-221-214). The Department of Water and Sewerage Services acted as a conduit with respect to sewer user fees imposed by the state. These user fees were set at an amount sufficient to recover the project costs, including related interest expense. A portion of the proceeds from the Series 2010A Bonds was used to fully prepay the Tennessee Local Development Authority (TLDA) loans. Subsequent to the issuance of the Bonds, the user fees are considered a general sewer charge and reflected as revenue. The amount of prepayment is \$57,389,143 at June 30, 2015 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, 2015, the governmental activities of the Government had commitments of \$128,143,317 for construction contracts.

At June 30, 2015, the Department of Water and Sewerage Services had commitments of \$110,224,142 for construction contracts.

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

E. Liquidity

Component Units

The Government has budgeted and legally approved an appropriation of \$35 million to the Hospital Authority for the year ended June 30, 2016. The Government has also not committed to provide additional funding to the Hospital Authority should such funding become necessary. The financial statements of General Hospital (General) and Bordeaux Long Term Care (Bordeaux) have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. General experienced an operating loss of approximately \$34.9 million for the year ended June 30, 2015 and reflected a net deficit of \$14.9 million at June 30, 2015. Current liabilities exceeded current assets by approximately \$16.8 million at June 30, 2015. General's financial activities resulted in net cash used in operating activities of approximately \$26.2 million for the year ended June 30, 2015. While Bordeaux experienced a small decrease in net position of approximately \$.4 million for the year ended June 30, 2015, financial activities resulted in net cash used in operating activities of approximately \$6.2 million for the year ended June 30, 2015. The deficits were funded primarily by the Government in the form of revenue or capital contributions reflected in the financial statements. General and Bordeaux are and will continue to be dependent upon the Government to subsidize current and future operations.

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

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

The Hospital Authority is pursuing the sale of Bordeaux to a third-party. However, the Hospital Authority has committed to additional advances from General as necessary to subsidize the operations of Bordeaux, which is being operated by a third-party, through at least the consummation of a sale or through the fiscal year ending June 30, 2016.

At June 30, 2015, the Hospital Authority had amounts due to the Metropolitan Government of approximately \$6 million.

F. Financial Pledges

The Government has pledged certain non tax revenues in conjunction with various revenue bonds and other agreements of component units as approved by the Metropolitan Council and in accordance with the Sports Authorities Act of 1993 and the Convention Center Authorities Act of 2009, as applicable, under Title 7 of the Tennessee Code Annotated, and the Amended and Restated Intergovernmental Project Agreement dated October 22, 2014, between the Government and the Metropolitan Development and Housing Agency. The issuers, the Government's pledges, the length of time of the pledges, and the amount of the pledges outstanding at June 30, 2015 (including total future interest of \$579,765,365) are as follows:

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

| <u>Component Unit Revenue Bonds or Agreements</u> | <u>Pledged Non-Tax Revenues of:</u> | <u>Date of Final Maturity/Payment</u> | <u>Outstanding at June 30, 2015</u> |
|--|-------------------------------------|---------------------------------------|-------------------------------------|
| Sports Authority Refunding Taxable Revenue Bonds Series 2012B (Refunded 1998 NHL Fee) | GSD General Fund | Jul. 1, 2018 | \$ 6,519,348 |
| Sports Authority Refunding Series 2013B Taxable Revenue Bonds (Refunded 2004 Revenue Stadium) | GSD General Fund | Jul. 1, 2025 | 30,320,468 |
| Sports Authority Refunding Series 2004 Bonds (Refunded 1996 Revenue Stadium) | GSD General Fund | Jul. 1, 2026 | 26,305,195 |
| Sports Authority Taxable Revenue Bonds Series 2013A (Hockey Facility) | GSD General Fund | Jul. 1, 2033 | 20,581,288 |
| Sports Authority Series 2012A Taxable Revenue Bonds (Upgrade to LP Field) | GSD General Fund | Jul. 1, 2033 | 32,505,512 |
| 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 | 232,000,000 |
| Sports Authority Series 2013B Taxable Revenue Bonds (Ballpark) | USD General Fund | Jul. 1, 2043 | 22,190,253 |
| Sports Authority Series 2013A Revenue Bonds (Ballpark) | USD General Fund | Jul. 1, 2043 | 101,157,547 |
| Convention Center Authority Tourism Tax Taxable Revenue Bonds Series 2010B | GSD General Fund | Jul. 1, 2043 | 871,641,961 |
| Public Finance Authority Taxable Parking Revenue Bonds Series 2014 | USD General Fund | Nov. 1, 2044 | <u>81,803,793</u> |
| Total Guarantees Extended | | | <u>\$ 1,425,025,365</u> |

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

G. Other Commitments

Primary Government

The Government has entered into several economic and community development incentive grant agreements. These grants are available to large successful companies that are moving international, national or regional headquarters into Davidson County or expanding headquarters within Davidson County and are expected to create at least five hundred additional jobs during the first five years of operations or the expansion of operations. The amount of the annual grant is determined by multiplying the average number of incremental full time equivalent employees at the end of each grant year by an amount up to five hundred dollars. The total amount of each grant and the period of each grant can vary based on the number of jobs created, the amount of revenue that is anticipated to be received by the Government and other economic and community development opportunities that the company is expected to create. None of the grants in place have a maximum annual amount. Each grant is to be used to reimburse the company for all or part of the documented expenditures related to the acquisition, preparation or occupancy of facilities, costs of moving to or relocating within Davidson County, and costs associated with employee training. The following is a summary of economic and community development incentive grant agreements in place at June 30, 2015:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| <u>Company</u> | <u>Grant Approval Date</u> | <u>Grant Commencement Date</u> | <u>Grant Period</u> | <u>Additional Grant Terms</u> | <u>Amount Payable for June 30, 2015</u> | <u>Amount Budgeted for 2015-2016</u> |
|---|----------------------------|---|---------------------|--|---|--------------------------------------|
| Dell Computer Corporation | August 1999 | October 1, 1999 | 40 years | None | \$ 750,000 | \$ 562,500 |
| UBS AG, New York Branch | October 2013 | After January 1, 2014 and within 3 years of occupancy permit (Summer of 2014) | 5 years | Base jobs of 240, minimum of 500 incremental jobs required for grant | - | - |
| Bridgestone Americas, Inc. | December 2014 | Within 5 years of occupancy permit (under construction) | 7 years | Minimum of 500 incremental jobs required for grant | - | - |
| Asurion, LLC | June 2015 | July 1, 2015 | 2 years | Base jobs at project location of 640 and base total jobs in Davidson County of 1,840, for full time jobs with annual salaries over published average | - | - |
| WCP Properties, LLC - affiliate of HCA Holdings, Inc. | July 2015 | Within 5 years of occupancy permit (under construction) | 7 years | Minimum of 500 incremental jobs required for grant | - | - |

Component Units

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

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

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

The Nashville District Management Corporation has entered into an agreement with Nashville Downtown Partnership, a related nonprofit organization, to perform all the duties and responsibilities for day-to-day management and implementation of services and improvements for the Nashville Central Business Improvement District (CBID), as defined in the Memorandum of Agreement with the Government, in exchange for substantially all revenues received from CBID assessments. During the year ended December 31, 2014, the Corporation recognized expense of \$1,687,000 related to the agreement. The agreement expires on December 31, 2017.

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

The Gulch Business Improvement District, Inc. has an agreement with the Government in accordance with Tennessee law to provide services for improvement and operation of the Gulch Business Improvement District through security enhancement, marketing, and improving beautification, sanitation, and maintenance. The term of the agreement extends to January 1, 2017, and may be terminated upon receipt of written petition filed by either (a) the owners of 75% of the assessed value of the taxable property in the District or (b) 50% of the owners of record within the District.

The Gulch Business Improvement District, Inc. has entered into an agreement with Nashville Downtown Partnership to provide cleaning and safety services for the Gulch Business Improvement District in exchange for a monthly fee. During the year ended December 31, 2014, \$25,000 was recognized as expense related to the agreement. The agreement expires March 31, 2015 with the option to renew for an additional two year term.

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, 2015 was \$8,000,000. The schedule of future annual payments is expected to be as follows.

| Year Ending June 30 | Annual Payment |
|---------------------|-------------------|
| 2016 | \$ 9,000,000 |
| 2017 | 10,000,000 |
| 2018-2026 | 12,000,000 |
| 2027-2033 | 15,000,000 |

In May 2015 the Metropolitan Council approved a redevelopment agreement related to the sale and development of the old Nashville Convention Center site that is under the management of the Authority. Under the redevelopment agreement, the Authority would pay for the construction of two levels of a parking garage that may be expanded, at the Authority's election, to three levels. The Authority's maximum liability would be \$32 million for two levels and \$42 million for three levels. Several conditions must be satisfied before execution of the redevelopment agreement, and those conditions should be met for the closing of the sale to take place no later than December 31, 2015. The agreement allows the developer to extend the closing for up to four periods of three months each upon paying a nonrefundable fee of \$250,000 for each extension, which would be applied to the sales price if all conditions are met and the Nashville Convention Center site sale is closed.

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, 2015

| | 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 | \$ 276,016 | \$ 1,366,017 | \$ - | \$ - | \$ - | \$ - |
| Prepaid expenditures | 270,046 | 1,424,075 | - | - | - | - |
| Permanent fund principal | - | - | - | - | - | - |
| Total nonspendable | 546,062 | 2,790,092 | - | - | - | - |
| Restricted for: | | | | | | |
| Public welfare | - | - | - | - | - | - |
| Convention center and tourism promotion | - | - | - | - | - | - |
| Education | - | - | - | - | - | - |
| Solid waste | - | - | - | - | - | - |
| Stormwater | - | - | - | - | - | - |
| 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 | - | - | - | - | - | - |
| Committed for: | | | | | | |
| Education | - | 53,325,440 | - | - | - | - |
| Debt service | - | - | 11,504,096 | 5,143,998 | 1,642,363 | - |
| Equipment acquisitions (appropriated) | - | - | - | - | - | - |
| Equipment acquisitions (unappropriated) | - | - | - | - | - | - |
| Solid waste | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Law enforcement and care of prisoners | - | - | - | - | - | - |
| Recreation and culture | - | - | - | - | - | - |
| Total committed | - | 53,325,440 | 11,504,096 | 5,143,998 | 1,642,363 | - |
| Assigned for: | | | | | | |
| Subsequent year budgetary appropriation | 48,070,700 | 16,000,000 | 5,000,000 | 3,300,000 | 1,500,000 | - |
| Specific projects | 6,241,100 | - | - | - | - | - |
| Total assigned | 54,311,800 | 16,000,000 | 5,000,000 | 3,300,000 | 1,500,000 | - |
| Unassigned | 83,195,736 | - | - | - | - | (327,574,306) |
| Total fund balances (deficits) | \$ 138,053,598 | \$ 72,115,532 | \$ 16,504,096 | \$ 8,443,998 | \$ 3,142,363 | \$ (327,574,306) |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FUND BALANCES (CONTINUED)

For the Year Ended June 30, 2015

| Education Capital Projects Fund | USD Capital Projects Funds | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 979,583 | \$ 2,621,616 |
| - | - | 125,177 | 1,819,298 |
| - | - | 185,112 | 185,112 |
| - | - | 1,289,872 | 4,626,026 |
| - | - | 1,091,482 | 1,091,482 |
| - | - | 2,179,572 | 2,179,572 |
| - | - | 21,394,358 | 21,394,358 |
| - | - | 663,437 | 663,437 |
| - | - | 431,654 | 431,654 |
| - | - | 3,257,484 | 3,257,484 |
| - | - | 3,234,504 | 3,234,504 |
| - | - | 3,358,050 | 3,358,050 |
| - | - | 544,176 | 544,176 |
| - | - | 3,956,872 | 3,956,872 |
| - | - | 208,472 | 208,472 |
| - | - | 1,141,276 | 1,141,276 |
| - | - | 41,461,337 | 41,461,337 |
| - | - | - | 53,325,440 |
| - | - | - | 18,290,457 |
| - | - | 35,539,096 | 35,539,096 |
| - | - | 14,224,996 | 14,224,996 |
| - | - | 2,282,291 | 2,282,291 |
| - | - | 2,006,287 | 2,006,287 |
| - | - | 177,801 | 177,801 |
| - | - | 575,213 | 575,213 |
| - | - | 54,805,684 | 126,421,581 |
| - | - | - | 73,870,700 |
| - | - | - | 6,241,100 |
| - | - | - | 80,111,800 |
| (146,812,811) | (7,871,177) | (19,141,016) | (418,203,574) |
| \$ (146,812,811) | \$ (7,871,177) | \$ 78,415,877 | \$ (165,582,830) |

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, 2015 are as follows:

| <u>Notional Amount</u> | <u>Effective Date</u> | <u>Maturity Date</u> | <u>Terms</u> | <u>Counterparty Credit Rating</u> |
|--------------------------|-----------------------|----------------------|--|-----------------------------------|
| 68,722 gallons, diesel | July 1, 2014 | June 30, 2015 | Pay \$2.8675 per gallon; Settlement based on Platts USG Ultra Low Sulfur Diesel | A3/BBB+ |
| 64,000 gallons, gasoline | July 1, 2014 | June 30, 2016 | Pay \$2.69 per gallon; Settlement based on NYMEX NYH RBOB Gasoline | A3/BBB+ |
| 91,628 gallons, diesel | Sept. 1, 2014 | June 30, 2015 | Pay \$2.888 per gallon; Settlement based on Platts USG Ultra Low Sulfur Diesel | A3/BBB+ |
| 64,000 gallons, gasoline | Sept. 1, 2014 | June 30, 2016 | Pay \$2.6865 per gallon; Settlement based on NYMEX NYH RBOB Gasoline | A3/BBB+ |
| 160,349 gallons, diesel | July. 1, 2015 | June 30, 2016 | Pay \$1.7275 per gallon; Settlement based on Platts USG Ultra Low Sulfur Diesel | A3/BBB+ |

The fair value of the fuel hedging instruments was a liability of \$982,035 at June 30, 2015, which has been recorded in noncurrent liabilities in the Statement of Net Position. The fair value was estimated based on the present value of the estimated future cash flows. The fuel hedges were determined to be effective hedges; accordingly, the change in fair value of the hedges is a deferred inflow of resources.

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

During August 2015, the Metropolitan Government entered an additional fuel hedge which is effective July 1, 2016, and terminating June 30, 2017. The fuel hedge includes 42,000 gallons gasoline per month paying \$1.50 per gallon with settlement based on NYMEX NYH RBOB Gasoline.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 – SUBSEQUENT EVENTS

Primary Government

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

On August 5, 2015, the Government issued commercial paper notes in the amount of \$25,000,000 maturing on October 6, 2015 at an interest rate of .09%. These obligations will be refunded with rollover notes at their maturity dates.

On September 4, 2015, the Government issued commercial paper notes in the amount of \$20,000,000 maturing on December 3, 2015 at an interest rate of .07%, and \$30,000,000 (\$5,000,000 maturing on December 2, 2015, and \$25,000,000 maturing on December 3, 2015) at an interest rate of .04%. These obligations will be refunded with rollover notes at their maturity dates.

On October 30, 2015, the Government issued commercial paper notes in the amount of \$25,000,000 maturing on November 2, 2015 at an interest rate of .02%. These obligations will be refunded with rollover notes at their maturity dates.

Component Units

On October 19, 2015, the Sports Authority (the Authority) privately placed its \$15,000,000 Taxable Public Improvement Revenue Bonds (Nissan Stadium Project), Series 2015, (the Bonds) with various banks. The proceeds of the Bonds may be drawn by the Authority to finance capital improvements to the Authority's football stadium. The Bonds mature in 2027 and are subject to annual principal amortization of not less than \$750,000 per year, beginning in 2017. The Bonds will bear interest at a rate of 4.5% per annum, subject to a single rate reset in the 6th year of the term of the Bonds. The banks have the option to put the Bonds to the Authority, under certain circumstances, on the interest rate reset date. The Bonds are also subject to acceleration upon the occurrence of specified events of default.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK

Unaudited – See Accompanying Accountants' Report

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

ROADS AND STREETS

Percentage of Lane Miles in Fair or Better Condition

Percentage of Lane-Miles in Fair or Better Condition

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|
| 60.5 % | 61.6 % | 60.1 % | 57.5 % | 52.7 % |

The condition of road and street pavement is measured using a vehicle called the South Dakota Road Profiler and calculated using the Cartegraph Pavement View Plus pavement management system. The condition is determined based on data collected by the laser road surface test located beneath the Profiler (surface condition) and the distresses are collected from roadway images along with other road and street information such as traffic surface type, street length, street width, area and location. The system uses a measurement scale that is based on a condition index ranging from zero for a pavement in very poor condition to 100 for a pavement in excellent condition. The condition index is used to classify roads and streets as excellent (100-85), good (84-80), fair (79-70) and below standard (less than 69). Condition assessments are collected on an annual basis for half of the county. For assessment purposes, the county is divided into 5 groups with groups 1, 3 and 4 assessed in one year and groups 2 and 5 assessed in the alternate year. The condition of groups 2 and 5 was assessed in fiscal year 2015. The condition of groups 1, 3 and 4 was assessed and reported in fiscal year 2014. It is the policy of the Government to maintain at least 70 percent of its road and street system at a fair or better condition.

As indicated in the table above, the percentage of lane miles in fair or better condition increased for groups 2 and 5 in 2015 as compared to 2013, despite excessive snow and ice during the 2014-15 winter. Also noteworthy regarding the 5-year trend of lower than historical percentages is that these years followed the destructive flood of May 2010. The Government continues to recover from that major catastrophe, which is evidenced by improvements over the 2011 rate of 52.7%.

There were 14 lane miles of roads added in 2015, bringing the total to 5,866 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 to Actual Maintenance

Comparison of needed to Actual Maintenance

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|
| Needed/Budgeted | \$ 32,000,000 | \$ 20,000,000 | \$ 20,000,000 | \$ 20,000,000 | \$ 20,000,000 |
| Actual Spent | 17,265,524 | 18,330,337 | 9,894,464 | 7,987,836 | 10,247,615 |
| Difference | <u>\$ (14,734,476)</u> | <u>\$ (1,669,663)</u> | <u>\$ (10,105,536)</u> | <u>\$ (12,012,164)</u> | <u>\$ (9,752,385)</u> |

During fiscal year 2015, the actual amount spent on roadway paving and surface treatment was less than the budgeted amount. Maintaining the condition of the roads and streets in accordance with the policy referenced above continues to be a priority as evidenced by a budget increase to \$32 million in 2015 from \$20 million in 2014. Also, spending in the last two years totaling \$35.6 million was double the \$17.9 million spent in the previous two year periods.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 CONDITION RATING OF TRANSPORTATION NETWORK (CONTINUED)

Unaudited – See Accompanying Accountants' Report

BRIDGES AND UNDERPASSES

Percentage of Deck Area in Fair or Better Condition

Percentage of Deck Area in Fair or Better Condition

| 2015 | 2014 | 2013 | 2012 | 2011 |
|--------|--------|--------|--------|--------|
| 97.1 % | 97.1 % | 98.9 % | 98.9 % | 98.8 % |

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 2013 and reported for fiscal 2015. 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 for 2012 reflected a slight increase due to the completion of two bridge replacement projects, while the condition reported for 2013 remained the same. Although the condition reported for 2014 reflects a slight decrease, the condition remains high at a rate of 97.1%. With no basis for recalculation for 2015, it is reported the same as 2014.

The condition of bridges and underpasses is measured using the Federal Aid Bridge Inspection System supervised by the Tennessee Department of Transportation (TDOT), which is based on a two-year cycle of inspections of structures designated in two categories: Non-Federal Aid and Federal Aid Urban. The inspection system uses a measurement that classifies the condition as good, fair, poor or critical. The Public Works Department of the Government reviews all findings on all inspections. It is the policy of the Government to maintain at least 75 percent of its bridges and underpasses in fair or better condition.

There are currently 218 Non-Federal Aid and 109 Federal Aid Urban bridges and underpasses in the transportation network determined from the final analysis of the 2013 inspection as compared to 219 Non-Federal Aid and 108 Federal Aid Urban bridges and underpasses from the final analysis of the 2011 inspection. The 2013 TDOT inspection determined the network consists of 1 less Non-Federal Aid bridge and underpass and 1 additional Federal Aid Urban bridge and underpass as compared to the 2011 inspection. The John Seigenthaler Pedestrian Bridge (formerly the Shelby Pedestrian Bridge) was added to the list as a special structure. Total square feet of deck area is estimated to be 1,319,519. Deck area is calculated based on TDOT inspection reports for bridges conveying vehicular traffic only.

Comparison of Needed to Actual Maintenance

Comparison of needed to Actual Maintenance

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Needed/Budgeted | \$ 26,820,557 | \$ 27,426,000 | \$ 17,595,720 | \$ 14,900,000 | \$ 14,862,000 |
| Actual Spent | 3,326,729 | 2,981,757 | 1,985,619 | 2,827,816 | 2,305,765 |
| Difference | \$ (23,493,828) | \$ (24,444,243) | \$ (15,610,101) | \$ (12,072,184) | \$ (12,556,235) |

During fiscal year 2015, the actual amount spent on bridge and underpass repair and maintenance was significantly lower than the needed amount. Maintaining the condition of bridges and underpasses in accordance with the Government's policy referenced above continues to be a priority as reflected in the condition rating. The needed maintenance for 2015 decreased slightly from 2014 by \$600,000.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST TWO FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST TWO FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

| | County Plan | Metro Plan | County Education Plan | Metro Education Plan |
|--|----------------------|--------------------------------------|-----------------------------|------------------------------|
| Notes to Schedule | | | | |
| Valuation date: | | | | |
| Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported. | | | | |
| Methods and assumptions used to determine contribution rates: | | | | |
| Actuarial cost method | entry age normal | entry age normal | entry age normal | entry age normal |
| Amortization method | level dollar open | level dollar open | level dollar open | level dollar closed |
| Amortization period | 8 years | 15 years | 9 years | 30 years |
| Asset valuation method | market | 5 year smoothed market | market | 5 year smoothed market |
| Investment rate of return | 7.50% | 7.50% | 7.50% | 7.50% |
| Projected salary increases | N/A | 4.00% | N/A | N/A |
| Inflation | 2.60% | 2.60% | 2.60% | 2.60% |
| Postretirement benefit increase adjustments | 2.50% | 2.50% Division A 1.50% Division B | 3.00% | 3.00% |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST TWO 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 | 8 years |
| market | market |
| 7.50% | 7.50% |
| N/A | N/A |
| 2.60% | 2.60% |
| 2.50% | 3.00% |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

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

LAST TWO FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

| <u>County Plan</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------------|----------------------------|
| Total pension liability | | |
| Interest | \$ 638,093 | \$ 695,032 |
| Difference between expected and actual experience | 68,376 | - |
| Benefit payments, including refunds of member contributions | <u>(1,473,420)</u> | <u>(1,571,769)</u> |
| Net change in total pension liability | (766,951) | (876,737) |
| Total pension liability - beginning | <u>9,176,237</u> | <u>10,052,974</u> |
| Total pension liability - ending (a) | <u><u>\$ 8,409,286</u></u> | <u><u>\$ 9,176,237</u></u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 1,473,442 | \$ 1,571,769 |
| Net investment income | (22) | (39) |
| Benefit payments, including refunds of member contributions | <u>(1,473,420)</u> | <u>(1,571,730)</u> |
| Net change in plan fiduciary net position | - | - |
| Plan fiduciary net position - beginning | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Net pension liability - ending (a) - (b) | <u><u>\$ 8,409,286</u></u> | <u><u>\$ 9,176,237</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | - | - |
| | % | % |
| Covered-employee payroll | \$ - | \$ - |
| Net pension liability as a percentage of covered-employee payroll | N/A | N/A |

(1) Information regarding the change in the net pension liability is only available for the last two 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 TWO FISCAL YEARS (CONTINUED) (1)

Unaudited - See Accompanying Accountants' Report

| <u>Metro Plan</u> | <u>2015</u> | <u>2014</u> |
|---|-------------------------|-------------------------|
| Total pension liability | | |
| Service cost | \$ 45,995,228 | \$ 49,413,232 |
| Interest | 202,724,640 | 200,086,120 |
| Difference between expected and actual experience | (67,376,484) | - |
| Benefit payments, including refunds of member contributions | <u>(146,745,385)</u> | <u>(140,187,828)</u> |
| Net change in total pension liability | 34,597,999 | 109,311,524 |
| Total pension liability - beginning | <u>2,797,807,144</u> | <u>2,688,495,620</u> |
| Total pension liability - ending (a) | <u>\$ 2,832,405,143</u> | <u>\$ 2,797,807,144</u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 94,045,896 | \$ 87,643,045 |
| Contributions - members | 57,996 | 73,973 |
| Net investment income | 124,578,432 | 410,309,219 |
| Transfers in | 169,363 | 132,383 |
| Benefit payments, including refunds of member contributions | (146,745,385) | (140,187,828) |
| Administrative expense | <u>(5,974,504)</u> | <u>(2,888,963)</u> |
| Net change in plan fiduciary net position | 66,131,798 | 355,081,829 |
| Plan fiduciary net position - beginning | <u>2,697,364,111</u> | <u>2,342,282,282</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 2,763,495,909</u> | <u>\$ 2,697,364,111</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 68,909,234</u> | <u>\$ 100,443,033</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 97.57 % | 96.41 % |
| Covered-employee payroll | \$ 513,759,048 | \$ 556,220,289 |
| Net pension liability as a percentage of covered-employee payroll | 13.41 % | 18.06 % |

(1) Information regarding the change in the net pension liability is only available for the last two 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 TWO FISCAL YEARS (CONTINUED) (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last two 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 TWO FISCAL YEARS (CONTINUED) (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last two 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 TWO FISCAL YEARS (CONTINUED) (1)

Unaudited - See Accompanying Accountants' Report

| <u>City Plan</u> | 2015 | 2014 |
|---|---------------|---------------|
| Total pension liability | | |
| Interest | \$ 2,946,519 | \$ 3,276,664 |
| Difference between expected and actual experience | (722,290) | - |
| Benefit payments, including refunds of member contributions | (6,688,724) | (7,223,872) |
| Net change in total pension liability | (4,464,495) | (3,947,208) |
| Total pension liability - beginning | 43,353,576 | 47,300,784 |
| Total pension liability - ending (a) hard coded - should be per formula | \$ 38,889,081 | \$ 43,353,576 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 6,688,827 | \$ 7,223,872 |
| Net investment income | (103) | (186) |
| Benefit payments, including refunds of member contributions | (6,688,724) | (7,223,686) |
| Net change in plan fiduciary net position | - | - |
| Plan fiduciary net position - beginning | - | - |
| Plan fiduciary net position - ending (b) | \$ - | \$ - |
| Net pension liability - ending (a) - (b) | \$ 38,889,081 | \$ 43,353,576 |
| Plan fiduciary net position as a percentage of the total pension liability | - | - |
| | % | % |
| Covered-employee payroll | \$ - | \$ - |
| Net pension liability as a percentage of covered-employee payroll | N/A | N/A |

(1) Information regarding the change in the net pension liability is only available for the last two 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 TWO FISCAL YEARS (CONTINUED) (1)

Unaudited - See Accompanying Accountants' Report

| | 2015 | 2014 |
|--|----------------------|----------------------|
| <u>City Education Plan</u> | | |
| Total pension liability | | |
| Interest | \$ 1,463,455 | \$ 1,567,660 |
| Difference between expected and actual experience | 830,248 | - |
| Benefit payments, including refunds of member contributions | <u>(3,666,567)</u> | <u>(3,908,042)</u> |
| Net change in total pension liability | (1,372,864) | (2,340,382) |
| Total pension liability - beginning | <u>20,515,768</u> | <u>22,856,150</u> |
| Total pension liability - ending (a) hard coded - should be per formula | <u>\$ 19,142,904</u> | <u>\$ 20,515,768</u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 2,427,465 | \$ 1,932,219 |
| Contributions - State of Tennessee | 1,874,231 | 1,975,167 |
| Net investment income | 306 | 656 |
| Benefit payments, including refunds of member contributions | <u>(3,666,567)</u> | <u>(3,908,042)</u> |
| Net change in plan fiduciary net position | 635,435 | - |
| Plan fiduciary net position - beginning | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 635,435</u> | <u>\$ -</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 18,507,469</u> | <u>\$ 20,515,768</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 3.32 % | - % |
| Covered-employee payroll | \$ - | \$ - |
| Net pension liability as a percentage of covered-employee payroll | N/A | N/A |
| Proportionate share of collective net pension liability: | | |
| Employer | \$ 13,104,977 | \$ 14,738,952 |
| State of Tennessee | 5,402,492 | 5,776,816 |
| Employer's share of net pension liability as a percentage of covered-employee payroll | N/A | N/A |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT RETURNS - PENSION PLANS

LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

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

For the year ended June 30,

| | |
|------|---------|
| 2015 | 4.87 % |
| 2014 | 17.83 |
| 2013 | 13.72 |
| 2012 | 1.07 |
| 2011 | 20.93 |
| 2010 | 15.17 |
| 2009 | (20.80) |
| 2008 | (3.23) |
| 2007 | 18.95 |
| 2006 | 13.72 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

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

LAST TWO FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

| | <u>2015</u> | <u>2014</u> |
|---|----------------|----------------|
| <u>Teacher Legacy Pension Plan</u> | | |
| Actuarially determined contribution | \$ 30,146,614 | \$ 30,470,761 |
| Contributions | 30,146,614 | 30,470,761 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 317,733,460 | \$ 343,139,202 |
| Contributions as a percentage of covered- employee payroll | 9.49 % | 8.88 % |
| <u>Teacher Retirement Plan (2)</u> | | |
| Actuarially determined contribution | \$ 1,256,109 | \$ N/A |
| Contributions | 1,256,109 | N/A |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ N/A</u> |
| Covered-employee payroll | \$ 29,366,650 | \$ N/A |
| Contributions as a percentage of covered- employee payroll | 4.28 % | N/A % |

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

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

For the Year Ended June 30, 2014 (1)

Unaudited - See Accompanying Accountants' Report

| | <u>2014</u> |
|---|----------------|
| <u>Teacher Legacy Pension Plan</u> | |
| The Government's proportion of the net pension liability (asset) | (8.74) % |
| The Government's proportionate share of the net pension liability (asset) | \$ (1,420,602) |
| The Government's covered-employee payroll | \$ 343,139,202 |
| The Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | (0.41) % |
| Plan fiduciary net position as a percentage of the total pension liability | (100.08) % |

(1) The amount presented were determined as of June 30 of the prior fiscal year.
Information regarding the Government's proportionate share is only available for the 2014 fiscal year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFIT PLANS

Unaudited - See Accompanying Accountants' Report

| Year Ended June 30, | Annual Required Contribution | Percentage Contributed |
|---|------------------------------------|---------------------------|
| Metro Employees' Medical Benefit Plan | | |
| 2013 | \$ 175,948,000 | 35.57 % |
| 2014 | 175,166,000 | 37.21 |
| 2015 | 187,890,000 | 40.95 |
| School Professional Employees' Insurance Plan | | |
| 2013 | 35,832,000 | 61.77 |
| 2014 | 38,309,000 | 51.99 |
| 2015 | 42,099,000 | 55.01 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS

Unaudited - See Accompanying Accountants' Report

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL | Funded Ratio |
|---|---------------------------------|---|------------------|-----------------|
| Metro Employees' Medical Benefit Plan | | | | |
| July 1, 2012 | \$ - | \$ 1,888,322,000 | \$ 1,888,322,000 | - |
| July 1, 2013 | - | 2,032,364,000 | 2,032,364,000 | - |
| July 1, 2014 | - | 2,160,290,000 | 2,160,290,000 | - |
| School Professional Employees' Insurance Plan | | | | |
| July 1, 2012 | - | 427,916,000 | 427,916,000 | - |
| July 1, 2013 | - | 424,865,000 | 424,865,000 | - |
| July 1, 2014 | - | 472,942,000 | 472,942,000 | - |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

Unaudited - See Accompanying Accountants' Report

| <u>Covered Payroll</u> | <u>Unfunded AAL as a Percentage of Covered Payroll</u> |
|----------------------------|--|
| \$ 502,407,000 | 375.85 % |
| 517,831,000 | 392.48 |
| 528,020,000 | 409.13 |
| 278,787,000 | 153.49 |
| 306,110,000 | 138.79 |
| 312,687,000 | 151.25 |





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

Special Revenue Funds

| | Metropolitan Action Commission | General Fund 4% Reserve | Solid Waste Operations | Stormwater Grants |
|---|--------------------------------------|-------------------------------|------------------------------|----------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 696,122 | \$ 48,714,878 | \$ 4,356,818 | \$ 655,428 |
| Accounts receivable | 1,182,287 | - | 609,037 | 10,800 |
| Accrued interest receivable | 54 | 2,004 | 172 | 26 |
| Due from other funds of the primary government | 263 | 3,698,640 | 144,080 | 544,342 |
| Inventories of supplies | - | - | - | - |
| Other assets | 2,094 | - | - | - |
| Total assets | \$ 1,880,820 | \$ 52,415,522 | \$ 5,110,107 | \$ 1,210,596 |
| LIABILITIES: | | | | |
| Accounts payable | \$ 431,229 | \$ 2,606,550 | \$ 1,848,970 | \$ 10,800 |
| Accrued payroll | 389,960 | - | 194,099 | - |
| Due to other funds of the primary government | 50,440 | 44,880 | 121,310 | - |
| Due to component units | - | - | - | 757,342 |
| Commercial paper payable | - | - | - | - |
| Other liabilities | - | - | - | - |
| Total liabilities | 871,629 | 2,651,430 | 2,164,379 | 768,142 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue - grants | - | - | - | 10,800 |
| Total deferred inflows of resources | - | - | - | 10,800 |
| FUND BALANCES (DEFICITS): | | | | |
| Nonspendable | - | - | - | - |
| Restricted for other purposes | 1,009,191 | - | 663,437 | 431,654 |
| Committed for: | | | | |
| Equipment acquisitions (appropriated) | - | 35,539,096 | - | - |
| Equipment acquisitions (unappropriated) | - | 14,224,996 | - | - |
| Other purposes | - | - | 2,282,291 | - |
| Unassigned | - | - | - | - |
| Total fund balances (deficits) | 1,009,191 | 49,764,092 | 2,945,728 | 431,654 |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | \$ 1,880,820 | \$ 52,415,522 | \$ 5,110,107 | \$ 1,210,596 |

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, 2015

Special Revenue Funds

| Flood 2010 Recovery | Education Services | Hotel Occupancy Tax | Convention Center Tax | Events And Marketing | CBID Events And Marketing |
|---------------------------|-----------------------|---------------------------|-----------------------------|----------------------------|---------------------------------|
| \$ 28,431,511 | \$ 8,992,348 | \$ 7,271,912 | \$ 1,386,202 | \$ 1,278,688 | \$ 856,598 |
| 29,844,779 | 19,064,103 | 5,564,969 | 1,349,401 | 293,223 | 180,757 |
| 2,355 | 284 | 233 | 45 | 42 | 30 |
| - | 782,538 | - | - | - | - |
| - | 783,254 | - | - | - | - |
| - | 124,282 | 500,000 | - | - | - |
| <u>\$ 58,278,645</u> | <u>\$ 29,746,809</u> | <u>\$ 13,337,114</u> | <u>\$ 2,735,648</u> | <u>\$ 1,571,953</u> | <u>\$ 1,037,385</u> |
| \$ 36,259 | \$ 2,561,150 | \$ 5,520,370 | \$ - | \$ 1,250,000 | \$ - |
| - | 192,387 | - | - | - | - |
| 19,316,275 | 2,660,776 | 1,791,478 | - | - | - |
| - | - | 5,205,032 | 2,735,648 | - | - |
| 30,438,117 | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>49,790,651</u> | <u>5,414,313</u> | <u>12,516,880</u> | <u>2,735,648</u> | <u>1,250,000</u> | <u>-</u> |
| <u>27,629,010</u> | <u>2,139,868</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>27,629,010</u> | <u>2,139,868</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 907,536 | - | - | - | - |
| - | 21,285,092 | 820,234 | - | 321,953 | 1,037,385 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(19,141,016)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(19,141,016)</u> | <u>22,192,628</u> | <u>820,234</u> | <u>-</u> | <u>321,953</u> | <u>1,037,385</u> |
| <u>\$ 58,278,645</u> | <u>\$ 29,746,809</u> | <u>\$ 13,337,114</u> | <u>\$ 2,735,648</u> | <u>\$ 1,571,953</u> | <u>\$ 1,037,385</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, 2015

| | Special Revenue Funds | Permanent Funds | | Total Nonmajor Governmental Funds |
|---|---------------------------------|-----------------------|-------------------|--|
| | Other Government Services | General Government | Education | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 16,836,017 | \$ 202,265 | \$ 188,882 | \$ 119,867,669 |
| Accounts receivable | 14,093,015 | - | - | 72,192,371 |
| Accrued interest receivable | 811 | 8 | 8 | 6,072 |
| Due from other funds of the primary government | 1,677,927 | - | - | 6,847,790 |
| Inventories of supplies | 196,329 | - | - | 979,583 |
| Other assets | 4,861 | - | - | 631,237 |
| Total assets | \$ 32,808,960 | \$ 202,273 | \$ 188,890 | \$ 200,524,722 |
| LIABILITIES: | | | | |
| Accounts payable | \$ 6,900,756 | \$ - | \$ 506 | \$ 21,166,590 |
| Accrued payroll | 953,517 | - | - | 1,729,963 |
| Due to other funds of the primary government | 1,939,556 | - | - | 25,924,715 |
| Due to component units | - | - | - | 8,698,022 |
| Commercial paper payable | - | - | - | 30,438,117 |
| Other liabilities | 3,949,412 | - | - | 3,949,412 |
| Total liabilities | 13,743,241 | - | 506 | 91,906,819 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue - grants | 422,348 | - | - | 30,202,026 |
| Total deferred inflows of resources | 422,348 | - | - | 30,202,026 |
| FUND BALANCES (DEFICITS): | | | | |
| Nonspendable | 197,224 | 105,994 | 79,118 | 1,289,872 |
| Restricted for other purposes | 15,686,846 | 96,279 | 109,266 | 41,461,337 |
| Committed for: | - | - | - | - |
| Equipment acquisitions (appropriated) | - | - | - | 35,539,096 |
| Equipment acquisitions (unappropriated) | - | - | - | 14,224,996 |
| Other purposes | 2,759,301 | - | - | 5,041,592 |
| Unassigned | - | - | - | (19,141,016) |
| Total fund balances (deficits) | 18,643,371 | 202,273 | 188,384 | 78,415,877 |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | \$ 32,808,960 | \$ 202,273 | \$ 188,890 | \$ 200,524,722 |

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, 2015

| | Special Revenue Funds | | | |
|---|--------------------------------------|-------------------------------|------------------------------|----------------------|
| | Metropolitan Action Commission | General Fund 4% Reserve | Solid Waste Operations | Stormwater Grants |
| REVENUES: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes, licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Revenues from the use of money or property | 4,886 | 212,497 | 29,589 | 3,469 |
| Revenues from other governmental agencies | 18,933,021 | - | 191,745 | 1,705,402 |
| Commissions and fees | - | - | - | - |
| Charges for current services | 197,053 | - | 5,851,713 | - |
| Compensation for loss, sale or damage to property | 632 | - | - | - |
| Contributions and gifts | 35,867 | - | - | - |
| Miscellaneous | 766 | - | 87,921 | - |
| Total revenues | <u>19,172,225</u> | <u>212,497</u> | <u>6,160,968</u> | <u>1,708,871</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 | 22,716,701 | - | - | - |
| Public health and hospitals | - | - | - | - |
| Public library system | - | - | - | - |
| Public works, highways and streets | - | - | 21,777,731 | - |
| Recreational and cultural | - | - | - | - |
| Education | - | - | - | - |
| Capital outlay | - | 22,447,608 | - | 542,562 |
| Total expenditures | <u>22,716,701</u> | <u>22,447,608</u> | <u>21,777,731</u> | <u>542,562</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,544,476)</u> | <u>(22,235,111)</u> | <u>(15,616,763)</u> | <u>1,166,309</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 4,000,000 | 28,411,923 | 12,796,700 | - |
| Transfers out | <u>(52,394)</u> | <u>(11,329,692)</u> | <u>(636,800)</u> | <u>(1,287,075)</u> |
| Total other financing sources (uses) | <u>3,947,606</u> | <u>17,082,231</u> | <u>12,159,900</u> | <u>(1,287,075)</u> |
| Net change in fund balances (deficits) | 403,130 | (5,152,880) | (3,456,863) | (120,766) |
| FUND BALANCES (DEFICITS), beginning of year | <u>606,061</u> | <u>54,916,972</u> | <u>6,402,591</u> | <u>552,420</u> |
| FUND BALANCES (DEFICITS), end of year | <u>\$ 1,009,191</u> | <u>\$ 49,764,092</u> | <u>\$ 2,945,728</u> | <u>\$ 431,654</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, 2015

| Special Revenue Funds | | | | | |
|---------------------------|-----------------------|---------------------------|-----------------------------|----------------------------|---------------------------------|
| Flood 2010 Recovery | Education Services | Hotel Occupancy Tax | Convention Center Tax | Events And Marketing | CBID Events And Marketing |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | 53,387,589 | 14,676,079 | 3,124,809 | - |
| - | - | - | - | - | - |
| 248,715 | 21,152 | 23,096 | 4,245 | 4,837 | 2,364 |
| 2,878,038 | 119,715,810 | - | - | - | 1,222,944 |
| - | - | - | - | - | - |
| - | 12,244,760 | - | - | - | - |
| - | 51,023 | - | - | - | - |
| - | 2,173,596 | - | - | - | - |
| - | - | - | - | - | - |
| <u>3,126,753</u> | <u>134,206,341</u> | <u>53,410,685</u> | <u>14,680,324</u> | <u>3,129,646</u> | <u>1,225,308</u> |
| 635,308 | - | 45,734,300 | 14,680,324 | 3,365,000 | 500,000 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 178,342,899 | - | - | - | - |
| 251,510 | 983,686 | - | - | - | - |
| <u>886,818</u> | <u>179,326,585</u> | <u>45,734,300</u> | <u>14,680,324</u> | <u>3,365,000</u> | <u>500,000</u> |
| 2,239,935 | (45,120,244) | 7,676,385 | - | (235,354) | 725,308 |
| - | 50,729,041 | - | - | - | - |
| - | (3,484,520) | (8,900,101) | - | - | - |
| - | 47,244,521 | (8,900,101) | - | - | - |
| 2,239,935 | 2,124,277 | (1,223,716) | - | (235,354) | 725,308 |
| (21,380,951) | 20,068,351 | 2,043,950 | - | 557,307 | 312,077 |
| <u>\$ (19,141,016)</u> | <u>\$ 22,192,628</u> | <u>\$ 820,234</u> | <u>\$ -</u> | <u>\$ 321,953</u> | <u>\$ 1,037,385</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, 2015

| | Special Revenue Funds | Permanent Funds | | Total Nonmajor Governmental Funds |
|--|---------------------------------|-----------------------|-------------------|--|
| | Other Government Services | General Government | Education | |
| REVENUES: | | | | |
| Property taxes | \$ 2,047,935 | \$ - | \$ - | \$ 2,047,935 |
| Other taxes, licenses and permits | 229,792 | - | - | 71,418,269 |
| Fines, forfeits and penalties | 5,540,757 | - | - | 5,540,757 |
| Revenues from the use of money or property | 81,681 | 838 | 786 | 638,155 |
| Revenues from other governmental agencies | 56,680,650 | - | - | 201,327,610 |
| Commissions and fees | 9,474,964 | - | - | 9,474,964 |
| Charges for current services | 6,677,177 | - | - | 24,970,703 |
| Compensation for loss, sale or damage to property | 18,700 | - | - | 70,355 |
| Contributions and gifts | 1,979,069 | - | - | 4,188,532 |
| Miscellaneous | 355,118 | - | - | 443,805 |
| Total revenues | 83,085,843 | 838 | 786 | 320,121,085 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 9,049,059 | 1,300 | - | 73,965,291 |
| Fiscal administration | 200,547 | - | - | 200,547 |
| Administration of justice | 14,377,227 | - | - | 14,377,227 |
| Law enforcement and care of prisoners | 23,141,747 | - | - | 23,141,747 |
| Fire prevention and control | 1,105,747 | - | - | 1,105,747 |
| Regulation and inspection | 81,650 | - | - | 81,650 |
| Public welfare | 7,877,793 | - | - | 30,594,494 |
| Public health and hospitals | 21,055,299 | - | - | 21,055,299 |
| Public library system | 1,040,918 | - | - | 1,040,918 |
| Public works, highways and streets | 8,066,064 | - | - | 29,843,795 |
| Recreational and cultural | 2,369,651 | - | - | 2,369,651 |
| Education | - | - | 2,911 | 178,345,810 |
| Capital outlay | 1,514,089 | - | - | 25,739,455 |
| Total expenditures | 89,879,791 | 1,300 | 2,911 | 401,861,631 |
| Excess (deficiency) of revenues over expenditure: | (6,793,948) | (462) | (2,125) | (81,740,546) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 10,765,935 | - | - | 106,703,599 |
| Transfers out | (4,006,849) | - | - | (29,697,431) |
| Total other financing sources (uses) | 6,759,086 | - | - | 77,006,168 |
| Net change in fund balances (deficits) | (34,862) | (462) | (2,125) | (4,734,378) |
| FUND BALANCES (DEFICITS), beginning of year | 18,678,233 | 202,735 | 190,509 | 83,150,255 |
| FUND BALANCES (DEFICITS), end of year | \$ 18,643,371 | \$ 202,273 | \$ 188,384 | \$ 78,415,877 |

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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 86,328,300 | \$ 86,328,300 | \$ 85,476,535 | \$ (851,765) |
| Local option sales tax | 2,110,300 | 2,110,300 | 1,974,044 | (136,256) |
| Fines, forfeits and penalties | 377,000 | 377,000 | 266,864 | (110,136) |
| Revenues from the use of money or property | - | - | 129,122 | 129,122 |
| Revenues from other governmental agencies | 2,380,500 | 2,380,500 | 3,247,299 | 866,799 |
| Compensation for loss, sale or damage to property | - | - | 6,084,798 | 6,084,798 |
| Bond interest tax credit | - | - | 4,839,480 | 4,839,480 |
| Total revenues | 91,196,100 | 91,196,100 | 102,018,142 | 10,822,042 |
| EXPENDITURES: | | | | |
| Principal retirement | 60,735,000 | 60,735,000 | 60,734,953 | 47 |
| Interest | 58,383,400 | 58,383,400 | 60,661,096 | (2,277,696) |
| Fiscal charges | 1,878,900 | 1,878,900 | 4,370,696 | (2,491,796) |
| Total expenditures | 120,997,300 | 120,997,300 | 125,766,745 | (4,769,445) |
| Excess (deficiency) of revenues over expenditures | (29,801,200) | (29,801,200) | (23,748,603) | 6,052,597 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of refunding debt | - | - | 106,199,299 | 106,199,299 |
| Debt issue premium | - | - | 8,961,930 | 8,961,930 |
| Payments to refunded bond escrow agent | - | - | (114,235,260) | (114,235,260) |
| Transfers in | 29,801,200 | 29,801,200 | 29,876,088 | 74,888 |
| Total other financing sources (uses) | 29,801,200 | 29,801,200 | 30,802,057 | 1,000,857 |
| Net change in fund balances | - | - | 7,053,454 | 7,053,454 |
| FUND BALANCES, beginning of year | 9,450,642 | 9,450,642 | 9,450,642 | - |
| FUND BALANCES, end of year | \$ 9,450,642 | \$ 9,450,642 | \$ 16,504,096 | \$ 7,053,454 |

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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 36,713,200 | \$ 36,713,200 | \$ 36,373,883 | \$ (339,317) |
| Local option sales taxes | 19,392,900 | 19,392,900 | 20,535,450 | 1,142,550 |
| Revenues from the use of money or property | - | - | 589,409 | 589,409 |
| Total revenues | 56,106,100 | 56,106,100 | 57,498,742 | 1,392,642 |
| EXPENDITURES: | | | | |
| Principal retirement | 38,905,300 | 38,905,300 | 42,536,769 | (3,631,469) |
| Interest | 36,382,800 | 36,382,800 | 33,100,589 | 3,282,211 |
| Fiscal charges | 1,067,900 | 1,067,900 | 1,895,311 | (827,411) |
| Total expenditures | 76,356,000 | 76,356,000 | 77,532,669 | (1,176,669) |
| Excess (deficiency) of revenues over expenditures | (20,249,900) | (20,249,900) | (20,033,927) | 215,973 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of refunding debt | - | - | 53,045,752 | 53,045,752 |
| Debt issue premium | - | - | 4,476,417 | 4,476,417 |
| Payments to refunded bond escrow agent | - | - | (57,284,896) | (57,284,896) |
| Transfers in | 20,249,900 | 20,249,900 | 21,848,613 | 1,598,713 |
| Total other financing sources (uses) | 20,249,900 | 20,249,900 | 22,085,886 | 1,835,986 |
| Net change in fund balances | - | - | 2,051,959 | 2,051,959 |
| FUND BALANCE, beginning of year | 6,392,039 | 6,392,039 | 6,392,039 | - |
| FUND BALANCE, end of year | \$ 6,392,039 | \$ 6,392,039 | \$ 8,443,998 | \$ 2,051,959 |

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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 16,110,100 | \$ 16,110,100 | \$ 15,972,099 | \$ (138,001) |
| Total revenues | 16,110,100 | 16,110,100 | 15,972,099 | (138,001) |
| EXPENDITURES: | | | | |
| Principal retirement | 12,464,300 | 12,464,300 | 10,316,280 | 2,148,020 |
| Interest | 7,577,700 | 7,577,700 | 9,540,131 | (1,962,431) |
| Fiscal charges | 444,700 | 444,700 | 645,325 | (200,625) |
| Total expenditures | 20,486,700 | 20,486,700 | 20,501,736 | (15,036) |
| Excess (deficiency) of revenues over expenditures | (4,376,600) | (4,376,600) | (4,529,637) | (153,037) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of refunding debt | - | - | 4,464,949 | 4,464,949 |
| Debt issue premium | - | - | 376,787 | 376,787 |
| Payments to refunded bond escrow agent | - | - | (4,821,765) | (4,821,765) |
| Transfers in | 1,940,600 | 1,940,600 | 1,940,600 | - |
| Total other financing sources (uses) | 1,940,600 | 1,940,600 | 1,960,571 | 19,971 |
| Net change in fund balances | (2,436,000) | (2,436,000) | (2,569,066) | (133,066) |
| FUND BALANCES, beginning of year | 5,711,429 | 5,711,429 | 5,711,429 | - |
| FUND BALANCES, end of year | \$ 3,275,429 | \$ 3,275,429 | \$ 3,142,363 | \$ (133,066) |

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.

STORMWATER GRANTS FUND

The Stormwater Grants Fund is under the administrative responsibility of the Department of Water and Sewerage Services and accounts for grant activities related to the Government's stormwater drainage system.

FLOOD 2010 RECOVERY FUND

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

EDUCATION SERVICES FUND

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

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

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, 2015

| | Nashville Convention Center | Board of Fair Commissioners | Farmers Market |
|--|-----------------------------------|-----------------------------------|-------------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,079,520 | \$ 1,598,013 | \$ 373,081 |
| Accounts receivable | 156,788 | 73,444 | 28,036 |
| Allowance for doubtful accounts | - | - | - |
| Accrued interest receivable | 56 | 60 | 10 |
| Due from other funds of the primary government | - | 7,197 | - |
| Due from component units | - | - | - |
| Other current assets | - | 12,331 | - |
| Total current assets | 2,236,364 | 1,691,045 | 401,127 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 6,056,529 | 175,293 | - |
| Buildings and improvements | 52,668,319 | 8,814,549 | 3,401,046 |
| Improvements other than buildings | 50,220 | 3,781,300 | 151,939 |
| Furniture, machinery and equipment | 432,558 | 658,486 | 393,084 |
| Property under capital lease | - | - | 3,645,000 |
| Construction in progress | - | 188,583 | 37,773 |
| Less accumulated depreciation | (33,291,470) | (10,234,826) | (3,129,031) |
| Capital assets - net | 25,916,156 | 3,383,385 | 4,499,811 |
| Total noncurrent assets | 25,916,156 | 3,383,385 | 4,499,811 |
| Total assets | 28,152,520 | 5,074,430 | 4,900,938 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Pensions | - | 89,074 | 25,082 |
| Total deferred outflows of resources | - | 89,074 | 25,082 |

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, 2015

| <u>Police Secondary Employment</u> | <u>Surplus Property Auction</u> | <u>Municipal Auditorium</u> | <u>Police Impound</u> | <u>Stormwater Operations</u> |
|--|---|---------------------------------|---------------------------|----------------------------------|
| \$ - | \$ 232,092 | \$ 502,112 | \$ 235,683 | \$ 15,916,148 |
| - | 4,363 | 55,483 | - | 3,608,239 |
| - | - | - | - | (941,997) |
| - | 11 | 19 | 9 | 624 |
| - | 263,351 | - | - | 919,192 |
| - | - | - | - | 100 |
| - | - | 1,365 | - | 77 |
| <u>-</u> | <u>499,817</u> | <u>558,979</u> | <u>235,692</u> | <u>19,502,383</u> |
| - | - | 587,400 | - | - |
| - | - | 10,095,045 | - | - |
| - | - | 84,651 | - | - |
| - | - | 842,195 | - | - |
| - | - | - | - | - |
| - | - | 64,673 | - | - |
| - | - | (8,827,224) | - | - |
| <u>-</u> | <u>-</u> | <u>2,846,740</u> | <u>-</u> | <u>-</u> |
| - | - | 2,846,740 | - | - |
| <u>-</u> | <u>499,817</u> | <u>3,405,719</u> | <u>235,692</u> | <u>19,502,383</u> |
| - | 36,504 | 54,002 | - | 426,112 |
| <u>-</u> | <u>36,504</u> | <u>54,002</u> | <u>-</u> | <u>426,112</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, 2015

| | Community Education Commission | Total Nonmajor Enterprise Funds |
|--|--------------------------------------|--|
| | <u> </u> | <u> </u> |
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 384,568 | \$ 21,321,217 |
| Accounts receivable | - | 3,926,353 |
| Allowance for doubtful accounts | - | (941,997) |
| Accrued interest receivable | 15 | 804 |
| Due from other funds of the primary government | - | 1,189,740 |
| Due from component units | - | 100 |
| Other current assets | - | 13,773 |
| | <u>384,583</u> | <u>25,509,990</u> |
| Total current assets | <u>384,583</u> | <u>25,509,990</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | - | 6,819,222 |
| Buildings and improvements | - | 74,978,959 |
| Improvements other than buildings | - | 4,068,110 |
| Furniture, machinery and equipment | - | 2,326,323 |
| Property under capital lease | - | 3,645,000 |
| Construction in progress | - | 291,029 |
| Less accumulated depreciation | - | (55,482,551) |
| | <u>-</u> | <u>36,646,092</u> |
| Capital assets - net | <u>-</u> | <u>36,646,092</u> |
| Total noncurrent assets | <u>-</u> | <u>36,646,092</u> |
| Total assets | <u>384,583</u> | <u>62,156,082</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Pensions | <u>13,197</u> | <u>643,971</u> |
| Total deferred outflows of resources | <u>13,197</u> | <u>643,971</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, 2015

| | Nashville Convention Center | Board of Fair Commissioners | Farmers Market |
|--|-----------------------------------|-----------------------------------|---------------------|
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 151,572 | \$ 160,821 | \$ 159,712 |
| Accrued payroll | 3,884 | 167,782 | 33,379 |
| Due to other funds of the primary government | 8,670 | 21,523 | 2,407 |
| Due to component units | 1,040,629 | - | - |
| Customer deposits | - | 188,248 | 10,190 |
| Unearned revenue | 79 | 67,077 | 15,986 |
| Total current liabilities | 1,204,834 | 605,451 | 221,674 |
| Noncurrent liabilities: | | | |
| Net pension liability | - | 191,344 | 53,880 |
| Total noncurrent liabilities | - | 191,344 | 53,880 |
| Total liabilities | 1,204,834 | 796,795 | 275,554 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Pensions | - | 97,073 | 27,334 |
| Total deferred inflows of resources | - | 97,073 | 27,334 |
| NET POSITION: | | | |
| Net investment in capital assets | 25,916,156 | 3,383,385 | 4,499,811 |
| Unrestricted | 1,031,530 | 886,251 | 123,321 |
| Total net position | \$ 26,947,686 | \$ 4,269,636 | \$ 4,623,132 |

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, 2015

| <u>Police Secondary Employment</u> | <u>Surplus Property Auction</u> | <u>Municipal Auditorium</u> | <u>Police Impound</u> | <u>Stormwater Operations</u> |
|--|---|---------------------------------|---------------------------|----------------------------------|
| \$ - | \$ 37,723 | \$ 135,922 | \$ - | \$ 554,099 |
| - | 95,919 | 102,630 | - | 458,801 |
| - | 258,045 | 4,698 | 750 | 27,246 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 184,186 | - | - |
| - | <u>391,687</u> | <u>427,436</u> | <u>750</u> | <u>1,040,146</u> |
| - | <u>78,417</u> | <u>116,005</u> | - | <u>915,349</u> |
| - | <u>78,417</u> | <u>116,005</u> | - | <u>915,349</u> |
| - | <u>470,104</u> | <u>543,441</u> | <u>750</u> | <u>1,955,495</u> |
| - | <u>39,782</u> | <u>58,852</u> | - | <u>464,375</u> |
| - | <u>39,782</u> | <u>58,852</u> | - | <u>464,375</u> |
| - | - | 2,846,740 | - | - |
| - | <u>26,435</u> | <u>10,688</u> | <u>234,942</u> | <u>17,508,625</u> |
| <u>\$ -</u> | <u>\$ 26,435</u> | <u>\$ 2,857,428</u> | <u>\$ 234,942</u> | <u>\$ 17,508,625</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, 2015

| | Community Education Commission | Total Nonmajor Enterprise Funds |
|--|--------------------------------------|--|
| | <u> </u> | <u> </u> |
| LIABILITIES: | | |
| Current liabilities: | | |
| Accounts payable | \$ 13,470 | \$ 1,213,319 |
| Accrued payroll | 5,718 | 868,113 |
| Due to other funds of the primary government | 170 | 323,509 |
| Due to component units | - | 1,040,629 |
| Customer deposits | - | 198,438 |
| Unearned revenue | - | 267,328 |
| | <u> </u> | <u> </u> |
| Total current liabilities | 19,358 | 3,911,336 |
| | <u> </u> | <u> </u> |
| Noncurrent liabilities: | | |
| Net pension liability | 28,350 | 1,383,345 |
| | <u> </u> | <u> </u> |
| Total noncurrent liabilities | 28,350 | 1,383,345 |
| | <u> </u> | <u> </u> |
| Total liabilities | 47,708 | 5,294,681 |
| | <u> </u> | <u> </u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Pensions | 14,382 | 701,798 |
| | <u> </u> | <u> </u> |
| Total deferred inflows of resources | 14,382 | 701,798 |
| | <u> </u> | <u> </u> |
| NET POSITION: | | |
| Net investment in capital assets | - | 36,646,092 |
| Unrestricted | 335,690 | 20,157,482 |
| | <u> </u> | <u> </u> |
| Total net position | \$ 335,690 | \$ 56,803,574 |
| | <u> </u> | <u> </u> |

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2015

| | Nashville Convention Center | Board of Fair Commissioners | Farmers Market |
|--|-----------------------------------|-----------------------------------|---------------------|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 1,768,192 | \$ 3,326,700 | \$ 1,035,364 |
| Total operating revenues | <u>1,768,192</u> | <u>3,326,700</u> | <u>1,035,364</u> |
| OPERATING EXPENSES: | | | |
| Personal services | 160,166 | 1,465,389 | 345,430 |
| Contractual services | 1,728,478 | 1,452,951 | 1,149,131 |
| Supplies and materials | 18,157 | 157,813 | 14,249 |
| Depreciation | 1,423,254 | 381,671 | 292,178 |
| Other | 127,019 | 162,866 | 12,916 |
| Total operating expenses | <u>3,457,074</u> | <u>3,620,690</u> | <u>1,813,904</u> |
| OPERATING INCOME (LOSS) | <u>(1,688,882)</u> | <u>(293,990)</u> | <u>(778,540)</u> |
| NONOPERATING REVENUE (EXPENSE): | | | |
| Investment income | 8,907 | 5,592 | 322 |
| Interest expense | - | - | (13,965) |
| Gain (loss) on sale of property | (54,756) | - | - |
| Other | - | 40,000 | 2,500 |
| Total nonoperating revenue (expense) | <u>(45,849)</u> | <u>45,592</u> | <u>(11,143)</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(1,734,731)</u> | <u>(248,398)</u> | <u>(789,683)</u> |
| TRANSFERS IN | - | 79,025 | 897,273 |
| TRANSFERS OUT | <u>(159,300)</u> | <u>(98,100)</u> | <u>(80,500)</u> |
| CHANGE IN NET POSITION | (1,894,031) | (267,473) | 27,090 |
| NET POSITION, beginning of year, as restated | <u>28,841,717</u> | <u>4,537,109</u> | <u>4,596,042</u> |
| NET POSITION, end of year | <u>\$ 26,947,686</u> | <u>\$ 4,269,636</u> | <u>\$ 4,623,132</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, 2015

| Police Secondary Employment | Surplus Property Auction | Municipal Auditorium | Police Impound | Stormwater Operations |
|-----------------------------------|--------------------------------|-------------------------|-------------------|--------------------------|
| \$ - | \$ 711,794 | \$ 1,427,411 | \$ 474,789 | \$ 14,247,256 |
| - | 711,794 | 1,427,411 | 474,789 | 14,247,256 |
| - | 505,826 | 678,460 | - | 5,984,952 |
| - | 96,988 | 983,478 | 375,000 | 3,584,567 |
| - | 4,076 | 47,293 | - | 274,871 |
| - | - | 244,243 | - | - |
| - | 14,344 | 59,553 | - | 237,661 |
| - | 621,234 | 2,013,027 | 375,000 | 10,082,051 |
| - | 90,560 | (585,616) | 99,789 | 4,165,205 |
| - | 1,071 | 831 | 796 | 61,190 |
| - | - | - | - | - |
| - | - | 1,722 | - | - |
| - | - | - | - | 47,827 |
| - | 1,071 | 2,553 | 796 | 109,017 |
| - | 91,631 | (583,063) | 100,585 | 4,274,222 |
| - | 261,695 | 636,008 | - | - |
| - | (252,800) | (124,200) | - | (2,256,535) |
| - | 100,526 | (71,255) | 100,585 | 2,017,687 |
| - | (74,091) | 2,928,683 | 134,357 | 15,490,938 |
| \$ - | \$ 26,435 | \$ 2,857,428 | \$ 234,942 | \$ 17,508,625 |

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, 2015

| | Community Education Commission | Total Nonmajor Enterprise Funds |
|--|--------------------------------------|--|
| OPERATING REVENUES: | | |
| Charges for services | \$ 59,147 | \$ 23,050,653 |
| Total operating revenues | <u>59,147</u> | <u>23,050,653</u> |
| OPERATING EXPENSES: | | |
| Personal services | 190,931 | 9,331,154 |
| Contractual services | 135,452 | 9,506,045 |
| Supplies and materials | 10,186 | 526,645 |
| Depreciation | - | 2,341,346 |
| Other | 8,123 | 622,482 |
| Total operating expenses | <u>344,692</u> | <u>22,327,672</u> |
| OPERATING INCOME (LOSS) | <u>(285,545)</u> | <u>722,981</u> |
| NONOPERATING REVENUE (EXPENSE): | | |
| Investment income | 1,951 | 80,660 |
| Interest expense | - | (13,965) |
| Gain (loss) on sale of property | - | (53,034) |
| Other | - | 90,327 |
| Total nonoperating revenue (expense) | <u>1,951</u> | <u>103,988</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(283,594)</u> | <u>826,969</u> |
| TRANSFERS IN | 346,500 | 2,220,501 |
| TRANSFERS OUT | <u>(107,400)</u> | <u>(3,078,835)</u> |
| CHANGE IN NET POSITION | (44,494) | (31,365) |
| NET POSITION, beginning of year, as restated | <u>380,184</u> | <u>56,834,939</u> |
| NET POSITION, end of year | <u>\$ 335,690</u> | <u>\$ 56,803,574</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, 2015

| | Nashville Convention Center | Board of Fair Commissioners | Farmers Market |
|---|-----------------------------------|-----------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 1,380,313 | \$ 3,399,856 | \$ 1,009,828 |
| Payments to suppliers | (1,405,496) | (1,682,428) | (1,155,005) |
| Payments to employees | (160,136) | (1,482,487) | (354,848) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used in) operating activities | (185,319) | 234,941 | (500,025) |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | - | 79,025 | 897,273 |
| Transfers out | (159,300) | (98,100) | (80,500) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used in) noncapital financing activities | (159,300) | (19,075) | 816,773 |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition of capital assets | - | (79,025) | (37,773) |
| Proceeds from the sale of property | 2,406 | - | - |
| Principal payments on borrowings | - | - | (245,000) |
| Interest paid | - | - | (13,965) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used in) capital and related financing activities | 2,406 | (79,025) | (296,738) |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from investing activities: | | | |
| Interest on investments | 8,863 | 5,541 | 313 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used in) investing activities | 8,863 | 5,541 | 313 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net changes in cash and cash equivalents | (333,350) | 142,382 | 20,323 |
| Cash and cash equivalents at beginning of year | 2,412,870 | 1,455,631 | 352,758 |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash and cash equivalents at end of year | <u>\$ 2,079,520</u> | <u>\$ 1,598,013</u> | <u>\$ 373,081</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, 2015

| <u>Police Secondary Employment</u> | <u>Surplus Property Auction</u> | <u>Municipal Auditorium</u> | <u>Police Impound</u> | <u>Stormwater Operations</u> |
|--|---|---------------------------------|---------------------------|----------------------------------|
| \$ - | \$ 584,854 | \$ 1,383,380 | \$ 475,720 | \$ 14,119,381 |
| (32,233) | (100,853) | (1,037,498) | (375,000) | (4,259,592) |
| <u>-</u> | <u>(513,500)</u> | <u>(711,831)</u> | <u>-</u> | <u>(6,240,227)</u> |
| (32,233) | (29,499) | (365,949) | 100,720 | 3,619,562 |
| - | 261,695 | 636,008 | - | - |
| <u>(313,090)</u> | <u>(252,800)</u> | <u>(124,200)</u> | <u>-</u> | <u>(2,256,535)</u> |
| (313,090) | 8,895 | 511,808 | - | (2,256,535) |
| - | - | (87,009) | - | - |
| - | - | 1,722 | - | - |
| - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | (85,287) | - | - |
| 3 | 1,061 | 815 | 788 | 60,576 |
| 3 | 1,061 | 815 | 788 | 60,576 |
| (345,320) | (19,543) | 61,387 | 101,508 | 1,423,603 |
| <u>345,320</u> | <u>251,635</u> | <u>440,725</u> | <u>134,175</u> | <u>14,492,545</u> |
| <u>\$ -</u> | <u>\$ 232,092</u> | <u>\$ 502,112</u> | <u>\$ 235,683</u> | <u>\$ 15,916,148</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, 2015

| | Community Education Commission | Total Nonmajor Enterprise Funds |
|---|--------------------------------------|--|
| | <u> </u> | <u> </u> |
| Cash flows from operating activities: | | |
| Receipts from customers and users | \$ 57,827 | \$ 22,411,159 |
| Payments to suppliers | (146,504) | (10,194,609) |
| Payments to employees | (199,062) | (9,662,091) |
| | <u> </u> | <u> </u> |
| Net cash provided by (used in) operating activities | (287,739) | 2,554,459 |
| | <u> </u> | <u> </u> |
| Cash flows from noncapital financing activities: | | |
| Transfers in | 346,500 | 2,220,501 |
| Transfers out | (107,400) | (3,391,925) |
| | <u> </u> | <u> </u> |
| Net cash provided by (used in) noncapital financing activities | 239,100 | (1,171,424) |
| | <u> </u> | <u> </u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | - | (203,807) |
| Proceeds from the sale of property | - | 4,128 |
| Principal payments on borrowings | - | (245,000) |
| Interest paid | - | (13,965) |
| | <u> </u> | <u> </u> |
| Net cash provided by (used in) capital and related financing activities | - | (458,644) |
| | <u> </u> | <u> </u> |
| Cash flows from investing activities: | | |
| Interest on investments | 1,939 | 79,899 |
| | <u> </u> | <u> </u> |
| Net cash provided by (used in) investing activities | 1,939 | 79,899 |
| | <u> </u> | <u> </u> |
| Net changes in cash and cash equivalents | (46,700) | 1,004,290 |
| Cash and cash equivalents at beginning of year | 431,268 | 20,316,927 |
| | <u> </u> | <u> </u> |
| Cash and cash equivalents at end of year | <u>\$ 384,568</u> | <u>\$ 21,321,217</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, 2015

| | Nashville Convention Center | Board of Fair Commissioners | Farmers Market |
|---|-----------------------------------|-----------------------------------|-------------------|
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ (1,688,882) | \$ (293,990) | \$ (778,540) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 1,423,254 | 381,671 | 292,178 |
| Other receipts (payments) | - | 40,000 | 2,500 |
| Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources: | | | |
| Accounts receivable | 141,568 | 2,432 | (28,036) |
| Due from other funds of the primary government | 243 | 6,803 | - |
| Due from component units | 913 | - | - |
| Other current assets | - | (9,305) | - |
| Deferred outflows pensions | - | (89,074) | (25,082) |
| Accounts payable | (579,248) | 92,236 | 10,212 |
| Accrued payroll | 30 | 35,440 | 5,376 |
| Due to other funds of the primary government | 6,777 | 8,271 | (4,907) |
| Due to component units | 1,040,629 | - | - |
| Customer deposits | - | (2,732) | - |
| Unearned revenue | (530,603) | 26,653 | - |
| Other current liabilities | - | - | 15,986 |
| Net pension liability | - | (60,537) | (17,046) |
| Deferred inflows pensions | - | 97,073 | 27,334 |
| Total adjustments | 1,503,563 | 528,931 | 278,515 |
| Net cash provided by (used in) operating activities | \$ (185,319) | \$ 234,941 | \$ (500,025) |

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, 2015

| <u>Police Secondary Employment</u> | <u>Surplus Property Auction</u> | <u>Municipal Auditorium</u> | <u>Police Impound</u> | <u>Stormwater Operations</u> |
|--|---|---------------------------------|---------------------------|----------------------------------|
| <u>\$ -</u> | <u>\$ 90,560</u> | <u>\$ (585,616)</u> | <u>\$ 99,789</u> | <u>\$ 4,165,205</u> |
| - | - | 244,243 | - | - |
| - | - | - | - | 47,827 |
| - | (3,160) | (34,278) | - | (32,049) |
| - | (231,698) | - | 181 | (96,486) |
| - | - | - | - | 660 |
| - | - | 244 | - | - |
| - | (36,504) | (54,002) | - | (426,112) |
| (32,233) | 14,555 | 49,438 | - | 125,093 |
| - | 13,857 | (1,520) | - | (3,944) |
| - | 109,116 | 3,144 | 750 | (335,413) |
| - | (1,198) | - | - | - |
| - | - | - | - | - |
| - | - | (9,753) | - | - |
| - | - | - | - | - |
| - | (24,809) | (36,701) | - | (289,594) |
| - | 39,782 | 58,852 | - | 464,375 |
| <u>(32,233)</u> | <u>(120,059)</u> | <u>219,667</u> | <u>931</u> | <u>(545,643)</u> |
| <u>\$ (32,233)</u> | <u>\$ (29,499)</u> | <u>\$ (365,949)</u> | <u>\$ 100,720</u> | <u>\$ 3,619,562</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, 2015

| | Community Education Commission | Total Nonmajor Enterprise Funds |
|---|--------------------------------------|--|
| | <u> </u> | <u> </u> |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ (285,545) | \$ 722,981 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | - | 2,341,346 |
| Other receipts (payments) | - | 90,327 |
| Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources: | | |
| Accounts receivable | 105 | 46,582 |
| Due from other funds of the primary government | - | (320,957) |
| Due from component units | - | 1,573 |
| Other current assets | - | (9,061) |
| Deferred outflows pensions | (13,197) | (643,971) |
| Accounts payable | 7,209 | (312,738) |
| Accrued payroll | (347) | 48,892 |
| Due to other funds of the primary government | 48 | (212,214) |
| Due to component units | - | 1,039,431 |
| Customer deposits | - | (2,732) |
| Unearned revenue | (1,425) | (515,128) |
| Other current liabilities | - | 15,986 |
| Net pension liability | (8,969) | (437,656) |
| Deferred inflows pensions | 14,382 | 701,798 |
| | <u> </u> | <u> </u> |
| Total adjustments | (2,194) | 1,831,478 |
| | <u> </u> | <u> </u> |
| Net cash provided by (used in) operating activities | <u>\$ (287,739)</u> | <u>\$ 2,554,459</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, 2015

| | Office of Fleet Management | Information Systems | Radio Shop |
|--|----------------------------------|------------------------|----------------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,737,862 | \$ 2,521,666 | \$ 2,129,303 |
| Accounts receivable | 7,716 | 13,174 | 137,620 |
| Accrued interest receivable | 99 | 133 | 83 |
| Due from other funds of the primary government | 165,748 | 193,876 | 2,349 |
| Due from component units | - | 60 | - |
| Inventories of supplies | 1,428,153 | - | 221,214 |
| Other current assets | - | - | - |
| Total current assets | 4,339,578 | 2,728,909 | 2,490,569 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Buildings and improvements | - | - | 126,643 |
| Furniture, machinery and equipment | 149,678,389 | 7,594,716 | 26,724,355 |
| Construction in progress | - | - | 2,074,990 |
| Less accumulated depreciation | (121,530,081) | (6,844,560) | (10,997,815) |
| Capital assets - net | 28,148,308 | 750,156 | 17,928,173 |
| Total assets | 32,487,886 | 3,479,065 | 20,418,742 |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | 1,675,795 | 774,799 | 240,635 |
| Accrued payroll | 707,334 | 1,355,481 | 120,558 |
| Claims payable | - | - | - |
| Due to other funds of the primary government | 157,772 | 99,517 | 737 |
| Total current liabilities | 2,540,901 | 2,229,797 | 361,930 |
| Noncurrent liabilities: | | | |
| Claims payable | - | - | - |
| Total noncurrent liabilities | - | - | - |
| Total liabilities | 2,540,901 | 2,229,797 | 361,930 |
| NET POSITION: | | | |
| Net investment in capital assets | 28,148,308 | 750,156 | 17,928,173 |
| Unrestricted | 1,798,677 | 499,112 | 2,128,639 |
| Total net position | \$ 29,946,985 | \$ 1,249,268 | \$ 20,056,812 |

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, 2015

| School Self Insurance | General Government Self Insurance | School Professional Employees' Insurance | Employees' Medical Benefit | Injured on Duty |
|--------------------------|---|---|----------------------------------|----------------------|
| \$ 2,439,768 | \$ 17,473,665 | \$ 31,583,788 | \$ 80,460,889 | \$ 28,463,891 |
| - | - | 100,300 | 220,577 | 3,018 |
| 96 | 687 | 1,229 | 2,803 | 1,175 |
| - | 611 | 189,097 | 232,147 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 512,873 | - | - |
| <u>2,439,864</u> | <u>17,474,963</u> | <u>32,387,287</u> | <u>80,916,416</u> | <u>28,468,084</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>2,439,864</u> | <u>17,474,963</u> | <u>32,387,287</u> | <u>80,916,416</u> | <u>28,468,084</u> |
| 39,891 | 155,949 | 2,914,357 | 4,697,172 | 199,591 |
| - | 2,091 | 18,625 | 11,770 | - |
| 381,763 | 5,687,102 | 6,857,014 | 13,188,000 | 7,861,000 |
| - | - | 5,173 | 1,513 | 963 |
| <u>421,654</u> | <u>5,845,142</u> | <u>9,795,169</u> | <u>17,898,455</u> | <u>8,061,554</u> |
| <u>447,505</u> | <u>3,377,515</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>447,505</u> | <u>3,377,515</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>869,159</u> | <u>9,222,657</u> | <u>9,795,169</u> | <u>17,898,455</u> | <u>8,061,554</u> |
| - | - | - | - | - |
| <u>1,570,705</u> | <u>8,252,306</u> | <u>22,592,118</u> | <u>63,017,961</u> | <u>20,406,530</u> |
| <u>\$ 1,570,705</u> | <u>\$ 8,252,306</u> | <u>\$ 22,592,118</u> | <u>\$ 63,017,961</u> | <u>\$ 20,406,530</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, 2015

| | Metro Postal Service | Treasury Management | Technology Revolving | General Services |
|--|----------------------------|------------------------|-------------------------|---------------------|
| ASSETS: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 81,598 | \$ 2,852,165 | \$ - |
| Accounts receivable | - | - | - | - |
| Accrued interest receivable | - | 3 | 112 | - |
| Due from other funds of the primary government | - | 117,765 | 20,895 | - |
| Due from component units | - | - | - | - |
| Inventories of supplies | - | - | - | - |
| Other current assets | - | - | - | - |
| Total current assets | - | 199,366 | 2,873,172 | - |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Buildings and improvements | - | - | - | - |
| Furniture, machinery and equipment | - | 10,626 | - | - |
| Construction in progress | - | - | - | - |
| Less accumulated depreciation | - | (10,626) | - | - |
| Capital assets - net | - | - | - | - |
| Total assets | - | 199,366 | 2,873,172 | - |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 625 | 137,753 | - |
| Accrued payroll | - | 75,646 | - | - |
| Claims payable | - | - | - | - |
| Due to other funds of the primary government | - | 285 | - | - |
| Total current liabilities | - | 76,556 | 137,753 | - |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | - | - |
| Total noncurrent liabilities | - | - | - | - |
| Total liabilities | - | 76,556 | 137,753 | - |
| NET POSITION: | | | | |
| Net investment in capital assets | - | - | - | - |
| Unrestricted | - | 122,810 | 2,735,419 | - |
| Total net position | \$ - | \$ 122,810 | \$ 2,735,419 | \$ - |

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, 2015

| School Print Shop | Total Internal Service Funds |
|----------------------|---------------------------------------|
| \$ 459,950 | \$ 171,204,545 |
| 642 | 483,047 |
| 18 | 6,438 |
| 46,802 | 969,290 |
| - | 60 |
| - | 1,649,367 |
| - | 512,873 |
| <u>507,412</u> | <u>174,825,620</u> |
| - | 126,643 |
| 276,896 | 184,284,982 |
| - | 2,074,990 |
| (261,575) | (139,644,657) |
| <u>15,321</u> | <u>46,841,958</u> |
| <u>522,733</u> | <u>221,667,578</u> |
| 25,596 | 10,862,163 |
| 29,192 | 2,320,697 |
| - | 33,974,879 |
| 5,972 | 271,932 |
| <u>60,760</u> | <u>47,429,671</u> |
| - | 3,825,020 |
| - | 3,825,020 |
| <u>60,760</u> | <u>51,254,691</u> |
| 15,321 | 46,841,958 |
| <u>446,652</u> | <u>123,570,929</u> |
| <u>\$ 461,973</u> | <u>\$ 170,412,887</u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2015

| | Office of Fleet Management | Information Systems | Radio Shop |
|--|----------------------------------|------------------------|----------------------|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 19,713,664 | \$ 14,066,065 | \$ 2,188,243 |
| Other | - | - | - |
| Total operating revenues | <u>19,713,664</u> | <u>14,066,065</u> | <u>2,188,243</u> |
| OPERATING EXPENSES: | | | |
| Personal services | 5,433,338 | 9,001,249 | 893,673 |
| Contractual services | 1,916,382 | 3,975,932 | 1,346,725 |
| Supplies and materials | 12,999,470 | 214,874 | 212,700 |
| Depreciation | 11,532,966 | 744,172 | 3,381,641 |
| Compensation for damages | - | - | - |
| Medical and insurance benefits | - | - | - |
| Other | 212,330 | 2,096,119 | 52,739 |
| Total operating expenses | <u>32,094,486</u> | <u>16,032,346</u> | <u>5,887,478</u> |
| OPERATING INCOME (LOSS) | <u>(12,380,822)</u> | <u>(1,966,281)</u> | <u>(3,699,235)</u> |
| NONOPERATING REVENUE (EXPENSE): | | | |
| Investment income | 10,683 | 14,984 | 9,517 |
| Gain (loss) on sale of property | 407,798 | - | 4,248 |
| Other | 218,014 | - | - |
| Total nonoperating revenue (expense) | <u>636,495</u> | <u>14,984</u> | <u>13,765</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(11,744,327)</u> | <u>(1,951,297)</u> | <u>(3,685,470)</u> |
| TRANSFERS IN | 12,925,831 | - | 602,979 |
| TRANSFERS OUT | - | - | - |
| CHANGE IN NET POSITION | 1,181,504 | (1,951,297) | (3,082,491) |
| NET POSITION, beginning of year | <u>28,765,481</u> | <u>3,200,565</u> | <u>23,139,303</u> |
| NET POSITION, end of year | <u>\$ 29,946,985</u> | <u>\$ 1,249,268</u> | <u>\$ 20,056,812</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, 2015

| <u>School Self Insurance</u> | <u>General Government Self Insurance</u> | <u>School Professional Employees' Insurance</u> | <u>Employees' Medical Benefit</u> | <u>Injured On Duty</u> |
|----------------------------------|--|---|---|----------------------------|
| \$ - | \$ 7,489,722 | \$ 106,284,464 | \$ 199,748,214 | \$ 3,477,800 |
| - | - | - | 7,340,596 | 381,531 |
| - | 7,489,722 | 106,284,464 | 207,088,810 | 3,859,331 |
| 48,433 | 383,824 | 104,296 | 459,450 | - |
| 241,843 | 3,417,039 | 5,188,000 | 8,279,243 | 2,126,519 |
| - | - | 82,095 | - | 3,566 |
| - | - | - | - | - |
| 619,612 | 5,764,060 | - | - | - |
| - | - | 93,726,987 | 201,122,583 | 16,627,601 |
| 4,661 | - | - | 1,433,057 | 102,876 |
| 914,549 | 9,564,923 | 99,101,378 | 211,294,333 | 18,860,562 |
| (914,549) | (2,075,201) | 7,183,086 | (4,205,523) | (15,001,231) |
| 10,227 | 78,112 | 97,220 | 297,283 | 124,313 |
| - | - | - | - | - |
| 51,834 | 1,010,646 | - | - | - |
| 62,061 | 1,088,758 | 97,220 | 297,283 | 124,313 |
| (852,488) | (986,443) | 7,280,306 | (3,908,240) | (14,876,918) |
| 1,250,000 | 212,206 | - | 2,212,000 | 22,179,500 |
| - | (1,937,800) | - | (71,900) | - |
| 397,512 | (2,712,037) | 7,280,306 | (1,768,140) | 7,302,582 |
| 1,173,193 | 10,964,343 | 15,311,812 | 64,786,101 | 13,103,948 |
| <u>\$ 1,570,705</u> | <u>\$ 8,252,306</u> | <u>\$ 22,592,118</u> | <u>\$ 63,017,961</u> | <u>\$ 20,406,530</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, 2015

| | Metro Postal Service | Treasury Management | Technology Revolving | General Services |
|--|----------------------------|------------------------|-------------------------|---------------------|
| OPERATING REVENUES: | | | | |
| Charges for services | \$ - | \$ 707,662 | \$ 305,399 | \$ - |
| Other | - | - | - | - |
| Total operating revenues | <u>-</u> | <u>707,662</u> | <u>305,399</u> | <u>-</u> |
| OPERATING EXPENSES: | | | | |
| Personal services | - | 621,663 | - | - |
| Contractual services | - | 23,756 | 143,130 | - |
| Supplies and materials | - | 1,972 | 966,458 | - |
| Depreciation | - | - | - | - |
| Compensation for damages | - | - | - | - |
| Medical and insurance benefits | - | - | - | - |
| Other | - | 4,475 | - | - |
| Total operating expenses | <u>-</u> | <u>651,866</u> | <u>1,109,588</u> | <u>-</u> |
| OPERATING INCOME (LOSS) | <u>-</u> | <u>55,796</u> | <u>(804,189)</u> | <u>-</u> |
| NONOPERATING REVENUE (EXPENSE): | | | | |
| Investment income | - | 372 | 7,859 | - |
| Gain (loss) on sale of property | - | - | - | - |
| Other | 39,514 | - | - | 118,716 |
| Total nonoperating revenue (expense) | <u>39,514</u> | <u>372</u> | <u>7,859</u> | <u>118,716</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>39,514</u> | <u>56,168</u> | <u>(796,330)</u> | <u>118,716</u> |
| TRANSFERS IN | - | - | 2,100,000 | - |
| TRANSFERS OUT | <u>(182,740)</u> | <u>(57,200)</u> | <u>-</u> | <u>(1,768,993)</u> |
| CHANGE IN NET POSITION | (143,226) | (1,032) | 1,303,670 | (1,650,277) |
| NET POSITION, beginning of year | <u>143,226</u> | <u>123,842</u> | <u>1,431,749</u> | <u>1,650,277</u> |
| NET POSITION, end of year | <u>\$ -</u> | <u>\$ 122,810</u> | <u>\$ 2,735,419</u> | <u>\$ -</u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2015

| School Print Shop | Total Internal Service Funds |
|----------------------|---------------------------------------|
| \$ 656,781 | \$ 354,638,014 |
| <u>-</u> | <u>7,722,127</u> |
| 656,781 | 362,360,141 |
| 175,510 | 17,121,436 |
| 270,001 | 26,928,570 |
| 53,322 | 14,534,457 |
| 5,925 | 15,664,704 |
| - | 6,383,672 |
| - | 311,477,171 |
| <u>71,877</u> | <u>3,978,134</u> |
| 576,635 | 396,088,144 |
| <u>80,146</u> | <u>(33,728,003)</u> |
| 1,822 | 652,392 |
| - | 412,046 |
| <u>-</u> | <u>1,438,724</u> |
| 1,822 | 2,503,162 |
| <u>81,968</u> | <u>(31,224,841)</u> |
| - | 41,482,516 |
| <u>-</u> | <u>(4,018,633)</u> |
| 81,968 | 6,239,042 |
| <u>380,005</u> | <u>164,173,845</u> |
| <u>\$ 461,973</u> | <u>\$ 170,412,887</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

For the Year Ended June 30, 2015

| | Office of Fleet Management | Information Systems | Radio Shop |
|---|----------------------------------|------------------------|---------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 20,147,888 | \$ 13,869,550 | \$ 2,134,603 |
| Payments to suppliers | (15,617,070) | (6,471,188) | (1,724,731) |
| Payments to employees | (5,359,562) | (8,877,912) | (876,591) |
| Other receipts | 218,014 | - | - |
| Net cash provided by (used in) operating activities | <u>(610,730)</u> | <u>(1,479,550)</u> | <u>(466,719)</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | 12,925,831 | - | 602,979 |
| Transfers out | - | - | - |
| Net cash provided by (used in) noncapital financing activities | <u>12,925,831</u> | <u>-</u> | <u>602,979</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition of capital assets | (12,925,831) | - | (602,979) |
| Proceeds from the sale of property | 456,859 | - | 4,248 |
| Net cash provided by (used in) capital and related financing activities | <u>(12,468,972)</u> | <u>-</u> | <u>(598,731)</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | 10,603 | 14,880 | 9,451 |
| Net cash provided by (used in) investing activities | <u>10,603</u> | <u>14,880</u> | <u>9,451</u> |
| Net changes in cash and cash equivalents | (143,268) | (1,464,670) | (453,020) |
| Cash and cash equivalents at beginning of year | 2,881,130 | 3,986,336 | 2,582,323 |
| Cash and cash equivalents at end of year | <u>\$ 2,737,862</u> | <u>\$ 2,521,666</u> | <u>\$ 2,129,303</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, 2015

| <u>School Self Insurance</u> | <u>General Government Self Insurance</u> | <u>School Professional Employees' Insurance</u> | <u>Employees' Medical Benefit</u> | <u>Injured On Duty</u> |
|----------------------------------|--|---|---|----------------------------|
| \$ - | \$ 7,489,591 | \$ 110,753,209 | \$ 207,440,913 | \$ 3,856,313 |
| (793,736) | (7,491,328) | (98,167,681) | (207,081,259) | (17,516,130) |
| - | - | (104,296) | (457,383) | - |
| <u>51,834</u> | <u>1,010,646</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(741,902)</u> | <u>1,008,909</u> | <u>12,481,232</u> | <u>(97,729)</u> | <u>(13,659,817)</u> |
| 1,250,000 | 212,206 | - | 2,212,000 | 22,179,500 |
| - | (1,937,800) | - | (71,900) | - |
| <u>1,250,000</u> | <u>(1,725,594)</u> | <u>-</u> | <u>2,140,100</u> | <u>22,179,500</u> |
| - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 10,144 | 77,551 | 96,123 | 294,996 | 123,284 |
| <u>10,144</u> | <u>77,551</u> | <u>96,123</u> | <u>294,996</u> | <u>123,284</u> |
| 518,242 | (639,134) | 12,577,355 | 2,337,367 | 8,642,967 |
| <u>1,921,526</u> | <u>18,112,799</u> | <u>19,006,433</u> | <u>78,123,522</u> | <u>19,820,924</u> |
| <u>\$ 2,439,768</u> | <u>\$ 17,473,665</u> | <u>\$ 31,583,788</u> | <u>\$ 80,460,889</u> | <u>\$ 28,463,891</u> |

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, 2015

| | Metro Postal Service | Treasury Management | Technology Revolving | General Services |
|---|----------------------------|------------------------|-------------------------|---------------------|
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | \$ 40,762 | \$ 723,049 | \$ 299,305 | \$ 197,942 |
| Payments to suppliers | (73,537) | (32,365) | (1,213,216) | (2,137,975) |
| Payments to employees | (5,806) | (619,823) | - | (55,922) |
| Other receipts | - | - | - | - |
| Net cash provided by (used in) operating activities | <u>(38,581)</u> | <u>70,861</u> | <u>(913,911)</u> | <u>(1,995,955)</u> |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | - | - | 2,100,000 | - |
| Transfers out | (182,740) | (57,200) | - | (1,768,993) |
| Net cash provided by (used in) noncapital financing activities | <u>(182,740)</u> | <u>(57,200)</u> | <u>2,100,000</u> | <u>(1,768,993)</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | - | - | - | - |
| Proceeds from the sale of property | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from investing activities: | | | | |
| Interest on investments | 2 | 369 | 7,759 | 30 |
| Net cash provided by (used in) investing activities | <u>2</u> | <u>369</u> | <u>7,759</u> | <u>30</u> |
| Net changes in cash and cash equivalents | (221,319) | 14,030 | 1,193,848 | (3,764,918) |
| Cash and cash equivalents at beginning of year | 221,319 | 67,568 | 1,658,317 | 3,764,918 |
| Cash and cash equivalents at end of year | <u>\$ -</u> | <u>\$ 81,598</u> | <u>\$ 2,852,165</u> | <u>\$ -</u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2015

| School Print Shop | Total Internal Service Funds |
|----------------------|---------------------------------------|
| \$ 635,065 | \$ 367,588,190 |
| (376,612) | (358,696,828) |
| (173,938) | (16,531,233) |
| - | 1,280,494 |
| <u>84,515</u> | <u>(6,359,377)</u> |
| - | 41,482,516 |
| - | <u>(4,018,633)</u> |
| - | <u>37,463,883</u> |
| - | (13,528,810) |
| - | <u>461,107</u> |
| - | <u>(13,067,703)</u> |
| <u>1,807</u> | <u>646,999</u> |
| <u>1,807</u> | <u>646,999</u> |
| 86,322 | 18,683,802 |
| <u>373,628</u> | <u>152,520,743</u> |
| <u>\$ 459,950</u> | <u>\$ 171,204,545</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, 2015

| | Office of Fleet Management | Information Systems | Radio Shop |
|---|----------------------------------|------------------------|-----------------------|
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | <u>\$ (12,380,822)</u> | <u>\$ (1,966,281)</u> | <u>\$ (3,699,235)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 11,532,966 | 744,172 | 3,381,641 |
| Other receipts (payments) | 218,014 | - | - |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 6,691 | (2,579) | (51,561) |
| Due from other funds of the primary government | 427,533 | (193,876) | (2,079) |
| Due from component units | - | (60) | - |
| Inventories of supplies | 16,510 | - | 22,625 |
| Other current assets | 398 | - | - |
| Accounts payable | (663,519) | (278,820) | (135,918) |
| Accrued payroll | 73,776 | 123,337 | 17,082 |
| Claims payable | - | - | - |
| Due to other funds of the primary government | <u>157,723</u> | <u>94,557</u> | <u>726</u> |
| Total adjustments | <u>11,770,092</u> | <u>486,731</u> | <u>3,232,516</u> |
| Net cash provided by (used in) operating activities | <u>\$ (610,730)</u> | <u>\$ (1,479,550)</u> | <u>\$ (466,719)</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, 2015

| <u>School Self Insurance</u> | <u>General Government Self Insurance</u> | <u>School Professional Employees' Insurance</u> | <u>Employees' Medical Benefit</u> | <u>Injured On Duty</u> |
|----------------------------------|--|---|---|----------------------------|
| <u>\$ (914,549)</u> | <u>\$ (2,075,201)</u> | <u>\$ 7,183,086</u> | <u>\$ (4,205,523)</u> | <u>\$ (15,001,231)</u> |
| - | - | - | - | - |
| 51,834 | 1,010,646 | - | - | - |
| - | - | 4,342,897 | 7,366,844 | (3,018) |
| - | (131) | 125,848 | 352,103 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | (512,873) | - | - |
| 20,598 | 43,072 | 40,610 | 42,043 | 31,981 |
| - | 2,091 | - | 2,067 | - |
| 100,215 | 2,028,797 | 1,300,463 | (3,653,000) | 1,461,000 |
| - | (365) | 1,201 | (2,263) | (148,549) |
| <u>172,647</u> | <u>3,084,110</u> | <u>5,298,146</u> | <u>4,107,794</u> | <u>1,341,414</u> |
| <u>\$ (741,902)</u> | <u>\$ 1,008,909</u> | <u>\$ 12,481,232</u> | <u>\$ (97,729)</u> | <u>\$ (13,659,817)</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, 2015

| | Metro Postal Service | Treasury Management | Technology Revolving | General Services |
|---|----------------------------|------------------------|-------------------------|---------------------|
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ - | \$ 55,796 | \$ (804,189) | \$ - |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | - | - | - | - |
| Other receipts (payments) | - | - | - | - |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | - | - | - | 159,079 |
| Due from other funds of the primary government | 40,762 | 15,387 | (6,094) | 37,335 |
| Due from component units | - | - | - | 1,528 |
| Inventories of supplies | - | - | - | - |
| Other current assets | 39,283 | - | - | - |
| Accounts payable | (112,820) | (860) | (103,628) | (2,080,298) |
| Accrued payroll | (5,806) | 1,840 | - | (55,922) |
| Claims payable | - | - | - | - |
| Due to other funds of the primary government | - | (1,302) | - | (57,677) |
| Total adjustments | (38,581) | 15,065 | (109,722) | (1,995,955) |
| Net cash provided by (used in) operating activities | \$ (38,581) | \$ 70,861 | \$ (913,911) | \$ (1,995,955) |

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, 2015

| <u>School Print Shop</u> | <u>Total Internal Service Funds</u> |
|------------------------------|---|
| \$ 80,146 | \$ (33,728,003) |
| 5,925 | 15,664,704 |
| - | 1,280,494 |
| 858 | 11,819,211 |
| (22,574) | 774,214 |
| - | 1,468 |
| - | 39,135 |
| - | (473,192) |
| 20,791 | (3,176,768) |
| 1,572 | 160,037 |
| - | 1,237,475 |
| <u>(2,203)</u> | <u>41,848</u> |
| <u>4,369</u> | <u>27,368,626</u> |
| <u>\$ 84,515</u> | <u>\$ (6,359,377)</u> |

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

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

NONMAJOR ENTERPRISE FUNDS

NASHVILLE CONVENTION CENTER

The Nashville Convention Center was created for the purpose of providing meeting and exhibit space for conventions, trade shows and businesses, on a user charge basis. The assets of the Nashville Convention Center are under the Finance Department and its management is under the Convention Center Authority, a component unit, which also manages the Music City Center.

BOARD OF FAIR COMMISSIONERS

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

POLICE SECONDARY EMPLOYMENT

The Police Secondary Employment Unit coordinated the scheduling of off duty police officers to provide security as requested by Metropolitan Government agencies and private entities when the presence of an officer and police vehicle during certain events and activities would help protect the safety of the public. Revenues were collected from the requesting agency or private entity to cover the cost of these services. This function was moved to the General Fund in the 2014 fiscal year.

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.

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

COMMUNITY EDUCATION COMMISSION

Community Education Commission provides classes and other educational services to the citizens of the Nashville community, on a user fee basis. The operations of Community Education Commission are supported in part by transfers from the General Fund.

INTERNAL SERVICE FUNDS

OFFICE OF FLEET MANAGEMENT FUND

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

INFORMATION SYSTEMS FUND

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

RADIO SHOP FUND

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

SCHOOL SELF INSURANCE FUND

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

GENERAL GOVERNMENT SELF INSURANCE FUND

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

SCHOOL PROFESSIONAL EMPLOYEES' INSURANCE FUND

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

EMPLOYEES' MEDICAL BENEFIT FUND

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

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

INJURED ON DUTY FUND

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

METRO POSTAL SERVICE FUND

The Metro Postal Service Fund was under the administrative responsibility of the Department of General Services. It was used to account for the self-supporting Metro Postal Service, which derived its revenue from internal charges to various departments for postal charges. This function was moved to the General Fund in the 2015 fiscal year.

TREASURY MANAGEMENT FUND

The Treasury Management Fund is under the administrative responsibility of the Department of Finance. Treasury Management is the central service agency responsible for the management of cash, pension investments and debt. Revenue to cover the fund's activity is from the Metro Investment Pool, Pension Trust Fund and Debt Service Funds.

TECHNOLOGY REVOLVING FUND

The Technology Revolving Fund is under the administrative responsibility of the Information Technology Services Department and is used to account for the replacement of computer equipment and software. Revenues are derived from internal charges to various departments based on equipment usage.

GENERAL SERVICES FUND

The General Services Fund was under the administrative responsibility of the Department of General Services and was used to account for facilities maintenance and security. Revenues were derived from internal charges to various departments based on square footage. This function was moved to the General Fund in the 2015 fiscal year.

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, 2015

| | Davidson County Employees' Retirement | Metropolitan Employees' Benefit Trust | Employees' Pension and Insurance | Teachers' Retirement Plan |
|--|--|--|--|---------------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ - | \$ 129,734,700 | \$ 229,145 | \$ 5,560,707 |
| Investments, at fair value: | | | | |
| U.S. government agencies | - | 30,967,136 | - | 787,967 |
| U.S. private placement | - | 52,658,595 | - | 1,339,911 |
| Equity commingled funds | - | 73,306,946 | - | 1,865,314 |
| Common collective trust | - | 34,223,818 | - | 870,834 |
| Commercial mortgage backed securities | - | 3,509,629 | - | 89,303 |
| Conventional mortgages | - | 915,297 | - | 23,290 |
| Emerging markets | - | 32,143,995 | - | 817,912 |
| Asset backed securities | - | 114,800 | - | 2,921 |
| Corporate bonds and notes | - | 134,886,216 | - | 3,432,214 |
| High yield bonds | - | 24,485,810 | - | 623,048 |
| Inflation protected bonds | - | 4,671,162 | - | 141,119 |
| Common stock | - | 591,035,529 | - | 15,039,049 |
| Preferred stock | - | 4,458,311 | - | 113,443 |
| Collateralized mortgage obligations | - | 24,011,804 | - | 610,986 |
| U.S. treasury securities | - | 10,292,909 | - | 310,955 |
| Non U.S. treasury securities developing markets | - | 1,211,170 | - | 36,590 |
| Supranationals | - | 63,570 | - | 1,921 |
| International bonds | - | 6,870,580 | - | 174,824 |
| Sector funds | - | 77,410,699 | - | 1,969,735 |
| Municipal bonds | - | 1,215,671 | - | 30,933 |
| Mutual funds | - | 100,554,505 | - | 2,558,635 |
| Commingled funds U.S. debt | - | 9,751,861 | - | 248,139 |
| Venture capital and partnerships | - | 1,456,997,971 | - | 37,073,683 |
| Cash collateral received - securities lending program | - | 42,818,354 | - | - |
| Accounts receivable | - | 258,321,490 | - | 6,570,130 |
| Accrued interest receivable | - | 4,878,453 | 4 | 124,182 |
| Due from other funds of the primary government | - | 262,529 | 527,017 | 7,055,834 |
| Total assets | - | 3,111,773,510 | 756,166 | 87,473,579 |
| LIABILITIES: | | | | |
| Accounts payable | - | 3,441,743 | - | - |
| Due to brokers | - | 302,000,101 | - | 7,684,470 |
| Payable for collateral received - securities lending program | - | 42,818,354 | - | - |
| Due to other funds of the primary government | - | 17,403 | - | 153,141 |
| Total liabilities | - | 348,277,601 | - | 7,837,611 |
| NET POSITION: | | | | |
| Restricted for pensions | - | 2,763,495,909 | 756,166 | 79,635,968 |
| Held in trust for other employee benefits | - | - | - | - |
| Total net position | \$ - | \$ 2,763,495,909 | \$ 756,166 | \$ 79,635,968 |

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, 2015

| 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 |
|------------------------|--|--|---|---|
| \$ - | \$ 152,779 | \$ 1,512,212 | \$ 422,768 | \$ 137,612,311 |
| - | - | - | - | 31,755,103 |
| - | - | - | - | 53,998,506 |
| - | - | - | - | 75,172,260 |
| - | - | - | - | 35,094,652 |
| - | - | - | - | 3,598,932 |
| - | - | - | - | 938,587 |
| - | - | - | - | 32,961,907 |
| - | - | - | - | 117,721 |
| - | - | - | - | 138,318,430 |
| - | - | - | - | 25,108,858 |
| - | - | - | - | 4,812,281 |
| - | - | - | - | 606,074,578 |
| - | - | - | - | 4,571,754 |
| - | - | - | - | 24,622,790 |
| - | - | - | - | 10,603,864 |
| - | - | - | - | 1,247,760 |
| - | - | - | - | 65,491 |
| - | - | - | - | 7,045,404 |
| - | - | - | - | 79,380,434 |
| - | - | - | - | 1,246,604 |
| - | - | - | - | 103,113,140 |
| - | - | - | - | 10,000,000 |
| - | - | - | - | 1,494,071,654 |
| - | - | - | - | 42,818,354 |
| - | - | 59,285 | - | 264,950,905 |
| - | 3 | 84 | 17 | 5,002,743 |
| - | 482,653 | 602 | - | 8,328,635 |
| - | 635,435 | 1,572,183 | 422,785 | 3,202,633,658 |
| - | - | 40,058 | 14,663 | 3,496,464 |
| - | - | - | - | 309,684,571 |
| - | - | - | - | 42,818,354 |
| - | - | - | - | 170,544 |
| - | - | 40,058 | 14,663 | 356,169,933 |
| - | 635,435 | - | - | 2,844,523,478 |
| - | - | 1,532,125 | 408,122 | 1,940,247 |
| \$ - | \$ 635,435 | \$ 1,532,125 | \$ 408,122 | \$ 2,846,463,725 |

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, 2015

| | Richard R. Rooker, Circuit Court Clerk | Cristi Scott, Clerk and Master | Brenda Wynn, County Clerk | Howard Gentry, Criminal Court Clerk | Bill Garrett, County Register |
|--|---|--------------------------------------|---------------------------------|---|--|
| ASSETS: | | | | | |
| Cash and cash equivalents | \$ 16,035,740 | \$ 6,701,752 | \$ 2,904 | \$ 10,709,918 | \$ 6,172,236 |
| Investments: | | | | | |
| Mortgages and real estate | - | - | - | 1,291,100 | - |
| Mutual funds | - | 16,925 | - | - | - |
| Accrued interest receivable | - | - | - | - | - |
| Due from other funds of the primary government | - | - | - | - | - |
| Other assets | - | - | - | - | 123,193 |
| Total assets | <u>\$ 16,035,740</u> | <u>\$ 6,718,677</u> | <u>\$ 2,904</u> | <u>\$ 12,001,018</u> | <u>\$ 6,295,429</u> |
| LIABILITIES: | | | | | |
| Funds held in custody for others | \$ 9,606,361 | \$ 6,712,828 | \$ - | \$ 9,975,128 | \$ - |
| Other liabilities | 6,429,379 | 5,849 | 2,904 | 2,025,890 | 6,295,429 |
| Total liabilities | <u>\$ 16,035,740</u> | <u>\$ 6,718,677</u> | <u>\$ 2,904</u> | <u>\$ 12,001,018</u> | <u>\$ 6,295,429</u> |

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2015

| David Smith, Juvenile Court Clerk | Sold Property Tax Receivables | Sheriff Work Release and Inmate Trust | Planning Performance Bonds | Total Agency Funds |
|--|--|---|----------------------------------|--------------------------|
| \$ 1,965,474 | \$ 5,986 | \$ 388,611 | \$ 872,002 | \$ 42,854,623 |
| - | - | - | - | 1,291,100 |
| - | - | - | - | 16,925 |
| - | 75 | - | - | 75 |
| - | 2,107,028 | - | - | 2,107,028 |
| - | - | - | - | 123,193 |
| <u>\$ 1,965,474</u> | <u>\$ 2,113,089</u> | <u>\$ 388,611</u> | <u>\$ 872,002</u> | <u>\$ 46,392,944</u> |
| \$ 1,722,564 | \$ 2,113,089 | \$ 388,611 | \$ 872,002 | \$ 31,390,583 |
| 242,910 | - | - | - | 15,002,361 |
| <u>\$ 1,965,474</u> | <u>\$ 2,113,089</u> | <u>\$ 388,611</u> | <u>\$ 872,002</u> | <u>\$ 46,392,944</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, 2015

| | Davidson County Employees' Retirement | Metropolitan Employees' Benefit Trust | Employees' Pension and Insurance | Teachers' Retirement Plan |
|---|--|--|--|---------------------------------|
| ADDITIONS: | | | | |
| Investment income: | | | | |
| Interest and dividend income | \$ - | \$ 56,501,974 | \$ 407 | \$ 1,582,549 |
| Net appreciation (depreciation) of investments | - | 75,019,714 | - | 2,080,880 |
| Miscellaneous | - | 149,748 | - | 25 |
| Net increase (decrease) in fair value of investments | - | 131,671,436 | 407 | 3,663,454 |
| Net income earned on securities lending transactions: | | | | |
| Securities lending income | - | 453,587 | - | - |
| Securities lending expense | - | (90,702) | - | - |
| Net income earned on securities lending transactions | - | 362,885 | - | - |
| Less investment expenses | (22) | (7,455,889) | (5) | - |
| Net investment income (loss) | (22) | 124,578,432 | 402 | 3,663,454 |
| Contributions: | | | | |
| Employee contributions | - | 57,996 | - | - |
| Employer contributions | 1,473,442 | 94,045,896 | 4,594,448 | 18,340,834 |
| Transfers in | - | 169,363 | - | - |
| Contributions from the State of Tennessee | - | - | 2,831,644 | 12,196,548 |
| Miscellaneous | - | - | - | - |
| Total contributions | 1,473,442 | 94,273,255 | 7,426,092 | 30,537,382 |
| Total additions | 1,473,420 | 218,851,687 | 7,426,494 | 34,200,836 |
| DEDUCTIONS: | | | | |
| Pension and other employee benefits | 1,473,420 | 146,730,313 | 6,670,328 | 33,815,913 |
| Refunds of contributions | - | 15,072 | - | - |
| Administrative expenses | - | 5,974,504 | - | 29,951 |
| Transfers out | - | - | - | - |
| Total deductions | 1,473,420 | 152,719,889 | 6,670,328 | 33,845,864 |
| Change in net position | - | 66,131,798 | 756,166 | 354,972 |
| NET POSITION, beginning of year | - | 2,697,364,111 | - | 79,280,996 |
| NET POSITION, end of year | \$ - | \$ 2,763,495,909 | \$ 756,166 | \$ 79,635,968 |

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, 2015

| 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 |
|------------------|-------------------------------------|--|----------------------------------|--|
| \$ - | \$ 306 | \$ 11,561 | \$ 1,548 | \$ 58,098,345 |
| - | - | - | - | 77,100,594 |
| - | - | - | - | 149,773 |
| - | 306 | 11,561 | 1,548 | 135,348,712 |
| - | - | - | - | 453,587 |
| - | - | - | - | (90,702) |
| - | - | - | - | 362,885 |
| (103) | - | - | - | (7,456,019) |
| (103) | 306 | 11,561 | 1,548 | 128,255,578 |
| - | - | 1,068,733 | 1,019,922 | 2,146,651 |
| 6,688,827 | 2,427,465 | - | - | 127,570,912 |
| - | - | - | - | 169,363 |
| - | 1,874,231 | - | - | 16,902,423 |
| - | - | 2,238,753 | - | 2,238,753 |
| 6,688,827 | 4,301,696 | 3,307,486 | 1,019,922 | 149,028,102 |
| 6,688,724 | 4,302,002 | 3,319,047 | 1,021,470 | 277,283,680 |
| 6,688,724 | 3,666,567 | 1,214,094 | 833,901 | 201,093,260 |
| - | - | - | - | 15,072 |
| - | - | - | - | 6,004,455 |
| - | - | 2,212,000 | - | 2,212,000 |
| 6,688,724 | 3,666,567 | 3,426,094 | 833,901 | 209,324,787 |
| - | 635,435 | (107,047) | 187,569 | 67,958,893 |
| - | - | 1,639,172 | 220,553 | 2,778,504,832 |
| \$ - | \$ 635,435 | \$ 1,532,125 | \$ 408,122 | \$ 2,846,463,725 |

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, 2015

| | Balance June 30, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|--------------------------|----------------------|----------------------|--------------------------|
| <u>Richard R. Rooker, Circuit Court Clerk</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 14,291,249 | \$ 64,812,598 | \$ 63,068,107 | \$ 16,035,740 |
| LIABILITIES: | | | | |
| Funds held in custody for others | \$ 8,547,172 | \$ 4,717,328 | \$ 3,658,139 | \$ 9,606,361 |
| Other liabilities | 5,744,077 | 60,095,270 | 59,409,968 | 6,429,379 |
| Total liabilities | <u>\$ 14,291,249</u> | <u>\$ 64,812,598</u> | <u>\$ 63,068,107</u> | <u>\$ 16,035,740</u> |
| <u>Cristi Scott, Clerk and Master</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 5,991,371 | \$ 19,106,988 | \$ 18,396,607 | \$ 6,701,752 |
| Mutual funds | 15,865 | 1,791 | 731 | 16,925 |
| Total assets | <u>\$ 6,007,236</u> | <u>\$ 19,108,779</u> | <u>\$ 18,397,338</u> | <u>\$ 6,718,677</u> |
| LIABILITIES: | | | | |
| Funds held in custody for others | \$ 5,999,530 | \$ 17,957,470 | \$ 17,244,172 | \$ 6,712,828 |
| Other liabilities | 7,706 | 1,151,309 | 1,153,166 | 5,849 |
| Total liabilities | <u>\$ 6,007,236</u> | <u>\$ 19,108,779</u> | <u>\$ 18,397,338</u> | <u>\$ 6,718,677</u> |
| <u>Brenda Wynn, County Clerk</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 1,182,998 | \$ 79,514,423 | \$ 80,694,517 | \$ 2,904 |
| LIABILITIES: | | | | |
| Other liabilities | \$ 1,182,998 | \$ 79,514,423 | \$ 80,694,517 | \$ 2,904 |
| <u>Howard Gentry, Criminal Court Clerk</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 10,420,492 | \$ 14,140,439 | \$ 13,851,013 | \$ 10,709,918 |
| Mortgages and real estate | 1,291,100 | - | - | 1,291,100 |
| Total assets | <u>\$ 11,711,592</u> | <u>\$ 14,140,439</u> | <u>\$ 13,851,013</u> | <u>\$ 12,001,018</u> |
| LIABILITIES: | | | | |
| Funds held in custody for others | \$ 10,235,128 | \$ 860,000 | \$ 1,120,000 | \$ 9,975,128 |
| Other liabilities | 1,476,464 | 13,280,439 | 12,731,013 | 2,025,890 |
| Total liabilities | <u>\$ 11,711,592</u> | <u>\$ 14,140,439</u> | <u>\$ 13,851,013</u> | <u>\$ 12,001,018</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, 2015

| | Balance June 30, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|--------------------------|----------------------|----------------------|--------------------------|
| <u>Bill Garrett, County Register</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 4,940,298 | \$ 42,733,722 | \$ 41,501,784 | \$ 6,172,236 |
| Other assets | 57,145 | 10,112,118 | 10,046,070 | 123,193 |
| Total assets | <u>\$ 4,997,443</u> | <u>\$ 52,845,840</u> | <u>\$ 51,547,854</u> | <u>\$ 6,295,429</u> |
| LIABILITIES: | | | | |
| Other liabilities | <u>\$ 4,997,443</u> | <u>\$ 52,845,840</u> | <u>\$ 51,547,854</u> | <u>\$ 6,295,429</u> |
| <u>David Smith, Juvenile Court Clerk</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | <u>\$ 1,938,679</u> | <u>\$ 926,541</u> | <u>\$ 899,746</u> | <u>\$ 1,965,474</u> |
| LIABILITIES: | | | | |
| Funds held in custody for others | \$ 1,688,804 | \$ 273,567 | \$ 239,807 | \$ 1,722,564 |
| Other liabilities | 249,875 | 652,974 | 659,939 | 242,910 |
| Total liabilities | <u>\$ 1,938,679</u> | <u>\$ 926,541</u> | <u>\$ 899,746</u> | <u>\$ 1,965,474</u> |
| <u>Sold Property Tax Receivables</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 33,562 | \$ 31,854,119 | \$ 31,881,695 | \$ 5,986 |
| Accrued interest receivable | 11 | 2,841 | 2,777 | 75 |
| Due from other funds of the primary government | 1,845,517 | 2,107,028 | 1,845,517 | 2,107,028 |
| Total assets | <u>\$ 1,879,090</u> | <u>\$ 33,963,988</u> | <u>\$ 33,729,989</u> | <u>\$ 2,113,089</u> |
| LIABILITIES: | | | | |
| Funds held in custody for others | <u>\$ 1,879,090</u> | <u>\$ 33,963,988</u> | <u>\$ 33,729,989</u> | <u>\$ 2,113,089</u> |
| <u>Sheriff Work Release and Inmate Trust</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | <u>\$ 365,931</u> | <u>\$ 2,826,031</u> | <u>\$ 2,803,351</u> | <u>\$ 388,611</u> |
| LIABILITIES: | | | | |
| Funds held in custody for others | <u>\$ 365,931</u> | <u>\$ 2,826,031</u> | <u>\$ 2,803,351</u> | <u>\$ 388,611</u> |
| <u>Planning Performance Bonds</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | <u>\$ 1,704,048</u> | <u>\$ 535,313</u> | <u>\$ 1,367,359</u> | <u>\$ 872,002</u> |
| LIABILITIES: | | | | |
| Funds held in custody for others | <u>\$ 1,704,048</u> | <u>\$ 535,313</u> | <u>\$ 1,367,359</u> | <u>\$ 872,002</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, 2015

| | Balance June 30, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|--------------------------|-----------------------|-----------------------|--------------------------|
| <u>Totals - All Agency Funds</u> | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 40,868,628 | \$ 256,450,174 | \$ 254,464,179 | \$ 42,854,623 |
| Investments: | | | | |
| Mortgages and real estate | 1,291,100 | - | - | 1,291,100 |
| Mutual funds | 15,865 | 1,791 | 731 | 16,925 |
| Accrued interest receivable | 11 | 2,841 | 2,777 | 75 |
| Due from other funds of the primary government | 1,845,517 | 2,107,028 | 1,845,517 | 2,107,028 |
| Other assets | 57,145 | 10,112,118 | 10,046,070 | 123,193 |
| Total assets | <u>\$ 44,078,266</u> | <u>\$ 268,673,952</u> | <u>\$ 266,359,274</u> | <u>\$ 46,392,944</u> |
| LIABILITIES: | | | | |
| Funds held in custody for others | \$ 30,419,703 | \$ 61,133,697 | \$ 60,162,817 | \$ 31,390,583 |
| Other liabilities | 13,658,563 | 207,540,255 | 206,196,457 | 15,002,361 |
| Total liabilities | <u>\$ 44,078,266</u> | <u>\$ 268,673,952</u> | <u>\$ 266,359,274</u> | <u>\$ 46,392,944</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
Cristi Scott, 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, 2015

ASSETS:

| | |
|---------------------------------|---------------------------------|
| Cash and cash equivalents | \$ 16,951,317 |
| Investments | 2,370,424 |
| Accounts receivable | 3,250,505 |
| Accrued interest receivable | 422 |
| Notes receivable | 29,428,508 |
| Due from the primary government | <u>1,672,974</u> |
| Total assets | <u><u>\$ 53,674,150</u></u> |

LIABILITIES:

| | |
|-------------------------------|----------------------|
| Accounts payable | \$ 6,925,731 |
| Accrued payroll | 5,731 |
| Due to the primary government | <u>250,180</u> |
| Total liabilities | <u>7,181,642</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 | 353,043 |
| Restricted for debt service | 9,657,148 |
| Unassigned | <u>8,482,317</u> |
| Total fund balances | <u>18,492,508</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u><u>\$ 53,674,150</u></u> |

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

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

June 30, 2015

| | | |
|--|----|---------------|
| Fund balances | \$ | 18,492,508 |
| <p>Amounts reported in the Statement of Net Position are different because:</p> | | |
| <p>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.</p> | | |
| | | 405,440,345 |
| <p>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.</p> | | |
| Bonds payable | | (149,115,000) |
| Line of credit | | (7,520,610) |
| Less deferred charge on refunding | | 3,827,103 |
| Add net bond premium/discount | | (4,644,725) |
| Accrued interest payable | | (3,185,591) |
| Compensated absences | | (3,549) |
| | | (162,681,772) |
| Net position | \$ | 263,290,481 |

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, 2015

| | |
|---|-----------------------------|
| REVENUES: | |
| Local option sales tax | \$ 2,161,261 |
| Other taxes, licenses and permits | 3,092,397 |
| Revenues from the use of money or property | 288,995 |
| Revenues from other governmental agencies | 35,622,166 |
| Charges for current services | 4,371,116 |
| Compensation for loss, sale or damage to property | 933,643 |
| Contribution and gifts | <u>2,200,000</u> |
| Total revenues | <u>48,669,578</u> |
| EXPENDITURES: | |
| Personal services | 218,535 |
| Contractual services | 26,434,629 |
| Supplies and materials | 100,747 |
| Other costs | 562,588 |
| Capital outlay | 50,910,488 |
| Debt service: | |
| Principal retirement | 7,354,402 |
| Interest | 6,932,932 |
| Debt issue costs | <u>237,052</u> |
| Total expenditures | <u>92,751,373</u> |
| Excess (deficiency) of revenues over expenditures | <u>(44,081,795)</u> |
| OTHER FINANCING SOURCES (USES): | |
| Issuance of new debt | 4,200,000 |
| Issuance of refunding debt | 17,390,000 |
| Debt issue premium | 2,463,719 |
| Payments to refunded bond escrow agent | <u>(19,603,487)</u> |
| Total other financing sources (uses) | <u>4,450,232</u> |
| Net change in fund balances | (39,631,563) |
| FUND BALANCES, beginning of year | <u>58,124,071</u> |
| FUND BALANCES, end of year | <u><u>\$ 18,492,508</u></u> |

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

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

For the Year Ended June 30, 2015

| | | |
|-----------------------------|----|--------------|
| Net change in fund balances | \$ | (39,631,563) |
|-----------------------------|----|--------------|

Amounts reported in the Statement of Activities are different because:

Governmental component units report capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.

| | | |
|-------------------------------|--|--------------|
| Acquisition of capital assets | | 50,910,488 |
| Depreciation expense | | (14,040,060) |

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.

| | | |
|--|--|--------------|
| Issuance of debt | | (21,590,000) |
| Principal repayments | | 7,354,402 |
| Payments to refunded bond escrow agent | | 19,603,487 |
| Amortization of deferred charge on refunding | | (377,200) |
| Bond premium/discount | | (2,463,719) |
| Amortization of premium/discount | | 331,131 |
| Change in accrued interest | | (297,420) |

| | | |
|--|--|-------|
| 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. | | (125) |
|--|--|-------|

| | | |
|------------------------|----|-------------------------|
| Change in net position | \$ | <u><u>(200,579)</u></u> |
|------------------------|----|-------------------------|

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, 2015

| | |
|-------------------------------------|---------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 604,901 |
| Accrued interest receivable | 23 |
| Due from the primary government | <u>832,387</u> |
| Total assets | <u>\$ 1,437,311</u> |
| LIABILITIES: | |
| Accounts payable | <u>\$ 832,487</u> |
| Total liabilities | <u>832,487</u> |
| FUND BALANCES: | |
| Unassigned | <u>604,824</u> |
| Total fund balances | <u>604,824</u> |
| Total liabilities and fund balances | <u>\$ 1,437,311</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, 2015

| | |
|---|--------------------------|
| REVENUES: | |
| Fines, forfeits and penalties | \$ 2,400 |
| Revenue from the use of money or property | 2,448 |
| Revenue from other governmental agencies | 7,969,876 |
| Charges for current services | <u>4,250</u> |
| Total revenues | <u>7,978,974</u> |
| EXPENDITURES: | |
| Contractual services | 392 |
| Other costs | <u>7,969,876</u> |
| Total expenditures | <u>7,970,268</u> |
| Net change in fund balances | 8,706 |
| FUND BALANCES, beginning of year | <u>596,118</u> |
| FUND BALANCES, end of year | <u><u>\$ 604,824</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, 2015

| | General Services District | Urban Services District | Total General Fund |
|---|---------------------------------|-------------------------------|--------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 100,246,675 | \$ 24,730,703 | \$ 124,977,378 |
| Sales tax receivable | 22,155,273 | - | 22,155,273 |
| Accounts receivable | 57,806,594 | 3,215,366 | 61,021,960 |
| Accrued interest receivable | 1,301 | 817 | 2,118 |
| Property taxes receivable | 389,954,481 | 83,948,504 | 473,902,985 |
| Allowance for doubtful accounts | (14,452,972) | (1,019,824) | (15,472,796) |
| Due from other funds of the primary government | 3,956,792 | 229,566 | 4,186,358 |
| Due from component units | 6,225,162 | - | 6,225,162 |
| Inventories of supplies | 276,016 | - | 276,016 |
| Other assets | 274,866 | - | 274,866 |
| | <u>\$ 566,444,188</u> | <u>\$ 111,105,132</u> | <u>\$ 677,549,320</u> |
| Total assets | | | |
| LIABILITIES: | | | |
| Accounts payable | \$ 17,017,927 | \$ 1,083,569 | \$ 18,101,496 |
| Accrued payroll | 15,571,081 | 2,651,069 | 18,222,150 |
| Due to other funds of the primary government | 10,283,624 | 6,218,618 | 16,502,242 |
| Due to component units | 1,099,630 | - | 1,099,630 |
| Other liabilities | 2,905,911 | - | 2,905,911 |
| | <u>46,878,173</u> | <u>9,953,256</u> | <u>56,831,429</u> |
| Total liabilities | | | |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue - property taxes | 387,451,923 | 82,758,400 | 470,210,323 |
| Unavailable revenue - other revenues | 11,207,974 | 1,245,996 | 12,453,970 |
| | <u>398,659,897</u> | <u>84,004,396</u> | <u>482,664,293</u> |
| Total deferred inflow of resources | | | |
| FUND BALANCES: | | | |
| Nonspendable | 546,062 | - | 546,062 |
| Assigned for subsequent year budgetary appropriations | 40,000,000 | 8,070,700 | 48,070,700 |
| Assigned for specific projects | 5,541,100 | 700,000 | 6,241,100 |
| Unassigned | 74,818,956 | 8,376,780 | 83,195,736 |
| | <u>120,906,118</u> | <u>17,147,480</u> | <u>138,053,598</u> |
| Total fund balances | | | |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 566,444,188</u> | <u>\$ 111,105,132</u> | <u>\$ 677,549,320</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, 2015

| | General Services District | Urban Services District | Total General Fund |
|---|---------------------------------|-------------------------------|--------------------------|
| REVENUES: | | | |
| Property taxes | \$ 402,902,118 | \$ 96,851,661 | \$ 499,753,779 |
| Local option sales tax | 124,756,122 | - | 124,756,122 |
| Other taxes, licenses and permits | 123,214,444 | 9,162,429 | 132,376,873 |
| Fines, forfeits and penalties | 11,920,012 | - | 11,920,012 |
| Revenues from the use of money or property | 229,334 | 26,265 | 255,599 |
| Revenues from other governmental agencies | 92,378,464 | 1,884,600 | 94,263,064 |
| Commissions and fees | 13,627,359 | - | 13,627,359 |
| Charges for current services | 30,475,154 | 631,230 | 31,106,384 |
| Compensation for loss, sale or damage to property | 3,289,222 | - | 3,289,222 |
| Contributions and gifts | 343,681 | - | 343,681 |
| Miscellaneous | 1,802,914 | - | 1,802,914 |
| Total revenues | <u>804,938,824</u> | <u>108,556,185</u> | <u>913,495,009</u> |
| EXPENDITURES: | | | |
| General government | 47,417,134 | - | 47,417,134 |
| Fiscal administration | 20,510,344 | - | 20,510,344 |
| Administration of justice | 54,856,715 | - | 54,856,715 |
| Law enforcement and care of prisoners | 249,765,327 | - | 249,765,327 |
| Fire prevention and control | 48,213,677 | 65,175,421 | 113,389,098 |
| Regulation and inspection | 7,547,675 | - | 7,547,675 |
| Conservation of natural resources | 348,293 | - | 348,293 |
| Public welfare | 7,835,469 | - | 7,835,469 |
| Public health and hospitals | 53,361,022 | - | 53,361,022 |
| Public library system | 24,003,183 | - | 24,003,183 |
| Public works, highways and streets | 23,485,135 | 9,639,418 | 33,124,553 |
| Recreational and cultural | 35,965,864 | - | 35,965,864 |
| Employee benefits | 59,700,818 | 20,414,157 | 80,114,975 |
| Miscellaneous | 85,239,598 | 2,005,759 | 87,245,357 |
| Total expenditures | <u>718,250,254</u> | <u>97,234,755</u> | <u>815,485,009</u> |
| Excess of revenues over expenditures | <u>86,688,570</u> | <u>11,321,430</u> | <u>98,010,000</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 23,509,995 | - | 23,509,995 |
| Transfers out | (88,949,900) | (11,533,400) | (100,483,300) |
| Total other financing sources (uses) | <u>(65,439,905)</u> | <u>(11,533,400)</u> | <u>(76,973,305)</u> |
| Net change in fund balances | 21,248,665 | (211,970) | 21,036,695 |
| FUND BALANCES, beginning of year | <u>99,657,453</u> | <u>17,359,450</u> | <u>117,016,903</u> |
| FUND BALANCES, end of year | <u>\$ 120,906,118</u> | <u>\$ 17,147,480</u> | <u>\$ 138,053,598</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, 2015

| | General Services District | | | Variance with Final Budget - Positive (Negative) |
|---|---------------------------|----------------------|-----------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 404,229,900 | \$ 404,229,900 | \$ 402,902,118 | \$ (1,327,782) |
| Local option sales tax | 121,738,100 | 121,738,100 | 124,756,122 | 3,018,022 |
| Other taxes, licenses and permits | 108,119,200 | 108,119,200 | 123,214,444 | 15,095,244 |
| Fines, forfeits and penalties | 11,279,100 | 11,279,100 | 11,920,012 | 640,912 |
| Revenues from the use of money or property | - | - | 229,334 | 229,334 |
| Revenues from other governmental agencies | 79,663,200 | 79,663,200 | 92,378,464 | 12,715,264 |
| Commissions and fees | 13,948,000 | 13,948,000 | 13,627,359 | (320,641) |
| Charges for current services | 32,132,100 | 32,132,100 | 30,475,154 | (1,656,946) |
| Compensation for loss, sale or damage to property | 1,208,500 | 1,208,500 | 3,289,222 | 2,080,722 |
| Contributions and gifts | 274,800 | 274,800 | 343,681 | 68,881 |
| Miscellaneous | 1,564,000 | 1,564,000 | 1,802,914 | 238,914 |
| Total revenues | <u>774,156,900</u> | <u>774,156,900</u> | <u>804,938,824</u> | <u>30,781,924</u> |
| EXPENDITURES: | | | | |
| General government | 47,953,100 | 48,713,100 | 47,417,134 | 1,295,966 |
| Fiscal administration | 21,853,800 | 22,269,400 | 20,510,344 | 1,759,056 |
| Administration of justice | 55,954,300 | 56,518,200 | 54,856,715 | 1,661,485 |
| Law enforcement and care of prisoners | 243,877,800 | 250,636,200 | 249,765,327 | 870,873 |
| Fire prevention and control | 47,904,000 | 48,612,800 | 48,213,677 | 399,123 |
| Regulation and inspection | 8,344,400 | 8,567,200 | 7,547,675 | 1,019,525 |
| Conservation of natural resources | 356,000 | 369,100 | 348,293 | 20,807 |
| Public welfare | 8,153,900 | 8,255,700 | 7,835,469 | 420,231 |
| Public health and hospitals | 53,039,000 | 53,426,700 | 53,361,022 | 65,678 |
| Public library system | 24,180,900 | 24,448,000 | 24,003,183 | 444,817 |
| Public works, highways and streets | 23,242,700 | 23,692,300 | 23,485,135 | 207,165 |
| Recreational and cultural | 35,972,500 | 36,182,300 | 35,965,864 | 216,436 |
| Employee benefits | 61,414,200 | 62,343,000 | 59,700,818 | 2,642,182 |
| Miscellaneous | 103,664,800 | 95,622,500 | 85,239,598 | 10,382,902 |
| Total expenditures | <u>735,911,400</u> | <u>739,656,500</u> | <u>718,250,254</u> | <u>21,406,246</u> |
| Excess (deficiency) of revenues over expenditures | <u>38,245,500</u> | <u>34,500,400</u> | <u>86,688,570</u> | <u>52,188,170</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 20,057,100 | 20,057,100 | 23,509,995 | 3,452,895 |
| Transfers out | (84,930,300) | (88,082,700) | (88,949,900) | (867,200) |
| Total other financing sources (uses) | <u>(64,873,200)</u> | <u>(68,025,600)</u> | <u>(65,439,905)</u> | <u>2,585,695</u> |
| Net change in fund balances | (26,627,700) | (33,525,200) | 21,248,665 | 54,773,865 |
| FUND BALANCES, beginning of year | <u>99,657,453</u> | <u>99,657,453</u> | <u>99,657,453</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 73,029,753</u> | <u>\$ 66,132,253</u> | <u>\$ 120,906,118</u> | <u>\$ 54,773,865</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, 2015

| 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 | | |
| \$ 98,113,000 | \$ 98,113,000 | \$ 96,851,661 | \$ (1,261,339) | \$ 502,342,900 | \$ 502,342,900 | \$ 499,753,779 | \$ (2,589,121) |
| - | - | - | - | 121,738,100 | 121,738,100 | 124,756,122 | 3,018,022 |
| 5,480,100 | 5,480,100 | 9,162,429 | 3,682,329 | 113,599,300 | 113,599,300 | 132,376,873 | 18,777,573 |
| - | - | - | - | 11,279,100 | 11,279,100 | 11,920,012 | 640,912 |
| - | - | 26,265 | 26,265 | - | - | 255,599 | 255,599 |
| 1,900,000 | 1,900,000 | 1,884,600 | (15,400) | 81,563,200 | 81,563,200 | 94,263,064 | 12,699,864 |
| - | - | - | - | 13,948,000 | 13,948,000 | 13,627,359 | (320,641) |
| 112,700 | 112,700 | 631,230 | 518,530 | 32,244,800 | 32,244,800 | 31,106,384 | (1,138,416) |
| 100,000 | 100,000 | - | (100,000) | 1,308,500 | 1,308,500 | 3,289,222 | 1,980,722 |
| - | - | - | - | 274,800 | 274,800 | 343,681 | 68,881 |
| - | - | - | - | 1,564,000 | 1,564,000 | 1,802,914 | 238,914 |
| <u>105,705,800</u> | <u>105,705,800</u> | <u>108,556,185</u> | <u>2,850,385</u> | <u>879,862,700</u> | <u>879,862,700</u> | <u>913,495,009</u> | <u>33,632,309</u> |
| - | - | - | - | 47,953,100 | 48,713,100 | 47,417,134 | 1,295,966 |
| - | - | - | - | 21,853,800 | 22,269,400 | 20,510,344 | 1,759,056 |
| - | - | - | - | 55,954,300 | 56,518,200 | 54,856,715 | 1,661,485 |
| - | - | - | - | 243,877,800 | 250,636,200 | 249,765,327 | 870,873 |
| 64,148,600 | 65,842,300 | 65,175,421 | 666,879 | 112,052,600 | 114,455,100 | 113,389,098 | 1,066,002 |
| - | - | - | - | 8,344,400 | 8,567,200 | 7,547,675 | 1,019,525 |
| - | - | - | - | 356,000 | 369,100 | 348,293 | 20,807 |
| - | - | - | - | 8,153,900 | 8,255,700 | 7,835,469 | 420,231 |
| - | - | - | - | 53,039,000 | 53,426,700 | 53,361,022 | 65,678 |
| - | - | - | - | 24,180,900 | 24,448,000 | 24,003,183 | 444,817 |
| 9,629,600 | 9,662,900 | 9,639,418 | 23,482 | 32,872,300 | 33,355,200 | 33,124,553 | 230,647 |
| - | - | - | - | 35,972,500 | 36,182,300 | 35,965,864 | 216,436 |
| 20,737,000 | 20,937,000 | 20,414,157 | 522,843 | 82,151,200 | 83,280,000 | 80,114,975 | 3,165,025 |
| 5,054,300 | 3,543,500 | 2,005,759 | 1,537,741 | 108,719,100 | 99,166,000 | 87,245,357 | 11,920,643 |
| <u>99,569,500</u> | <u>99,985,700</u> | <u>97,234,755</u> | <u>2,750,945</u> | <u>835,480,900</u> | <u>839,642,200</u> | <u>815,485,009</u> | <u>24,157,191</u> |
| 6,136,300 | 5,720,100 | 11,321,430 | 5,601,330 | 44,381,800 | 40,220,500 | 98,010,000 | 57,789,500 |
| - | - | - | - | 20,057,100 | 20,057,100 | 23,509,995 | 3,452,895 |
| (11,533,400) | (11,533,400) | (11,533,400) | - | (96,463,700) | (99,616,100) | (100,483,300) | (867,200) |
| <u>(11,533,400)</u> | <u>(11,533,400)</u> | <u>(11,533,400)</u> | <u>-</u> | <u>(76,406,600)</u> | <u>(79,559,000)</u> | <u>(76,973,305)</u> | <u>2,585,695</u> |
| (5,397,100) | (5,813,300) | (211,970) | 5,601,330 | (32,024,800) | (39,338,500) | 21,036,695 | 60,375,195 |
| 17,359,450 | 17,359,450 | 17,359,450 | - | 117,016,903 | 117,016,903 | 117,016,903 | - |
| <u>\$ 11,962,350</u> | <u>\$ 11,546,150</u> | <u>\$ 17,147,480</u> | <u>\$ 5,601,330</u> | <u>\$ 84,992,103</u> | <u>\$ 77,678,403</u> | <u>\$ 138,053,598</u> | <u>\$ 60,375,195</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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| <u>GENERAL GOVERNMENT:</u> | | | | |
| Legislative (Office of Clerk and Council) | \$ 2,297,500 | \$ 2,381,800 | \$ 2,298,751 | \$ 83,049 |
| Executive (Office of the Mayor) | 1,973,800 | 2,010,100 | 1,806,939 | 203,161 |
| Office of Emergency Management | 733,900 | 804,200 | 766,338 | 37,862 |
| Election Commission | 3,914,800 | 4,015,900 | 3,799,725 | 216,175 |
| Department of Law | 5,105,700 | 5,259,100 | 5,227,088 | 32,012 |
| Planning Commission | 3,784,500 | 3,849,400 | 3,678,699 | 170,701 |
| Human Resources | 4,319,400 | 4,414,200 | 4,111,955 | 302,245 |
| County Register of Deeds | 282,300 | 290,400 | 290,396 | 4 |
| General Services | 23,187,200 | 23,259,700 | 23,041,224 | 218,476 |
| Historical Commission | 707,300 | 741,000 | 731,357 | 9,643 |
| Telecommunications | 1,646,700 | 1,687,300 | 1,664,662 | 22,638 |
| Total General Government | 47,953,100 | 48,713,100 | 47,417,134 | 1,295,966 |
| <u>FISCAL ADMINISTRATION:</u> | | | | |
| Department of Finance | 7,464,700 | 7,682,800 | 7,063,330 | 619,470 |
| Assessor of Property | 6,828,200 | 6,917,500 | 6,343,796 | 573,704 |
| Metropolitan Trustee | 2,291,000 | 2,323,500 | 2,180,760 | 142,740 |
| County Clerk | 4,075,100 | 4,130,700 | 3,938,163 | 192,537 |
| Internal Audit | 1,194,800 | 1,214,900 | 984,295 | 230,605 |
| Total Fiscal Administration | 21,853,800 | 22,269,400 | 20,510,344 | 1,759,056 |
| <u>ADMINISTRATION OF JUSTICE:</u> | | | | |
| District Attorney | 5,598,300 | 5,790,700 | 5,788,753 | 1,947 |
| Public Defender | 6,754,900 | 6,894,600 | 6,687,736 | 206,864 |
| Juvenile Court Clerk | 1,523,300 | 1,558,500 | 1,555,422 | 3,078 |
| Circuit Court Clerk | 3,204,100 | 3,210,000 | 2,903,473 | 306,527 |
| Criminal Court Clerk | 5,227,900 | 5,366,900 | 5,149,218 | 217,682 |
| Clerk and Master | 1,437,800 | 1,458,600 | 1,275,543 | 183,057 |
| Juvenile Court | 11,808,200 | 11,393,000 | 11,134,875 | 258,125 |
| General Sessions Court | 10,251,200 | 10,454,900 | 10,364,411 | 90,489 |
| State Trial Courts | 7,491,000 | 7,684,700 | 7,458,494 | 226,206 |
| Justice Information System | 2,213,800 | 2,251,700 | 2,114,404 | 137,296 |
| Criminal Justice Planning | 443,800 | 454,600 | 424,386 | 30,214 |
| Total Administration of Justice | 55,954,300 | 56,518,200 | 54,856,715 | 1,661,485 |
| <u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u> | | | | |
| Sheriff | 62,988,600 | 65,135,200 | 65,119,781 | 15,419 |
| Police Department | 167,813,600 | 172,056,300 | 171,246,238 | 810,062 |
| Emergency Communication Center | 13,075,600 | 13,444,700 | 13,399,308 | 45,392 |
| Total Law Enforcement and Care of Prisoners | 243,877,800 | 250,636,200 | 249,765,327 | 870,873 |

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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------|-------------------|---|
| | Original | Final | | |
| <u>FIRE PREVENTION AND CONTROL:</u> | | | | |
| Fire Department | \$ 47,904,000 | \$ 48,612,800 | \$ 48,213,677 | \$ 399,123 |
| <u>REGULATION AND INSPECTION:</u> | | | | |
| Department of Codes Administration | 8,026,400 | 8,237,900 | 7,238,624 | 999,276 |
| Beer Board | 318,000 | 329,300 | 309,051 | 20,249 |
| Total Regulation and Inspection | 8,344,400 | 8,567,200 | 7,547,675 | 1,019,525 |
| <u>CONSERVATION OF NATURAL RESOURCES:</u> | | | | |
| Agricultural Extension Service | 276,100 | 288,300 | 273,886 | 14,414 |
| Soil and Water Conservation | 79,900 | 80,800 | 74,407 | 6,393 |
| Total Conservation of Natural Resources | 356,000 | 369,100 | 348,293 | 20,807 |
| <u>PUBLIC WELFARE:</u> | | | | |
| Social Services Commission | 7,788,400 | 7,883,100 | 7,487,716 | 395,384 |
| Human Relations Commission | 365,500 | 372,600 | 347,753 | 24,847 |
| Total Public Welfare | 8,153,900 | 8,255,700 | 7,835,469 | 420,231 |
| <u>PUBLIC HEALTH AND HOSPITALS:</u> | | | | |
| Board of Health | 18,039,000 | 18,426,700 | 18,361,022 | 65,678 |
| Hospital Authority | 35,000,000 | 35,000,000 | 35,000,000 | - |
| Total Public Health and Hospitals | 53,039,000 | 53,426,700 | 53,361,022 | 65,678 |
| <u>PUBLIC LIBRARY SYSTEM:</u> | | | | |
| Public Library | 24,180,900 | 24,448,000 | 24,003,183 | 444,817 |
| <u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u> | | | | |
| Public Works | 23,242,700 | 23,692,300 | 23,485,135 | 207,165 |
| <u>RECREATIONAL AND CULTURAL:</u> | | | | |
| Parks and Recreation | 32,727,600 | 32,922,500 | 32,738,542 | 183,958 |
| Arts Commission | 2,570,400 | 2,581,300 | 2,548,822 | 32,478 |
| Sports Authority | 674,500 | 678,500 | 678,500 | - |
| Total Recreational and Cultural | 35,972,500 | 36,182,300 | 35,965,864 | 216,436 |

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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-----------------|-------------------|---|
| | Original | Final | | |
| <u>EMPLOYEE BENEFITS:</u> | | | | |
| Contribution to Closed Pension Plans | \$ 10,402,300 | \$ 10,402,300 | \$ 10,402,300 | \$ - |
| Employer's Contribution for Group Health Insurance | 48,514,200 | 48,514,200 | 46,292,178 | 2,222,022 |
| Unemployment Compensation | 561,200 | 561,200 | 141,047 | 420,153 |
| Employer's Contribution for Group Life Insurance | 1,936,500 | 2,865,300 | 2,865,293 | 7 |
| Total Employee Benefits | 61,414,200 | 62,343,000 | 59,700,818 | 2,642,182 |
| <u>MISCELLANEOUS:</u> | | | | |
| Contributions and Community Support | 20,874,900 | 23,603,900 | 19,996,420 | 3,607,480 |
| Subsidies | 43,689,100 | 44,096,400 | 44,601,472 | (505,072) |
| Administration and Internal Support | 39,100,800 | 27,922,200 | 20,641,706 | 7,280,494 |
| Total Miscellaneous | 103,664,800 | 95,622,500 | 85,239,598 | 10,382,902 |
| Total Expenditures | \$ 735,911,400 | \$ 739,656,500 | \$ 718,250,254 | \$ 21,406,246 |
| <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 | 9,570,700 | 9,570,800 | 12,062,662 | 2,491,862 |
| District Energy System | 6,100 | 6,100 | 6,100 | - |
| Water and Sewerage Services | 5,245,800 | 5,245,800 | 5,245,800 | - |
| Nonmajor Enterprise Funds | 1,474,500 | 1,474,500 | 1,473,800 | (700) |
| Internal Service Funds | 3,057,000 | 3,056,900 | 4,018,633 | 961,733 |
| Total Transfers In | 20,057,100 | 20,057,100 | 23,509,995 | 3,452,895 |
| <u>TRANSFERS OUT:</u> | | | | |
| GSD General Purpose Debt Service Fund | (26,572,100) | (26,893,400) | (26,893,400) | - |
| Nonmajor Governmental Funds | (35,427,200) | (36,993,100) | (37,626,180) | (633,080) |
| District Energy System | (1,849,500) | (1,849,500) | (1,849,500) | - |
| Nonmajor Enterprise Funds | (606,100) | (1,755,000) | (2,016,695) | (261,695) |
| Internal Service Funds | (20,475,400) | (20,491,300) | (20,487,606) | 3,694 |
| Fiduciary Funds | - | (100,400) | (76,519) | 23,881 |
| Total Transfers Out | (84,930,300) | (88,082,700) | (88,949,900) | (867,200) |
| Total Other Financing Sources (Uses) | \$ (64,873,200) | \$ (68,025,600) | \$ (65,439,905) | \$ 2,585,695 |

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, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-----------------|-------------------|---|
| | Original | Final | | |
| <u>FIRE PREVENTION AND CONTROL:</u> | | | | |
| Fire Department | \$ 64,148,600 | \$ 65,842,300 | \$ 65,175,421 | \$ 666,879 |
| <u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u> | | | | |
| Public Works | 9,629,600 | 9,662,900 | 9,639,418 | 23,482 |
| <u>EMPLOYEE BENEFITS:</u> | | | | |
| Contribution to Closed Pension Plans | 18,890,100 | 18,890,100 | 18,890,100 | - |
| Employer's Contribution for Group Health Insurance | 1,768,400 | 1,968,400 | 1,455,985 | 512,415 |
| Employer's Contribution for Group Life Insurance | 78,500 | 78,500 | 68,072 | 10,428 |
| Total Employee Benefits | 20,737,000 | 20,937,000 | 20,414,157 | 522,843 |
| <u>MISCELLANEOUS:</u> | | | | |
| Administration and Internal Support | 5,054,300 | 3,543,500 | 2,005,759 | 1,537,741 |
| Total Miscellaneous | 5,054,300 | 3,543,500 | 2,005,759 | 1,537,741 |
| Total Expenditures | \$ 99,569,500 | \$ 99,985,700 | \$ 97,234,755 | \$ 2,750,945 |
| <u>TRANSFERS OUT:</u> | | | | |
| GSD General Fund | \$ (481,000) | \$ (481,000) | \$ (481,000) | \$ - |
| Nonmajor Governmental Funds | (9,148,300) | (9,148,300) | (9,148,300) | - |
| Internal Service Funds | (1,904,100) | (1,904,100) | (1,904,100) | - |
| Total Transfers Out | (11,533,400) | (11,533,400) | (11,533,400) | - |
| Total Other Financing Sources (Uses) | \$ (11,533,400) | \$ (11,533,400) | \$ (11,533,400) | \$ - |

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2015

| | Total Delinquent Property Taxes Receivable | General Services District | | | | |
|---|--|---------------------------|---------------------|---------------------|-------------------------|--------------------------------|
| | | Total | General Fund | School Fund | Debt Service Fund | School Debt Service Fund |
| 2014 Realty | \$ 2,204,236 | \$ 1,949,805 | \$ 927,146 | \$ 717,212 | \$ 214,261 | \$ 91,186 |
| 2014 Personalty | 1,600,523 | 1,409,753 | 672,713 | 516,916 | 154,416 | 65,708 |
| 2014 Public Utility | 182,384 | 160,004 | 76,838 | 58,328 | 17,424 | 7,414 |
| Total 2014 Property Taxes | 3,987,143 | 3,519,562 | 1,676,697 | 1,292,456 | 386,101 | 164,308 |
| 2013 Realty | 380,860 | 345,794 | 165,722 | 126,291 | 37,727 | 16,054 |
| 2013 Personalty | 610,655 | 538,291 | 256,894 | 197,355 | 58,955 | 25,087 |
| 2013 Public Utility | 14,671 | 12,490 | 5,930 | 4,601 | 1,374 | 585 |
| Total 2013 Property Taxes | 1,006,186 | 896,575 | 428,546 | 328,247 | 98,056 | 41,726 |
| 2012 & Prior - Realty | 817,754 | 718,236 | 276,929 | 296,736 | 101,647 | 42,924 |
| 2012 & Prior - Personalty | 5,432,801 | 4,743,616 | 2,358,057 | 1,599,122 | 573,480 | 212,957 |
| 2012 & Prior - Public Utility | 910,229 | 776,139 | 384,843 | 262,212 | 92,566 | 36,518 |
| Total 2012 & Prior Property Taxes | 7,160,784 | 6,237,991 | 3,019,829 | 2,158,070 | 767,693 | 292,399 |
| Total Delinquent Property Taxes Receivable * | \$ 12,154,113 | \$ 10,654,128 | \$ 5,125,072 | \$ 3,778,773 | \$ 1,251,850 | \$ 498,433 |

* Excludes 2015 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, 2015

| Urban Services District | | |
|-------------------------|-----------------|-------------------------|
| Total | General Fund | Debt Service Fund |
| \$ 254,431 | \$ 212,031 | \$ 42,400 |
| 190,770 | 158,974 | 31,796 |
| 22,380 | 18,455 | 3,925 |
| 467,581 | 389,460 | 78,121 |
| 35,066 | 29,222 | 5,844 |
| 72,364 | 60,303 | 12,061 |
| 2,181 | 1,818 | 363 |
| 109,611 | 91,343 | 18,268 |
| 99,518 | 84,593 | 14,925 |
| 689,185 | 589,699 | 99,486 |
| 134,090 | 115,851 | 18,239 |
| 922,793 | 790,143 | 132,650 |
| \$ 1,499,985 | \$ 1,270,946 | \$ 229,039 |

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2015

| | Year of Levy | Realty | Personalty | Public Utility | Total |
|---|-----------------|---------------------|---------------------|---------------------|----------------------|
| General Services District | 2014 | \$ 1,949,805 | \$ 1,409,753 | \$ 160,004 | \$ 3,519,562 |
| | 2013 | 345,794 | 538,291 | 12,490 | 896,575 |
| | 2012 | 273,365 | 291,559 | 114,798 | 679,722 |
| | 2011 | 159,097 | 316,677 | 50,195 | 525,969 |
| | 2010 | 70,650 | 501,239 | 8,525 | 580,414 |
| | 2009 | 44,703 | 596,895 | 38,140 | 679,738 |
| | 2008 | 58,328 | 682,206 | 26,808 | 767,342 |
| | 2007 | 115,405 | 986,932 | 325,585 | 1,427,922 |
| | 2006 | 3,350 | 625,838 | 53,418 | 682,606 |
| | 2005 | (11,474) | 425,930 | 68,859 | 483,315 |
| | 2004 | 4,812 | 316,340 | 89,811 | 410,963 |
| Total General Services District | | <u>3,013,835</u> | <u>6,691,660</u> | <u>948,633</u> | <u>10,654,128</u> |
| Urban Services District | 2014 | 254,431 | 190,770 | 22,380 | 467,581 |
| | 2013 | 35,066 | 72,364 | 2,181 | 109,611 |
| | 2012 | 25,550 | 37,353 | 20,282 | 83,185 |
| | 2011 | 12,220 | 44,174 | 9,168 | 65,562 |
| | 2010 | 9,157 | 69,517 | 1,368 | 80,042 |
| | 2009 | 11,986 | 81,383 | 4,122 | 97,491 |
| | 2008 | 7,049 | 94,034 | 3,284 | 104,367 |
| | 2007 | 13,290 | 143,022 | 58,088 | 214,400 |
| | 2006 | 4,102 | 95,285 | 8,726 | 108,113 |
| | 2005 | 10,846 | 67,261 | 9,174 | 87,281 |
| | 2004 | 5,318 | 57,156 | 19,878 | 82,352 |
| Total Urban Services District | | <u>389,015</u> | <u>952,319</u> | <u>158,651</u> | <u>1,499,985</u> |
| Total Delinquent Property Taxes Receivable * | | <u>\$ 3,402,850</u> | <u>\$ 7,643,979</u> | <u>\$ 1,107,284</u> | <u>\$ 12,154,113</u> |

* Excludes 2015 Property Tax Levy

See accompanying auditors' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE

June 30, 2015

| <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. Public Improvement and Refunding Bonds, Series 2004 | 3.25 - 5.00 | Sep. 1, 2004 |
| GSD G.O. Multi-purpose Bonds, Series 2005A | 4.25 - 5.25 | May 1, 2005 |
| GSD G.O. Multi-purpose Refunding Bonds, Series 2005B | 4.125 - 5.00 | May 1, 2005 |
| GSD G.O. Bonds, Series 2006B | 4.00 - 5.00 | June 15, 2006 |
| GSD G.O. Refunding Bonds, Series 2007A | 4.00 - 5.00 | April 15, 2007 |
| GSD G.O. Bonds, Series 2008A | 4.00 - 5.00 | March 15, 2008 |
| GSD G.O. Improvement and Refunding Bonds, Series 2010A | 2.75 - 5.00 | June 10, 2010 |
| GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B | 5.71 | June 10, 2010 |
| GSD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C | 2.21 - 3.23 | June 10, 2010 |
| GSD G.O. Refunding Bonds, Series 2010D | 1.50 - 5.00 | Sept. 21, 2010 |
| GSD G.O. Refunding Bonds, Series 2011 | 2.00 - 5.00 | Sept. 29, 2011 |
| GSD G.O. Refunding Bonds, Series 2012 | 2.00 - 5.00 | Feb. 2, 2012 |
| GSD G.O. Improvement Bonds (QECB), 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. Improvement Bonds, Series 2015A | 5.00 | Feb. 19, 2015 |
| GSD G.O. Improvement Bonds, Series 2015B (Taxable) | .30 - 3.493 | Feb. 19, 2015 |
| Total General Obligation Bonds Payable For General Purposes | | |
| <u>For School Purposes:</u> | | |
| GSD G.O. Public Improvement and Refunding Bonds, Series 2004 | 3.25 - 5.00 | Sep. 1, 2004 |
| GSD G.O. Multi-purpose Bonds, Series 2005A | 4.25 - 5.25 | May 1, 2005 |
| GSD G.O. Multi-purpose Refunding Bonds, Series 2005B | 4.125 - 5.00 | May 1, 2005 |
| GSD G.O. Bonds, Series 2006B | 4.00 - 5.00 | June 15, 2006 |
| GSD G.O. Refunding Bonds, Series 2007A | 4.00 - 5.00 | April 15, 2007 |
| GSD G.O. Bonds, Series 2008A | 4.00 - 5.00 | March 15, 2008 |
| GSD G.O. Improvement and Refunding Bonds, Series 2010A | 2.75 - 5.00 | June 10, 2010 |
| GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B | 5.71 | June 10, 2010 |
| GSD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C | 2.21 - 3.23 | June 10, 2010 |
| GSD G.O. Refunding Bonds, Series 2010D | 1.50 - 5.00 | Sept. 21, 2010 |
| GSD G.O. Refunding Bonds, Series 2011 | 2.00 - 5.00 | Sept. 29, 2011 |
| GSD G.O. Refunding Bonds, Series 2012 | 2.00 - 5.00 | Feb. 2, 2012 |
| 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. Improvement Bonds, Series 2015A | 5.00 | Feb. 19, 2015 |
| GSD G.O. Improvement Bonds, Series 2015B (Taxable) | .30 - 3.493 | Feb. 19, 2015 |
| 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, 2015

| <u>Date of Final Maturity</u> | <u>Amount of Issue</u> | <u>Principal Amount Outstanding June 30, 2015</u> | <u>Interest to Maturity as of June 30, 2015</u> |
|-------------------------------|-------------------------|---|---|
| Nov. 14, 2016 | \$ 48,367,055 | \$ 13,203,432 | \$ 668,297 |
| Jan. 1, 2025 | 49,817,419 | 2,414,389 | 120,717 |
| Jan. 1, 2020 | 108,212,477 | 17,392,244 | 870,127 |
| Feb. 1, 2026 | 113,783,394 | 10,465,285 | 448,862 |
| May 15, 2030 | 125,908,003 | 13,161,393 | 1,306,257 |
| Jan. 1, 2028 | 174,880,073 | 11,787,370 | 1,768,107 |
| July 1, 2026 | 159,008,728 | 123,714,158 | 26,924,280 |
| July 1, 2034 | 138,046,756 | 138,046,756 | 125,505,301 |
| July 1, 2015 | 25,653,536 | 6,279,334 | 101,414 |
| July 1, 2024 | 144,150,016 | 120,196,747 | 26,836,240 |
| July 1, 2023 | 49,712,377 | 42,252,843 | 11,534,623 |
| July 1, 2025 | 154,956,701 | 153,418,119 | 51,055,777 |
| Aug. 1, 2027 | 6,440,000 | 6,440,000 | 2,710,435 |
| July 1, 2024 | 67,480,283 | 65,001,671 | 8,624,056 |
| July 1, 2027 | 138,755,487 | 138,755,487 | 62,895,529 |
| Jan. 1, 2033 | 253,070,885 | 253,070,885 | 162,680,475 |
| July 1, 2026 | 33,884,829 | 33,884,829 | 14,512,130 |
| July 1, 2029 | 72,314,470 | 72,314,470 | 13,588,296 |
| | <u>1,864,442,489</u> | <u>1,221,799,412</u> | <u>512,150,923</u> |
| Nov. 14, 2016 | 2,972,945 | 811,568 | 41,078 |
| Jan. 1, 2025 | 79,503,345 | 3,853,111 | 192,649 |
| Jan. 1, 2020 | 76,238,996 | 12,106,820 | 604,827 |
| Feb. 1, 2026 | 69,160,188 | 6,361,044 | 272,872 |
| May 15, 2030 | 58,421,307 | 5,558,551 | 546,257 |
| Jan. 1, 2028 | 95,095,340 | 6,409,673 | 961,451 |
| July 1, 2026 | 114,567,598 | 90,813,911 | 18,993,981 |
| July 1, 2034 | 70,516,649 | 70,516,649 | 64,110,257 |
| July 1, 2015 | 20,052,863 | 4,908,430 | 79,272 |
| July 1, 2024 | 120,126,326 | 100,165,056 | 22,363,777 |
| July 1, 2023 | 32,574,740 | 27,479,274 | 7,142,806 |
| July 1, 2025 | 53,280,200 | 52,751,175 | 17,554,982 |
| July 1, 2024 | 62,161,564 | 59,878,313 | 7,944,319 |
| July 1, 2027 | 82,814,365 | 82,814,365 | 37,538,360 |
| Jan. 1, 2033 | 84,932,213 | 84,932,213 | 54,596,611 |
| July 1, 2026 | 22,804,914 | 22,804,914 | 9,766,845 |
| July 1, 2029 | 30,240,838 | 30,240,838 | 5,682,424 |
| | <u>1,075,464,391</u> | <u>662,405,905</u> | <u>248,392,768</u> |
| | <u>\$ 2,939,906,880</u> | <u>\$ 1,884,205,317</u> | <u>\$ 760,543,691</u> |

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2015

| <u>Description</u> | <u>Interest Rate</u> | <u>Date of Issue</u> |
|---|----------------------|----------------------|
| <u>GENERAL OBLIGATION BONDS PAYABLE</u> | | |
| USD G.O. Multi-purpose Bonds, Series 2005A | 4.25 - 5.25 | May 1, 2005 |
| USD G.O. Multi-purpose Refunding Bonds, Series 2005B | 4.125 - 5.00 | May 1, 2005 |
| USD G.O. Bonds, Series 2006B | 4.00 - 5.00 | June 15, 2006 |
| USD G.O. Refunding Bonds, Series 2007A | 4.00 - 5.00 | April 15, 2007 |
| USD G.O. Bonds, Series 2008A | 4.00 - 5.00 | March 15, 2008 |
| USD G.O. Improvement and Refunding Bonds, Series 2010A | 2.75 - 5.00 | June 10, 2010 |
| USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B | 5.71 | June 10, 2010 |
| USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C | 2.21 - 3.23 | June 10, 2010 |
| USD G.O. Refunding Bonds, Series 2010D | 1.50 - 5.00 | Sept. 21, 2010 |
| USD G.O. Refunding Bonds, Series 2011 | 2.00 - 5.00 | Sept. 29, 2011 |
| USD G.O. Refunding Bonds, Series 2012 | 2.00 - 5.00 | Feb. 2, 2012 |
| 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. Improvement Bonds, Series 2015A | 5.00 | Feb. 19, 2015 |
| USD G.O. Improvement Bonds, Series 2015B (Taxable) | .30 - 3.493 | Feb. 19, 2015 |
| Total General Obligation Bonds Payable (governmental activities) | | |
| USD G.O. Multi-purpose Bonds, Series 2005A (1) | 4.25 - 5.25 | May 1, 2005 |
| USD G.O. Improvement and Refunding Bonds, Series 2010A (1) | 2.21 - 5.71 | June 10, 2010 |
| USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C (1) | 2.21 - 3.23 | June 10, 2010 |
| USD G.O. Refunding Bonds, Series 2010D (1) | 1.50 - 5.00 | Sept. 21, 2010 |
| USD G.O. Refunding Bonds, Series 2011 (1) | 2.00 - 5.00 | Sept. 29, 2011 |
| 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 |
| 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 2007 | 4.25 - 5.00 | July 15, 2007 |
| Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2008A | 3.25 - 5.25 | Feb. 15, 2008 |
| Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2010A | 3.00 - 5.00 | Dec. 9, 2010 |
| Dept. of Water and Sewerage Revenue Bonds Federally Taxable (BAB's), Series 2010B | 6.393 - 6.568 | Dec. 9, 2010 |
| Dept. of Water and Sewerage Revenue Bonds Federally Taxable, Series 2010C | 6.693 | Dec. 9, 2010 |
| Dept. of Water and Sewerage Revenue Refunding Bonds Federally Taxable, Series 2010D | 4.255 - 4.791 | Dec. 9, 2010 |
| Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2012 | 1.00 - 5.00 | Feb. 2, 2012 |
| Dept. of Water and Sewerage Revenue Bonds, Series 2013 | 3.00 - 5.00 | Apr. 25, 2013 |
| Total Revenue Bonds Payable - Department of Water and Sewerage | | |

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

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2015

| <u>Date of Final Maturity</u> | <u>Amount of Issue</u> | <u>Principal Amount Outstanding June 30, 2015</u> | <u>Interest to Maturity as of June 30, 2015</u> |
|-------------------------------|------------------------|---|---|
| Jan. 1, 2025 | \$ 13,979,236 | \$ 677,500 | \$ 33,874 |
| Jan. 1, 2020 | 6,008,527 | 960,936 | 48,046 |
| Feb. 1, 2026 | 20,371,418 | 1,873,671 | 80,366 |
| May 15, 2030 | 2,560,690 | 260,056 | 25,735 |
| Jan. 1, 2028 | 38,024,587 | 2,562,957 | 384,443 |
| July 1, 2026 | 22,899,473 | 19,732,730 | 3,414,252 |
| July 1, 2034 | 43,441,595 | 43,441,595 | 39,494,954 |
| July 1, 2015 | 5,488,045 | 1,343,335 | 21,696 |
| July 1, 2024 | 25,925,413 | 21,617,414 | 4,826,504 |
| July 1, 2023 | 6,688,796 | 6,688,796 | 1,979,606 |
| July 1, 2025 | 18,873,099 | 18,685,706 | 6,218,387 |
| July 1, 2024 | 7,471,610 | 7,197,170 | 954,880 |
| July 1, 2027 | 23,915,148 | 23,915,148 | 10,840,336 |
| Jan. 1, 2033 | 30,135,613 | 30,135,613 | 19,371,947 |
| July 1, 2026 | 3,040,257 | 3,040,257 | 1,302,075 |
| July 1, 2029 | 1,424,692 | 1,424,692 | 267,708 |
| | <u>270,248,199</u> | <u>183,557,576</u> | <u>89,264,809</u> |
| Jan. 1, 2025 | 7,695,000 | 390,000 | 19,513 |
| July 1, 2034 | 274,201 | 274,201 | 39,472 |
| July 1, 2015 | 290,556 | 118,901 | 1,921 |
| July 1, 2024 | 1,158,245 | 965,783 | 215,628 |
| July 1, 2023 | 504,087 | 504,087 | 195,591 |
| Oct. 1, 2033 | 47,450,000 | 44,435,000 | 21,174,975 |
| July 1, 2024 | 3,231,543 | 3,112,846 | 412,995 |
| Jan. 1, 2033 | 6,526,289 | 6,526,289 | 4,195,268 |
| | <u>67,129,921</u> | <u>56,327,107</u> | <u>26,255,363</u> |
| | <u>\$ 337,378,120</u> | <u>\$ 239,884,683</u> | <u>\$ 115,520,172</u> |
| Jan. 1, 2016 | \$ 36,240,000 | \$ 2,460,000 | \$ 104,550 |
| Jan. 1, 2022 | 122,530,000 | 96,190,000 | 20,698,050 |
| July 1, 2027 | 104,050,000 | 88,490,000 | 29,899,325 |
| July 1, 2037 | 135,000,000 | 135,000,000 | 157,026,464 |
| July 1, 2041 | 75,000,000 | 75,000,000 | 124,813,406 |
| July 1, 2018 | 7,610,000 | 7,610,000 | 870,210 |
| July 1, 2023 | 129,625,000 | 122,505,000 | 28,457,625 |
| July 1, 2033 | 237,930,000 | 237,930,000 | 220,558,625 |
| | <u>\$ 847,985,000</u> | <u>\$ 765,185,000</u> | <u>\$ 582,428,255</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, 2015

| Year Ending June 30 | General Services District - General Obligation Bonds | | |
|---------------------------|--|-----------------------|-------------------------|
| | Total General Obligation Bonds | | |
| | Principal | Interest | Total |
| 2016 | \$ 104,788,566 | \$ 84,136,790 | \$ 188,925,356 |
| 2017 | 113,147,970 | 79,380,592 | 192,528,562 |
| 2018 | 112,958,684 | 75,183,808 | 188,142,492 |
| 2019 | 118,936,493 | 69,980,117 | 188,916,610 |
| 2020 | 118,222,864 | 65,475,492 | 183,698,356 |
| 2021 | 123,100,835 | 60,559,444 | 183,660,279 |
| 2022 | 124,749,657 | 54,912,924 | 179,662,581 |
| 2023 | 131,445,941 | 49,091,858 | 180,537,799 |
| 2024 | 139,231,233 | 43,222,445 | 182,453,678 |
| 2025 | 137,322,451 | 37,302,942 | 174,625,393 |
| 2026 | 117,931,186 | 31,494,297 | 149,425,483 |
| 2027 | 100,275,418 | 26,281,131 | 126,556,549 |
| 2028 | 95,858,438 | 21,489,530 | 117,347,968 |
| 2029 | 55,720,206 | 17,725,074 | 73,445,280 |
| 2030 | 58,171,743 | 14,815,286 | 72,987,029 |
| 2031 | 56,590,613 | 11,848,316 | 68,438,929 |
| 2032 | 59,128,994 | 8,822,624 | 67,951,618 |
| 2033 | 61,790,322 | 5,662,483 | 67,452,805 |
| 2034 | 26,905,801 | 2,361,602 | 29,267,403 |
| 2035 | 27,927,902 | 796,936 | 28,724,838 |
| 2036 | - | - | - |
| 2037 | - | - | - |
| 2038 | - | - | - |
| 2039 | - | - | - |
| 2040 | - | - | - |
| 2041 | - | - | - |
| 2042 | - | - | - |
| 2043 | - | - | - |
| 2044 | - | - | - |
| | <u>\$ 1,884,205,317</u> | <u>\$ 760,543,691</u> | <u>\$ 2,644,749,008</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, 2015

| General Services District - General Obligation Bonds | | | | | |
|--|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| For General Purposes | | | For School Purposes | | |
| Principal | Interest | Total | Principal | Interest | Total |
| \$ 63,187,260 | \$ 55,029,070 | \$ 118,216,330 | \$ 41,601,306 | \$ 29,107,720 | \$ 70,709,026 |
| 66,845,579 | 52,240,923 | 119,086,502 | 46,302,391 | 27,139,669 | 73,442,060 |
| 65,790,044 | 49,769,241 | 115,559,285 | 47,168,640 | 25,414,567 | 72,583,207 |
| 70,168,163 | 46,664,286 | 116,832,449 | 48,768,330 | 23,315,831 | 72,084,161 |
| 76,182,364 | 43,903,951 | 120,086,315 | 42,040,500 | 21,571,541 | 63,612,041 |
| 79,513,512 | 40,742,743 | 120,256,255 | 43,587,323 | 19,816,701 | 63,404,024 |
| 80,071,420 | 37,095,356 | 117,166,776 | 44,678,237 | 17,817,568 | 62,495,805 |
| 88,267,715 | 33,269,689 | 121,537,404 | 43,178,226 | 15,822,169 | 59,000,395 |
| 88,055,122 | 29,416,527 | 117,471,649 | 51,176,111 | 13,805,918 | 64,982,029 |
| 88,576,735 | 25,580,256 | 114,156,991 | 48,745,716 | 11,722,686 | 60,468,402 |
| 77,496,105 | 21,768,688 | 99,264,793 | 40,435,081 | 9,725,609 | 50,160,690 |
| 66,763,226 | 18,328,555 | 85,091,781 | 33,512,192 | 7,952,576 | 41,464,768 |
| 67,211,144 | 15,078,132 | 82,289,276 | 28,647,294 | 6,411,398 | 35,058,692 |
| 39,611,135 | 12,448,943 | 52,060,078 | 16,109,071 | 5,276,131 | 21,385,202 |
| 41,367,411 | 10,388,977 | 51,756,388 | 16,804,332 | 4,426,309 | 21,230,641 |
| 40,282,057 | 8,287,610 | 48,569,667 | 16,308,556 | 3,560,706 | 19,869,262 |
| 42,103,195 | 6,143,670 | 48,246,865 | 17,025,799 | 2,678,954 | 19,704,753 |
| 44,013,153 | 3,903,687 | 47,916,840 | 17,777,169 | 1,758,796 | 19,535,965 |
| 17,808,774 | 1,563,129 | 19,371,903 | 9,097,027 | 798,473 | 9,895,500 |
| 18,485,298 | 527,490 | 19,012,788 | 9,442,604 | 269,446 | 9,712,050 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 1,221,799,412</u> | <u>\$ 512,150,923</u> | <u>\$ 1,733,950,335</u> | <u>\$ 662,405,905</u> | <u>\$ 248,392,768</u> | <u>\$ 910,798,673</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, 2015

| Year Ending June 30 | Urban Services District - General Obligation Bonds | | |
|---------------------------|--|-----------------------|-----------------------|
| | Principal | Interest | Total |
| 2016 | \$ 9,381,434 | \$ 11,171,216 | \$ 20,552,650 |
| 2017 | 11,567,030 | 10,736,465 | 22,303,495 |
| 2018 | 13,576,316 | 10,284,968 | 23,861,284 |
| 2019 | 13,313,507 | 9,652,257 | 22,965,764 |
| 2020 | 11,657,136 | 9,143,464 | 20,800,600 |
| 2021 | 12,209,165 | 8,628,063 | 20,837,228 |
| 2022 | 12,380,343 | 8,032,069 | 20,412,412 |
| 2023 | 13,109,059 | 7,431,099 | 20,540,158 |
| 2024 | 14,788,767 | 6,814,397 | 21,603,164 |
| 2025 | 14,657,549 | 6,169,108 | 20,826,657 |
| 2026 | 13,148,814 | 5,519,122 | 18,667,936 |
| 2027 | 14,149,582 | 4,860,048 | 19,009,630 |
| 2028 | 13,746,562 | 4,174,017 | 17,920,579 |
| 2029 | 10,594,794 | 3,564,721 | 14,159,515 |
| 2030 | 11,043,257 | 3,022,573 | 14,065,830 |
| 2031 | 11,449,387 | 2,458,661 | 13,908,048 |
| 2032 | 11,931,006 | 1,872,133 | 13,803,139 |
| 2033 | 12,444,678 | 1,245,031 | 13,689,709 |
| 2034 | 8,919,199 | 574,772 | 9,493,971 |
| 2035 | 5,817,098 | 165,988 | 5,983,086 |
| 2036 | - | - | - |
| 2037 | - | - | - |
| 2038 | - | - | - |
| 2039 | - | - | - |
| 2040 | - | - | - |
| 2041 | - | - | - |
| 2042 | - | - | - |
| 2043 | - | - | - |
| 2044 | - | - | - |
| | <u>\$ 239,884,683</u> | <u>\$ 115,520,172</u> | <u>\$ 355,404,855</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, 2015

| Year Ending June 30 | Revenue Bonds | | |
|---------------------------|---|-----------------------|-------------------------|
| | Department of Water and Sewerage Services | | |
| | Principal | Interest | Total |
| 2016 | \$ 20,275,000 | \$ 40,175,458 | \$ 60,450,458 |
| 2017 | 28,795,000 | 39,028,808 | 67,823,808 |
| 2018 | 37,475,000 | 37,476,030 | 74,951,030 |
| 2019 | 38,225,000 | 35,654,524 | 73,879,524 |
| 2020 | 39,120,000 | 33,743,634 | 72,863,634 |
| 2021 | 40,180,000 | 31,823,496 | 72,003,496 |
| 2022 | 40,985,000 | 29,812,021 | 70,797,021 |
| 2023 | 31,780,000 | 27,663,509 | 59,443,509 |
| 2024 | 22,235,000 | 26,448,383 | 48,683,383 |
| 2025 | 15,945,000 | 25,539,009 | 41,484,009 |
| 2026 | 16,720,000 | 24,747,783 | 41,467,783 |
| 2027 | 17,545,000 | 23,901,434 | 41,446,434 |
| 2028 | 18,430,000 | 22,945,607 | 41,375,607 |
| 2029 | 19,185,000 | 21,945,278 | 41,130,278 |
| 2030 | 19,990,000 | 20,883,312 | 40,873,312 |
| 2031 | 20,905,000 | 19,699,453 | 40,604,453 |
| 2032 | 21,860,000 | 18,451,344 | 40,311,344 |
| 2033 | 22,880,000 | 17,135,511 | 40,015,511 |
| 2034 | 23,940,000 | 15,759,250 | 39,699,250 |
| 2035 | 25,055,000 | 14,319,833 | 39,374,833 |
| 2036 | 26,220,000 | 12,814,244 | 39,034,244 |
| 2037 | 27,445,000 | 11,239,340 | 38,684,340 |
| 2038 | 28,720,000 | 9,588,611 | 38,308,611 |
| 2039 | 30,025,000 | 7,852,927 | 37,877,927 |
| 2040 | 31,330,000 | 6,034,798 | 37,364,798 |
| 2041 | 32,680,000 | 4,145,639 | 36,825,639 |
| 2042 | 34,015,000 | 2,256,719 | 36,271,719 |
| 2043 | 16,280,000 | 1,003,400 | 17,283,400 |
| 2044 | 16,945,000 | 338,900 | 17,283,900 |
| | <u>\$ 765,185,000</u> | <u>\$ 582,428,255</u> | <u>\$ 1,347,613,255</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, 2015 Through June 30, 2016

| <u>SOURCE OF REVENUE:</u> | General Fund | Debt Service Fund | School Debt Service Fund | School Funds | Total |
|--|------------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------------|
| Property Taxes - Current Year | \$ 378,314,200 | \$ 86,574,700 | \$ 36,839,500 | \$ 289,808,400 | \$ 791,536,800 |
| Property Taxes - Non Current Year | 29,267,300 | 239,400 | 79,700 | 3,618,100 | 33,204,500 |
| Local Option Sales Tax | 113,311,200 | 1,840,900 | 34,857,400 | 210,866,400 | 360,875,900 |
| Other Taxes, Licenses, and Permits | 113,455,000 | - | - | 8,657,900 | 122,112,900 |
| Fines, Forfeits, and Penalties | 11,254,300 | 348,900 | - | 1,200 | 11,604,400 |
| Revenues From Use of Money or Property | - | - | 97,000 | - | 97,000 |
| Other Agencies - Federal Direct | 1,000,000 | - | - | 180,000 | 1,180,000 |
| Other Agencies - Federal Through State | 434,300 | - | - | - | 434,300 |
| Other Agencies - Other Pass - Through | 6,158,700 | - | - | - | 6,158,700 |
| Other Agencies - State Direct | 73,176,200 | 2,781,300 | - | 274,755,000 | 350,712,500 |
| Other Agencies - Other Governments | 6,726,800 | - | - | 5,000 | 6,731,800 |
| Commissions and Fees | 13,134,800 | - | - | - | 13,134,800 |
| Charges for Current Services | 31,738,600 | - | - | 1,230,000 | 32,968,600 |
| Compensation from Property | 1,215,700 | - | - | 1,628,000 | 2,843,700 |
| Contributions and Gifts | 242,900 | - | - | 600,000 | 842,900 |
| Miscellaneous | 2,734,000 | 4,843,400 | - | 150,000 | 7,727,400 |
| Subtotal | <u>782,164,000</u> | <u>96,628,600</u> | <u>71,873,600</u> | <u>791,500,000</u> | <u>1,742,166,200</u> |
| Operating Transfers In | 13,797,700 | 24,649,800 | 2,863,500 | 2,500,000 | 43,811,000 |
| Non-Operating Transfers In | <u>8,512,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,512,000</u> |
| Subtotal | <u>22,309,700</u> | <u>24,649,800</u> | <u>2,863,500</u> | <u>2,500,000</u> | <u>52,323,000</u> |
| Appropriated Unreserved Fund Balances | <u>40,000,000</u> | <u>5,000,000</u> | <u>3,300,000</u> | <u>16,000,000</u> | <u>64,300,000</u> |
| Total Available for GSD Appropriations | <u><u>\$ 844,473,700</u></u> | <u><u>\$ 126,278,400</u></u> | <u><u>\$ 78,037,100</u></u> | <u><u>\$ 810,000,000</u></u> | <u><u>\$ 1,858,789,200</u></u> |

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2015-1122 for the 2015-2016 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, 2015 Through June 30, 2016

| <u>SOURCE OF REVENUE:</u> | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|--|------------------------------|----------------------------------|------------------------------|
| Property Taxes - Current Year | \$ 82,868,400 | \$ 14,106,200 | \$ 96,974,600 |
| Property Taxes - Non Current Year | 17,047,400 | 67,300 | 17,114,700 |
| Other Taxes, Licenses, and Permits | 8,134,400 | - | 8,134,400 |
| Other Agencies - State Direct | 1,243,800 | - | 1,243,800 |
| Charges for Current Services | 143,000 | - | 143,000 |
| Compensation from Property | 100,000 | - | 100,000 |
| Operating Transfers In | - | 1,907,600 | 1,907,600 |
| Subtotal | <u>109,537,000</u> | <u>16,081,100</u> | <u>125,618,100</u> |
| Appropriated Unreserved Fund Balances | <u>8,070,700</u> | <u>1,500,000</u> | <u>9,570,700</u> |
| Total Available for USD Appropriations | <u><u>\$ 117,607,700</u></u> | <u><u>\$ 17,581,100</u></u> | <u><u>\$ 135,188,800</u></u> |

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2015-1122 for the 2015-2016 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, 2015 Through June 30, 2016

| <u>GENERAL FUND</u> | General Services District | Urban Services District | Duplicated By Interdistrict Interfund Transfers | Appropriation By Function And/Or Fund |
|--|---------------------------------|-------------------------------|--|---|
| General Government | \$ 205,990,600 | \$ 26,364,500 | \$ - | \$ 232,355,100 |
| Fiscal Administration | 22,132,100 | - | - | 22,132,100 |
| Administration of Justice | 57,874,500 | - | - | 57,874,500 |
| Law Enforcement and Care of Prisoners | 236,725,500 | 481,000 | 481,000 | 236,725,500 |
| Fire Prevention and Control | 48,173,500 | 65,272,900 | - | 113,446,400 |
| Regulation, Inspection, & Economic Development | 29,682,000 | 2,383,900 | - | 32,065,900 |
| Public Welfare | 8,095,700 | - | - | 8,095,700 |
| Public Health | 70,975,900 | - | - | 70,975,900 |
| Public Library System | 26,737,600 | - | - | 26,737,600 |
| Recreational, Cultural, Conservation & Community Support | 50,691,700 | 300,000 | - | 50,991,700 |
| Public Works, Highways and Streets | 68,861,300 | 22,805,400 | - | 91,666,700 |
| Transfers | 18,533,300 | - | - | 18,533,300 |
| Total General Funds | 844,473,700 | 117,607,700 | 481,000 | 961,600,400 |
| <u>DEBT SERVICE FUNDS</u> | | | | |
| (See detail on succeeding pages) | 204,315,500 | 17,581,100 | - | 221,896,600 |
| <u>SCHOOL FUNDS</u> | | | | |
| (See detail on succeeding pages) | 810,000,000 | - | - | 810,000,000 |
| Total Appropriations By District | 1,858,789,200 | 135,188,800 | 481,000 | 1,993,497,000 |
| <u>LESS GSD INTERFUND TRANSFER:</u> | | | | |
| GSD Operating to GSD Debt | (3,521,300) | - | - | (3,521,300) |
| GSD General to GSD Debt | (18,533,300) | - | - | (18,533,300) |
| Schools to GSD Debt | (101,000) | - | - | (101,000) |
| Schools to GSD General | (192,000) | - | - | (192,000) |
| Schools to School Debt | (2,863,500) | - | - | (2,863,500) |
| Net Appropriation by District | \$ 1,833,578,100 | \$ 135,188,800 | \$ 481,000 | \$ 1,968,285,900 |

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2015-1122 for the 2015-2016 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, 2015 Through June 30, 2016

| | <u>Principal/Interest</u> | <u>Other</u> | <u>Total</u> |
|--|---------------------------|---------------------|-----------------------|
| <u>SCHOOL DEBT SERVICE FUND</u> | | | |
| Outstanding General Obligation Bonds | \$ 70,709,000 | \$ - | \$ 70,709,000 |
| Reserve for New Debt (Future Debt Requirements) | 1,347,800 | - | 1,347,800 |
| Tax Increment Payment - MDHA | - | 766,300 | 766,300 |
| Redemption, Cremation and Management Fees | - | 655,200 | 655,200 |
| Treasury Internal Service Fees | - | 73,500 | 73,500 |
| Qualified Zone Academy Bonds, 2005 | - | 414,600 | 414,600 |
| Quallified School Construction Bonds, 2009 | - | 1,637,800 | 1,637,800 |
| Quallified School Construction Bonds, 2010 | - | 3,942,300 | 3,942,300 |
| IRS Subsidy 2010 QSCB | - | (1,599,600) | (1,599,600) |
| Commercial Paper (Bonds Anticipation Loans) | 90,200 | - | 90,200 |
| | <u>90,200</u> | <u>-</u> | <u>90,200</u> |
| Total GSD School Purposes Debt Service Fund | <u>\$ 72,147,000</u> | <u>\$ 5,890,100</u> | <u>\$ 78,037,100</u> |
| <u>GENERAL PURPOSES DEBT SERVICE FUND</u> | | | |
| Outstanding General Obligation Bonds | \$ 118,216,400 | \$ - | \$ 118,216,400 |
| IRS BABs Subsidy | - | - | - |
| | <u>118,216,400</u> | <u>-</u> | <u>118,216,400</u> |
| Subtotal Outstanding General Obligation Bonds | <u>118,216,400</u> | <u>-</u> | <u>118,216,400</u> |
| Reserve for New Debt (Future Debt Requirements) | 2,448,200 | - | 2,448,200 |
| Tax Increment Payment - MDHA | - | 1,800,700 | 1,800,700 |
| Redemption, Cremation and Management Fees | - | 1,205,600 | 1,205,600 |
| Treasury Internal Service Fees | - | 133,600 | 133,600 |
| Commercial Paper (Bonds Anticipation Loans) | 176,700 | - | 176,700 |
| Swap Agreement | 2,297,200 | - | 2,297,200 |
| | <u>4,922,100</u> | <u>3,139,900</u> | <u>8,062,000</u> |
| Subtotal | <u>4,922,100</u> | <u>3,139,900</u> | <u>8,062,000</u> |
| Total GSD General Purposes Debt Service Fund | <u>\$ 123,138,500</u> | <u>\$ 3,139,900</u> | <u>\$ 126,278,400</u> |

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2015-1122 for the 2015-2016 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, 2015 Through June 30, 2016

| <u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u> | <u>Principal/Interest</u> | <u>Other</u> | <u>Total</u> |
|--|---------------------------|-----------------------|----------------------|
| Outstanding General Obligation Bonds: | \$ 20,552,600 | \$ - | \$ 20,552,600 |
| Subtotal Outstanding General Obligation Bonds | <u>20,552,600</u> | <u>-</u> | <u>20,552,600</u> |
| Reserve for New Debt (Future Debt Requirements) | 484,900 | - | 484,900 |
| Tax Increment Payment - MDHA | - | 476,800 | 476,800 |
| Redemption, Cremation and Management Fees | - | 223,200 | 223,200 |
| Treasury Internal Service Fees | - | 26,500 | 26,500 |
| Debt Service Paid Directly by DES | - | (4,216,000) | (4,216,000) |
| Commercial Paper (Bonds Anticipation Loans) | <u>33,100</u> | <u>-</u> | <u>33,100</u> |
| Subtotal | <u>518,000</u> | <u>(3,489,500)</u> | <u>(2,971,500)</u> |
| Total USD General Purposes Debt Service Fund | <u>\$ 21,070,600</u> | <u>\$ (3,489,500)</u> | <u>\$ 17,581,100</u> |

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2015-1122 for the 2015-2016 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, 2015 Through June 30, 2016

GENERAL PURPOSE SCHOOL FUND: (1)

| | |
|--|------------------------------|
| General Purpose School Fund: | |
| Operational | \$ 803,972,100 |
| Property Tax Increment | <u>6,027,900</u> |
| Subtotal | <u>810,000,000</u> |
| General Purpose School Fund Transfer to School Debt Service Fund | <u>-</u> |
| Total General Purpose School Fund | <u><u>\$ 810,000,000</u></u> |

(1) From the funds appropriated to the Metropolitan Board of Public Education, there is appropriated the sum of \$4,285,000 for the purpose of funding the actuarial contribution to the Metro Teachers Pension Plan.

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2015-1122 for the 2015-2016 fiscal year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2015

| <u>NAME OF OFFICIAL</u> | <u>TITLE</u> | <u>ANNUAL SALARY</u> | <u>AMOUNT OF SURETY BOND</u> |
|-------------------------|---|----------------------|------------------------------|
| Karl Dean | Mayor | \$ 136,500 | \$ 50,000 |
| Richard M. Riebeling | Director of Finance | 156,848 | 250,000 |
| Tom Eddlemon | Treasurer | 110,107 | 2,000,000 |
| Jeff Gossage | Purchasing Agent | 108,496 | - (1) |
| Kim McDoniel | Chief Accountant | 122,315 | - (1) |
| Veronica Frazier | Human Resources Director | 128,598 | - (1) |
| Richard R. Rooker | Circuit Court Clerk | 137,198 | 100,000 |
| Richard R. Rooker | Probate Clerk | - | 250,000 |
| William B. Garrett, Jr. | Register of Deeds | 125,453 | 150,000 |
| Charles E. Cardwell | Trustee | 125,453 | 14,000,000 |
| Brenda P. Wynn | County Clerk | 121,624 | 500,000 |
| Howard C. Gentry, Jr. | Criminal Court Clerk | 137,198 | 150,000 |
| J. Daron Hall | Sheriff | 151,718 | 100,000 |
| George L. Rooker, Jr. | Assessor of Property | 125,453 | 10,000 |
| Cristi Scott | Clerk & Master | 125,453 | 50,000 |
| David A. Smith | Juvenile Court Clerk | 125,453 | 100,000 |
| Peggy Duncan Mathes | Public Administrator | - | 100,000 |
| Michael M. Castellarin | Public Trustee | - | 200,000 |
| Richard R. Rooker | Commissioner & Receiver | - | 100,000 |
| Richard R. Rooker | Official Revenue | - | 100,000 |
| Thomas W. Compton, Jr. | Executive Director Sports Authority | 97,389 | 50,000 |
| Chris Henson | MNPS Assistant Superintendent of Business, Facility and Services | 156,000 - | 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

SCHEDULE OF UTILITY RATES
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2015
(Unaudited)

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, 2015:

| 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 |
|---------|---------|---------|---------|---------|---------|---------|---------|

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF NUMBER OF CUSTOMERS
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2015
(Unaudited)

| | <u>Residential</u> | <u>Commercial</u> | <u>Total</u> |
|-----------------|-----------------------|----------------------|-----------------------|
| Water Customers | 173,279 | 20,987 | 194,266 |
| Sewer Customers | <u>182,688</u> | <u>17,718</u> | <u>200,406</u> |
| Total Customers | <u><u>355,967</u></u> | <u><u>38,705</u></u> | <u><u>394,672</u></u> |

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF UNACCOUNTED FOR WATER
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2015
(Unaudited)

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

Water Audit Report for: Nashville Metro Water Services

Reporting Year: 2015 / 7/2014 - 6/2015

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' ----->

| | | | |
|--------------------------|----------|-------------------|--------------|
| Volume from own sources: | + ? 8 | 31,746.385 | MG/Yr |
| Water imported: | + ? n/a | 0.000 | MG/Yr |
| Water exported: | + ? n/a | | MG/Yr |
| <hr/> | | | |
| WATER SUPPLIED: | ? | 31,746.385 | MG/Yr |

AUTHORIZED CONSUMPTION

| | | | |
|--------------------------------|----------|-------------------|--------------|
| Billed metered: | + ? 8 | 22,486.748 | MG/Yr |
| Billed unmetered: | + ? n/a | 0.000 | MG/Yr |
| Unbilled metered: | + ? 10 | 51.928 | MG/Yr |
| Unbilled unmetered: | + ? 8 | 99.843 | MG/Yr |
| <hr/> | | | |
| AUTHORIZED CONSUMPTION: | ? | 22,638.519 | MG/Yr |

WATER LOSSES (Water Supplied - Authorized Consumption) 9,107.866 MG/Yr

Apparent Losses

| | | | |
|----------------------------------|----------|----------------|--------------|
| Unauthorized consumption: | + ? 7 | 61.426 | MG/Yr |
| Customer metering inaccuracies: | + ? 8 | 571.187 | MG/Yr |
| Systematic data handling errors: | + ? 8 | 4.399 | MG/Yr |
| <hr/> | | | |
| Apparent Losses: | ? | 637.012 | MG/Yr |

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 8,470.854 MG/Yr

WATER LOSSES: 9,107.866 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 9,259.637 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

| | | | |
|--|-------|---------|-----------------|
| Length of mains: | + ? 9 | 3,060.0 | miles |
| Number of <u>active AND inactive</u> service connections: | + ? 9 | 189,930 | |
| Service connection density: | ? | 62 | conn./mile main |
| <hr/> | | | |
| Are customer meters typically located at the curbstop or property line? | | No | |
| <u>Average</u> length of customer service line: | + ? 9 | 12.0 | ft |
| (length of service line, <u>beyond</u> the property boundary, that is the responsibility of the utility) | | | |
| Average operating pressure: | + ? 8 | 84.0 | psi |

COST DATA

| | | | |
|---|-------|--------------|--|
| Total annual cost of operating water system: | + ? 9 | \$35,020,408 | \$/Year |
| Customer retail unit cost (applied to Apparent Losses): | + ? 7 | \$2.02 | \$/100 cubic feet (ccf) |
| Variable production cost (applied to Real Losses): | + ? 9 | \$259.75 | \$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses |

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 82 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

- 1: Volume from own sources
- 2: Customer retail unit cost (applied to Apparent Losses)
- 3: Billed metered

AWWA Free Water Audit Software v5.0

Reporting Worksheet 1

See accompanying auditors' report.

G-31

SCHEDULE OF UNACCOUNTED FOR WATER (CONTINUED)
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2015
(Unaudited)



**AWWA Free Water Audit Software:
System Attributes and Performance Indicators**

Water Audit Report for:
Reporting Year:

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***

System Attributes:

| | | | |
|---|----------------------|--|-------|
| | Apparent Losses: | <input type="text" value="637.012"/> | MG/Yr |
| + | Real Losses: | <input type="text" value="8,470.854"/> | MG/Yr |
| = | Water Losses: | <input type="text" value="9,107.866"/> | MG/Yr |

Unavoidable Annual Real Losses (UARL): MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses:

Valued at **Variable Production Cost**
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied:
Non-revenue water as percent by cost of operating system: Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: gallons/connection/day
Real Losses per service connection per day: gallons/connection/day
Real Losses per length of main per day*:
Real Losses per service connection per day per psi pressure: gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]:

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
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>2006</u> | <u>2007</u> | <u>2008 (1)</u> | <u>2009</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 1,030,056 | \$ 1,042,013 | \$ 1,044,125 | \$ 1,083,097 |
| Restricted | 67,840 | 63,371 | 47,527 | 22,917 |
| Unrestricted | <u>136,229</u> | <u>159,368</u> | <u>86,741</u> | <u>(97,423)</u> |
| Total governmental activities net position | <u>1,234,125</u> | <u>1,264,752</u> | <u>1,178,393</u> | <u>1,008,591</u> |
| Business-type activities | | | | |
| Net investment in capital assets | 1,010,626 | 1,061,440 | 1,160,088 | 1,196,149 |
| Restricted | 70,023 | 73,134 | 29,090 | 22,587 |
| Unrestricted | <u>21,221</u> | <u>22,439</u> | <u>28,682</u> | <u>14,840</u> |
| Total business-type activities net position | <u>1,101,870</u> | <u>1,157,013</u> | <u>1,217,860</u> | <u>1,233,576</u> |
| Primary government | | | | |
| Net investment in capital assets | 2,040,682 | 2,103,453 | 2,204,213 | 2,279,246 |
| Restricted | 137,863 | 136,505 | 76,617 | 45,504 |
| Unrestricted | <u>157,450</u> | <u>181,807</u> | <u>115,423</u> | <u>(82,583)</u> |
| Total primary government net position | <u>\$ 2,335,995</u> | <u>\$ 2,421,765</u> | <u>\$ 2,396,253</u> | <u>\$ 2,242,167</u> |

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015 (2)</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 1,099,333 | \$ 1,010,874 | \$ 924,393 | \$ 857,598 | \$ 955,256 | \$ 905,271 |
| 31,994 | 42,860 | 31,771 | 35,802 | 39,551 | 41,647 |
| <u>(383,624)</u> | <u>(564,405)</u> | <u>(637,147)</u> | <u>(683,464)</u> | <u>(907,694)</u> | <u>(1,269,590)</u> |
| <u>747,703</u> | <u>489,329</u> | <u>319,017</u> | <u>209,936</u> | <u>87,113</u> | <u>(322,672)</u> |
| 1,217,101 | 1,220,912 | 1,259,241 | 1,236,765 | 1,232,187 | 1,236,872 |
| 21,481 | 46,256 | 49,700 | 56,720 | 64,253 | 55,270 |
| <u>26,925</u> | <u>38,908</u> | <u>32,057</u> | <u>27,268</u> | <u>37,930</u> | <u>41,747</u> |
| <u>1,265,507</u> | <u>1,306,076</u> | <u>1,340,998</u> | <u>1,320,753</u> | <u>1,334,370</u> | <u>1,333,889</u> |
| 2,316,434 | 2,231,786 | 2,183,634 | 2,094,363 | 2,187,443 | 2,142,143 |
| 53,475 | 89,116 | 81,471 | 92,522 | 103,804 | 96,917 |
| <u>(356,699)</u> | <u>(525,497)</u> | <u>(605,090)</u> | <u>(656,196)</u> | <u>(869,764)</u> | <u>(1,227,843)</u> |
| <u>\$ 2,013,210</u> | <u>\$ 1,795,405</u> | <u>\$ 1,660,015</u> | <u>\$ 1,530,689</u> | <u>\$ 1,421,483</u> | <u>\$ 1,011,217</u> |

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

| | 2006 | 2007 | 2008 | 2009 |
|---|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | |
| Governmental activities | | | | |
| General government | \$ 64,844 | \$ 57,026 | \$ 69,053 | \$ 83,668 |
| Fiscal administration | 44,110 | 33,876 | 24,837 | 34,264 |
| Administration of justice | 73,025 | 75,705 | 86,417 | 85,723 |
| Law enforcement and care of prisoners | 241,487 | 258,824 | 289,629 | 304,917 |
| Fire prevention and control | 130,416 | 128,067 | 148,089 | 143,912 |
| Regulation and inspection | 8,770 | 9,002 | 7,971 | 9,910 |
| Conservation of natural resources | 457 | 447 | 502 | 491 |
| Public welfare | 47,150 | 58,709 | 55,272 | 51,362 |
| Public health and hospitals | 151,706 | 111,396 | 130,293 | 131,677 |
| Public library system | 26,757 | 27,818 | 28,231 | 29,754 |
| Public works, highways and streets | 128,171 | 130,081 | 143,076 | 125,490 |
| Recreational and cultural | 67,284 | 72,024 | 72,547 | 76,290 |
| Education | 654,801 | 684,711 | 780,706 | 808,285 |
| Interest and other debt related costs | 64,028 | 75,581 | 77,559 | 85,651 |
| Total governmental activities | <u>1,703,006</u> | <u>1,723,267</u> | <u>1,914,182</u> | <u>1,971,394</u> |
| Business-type activities | | | | |
| Department of Water and Sewerage Services | 155,311 | 157,581 | 165,833 | 177,291 |
| District Energy System | 19,198 | 21,018 | 19,428 | 20,206 |
| Nashville Convention Center | 7,068 | 7,246 | 7,601 | 7,572 |
| Board of Fair Commissioners | 4,110 | 4,116 | 4,360 | 4,428 |
| Farmers Market | 1,136 | 1,156 | 1,161 | 1,215 |
| Police Secondary Employment | 1,063 | 1,248 | 944 | 881 |
| Surplus Property Auction | 788 | 983 | 961 | 806 |
| Municipal Auditorium | 1,885 | 1,979 | 2,052 | 1,738 |
| Police Impound | 1,919 | 2,177 | 1,882 | 1,882 |
| School Community Education | 912 | 915 | 1,193 | 1,050 |
| Stormwater Operations | - | - | - | - |
| Community Education Commission | - | - | - | - |
| Total business-type activities | <u>193,390</u> | <u>198,419</u> | <u>205,415</u> | <u>217,069</u> |
| Total primary government | <u>\$ 1,896,396</u> | <u>\$ 1,921,686</u> | <u>\$ 2,119,597</u> | <u>\$ 2,188,463</u> |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services: | | | | |
| General government | \$ 7,367 | \$ 7,808 | \$ 9,552 | \$ 7,292 |
| Fiscal administration | 3,994 | 4,675 | 4,533 | 4,591 |
| Administration of justice | 30,664 | 35,213 | 39,554 | 34,567 |
| Law enforcement and care of prisoners | 26,572 | 26,787 | 29,806 | 31,053 |
| Fire prevention and control | 11,401 | 14,199 | 13,619 | 14,358 |
| Regulation and inspection | 11,933 | 12,093 | 10,587 | 7,060 |
| Public welfare | 1,257 | 1,291 | 1,166 | 1,313 |
| Public health and hospitals | 9,646 | 9,775 | 13,436 | 12,788 |
| Public library system | 705 | 665 | 634 | 579 |
| Public works, highways and streets | 7,717 | 9,673 | 10,184 | 9,295 |
| Recreational and cultural | 8,471 | 8,872 | 9,246 | 9,111 |
| Education | 19,253 | 17,946 | 17,203 | 16,216 |
| Operating grants and contributions (1) | 299,203 | 314,334 | 338,746 | 351,066 |
| Capital grants and contributions (1) | 16,268 | 42,275 | 48,808 | 56,163 |
| Total governmental activities | <u>454,451</u> | <u>505,606</u> | <u>547,074</u> | <u>555,452</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

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 (2) |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 85,444 | \$ 122,913 | \$ 117,669 | \$ 118,107 | \$ 134,592 | \$ 188,330 |
| 35,358 | 33,613 | 31,802 | 32,675 | 31,357 | 33,277 |
| 89,601 | 87,374 | 89,564 | 92,752 | 93,224 | 92,902 |
| 321,175 | 322,782 | 335,162 | 371,438 | 359,502 | 353,933 |
| 150,117 | 149,619 | 158,763 | 170,843 | 149,551 | 152,045 |
| 10,170 | 10,248 | 11,717 | 10,751 | 11,231 | 11,216 |
| 471 | 445 | 439 | 542 | 519 | 480 |
| 60,159 | 59,386 | 56,504 | 57,172 | 56,449 | 54,279 |
| 170,662 | 132,993 | 114,145 | 119,695 | 119,828 | 106,365 |
| 28,742 | 30,033 | 30,676 | 33,034 | 35,739 | 41,390 |
| 130,469 | 144,012 | 152,201 | 169,521 | 180,008 | 191,499 |
| 68,667 | 59,421 | 61,259 | 68,515 | 76,759 | 70,841 |
| 839,760 | 869,449 | 867,599 | 903,998 | 924,418 | 907,504 |
| 80,460 | 102,859 | 86,223 | 77,525 | 96,842 | 93,210 |
| <u>2,071,255</u> | <u>2,125,147</u> | <u>2,113,723</u> | <u>2,226,568</u> | <u>2,270,019</u> | <u>2,297,271</u> |
| 173,215 | 189,521 | 185,385 | 205,278 | 208,945 | 213,926 |
| 17,853 | 17,837 | 18,102 | 17,573 | 18,774 | 18,761 |
| 7,134 | 7,539 | 7,147 | 7,427 | 3,591 | 3,543 |
| 4,195 | 2,814 | 2,945 | 3,074 | 3,140 | 3,661 |
| 1,080 | 1,193 | 1,265 | 1,788 | 1,605 | 1,849 |
| 1,545 | 855 | 832 | 1,131 | 190 | - |
| 735 | 734 | 713 | 735 | 790 | 650 |
| 1,654 | 1,801 | 1,808 | 1,787 | 2,001 | 2,041 |
| 1,687 | 1,320 | 967 | 376 | 375 | 375 |
| 192 | - | - | - | - | - |
| 10,598 | 10,669 | 10,426 | 10,717 | 11,073 | 10,506 |
| 358 | 302 | 297 | 352 | 324 | 357 |
| <u>220,246</u> | <u>234,585</u> | <u>229,887</u> | <u>250,238</u> | <u>250,808</u> | <u>255,669</u> |
| <u>\$ 2,291,501</u> | <u>\$ 2,359,732</u> | <u>\$ 2,343,610</u> | <u>\$ 2,476,806</u> | <u>\$ 2,520,827</u> | <u>\$ 2,552,940</u> |
| \$ 6,550 | \$ 6,908 | \$ 9,134 | \$ 8,329 | \$ 10,805 | \$ 7,764 |
| 4,176 | 5,286 | 5,181 | 6,768 | 6,237 | 6,356 |
| 34,344 | 33,745 | 32,772 | 33,232 | 32,929 | 31,052 |
| 31,282 | 30,637 | 33,172 | 32,210 | 30,281 | 30,667 |
| 10,939 | 16,395 | 12,759 | 13,431 | 15,502 | 11,449 |
| 7,552 | 8,858 | 10,846 | 12,368 | 14,252 | 18,576 |
| 1,367 | 1,352 | 1,208 | 1,098 | 1,162 | 1,007 |
| 8,943 | 9,902 | 8,796 | 9,159 | 9,847 | 11,173 |
| 494 | 484 | 474 | 450 | 438 | 409 |
| 9,343 | 11,191 | 12,594 | 12,066 | 12,573 | 14,272 |
| 8,618 | 9,068 | 9,755 | 10,130 | 10,702 | 11,332 |
| 18,225 | 17,838 | 18,485 | 19,502 | 18,740 | 16,936 |
| 390,732 | 432,938 | 436,073 | 435,077 | 438,515 | 454,881 |
| 41,648 | 38,595 | 58,447 | 55,267 | 58,286 | 37,301 |
| <u>574,213</u> | <u>623,197</u> | <u>649,696</u> | <u>649,087</u> | <u>660,269</u> | <u>653,175</u> |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| | 2006 | 2007 | 2008 | 2009 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Program Revenues (Continued) | | | | |
| Business-type activities | | | | |
| Charges for services: | | | | |
| Department of Water and Sewerage Services | \$ 155,827 | \$ 164,900 | \$ 173,121 | \$ 169,672 |
| District Energy System | 17,298 | 18,795 | 17,892 | 17,812 |
| Nashville Convention Center | 4,551 | 5,248 | 5,996 | 5,675 |
| Board of Fair Commissioners | 3,728 | 3,880 | 3,601 | 3,438 |
| Farmers Market | 997 | 866 | 863 | 899 |
| Police Secondary Employment | 1,424 | 1,654 | 1,162 | 1,094 |
| Surplus Property Auction | 703 | 994 | 1,121 | 958 |
| Municipal Auditorium | 1,062 | 1,176 | 1,278 | 1,107 |
| Police Impound | 1,729 | 2,873 | 2,611 | 2,182 |
| School Community Education | 176 | 156 | 243 | 141 |
| Stormwater Operations | - | - | - | - |
| Community Education Commission | - | - | - | - |
| Capital grants and contributions | 25,610 | 53,318 | 58,761 | 27,463 |
| Total business-type activities | <u>213,105</u> | <u>253,860</u> | <u>266,649</u> | <u>230,441</u> |
| Total primary government | <u>\$ 667,556</u> | <u>\$ 759,466</u> | <u>\$ 813,723</u> | <u>\$ 785,893</u> |
| Net (Expense) Revenue | | | | |
| Governmental activities | \$ (1,248,555) | \$ (1,217,661) | \$ (1,367,108) | \$ (1,415,942) |
| Business-type activities | 19,715 | 55,441 | 61,234 | 13,372 |
| Total primary government | <u>\$ (1,228,840)</u> | <u>\$ (1,162,220)</u> | <u>\$ (1,305,874)</u> | <u>\$ (1,402,570)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities | | | | |
| Property taxes | \$ 725,199 | \$ 741,901 | \$ 759,131 | \$ 773,659 |
| Local option sales taxes | 271,119 | 285,078 | 285,484 | 264,573 |
| Other taxes | 116,664 | 121,459 | 141,112 | 135,213 |
| Revenue from the use of money or property | 15,097 | 19,801 | 14,792 | 6,109 |
| Revenue from other governmental agencies | 60,220 | 68,620 | 70,072 | 65,026 |
| Compensation for loss, sale or damage to property | 3,476 | 1,786 | 1,541 | 1,022 |
| Transfers | 16,661 | 9,643 | 8,617 | 538 |
| Special and extraordinary items (3) | - | - | - | - |
| Total governmental activities | <u>1,208,436</u> | <u>1,248,288</u> | <u>1,280,749</u> | <u>1,246,140</u> |
| Business-type activities | | | | |
| Revenue from the use of money or property | 6,530 | 9,213 | 8,086 | 2,790 |
| Compensation for loss, sale or damage to property | 281 | 132 | 144 | 92 |
| Transfers | (16,661) | (9,643) | (8,617) | (538) |
| Special and extraordinary items (3) | - | - | - | - |
| Total business-type activities | <u>(9,850)</u> | <u>(298)</u> | <u>(387)</u> | <u>2,344</u> |
| Total primary government | <u>\$ 1,198,586</u> | <u>\$ 1,247,990</u> | <u>\$ 1,280,362</u> | <u>\$ 1,248,484</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ (40,119) | \$ 30,627 | \$ (86,359) | \$ (169,802) |
| Business-type activities | 9,865 | 55,143 | 60,847 | 15,716 |
| Total primary government | <u>\$ (30,254)</u> | <u>\$ 85,770</u> | <u>\$ (25,512)</u> | <u>\$ (154,086)</u> |

(3) Special and extraordinary items consist of: In 2010, the Government experienced significant losses related to flooding in May 2010. In 2011, the Government incurred additional flood related expenses in excess of recoveries.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 (2) |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 171,520 | \$ 195,790 | \$ 201,060 | \$ 208,830 | \$ 211,372 | \$ 214,751 |
| 15,562 | 15,486 | 15,962 | 16,713 | 18,526 | 18,542 |
| 5,366 | 5,404 | 5,490 | 5,746 | 2,124 | 1,768 |
| 3,393 | 2,109 | 2,658 | 2,786 | 3,021 | 3,367 |
| 983 | 745 | 961 | 1,292 | 1,125 | 1,038 |
| 2,437 | 1,103 | 935 | 1,285 | - | - |
| 1,094 | 1,081 | 1,298 | 795 | 589 | 712 |
| 1,364 | 1,370 | 1,607 | 1,188 | 1,558 | 1,427 |
| 1,583 | 1,271 | 1,584 | 492 | 479 | 475 |
| 31 | - | - | - | - | - |
| 13,635 | 14,198 | 13,883 | 14,199 | 14,613 | 14,295 |
| 22 | 18 | 36 | 45 | 58 | 59 |
| 41,302 | 39,467 | 25,307 | 11,890 | 16,478 | 20,655 |
| <u>258,292</u> | <u>278,042</u> | <u>270,781</u> | <u>265,261</u> | <u>269,943</u> | <u>277,089</u> |
| <u>\$ 832,505</u> | <u>\$ 901,239</u> | <u>\$ 920,477</u> | <u>\$ 914,348</u> | <u>\$ 930,212</u> | <u>\$ 930,264</u> |
| \$ (1,497,042) | \$ (1,501,950) | \$ (1,464,027) | \$ (1,577,481) | \$ (1,609,750) | \$ (1,644,096) |
| 38,046 | 43,457 | 40,894 | 15,023 | 19,135 | 21,420 |
| <u>\$ (1,458,996)</u> | <u>\$ (1,458,493)</u> | <u>\$ (1,423,133)</u> | <u>\$ (1,562,458)</u> | <u>\$ (1,590,615)</u> | <u>\$ (1,622,676)</u> |
| \$ 793,293 | \$ 782,192 | \$ 787,882 | \$ 895,919 | \$ 911,661 | \$ 927,860 |
| 256,178 | 258,107 | 281,294 | 301,430 | 315,479 | 340,077 |
| 126,878 | 137,141 | 150,856 | 160,802 | 174,556 | 193,729 |
| 1,445 | 1,095 | 1,121 | 1,195 | 3,244 | 1,044 |
| 58,160 | 61,262 | 62,929 | 66,572 | 66,010 | 77,625 |
| 1,747 | 3,290 | 3,385 | 7,043 | 4,296 | 11,677 |
| (323) | 3,400 | 6,248 | 35,439 | 11,681 | 11,154 |
| (1,224) | (2,911) | - | - | - | - |
| <u>1,236,154</u> | <u>1,243,576</u> | <u>1,293,715</u> | <u>1,468,400</u> | <u>1,486,927</u> | <u>1,563,166</u> |
| 391 | 230 | 119 | 111 | 1,655 | 1,088 |
| 171 | 282 | 157 | 60 | 196 | 2 |
| 323 | (3,400) | (6,248) | (35,439) | (11,681) | (11,154) |
| (7,000) | - | - | - | - | - |
| (6,115) | (2,888) | (5,972) | (35,268) | (9,830) | (10,064) |
| <u>\$ 1,230,039</u> | <u>\$ 1,240,688</u> | <u>\$ 1,287,743</u> | <u>\$ 1,433,132</u> | <u>\$ 1,477,097</u> | <u>\$ 1,553,102</u> |
| \$ (260,888) | \$ (258,374) | \$ (170,312) | \$ (109,081) | \$ (122,823) | \$ (80,930) |
| 31,931 | 40,569 | 34,922 | (20,245) | 9,305 | 11,356 |
| <u>\$ (228,957)</u> | <u>\$ (217,805)</u> | <u>\$ (135,390)</u> | <u>\$ (129,326)</u> | <u>\$ (113,518)</u> | <u>\$ (69,574)</u> |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General fund | | | | | |
| Nonspendable | \$ 326,428 | \$ 13,186,701 | \$ 29,247,551 | \$ 32,222,128 | \$ 299,659 |
| Assigned | 2,434,347 | 7,412,327 | 200,000 | - | 1,370,583 |
| Unassigned | <u>44,173,303</u> | <u>39,986,966</u> | <u>33,670,422</u> | <u>47,504,389</u> | <u>59,228,607</u> |
| Total general fund | <u>46,934,078</u> | <u>60,585,994</u> | <u>63,117,973</u> | <u>79,726,517</u> | <u>60,898,849</u> |
| All other governmental funds | | | | | |
| Nonspendable | 1,785,017 | 1,878,413 | 2,137,679 | 1,854,877 | 2,060,858 |
| Restricted | 117,824,941 | 62,324,858 | 85,667,575 | 64,715,883 | 195,074,104 |
| Committed | 158,442,851 | 178,616,288 | 149,862,699 | 106,177,301 | 106,798,899 |
| Assigned | 18,583,800 | 10,118,900 | 31,394,900 | 35,996,400 | 1,500,000 |
| Unassigned | <u>(3,528,668)</u> | <u>(140,012,364)</u> | <u>(66,950,708)</u> | <u>(182,094,246)</u> | <u>(28,066,901)</u> |
| Total all other governmental funds | <u>293,107,941</u> | <u>112,926,095</u> | <u>202,112,145</u> | <u>26,650,215</u> | <u>277,366,960</u> |
| Total governmental funds | <u>\$ 340,042,019</u> | <u>\$ 173,512,089</u> | <u>\$ 265,230,118</u> | <u>\$ 106,376,732</u> | <u>\$ 338,265,809</u> |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-----------------------|----------------------|-----------------------|-----------------------|-------------------------|
| \$ 473,335 | \$ 367,535 | \$ 453,627 | \$ 525,930 | \$ 546,062 |
| 13,878,075 | 539,600 | 16,030,900 | 34,840,900 | 54,311,800 |
| <u>53,134,734</u> | <u>69,836,867</u> | <u>84,053,738</u> | <u>81,650,073</u> | <u>83,195,736</u> |
| 67,486,144 | 70,744,002 | 100,538,265 | 117,016,903 | 138,053,598 |
| 2,119,993 | 2,891,941 | 2,723,873 | 3,122,352 | 4,079,964 |
| 47,011,877 | 36,939,852 | 160,884,699 | 39,365,865 | 41,461,337 |
| 121,277,278 | 145,387,960 | 145,231,736 | 125,883,422 | 126,421,581 |
| 11,161,900 | - | 29,966,900 | 40,441,000 | 25,800,000 |
| <u>(39,332,027)</u> | <u>(174,680,021)</u> | <u>(15,710,564)</u> | <u>(189,169,860)</u> | <u>(501,399,310)</u> |
| <u>142,239,021</u> | <u>10,539,732</u> | <u>323,096,644</u> | <u>19,642,779</u> | <u>(303,636,428)</u> |
| <u>\$ 209,725,165</u> | <u>\$ 81,283,734</u> | <u>\$ 423,634,909</u> | <u>\$ 136,659,682</u> | <u>\$ (165,582,830)</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

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General fund | | | | | |
| GSD | | | | | |
| Nonspendable | \$ 326,428 | \$ 13,186,701 | \$ 29,247,551 | \$ 32,222,128 | \$ 299,659 |
| Assigned | 2,434,347 | 7,194,227 | 200,000 | - | 1,370,583 |
| Unassigned | 31,926,643 | 24,038,394 | 20,156,790 | 25,320,424 | 34,962,597 |
| Total GSD | <u>34,687,418</u> | <u>44,419,322</u> | <u>49,604,341</u> | <u>57,542,552</u> | <u>36,632,839</u> |
| USD | | | | | |
| Assigned | - | 218,100 | - | - | - |
| Unassigned | 12,246,660 | 15,948,572 | 13,513,632 | 22,183,965 | 24,266,010 |
| Total USD | <u>12,246,660</u> | <u>16,166,672</u> | <u>13,513,632</u> | <u>22,183,965</u> | <u>24,266,010</u> |
| Total general fund | <u>46,934,078</u> | <u>60,585,994</u> | <u>63,117,973</u> | <u>79,726,517</u> | <u>60,898,849</u> |
| General purpose school fund | | | | | |
| Nonspendable | 674,972 | 795,274 | 902,765 | 738,993 | 937,417 |
| Committed | 37,756,811 | 67,566,890 | 52,557,390 | 27,356,958 | 27,102,179 |
| Assigned | - | - | 19,264,100 | 12,431,400 | - |
| Total general purpose school fund | <u>38,431,783</u> | <u>68,362,164</u> | <u>72,724,255</u> | <u>40,527,351</u> | <u>28,039,596</u> |
| GSD general purposes | | | | | |
| debt service fund | | | | | |
| Committed | 4,506,155 | 7,631,372 | 1,761,254 | 1,107,591 | 8,406,361 |
| Assigned | - | 372,800 | 1,408,800 | - | - |
| Total GSD general purposes | <u>4,506,155</u> | <u>8,004,172</u> | <u>3,170,054</u> | <u>1,107,591</u> | <u>8,406,361</u> |
| GSD school purposes | | | | | |
| debt service fund | | | | | |
| Nonspendable | - | - | - | - | - |
| Committed | 56,056,896 | 51,971,417 | 40,690,069 | 14,991,134 | 14,559,256 |
| Assigned | 10,035,900 | 8,566,400 | 10,722,000 | 23,565,000 | - |
| Total GSD school purposes | <u>66,092,796</u> | <u>60,537,817</u> | <u>51,412,069</u> | <u>38,556,134</u> | <u>14,559,256</u> |
| USD general purposes | | | | | |
| debt service fund | | | | | |
| Committed | 4,538,711 | 1,247,752 | 2,221,176 | 4,298,707 | 2,984,488 |
| Assigned | 8,457,900 | 1,179,700 | - | - | - |
| Total USD general purposes | <u>12,996,611</u> | <u>2,427,452</u> | <u>2,221,176</u> | <u>4,298,707</u> | <u>2,984,488</u> |
| Total budgeted | | | | | |
| governmental funds | <u>\$ 168,961,423</u> | <u>\$ 199,917,599</u> | <u>\$ 192,645,527</u> | <u>\$ 164,216,300</u> | <u>\$ 114,888,550</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

| 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 473,335 | \$ 367,535 | \$ 453,627 | \$ 525,930 | \$ 546,062 |
| 442,575 | 539,600 | 10,768,700 | 29,036,600 | 45,541,100 |
| 44,578,057 | 61,358,778 | 74,758,944 | 70,094,923 | 74,818,956 |
| <u>45,493,967</u> | <u>62,265,913</u> | <u>85,981,271</u> | <u>99,657,453</u> | <u>120,906,118</u> |
| 13,435,500 | - | 5,262,200 | 5,804,300 | 8,770,700 |
| 8,556,677 | 8,478,089 | 9,294,794 | 11,555,150 | 8,376,780 |
| <u>21,992,177</u> | <u>8,478,089</u> | <u>14,556,994</u> | <u>17,359,450</u> | <u>17,147,480</u> |
| 67,486,144 | 70,744,002 | 100,538,265 | 117,016,903 | 138,053,598 |
| 883,700 | 1,291,555 | 1,504,241 | 1,569,880 | 2,790,092 |
| 34,449,193 | 54,933,590 | 64,049,858 | 43,152,443 | 53,325,440 |
| - | - | 12,000,000 | 38,005,000 | 16,000,000 |
| <u>35,332,893</u> | <u>56,225,145</u> | <u>77,554,099</u> | <u>82,727,323</u> | <u>72,115,532</u> |
| 8,626,889 | 8,469,047 | 13,255,408 | 9,450,642 | 11,504,096 |
| - | - | 5,966,900 | - | 5,000,000 |
| <u>8,626,889</u> | <u>8,469,047</u> | <u>19,222,308</u> | <u>9,450,642</u> | <u>16,504,096</u> |
| - | 475,583 | - | - | - |
| 12,006,081 | 12,898,334 | 1,479,123 | 6,392,039 | 5,143,998 |
| 11,161,900 | - | 8,000,000 | - | 3,300,000 |
| <u>23,167,981</u> | <u>13,373,917</u> | <u>9,479,123</u> | <u>6,392,039</u> | <u>8,443,998</u> |
| 6,159,913 | 7,325,354 | 4,628,697 | 3,275,429 | 1,642,363 |
| - | - | 4,000,000 | 2,436,000 | 1,500,000 |
| <u>6,159,913</u> | <u>7,325,354</u> | <u>8,628,697</u> | <u>5,711,429</u> | <u>3,142,363</u> |
| <u>\$ 140,773,820</u> | <u>\$ 156,137,465</u> | <u>\$ 215,422,492</u> | <u>\$ 221,298,336</u> | <u>\$ 238,259,587</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

| | 2006 | 2007 | 2008 | 2009 |
|---|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | |
| Property taxes (1) | \$ 719,820,461 | \$ 762,416,897 | \$ 757,993,487 | \$ 775,403,870 |
| Local option sales tax | 271,311,435 | 285,258,498 | 285,483,688 | 264,572,950 |
| Other taxes, licenses and permits | 126,826,832 | 130,176,283 | 152,575,721 | 143,696,309 |
| Fines, forfeits and penalties | 19,733,750 | 19,254,517 | 19,869,757 | 17,962,587 |
| Revenues from the use of money or property | 9,470,818 | 14,047,969 | 10,496,414 | 3,785,674 |
| Revenues from other governmental agencies | 391,034,345 | 417,169,806 | 447,314,552 | 453,448,063 |
| Commissions and fees | 21,261,179 | 26,156,439 | 29,070,315 | 25,049,552 |
| Charges for current services | 47,396,269 | 51,607,253 | 53,939,317 | 51,137,029 |
| Compensation for loss, sale or damage to property | 3,490,427 | 1,708,877 | 1,597,492 | 2,144,252 |
| Contributions and gifts | 10,900,634 | 9,917,112 | 11,995,898 | 10,645,368 |
| Bond interest tax credit | - | - | - | - |
| Miscellaneous | 1,744,055 | 2,141,108 | 3,263,508 | 4,603,664 |
| Total revenues | 1,622,990,205 | 1,719,854,759 | 1,773,600,149 | 1,752,449,318 |
| Expenditures | | | | |
| Current: | | | | |
| General government (2) | 37,827,855 | 40,641,319 | 46,904,452 | 60,035,388 |
| Fiscal administration | 14,578,459 | 15,777,516 | 16,472,712 | 24,112,437 |
| Administration of justice | 58,621,082 | 63,883,484 | 65,699,378 | 56,871,162 |
| Law enforcement and care of prisoners | 218,067,847 | 237,925,605 | 250,849,440 | 239,436,458 |
| Fire prevention and control | 100,684,959 | 112,717,674 | 119,648,604 | 107,034,837 |
| Regulation and inspection | 7,971,413 | 8,449,218 | 8,697,029 | 8,095,128 |
| Conservation of natural resources | 421,822 | 444,857 | 456,284 | 407,442 |
| Public welfare | 34,663,341 | 38,037,156 | 36,967,197 | 37,924,764 |
| Public health and hospitals (3) | 142,543,147 | 100,408,354 | 104,398,769 | 101,575,884 |
| Public library system | 21,644,954 | 21,712,959 | 22,644,664 | 20,564,850 |
| Public works, highways and streets | 60,613,315 | 65,518,756 | 70,954,215 | 63,204,089 |
| Recreational and cultural | 34,736,137 | 38,633,072 | 40,513,021 | 37,312,292 |
| Education | 622,926,552 | 636,140,631 | 683,222,289 | 720,909,041 |
| Employee benefits | 56,369,642 | 59,012,395 | 61,100,542 | 62,420,127 |
| Miscellaneous | 62,900,107 | 51,967,639 | 44,480,259 | 40,260,803 |

Note: Certain amounts have been reclassified for comparability. Unless otherwise noted, significant variances in expenditures primarily relate to salaries and associated costs. Significant variances in revenues primarily relate to increases in property tax and sales tax rates.

(1) In fiscal year 2007, the Government began selling its property tax receivables, resulting in an increase in property tax revenue for 2007 and continued increases in subsequent years.

(2) Increases in general government expenditures in fiscal years 2010 and 2011 are due primarily to costs related to flooding in May 2010.

(3) In fiscal year 2006, there was a \$16.5 million increase in the base annual operating subsidy to the Hospital Authority and a one-time appropriation of \$50 million to the Hospital Authority to fund a liability to the Government that had accumulated since the inception of the Hospital Authority. In fiscal year 2010, there was a one time appropriation to the Hospital Authority of \$32 million to forgive debt owed to the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 792,882,229 | \$ 782,238,201 | \$ 790,774,878 | \$ 892,398,894 | \$ 914,121,619 | \$ 928,796,242 |
| 256,178,237 | 258,106,909 | 281,294,520 | 301,430,612 | 315,478,742 | 340,076,515 |
| 136,182,711 | 147,382,286 | 162,804,251 | 174,702,273 | 190,370,587 | 212,923,908 |
| 18,915,362 | 18,574,592 | 16,253,081 | 18,652,738 | 18,225,785 | 17,727,633 |
| 494,777 | 321,354 | 362,910 | 489,242 | 1,895,305 | 1,720,061 |
| 488,535,713 | 559,516,608 | 576,547,108 | 559,780,403 | 556,743,508 | 575,416,455 |
| 22,002,060 | 23,460,446 | 24,002,476 | 24,211,549 | 24,120,359 | 23,102,323 |
| 50,686,861 | 56,593,344 | 56,309,437 | 58,600,398 | 59,783,530 | 58,921,658 |
| 1,712,551 | 2,016,432 | 4,109,532 | 5,231,290 | 5,265,788 | 12,107,134 |
| 5,469,908 | 3,783,798 | 14,418,670 | 8,948,728 | 10,160,516 | 7,583,631 |
| - | 5,327,305 | 5,895,527 | 4,900,351 | 4,837,386 | 4,839,480 |
| 2,706,377 | 2,718,741 | 2,269,697 | 2,081,927 | 2,200,931 | 2,390,797 |
| <u>1,775,766,786</u> | <u>1,860,040,016</u> | <u>1,935,042,087</u> | <u>2,051,428,405</u> | <u>2,103,204,056</u> | <u>2,185,605,837</u> |
| 88,954,555 | 121,146,642 | 95,085,871 | 81,829,427 | 88,894,101 | 121,382,425 |
| 22,499,859 | 23,760,394 | 21,912,507 | 22,316,247 | 21,746,114 | 20,710,891 |
| 54,590,759 | 55,407,798 | 53,575,166 | 68,479,472 | 70,290,863 | 69,233,942 |
| 239,014,459 | 249,724,844 | 255,276,886 | 259,384,359 | 263,774,603 | 272,907,074 |
| 104,214,957 | 109,108,267 | 108,609,078 | 113,452,154 | 111,520,124 | 114,494,845 |
| 7,492,864 | 7,867,410 | 7,760,963 | 8,057,406 | 7,782,724 | 7,629,325 |
| 352,001 | 340,296 | 333,713 | 398,931 | 357,658 | 348,293 |
| 42,946,288 | 41,385,895 | 39,169,144 | 40,056,346 | 38,361,990 | 38,429,963 |
| 114,094,878 | 86,019,317 | 85,975,912 | 89,757,405 | 86,084,524 | 74,416,321 |
| 19,016,993 | 20,542,242 | 21,178,142 | 22,328,538 | 22,349,552 | 25,044,101 |
| 51,039,081 | 58,151,723 | 51,792,795 | 58,251,129 | 61,817,477 | 62,968,348 |
| 33,235,850 | 33,630,118 | 34,454,492 | 36,110,497 | 36,336,635 | 38,335,515 |
| 740,550,178 | 777,009,413 | 797,821,937 | 832,361,152 | 856,362,684 | 871,208,119 |
| 64,637,576 | 69,327,218 | 72,920,868 | 76,165,493 | 79,043,492 | 80,114,975 |
| 55,652,301 | 71,067,149 | 75,985,530 | 80,080,144 | 87,709,934 | 87,245,357 |

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

| | 2006 | 2007 | 2008 | 2009 |
|---|-----------------------|-------------------------|----------------------|-------------------------|
| Expenditures (Continued) | | | | |
| Debt service: | | | | |
| Principal retirement (1) | \$ 99,000,000 | \$ 95,569,567 | \$ 94,819,566 | \$ 85,914,567 |
| Interest | 65,621,896 | 72,522,916 | 79,323,719 | 83,169,612 |
| Fiscal charges | 973,475 | 2,818,981 | 3,730,505 | 3,604,978 |
| Debt issue costs | 1,859,351 | 587,900 | 323,288 | 240,000 |
| Arbitrage rebate | 272,023 | - | - | - |
| Capital outlay - capitalized (2) | 204,299,918 | 124,229,635 | 155,498,310 | 83,576,267 |
| Capital outlay - noncapitalized | 80,000,497 | 98,191,337 | 93,929,184 | 66,712,095 |
| | <u>1,926,597,792</u> | <u>1,885,190,971</u> | <u>2,000,633,427</u> | <u>1,903,382,221</u> |
| Total expenditures | | | | |
| Excess of revenue over (under) expenditures | <u>(303,607,587)</u> | <u>(165,336,212)</u> | <u>(227,033,278)</u> | <u>(150,932,903)</u> |
| Other Financing Sources (Uses) | | | | |
| Issuance of new debt | 423,533,000 | - | 308,000,000 | 59,140,000 |
| Issuance of refunding debt | 60,805,000 | 186,890,000 | - | - |
| Debt issue premium (discount) | 20,310,047 | 12,632,569 | 7,867,112 | - |
| Payments to refunded bond escrow agent | (60,463,650) | (198,934,669) | - | (58,900,000) |
| Insurance recovery (3) | - | - | - | - |
| Transfers in | 195,467,499 | 137,154,461 | 160,349,393 | 98,879,725 |
| Transfers out | (191,960,632) | (138,936,079) | (157,465,198) | (107,040,208) |
| | <u>447,691,264</u> | <u>(1,193,718)</u> | <u>318,751,307</u> | <u>(7,920,483)</u> |
| Total other financing sources (uses) | | | | |
| Net change in fund balances | <u>\$ 144,083,677</u> | <u>\$ (166,529,930)</u> | <u>\$ 91,718,029</u> | <u>\$ (158,853,386)</u> |
| Debt service as a percentage of | | | | |
| noncapitalized expenditures (4) | 9.56 % | 9.55 % | 9.44 % | 9.29 % |

(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

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| \$ 85,889,567 | \$ 3,397,777 | \$ 12,943,203 | \$ 44,743,407 | \$ 97,320,344 | \$ 113,588,002 |
| 80,611,709 | 85,123,862 | 93,879,521 | 93,272,037 | 101,497,666 | 103,301,816 |
| 906,832 | 3,406,148 | 3,257,031 | 3,716,622 | 3,226,035 | 6,911,332 |
| 4,347,663 | 1,925,066 | 2,207,494 | 2,704,649 | - | - |
| - | - | - | - | - | - |
| 92,640,446 | 100,682,804 | 133,571,317 | 110,878,249 | 202,968,322 | 214,809,446 |
| 79,800,124 | 112,034,900 | 63,091,834 | 110,821,632 | 131,042,781 | 141,684,515 |
| <u>1,982,488,940</u> | <u>2,031,059,283</u> | <u>2,030,803,404</u> | <u>2,155,165,296</u> | <u>2,368,487,623</u> | <u>2,464,764,605</u> |
| <u>(206,722,154)</u> | <u>(171,019,267)</u> | <u>(95,761,317)</u> | <u>(103,736,891)</u> | <u>(265,283,567)</u> | <u>(279,158,768)</u> |
| 430,900,000 | 35,555,000 | - | 374,874,554 | - | - |
| 189,895,243 | 290,201,755 | 316,085,913 | 382,598,457 | - | 163,710,000 |
| 36,559,565 | 43,480,488 | 67,444,362 | 131,109,907 | - | 13,815,134 |
| (206,868,923) | (331,757,177) | (383,595,322) | (433,836,850) | - | (176,341,921) |
| 15,000,000 | 37,000,000 | - | - | - | - |
| 109,679,961 | 214,988,824 | 180,292,626 | 199,600,840 | 183,807,020 | 190,050,738 |
| <u>(136,553,615)</u> | <u>(246,991,267)</u> | <u>(212,907,693)</u> | <u>(208,258,842)</u> | <u>(205,498,680)</u> | <u>(214,317,695)</u> |
| <u>438,612,231</u> | <u>42,477,623</u> | <u>(32,680,114)</u> | <u>446,088,066</u> | <u>(21,691,660)</u> | <u>(23,083,744)</u> |
| <u>\$ 231,890,077</u> | <u>\$ (128,541,644)</u> | <u>\$ (128,441,431)</u> | <u>\$ 342,351,175</u> | <u>\$ (286,975,227)</u> | <u>\$ (302,242,512)</u> |
| 8.81 % | 4.59 % | 5.63 % | 6.75 % | 9.18 % | 9.64 % |

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 |
|-------------|-------------------|----------------|----------------|----------------------------------|
| 2005-06 | \$ 13,962,265,146 | \$ 963,153,348 | \$ 608,300,242 | \$ 15,533,718,736 |
| 2006-07 | 14,249,283,812 | 1,026,510,506 | 622,162,501 | 15,897,956,819 |
| 2007-08 | 14,562,824,424 | 1,004,636,613 | 585,267,521 | 16,152,728,558 |
| 2008-09 | 14,949,650,247 | 1,003,474,654 | 601,229,146 | 16,554,354,047 |
| 2009-10 | 17,452,127,001 | 1,118,966,031 | 651,277,995 | 19,222,371,027 |
| 2010-11 | 17,447,570,422 | 1,128,934,816 | 632,009,935 | 19,208,515,173 |
| 2011-12 | 17,366,226,070 | 1,098,349,735 | 639,688,011 | 19,104,263,816 |
| 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 |

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 | \$ 50,477,218,642 | 30.77 % |
| 4.040 | 51,736,469,429 | 30.73 |
| 4.040 | 60,386,015,276 | 26.75 |
| 4.040 | 61,881,138,204 | 26.75 |
| 3.560 | 63,157,226,914 | 30.44 |
| 3.560 | 63,280,838,469 | 30.35 |
| 3.560 | 63,127,519,037 | 30.26 |
| 4.040 | 63,259,449,113 | 30.29 |
| 3.924 | 65,810,054,890 | 30.71 |
| 3.924 | 66,270,673,259 | 30.75 |

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> |
|--------------------|------------------|-------------------|-----------------------|---|---------------------------|
| 2005-06 | \$ 9,293,334,373 | \$ 736,566,609 | \$ 484,073,719 | \$ 10,513,974,701 | \$ 0.650 |
| 2006-07 | 9,609,860,911 | 812,794,594 | 497,183,632 | 10,919,839,137 | 0.650 |
| 2007-08 | 9,775,778,452 | 800,146,680 | 476,649,480 | 11,052,574,612 | 0.650 |
| 2008-09 | 10,034,679,742 | 804,965,057 | 469,223,447 | 11,308,868,246 | 0.650 |
| 2009-10 | 11,845,833,807 | 899,198,794 | 507,695,082 | 13,252,727,683 | 0.570 |
| 2010-11 | 11,819,864,666 | 919,181,529 | 481,388,729 | 13,220,434,924 | 0.570 |
| 2011-12 | 11,847,282,828 | 915,167,902 | 482,396,101 | 13,244,846,831 | 0.570 |
| 2012-13 | 11,877,136,516 | 928,784,082 | 477,220,794 | 13,283,141,392 | 0.620 |
| 2013-14 | 12,743,560,657 | 1,042,522,606 | 500,973,282 | 14,287,056,545 | 0.592 |
| 2014-15 | 12,895,435,922 | 983,507,268 | 526,411,427 | 14,405,354,617 | 0.592 |

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 | |
| 2005-06 (2) | \$ 2.000 | \$ 1.330 | \$ 0.540 | \$ 0.170 | \$ 4.040 | \$ 0.560 | \$ 0.090 | \$ 0.650 | \$ 4.690 |
| 2006-07 (3) | 2.070 | 1.330 | 0.470 | 0.170 | 4.040 | 0.560 | 0.090 | 0.650 | 4.690 |
| 2007-08 (3) | 2.060 | 1.330 | 0.480 | 0.170 | 4.040 | 0.560 | 0.090 | 0.650 | 4.690 |
| 2008-09 (3) | 2.060 | 1.330 | 0.480 | 0.170 | 4.040 | 0.530 | 0.120 | 0.650 | 4.690 |
| 2009-10 (4) | 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 (5) | 1.960 | 1.400 | 0.430 | 0.250 | 4.040 | 0.510 | 0.110 | 0.620 | 4.660 |
| 2013-14 (4) | 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 |

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

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

- (1) A portion of the revenue of the GSD General Fund generated from the tax levy collected for the area of the USD is recorded in the USD General Fund. Referred to as the levy for fire protection service, this amount of the levy has ranged from \$.12 to \$.07 over the last ten years.
- (2) The State mandates a reappraisal valuation of property within Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was increased by the Metropolitan Council and reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the increase and reallocation by the Metropolitan Council.
- (3) In these fiscal years, the property tax rate was reallocated among the funds receiving property tax revenue.
- (4) The State mandates a reappraisal valuation of property within Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the reallocation by the Metropolitan Council.
- (5) 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, 2014 | | | | December 31, 2005 | | | |
|----------------------------------|-------------------------------|----------------------|------|------------------------------|-------------------------------|----------------------|------|------------------------------|
| | 2014 Assessed Valuation | Amount of Tax | Rank | % of Total Tax Levy | 2005 Assessed Valuation | Amount of Tax | Rank | % of Total Tax Levy |
| Electric Power Board (1) \$ | N/A | \$ 30,848,148 | 1 | 3.49 % | \$ N/A | \$ 21,534,703 | 1 | 3.09 % |
| RHP Hotels Inc./ Gaylord (3) | 246,452,372 | 11,117,359 | 2 | 1.26 | 232,907,220 | 10,915,052 | 2 | 1.57 |
| Columbia/HCA | 136,765,913 | 8,738,178 | 3 | 0.99 | 126,129,877 | 6,001,425 | 4 | 0.86 |
| AT&T Telephone/ BellSouth (3) | 126,295,909 | 5,589,992 | 4 | 0.63 | 162,773,940 | 7,480,425 | 3 | 1.07 |
| Piedmont Natural Gas | 103,995,619 | 4,565,954 | 5 | 0.52 | 94,485,157 | 4,280,317 | 5 | 0.62 |
| The Mall at Green Hills | 93,823,837 | 4,237,084 | 6 | 0.48 | - | - | (2) | - |
| Vanderbilt | 86,763,432 | 4,073,273 | 7 | 0.46 | 65,900,299 | 3,090,724 | 8 | 0.44 |
| Opry Mills Co | 90,083,998 | 4,068,193 | 8 | 0.46 | 70,260,942 | 3,804,362 | 6 | 0.55 |
| 100 Oaks Plaza | 40,748,320 | 1,840,194 | 9 | 0.21 | - | - | (2) | - |
| PREFCO XIV LTD | 37,788,578 | 1,795,751 | 10 | 0.20 | 57,611,347 | 2,792,710 | 9 | 0.40 |
| CBL & Associates | - | - | (2) | - | 74,558,746 | 3,212,292 | 7 | 0.46 |
| E. I. Dupont | - | - | (2) | - | 50,026,873 | 2,021,086 | 10 | 0.29 |
| | <u>\$ 962,717,978</u> | <u>\$ 76,874,126</u> | | <u>8.70 %</u> | <u>\$ 934,654,401</u> | <u>\$ 65,133,096</u> | | <u>9.35 %</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, 2005 and December 31, 2014. 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 |
| 2005-06 | \$ 619,151,100 | \$ 76,752,024 | \$ 695,903,124 | \$ 671,768,730 | 96.53 % |
| 2006-07 | 633,541,786 | 79,714,977 | 713,256,763 | 705,244,782 | 98.88 |
| 2007-08 | 643,729,137 | 80,683,950 | 724,413,087 | 717,920,126 | 99.10 |
| 2008-09 | 659,755,545 | 82,555,463 | 742,311,008 | 732,021,054 | 98.61 |
| 2009-10 | 675,043,791 | 84,818,421 | 759,862,212 | 748,828,597 | 98.55 |
| 2010-11 | 674,573,125 | 84,611,716 | 759,184,841 | 741,791,912 | 97.71 |
| 2011-12 | 670,841,793 | 84,767,649 | 755,609,442 | 745,445,734 | 98.65 |
| 2012-13 | 763,462,757 | 92,982,763 | 856,445,520 | 845,378,327 | 98.71 |
| 2013-14 | 781,593,235 | 96,009,026 | 877,602,261 | 863,883,378 | 98.44 |
| 2014-15 | 788,032,918 | 96,803,988 | 884,836,906 | 876,959,909 | 99.11 |

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. In June 2007, the Government also sold the majority of the real property taxes outstanding from the 2005-2006 year. The sales generated property tax revenues and reductions of the property tax receivable balances which are reflected in collections as follows:

| | Current Year | Subsequent Year |
|---------|--------------|-----------------|
| 2005-06 | \$ - | \$ 2,418,959 |
| 2006-07 | 23,025,457 | - |
| 2007-08 | 24,448,736 | - |
| 2008-09 | 21,544,115 | - |
| 2009-10 | 26,509,998 | - |
| 2010-11 | 26,178,622 | - |
| 2011-12 | 20,843,656 | - |
| 2012-13 | 21,437,137 | - |
| 2013-14 | 22,238,850 | - |
| 2014-15 | 21,679,890 | - |

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 (1) | Total Collections to Date | | Outstanding Delinquent Taxes | Percentage Uncollected |
|-----------------------|-----------------------------------|---|---------------------------|-------------------------------------|------------------------------------|---------------------------|
| | | | Amount | Percent of Levy After Adjustment | | |
| \$ (8,902,571) | \$ 687,000,553 | \$ 14,661,227 | \$ 686,429,957 | 99.92 % | \$ 570,596 | 0.08 % |
| (5,406,815) | 707,849,948 | 1,814,447 | 707,059,229 | 99.89 | 790,719 | 0.11 |
| (3,091,354) | 721,321,733 | 1,759,285 | 719,679,411 | 99.77 | 1,642,322 | 0.23 |
| (4,566,618) | 737,744,390 | 4,851,627 | 736,872,681 | 99.88 | 871,709 | 0.12 |
| (12,218,302) | 747,643,910 | (1,961,916) | 746,866,681 | 99.90 | 777,229 | 0.10 |
| (14,704,174) | 744,480,667 | 2,028,299 | 743,820,211 | 99.91 | 660,456 | 0.09 |
| (9,684,907) | 745,924,535 | (112,730) | 745,333,004 | 99.92 | 591,531 | 0.08 |
| (8,318,011) | 848,127,509 | 1,986,275 | 847,364,602 | 99.91 | 762,907 | 0.09 |
| (12,843,786) | 864,758,475 | (131,089) | 863,752,289 | 99.88 | 1,006,186 | 0.12 |
| (3,889,854) | 880,947,052 | - | 876,959,909 | 99.55 | 3,987,143 | 0.45 |

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 |
| 2005-06 | \$ 1,661,934 | \$ 10,957 | \$ 6,069 | \$ - | \$ - | \$ 1,678,960 | \$ 507,643 | \$ 8,204 |
| 2006-07 | 1,572,720 | 9,313 | 5,666 | - | - | 1,587,699 | 478,937 | 7,916 |
| 2007-08 | 1,791,289 | 7,609 | 5,261 | - | - | 1,804,159 | 446,188 | 7,624 |
| 2008-09 | 1,646,023 | 5,825 | 4,857 | 56,930 | - | 1,713,635 | 412,643 | 7,316 |
| 2009-10 | 2,003,576 | 3,956 | 4,452 | 52,650 | 21,120 | 2,085,754 | 376,913 | 6,997 |
| 2010-11 | 1,022,593 | 1,997 | 4,048 | 52,650 | 55,577 | 1,136,865 | 640,249 | 6,913 |
| 2011-12 | 2,105,210 | - | 3,643 | - | 52,410 | 2,161,263 | 752,158 | 7,074 |
| 2012-13 | 2,564,208 | - | 3,238 | - | 48,874 | 2,616,320 | 884,874 | 69,097 |
| 2013-14 | 2,446,867 | - | 2,835 | - | 45,337 | 2,495,039 | 847,596 | 66,913 |
| 2014-15 | 2,335,207 | - | 2,430 | - | 41,801 | 2,379,438 | 809,990 | 64,285 |

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

(1) See the Schedules of Demographic and Economic Statistics on page H-32 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) Per Capita Personal Income statistics for the most recent calendar year were not available at the reporting date.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS (CONTINUED)
 (amounts expressed in thousands, except per capita amount)

Unaudited - See Accompanying Accountants' Report

| Business-type Activities (Continued) | | | | | |
|--------------------------------------|--|---|---|--|---------------------------|
| <u>State Loans</u> | <u>Capitalized Lease Obligations</u> | <u>Total Business-type Activities</u> | <u>Total Primary Government</u> | <u>Percentage of Personal Income (1)</u> | <u>Per Capita (1)</u> |
| \$ 62,638 | \$ 1,780 | \$ 580,265 | \$ 2,259,225 | 9.29 % | \$ 3,919.67 |
| 126,836 | 1,620 | 615,309 | 2,203,008 | 8.53 | 3,806.84 |
| 155,648 | 1,455 | 610,915 | 2,415,074 | 8.97 | 3,897.63 |
| 159,000 | 1,270 | 580,229 | 2,293,864 | 8.26 | 3,663.48 |
| 165,331 | 1,095 | 550,336 | 2,636,090 | 9.54 | 4,146.69 |
| 159,681 | 900 | 807,743 | 1,944,608 | 6.74 | 3,103.03 |
| 197 | 695 | 760,124 | 2,921,387 | 9.72 | 4,597.17 |
| 150 | 475 | 954,596 | 3,570,916 | 10.69 | 5,508.17 |
| 101 | 245 | 914,855 | 3,409,894 | 10.10 | 5,177.47 |
| 51 | - | 874,326 | 3,253,764 | N/A (2) | 4,868.38 |

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) |
|-------------|--|--|--------------|--|-------------------|
| 2005-06 | \$ 1,661,934 | \$ 83,596 | \$ 1,578,338 | 3.13 % | \$ 2,738.35 |
| 2006-07 | 1,572,720 | 70,969 | 1,501,751 | 2.90 | 2,595.05 |
| 2007-08 | 1,791,289 | 56,803 | 1,734,486 | 2.87 | 2,799.25 |
| 2008-09 | 1,646,023 | 43,962 | 1,602,061 | 2.59 | 2,558.61 |
| 2009-10 | 2,003,576 | 25,950 | 1,977,626 | 3.13 | 3,110.89 |
| 2010-11 | 1,022,593 | 37,955 | 984,638 | 1.56 | 1,571.19 |
| 2011-12 | 2,105,210 | 29,168 | 2,076,042 | 3.29 | 3,266.91 |
| 2012-13 | 2,564,208 | 37,330 | 2,526,878 | 3.99 | 3,897.73 |
| 2013-14 | 2,446,867 | 21,554 | 2,425,313 | 3.69 | 3,682.52 |
| 2014-15 | 2,335,207 | 28,090 | 2,307,117 | 3.48 | 3,451.97 |

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

| <u>Fiscal Year</u> | <u>General Obligation Bonds and Notes</u> | <u>Less: Amounts Available in Debt Service Funds</u> | <u>Total</u> | <u>Percentage of Estimated Actual Value of Taxable Property (1)</u> | <u>Per Capita (2)</u> |
|--------------------|---|--|--------------|---|---------------------------|
| 2005-06 | \$ 134,733 | \$ 12,997 | \$ 121,736 | N/A % | \$ N/A |
| 2006-07 | 128,353 | 2,427 | 125,926 | N/A | N/A |
| 2007-08 | 153,286 | 2,221 | 151,065 | N/A | N/A |
| 2008-09 | 144,049 | 4,299 | 139,750 | N/A | N/A |
| 2009-10 | 157,592 | 2,985 | 154,607 | N/A | N/A |
| 2010-11 | 156,260 | 6,160 | 150,100 | N/A | N/A |
| 2011-12 | 181,076 | 7,325 | 173,751 | N/A | N/A |
| 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 |

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> |
|--------------------|-------------------|--|--------------------------|--|
| 2005-06 | \$ 1,577,096 | \$ 121,736 | \$ 1,455,360 | 7.72 % |
| 2006-07 | 1,644,528 | 125,926 | 1,518,602 | 7.66 |
| 2007-08 | 1,665,734 | 151,065 | 1,514,669 | 9.07 |
| 2008-09 | 1,681,640 | 139,750 | 1,541,890 | 8.31 |
| 2009-10 | 1,993,317 | 154,607 | 1,838,710 | 7.76 |
| 2010-11 | 1,983,065 | 150,100 | 1,832,965 | 7.57 |
| 2011-12 | 1,986,727 | 173,751 | 1,812,976 | 8.75 |
| 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 |

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, 2015

Unaudited - See Accompanying Accountants' Report

| | | |
|--|------------------|--------------------------|
| Assessed valuation of taxable property - Urban Services District | | <u>\$ 14,405,354,617</u> |
| Debt limit - 15 percent of assessed valuation | | \$ 2,160,803,193 |
| Amount of debt applicable to debt limit: | | |
| Total bonded debt | \$ 183,557,576 | |
| Less: | | |
| Amounts available in debt service funds | <u>3,142,363</u> | |
| Total amount of debt applicable to debt limit | | <u>180,415,213</u> |
| Legal debt margin | | <u>\$ 1,980,387,980</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

| Fiscal Year | Principal | Interest and Fiscal Charges (2) | Total Debt Service | Total General Expenditures (1) | Percentage of Debt Service to Total General Expenditures |
|-------------|-----------|---------------------------------|--------------------|--------------------------------|--|
| 2005-06 | \$ 97,495 | \$ 66,069 | \$ 163,564 | \$ 1,637,637 | 10.0 % |
| 2006-07 | 93,585 | 74,874 | 168,459 | 1,682,760 | 10.0 |
| 2007-08 | 92,775 | 82,647 | 175,422 | 1,762,582 | 10.0 |
| 2008-09 | 81,580 | 86,447 | 168,027 | 1,777,590 | 9.5 |
| 2009-10 | 81,600 | 80,876 | 162,476 | 1,844,374 | 8.8 |
| 2010-11 (3) | - | 82,682 | 82,682 | 1,863,923 | 4.4 |
| 2011-12 (3) | 7,377 | 90,065 | 97,442 | 1,881,454 | 5.2 |
| 2012-13 (3) | 40,792 | 88,396 | 129,188 | 1,964,390 | 6.6 |
| 2013-14 | 93,369 | 96,285 | 189,654 | 2,059,327 | 9.2 |
| 2014-15 | 109,637 | 99,307 | 208,944 | 2,134,006 | 9.8 |

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| Fiscal Year | Gross Revenue (1) | Direct Operating Expense (2) | Net Revenue Available For Debt Service | Debt Service Requirement | | | Coverage |
|-------------|-------------------|------------------------------|--|--------------------------|-----------|-----------|----------|
| | | | | Principal | Interest | Total | |
| 2005-06 | \$ 161,727 | \$ 78,293 | \$ 83,434 | \$ 27,280 | \$ 25,034 | \$ 52,314 | 1.59 |
| 2006-07 | 173,220 | 82,817 | 90,403 | 28,770 | 23,581 | 52,351 | 1.73 |
| 2007-08 | 180,862 | 88,416 | 92,446 | 31,185 | 19,646 | 50,831 | 1.82 |
| 2008-09 | 172,379 | 90,685 | 81,694 | 33,370 | 18,859 | 52,229 | 1.56 |
| 2009-10 | 171,966 | 88,603 | 83,363 | 35,525 | 16,526 | 52,051 | 1.60 |
| 2010-11 | 196,268 | 94,478 | 101,790 | 37,830 | 26,998 | 64,828 | 1.57 |
| 2011-12 | 201,263 | 102,485 | 98,778 | 42,410 | 29,386 | 71,796 | 1.38 |
| 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 |

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> |
|----------------------|-----------------------|---------------------------------------|---|------------------------------|
| 2005 | 576,382 | \$ 42,192 | \$ 24,318,709 | 4.6 % |
| 2006 | 578,698 | 42,092 | 25,838,472 | 4.2 |
| 2007 (4) | 619,626 | 43,394 | 26,916,014 | 3.9 |
| 2008 | 626,144 | 44,228 | 27,784,064 | 5.5 |
| 2009 | 635,710 | 43,457 | 27,626,360 | 9.3 |
| 2010 | 626,681 | 45,913 | 28,835,836 | 9.0 |
| 2011 | 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 (5) | 668,347 | N/A | N/A | 6.3 |

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

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

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

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

(5) Personal income statistics for calendar year 2014 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, 2015 | | | June 30, 2006 | | |
|--|----------------|------|-----------------------|----------------|------|-----------------------|
| | Employees | Rank | % of Total Employment | Employees | Rank | % of Total Employment |
| Vanderbilt University and Medical Center | 22,105 | 1 | 2.56 % | 17,158 | 3 | 2.31 % |
| Metro Nashville-Davidson Co. Government and Public Schools | 18,820 | 3 | 2.18 | 19,188 | 2 | 2.58 |
| State of Tennessee | 18,513 | 3 | 2.14 | 20,029 | 1 | 2.70 |
| U.S. Government | 12,179 | 4 | 1.41 | 11,146 | 4 | 1.50 |
| Nissan North America Inc. | 10,050 | 5 | 1.16 | 8,100 | 6 | 1.09 |
| HCA (including Tri-Star Health System) (1) | 7,000 | 6 | 0.81 | 8,742 | 5 | 1.18 |
| Saint Thomas Health Services | 7,000 | 7 | 0.81 | 6,300 | 7 | 0.85 |
| Randstad | 3,785 | 8 | 0.44 | - | - | (2) |
| Shoney's Inc. | 3,000 | 9 | 0.35 | - | - | (2) |
| The Kroger Company | 2,554 | 10 | 0.30 | - | - | (2) |
| Saturn Corporation | - | - | (2) | 5,800 | 8 | 0.78 |
| Bridgestone America Holdings | - | - | (2) | 4,900 | 9 | 0.66 |
| Gaylord Entertainment Company (1) | - | - | (2) | 4,150 | 10 | 0.56 |
| | <u>105,006</u> | | <u>12.16 %</u> | <u>105,513</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) National, State or Corporate Headquarters.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| | 2006 | 2007 | 2008 | 2009 |
|---|---------------|---------------|---------------|---------------|
| Governmental activities: | | | | |
| General government (1) | 340 | 331 | 337 | 330 |
| Fiscal administration | 316 | 317 | 318 | 317 |
| Administration of justice | 812 | 811 | 808 | 813 |
| Law enforcement and care of prisoners (5) | 2,716 | 2,714 | 2,715 | 2,733 |
| Fire prevention and control | 1,181 | 1,180 | 1,182 | 1,150 |
| Regulation and inspection | 111 | 108 | 108 | 105 |
| Conservation of natural resources | 10 | 10 | 11 | 10 |
| Public welfare | 487 | 492 | 487 | 483 |
| Public health and hospitals | 528 | 500 | 508 | 486 |
| Public library system | 330 | 329 | 336 | 317 |
| Public works, highways and streets (2) | 546 | 532 | 527 | 470 |
| Recreational and cultural | 639 | 650 | 682 | 605 |
| Education | 9,136 | 9,131 | 9,275 | 9,563 |
| Total governmental activities | 17,152 | 17,105 | 17,294 | 17,382 |
| Internal service activities: | | | | |
| Office of Fleet Management | 88 | 91 | 94 | 94 |
| Information Systems | 130 | 124 | 129 | 130 |
| Radio Shop | 18 | 16 | 16 | 18 |
| Metro Postal Service | 5 | 5 | 5 | 4 |
| Facilities Planning and Construction | 18 | 18 | 18 | - |
| Treasury Management | 12 | 9 | 8 | 8 |
| General Services (1) | 94 | 96 | 107 | 58 |
| Total internal service activities | 365 | 359 | 377 | 312 |
| Business-type activities: | | | | |
| Department of Water and Sewerage Services | 668 | 668 | 668 | 650 |
| Nashville Convention Center (4) | 47 | 53 | 53 | 59 |
| Board of Fair Commissioners | 17 | 29 | 24 | 25 |
| Farmers Market | 8 | 8 | 8 | 7 |
| Police Secondary Employment (5) | 5 | 5 | 5 | 5 |
| Surplus Property Auction | 7 | 7 | 7 | 7 |
| Police Impound (3) | 29 | 29 | 29 | 29 |
| Municipal Auditorium | 12 | 12 | 12 | 11 |
| Community Education Commission | 11 | 11 | 15 | 14 |
| Stormwater Operations (2) | - | - | - | - |
| Total business-type activities | 804 | 822 | 821 | 807 |
| Total primary government | 18,321 | 18,286 | 18,492 | 18,501 |

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

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

(1) During 2009, various programs in General Services previously reported as internal activities ceased operations. Effective July 1, 2014, various programs were moved to the general fund and included in governmental activities - general government.

(2) Prior to 2010, the employees of Stormwater Operations were included in governmental activities - public works, highways and streets.

(3) In the spring of 2012, the operations of Police Impound were outsourced.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------|--------|--------|--------|--------|--------|
| 288 | 297 | 306 | 308 | 302 | 364 |
| 306 | 296 | 282 | 281 | 282 | 280 |
| 773 | 804 | 765 | 772 | 777 | 775 |
| 2,787 | 2,740 | 2,802 | 2,826 | 2,831 | 2,893 |
| 1,141 | 1,138 | 1,170 | 1,170 | 1,205 | 1,206 |
| 95 | 97 | 99 | 93 | 94 | 111 |
| 9 | 9 | 8 | 8 | 8 | 8 |
| 468 | 488 | 492 | 491 | 492 | 494 |
| 473 | 469 | 450 | 437 | 464 | 483 |
| 297 | 292 | 295 | 297 | 309 | 330 |
| 363 | 364 | 368 | 381 | 389 | 388 |
| 543 | 534 | 544 | 528 | 546 | 577 |
| 9,671 | 9,019 | 9,154 | 9,291 | 9,304 | 9,294 |
| 17,214 | 16,547 | 16,735 | 16,883 | 17,003 | 17,203 |
| 89 | 89 | 89 | 88 | 89 | 95 |
| 114 | 112 | 110 | 111 | 112 | 115 |
| 16 | 16 | 15 | 15 | 15 | 15 |
| 4 | 4 | 4 | 4 | 4 | - |
| - | - | - | - | - | - |
| 8 | 8 | 7 | 7 | 7 | 7 |
| 48 | 47 | 47 | 47 | 47 | - |
| 279 | 276 | 272 | 272 | 274 | 232 |
| 692 | 704 | 700 | 707 | 715 | 713 |
| 57 | 57 | 52 | - | - | - |
| 28 | 23 | 22 | 24 | 24 | 25 |
| 7 | 7 | 7 | 7 | 7 | 7 |
| 5 | 5 | 5 | 5 | 5 | - |
| 7 | 7 | 7 | 7 | 7 | 8 |
| 29 | 29 | 29 | - | - | - |
| 8 | 8 | 8 | 9 | 9 | 10 |
| 8 | 5 | 2 | 3 | 3 | 3 |
| 90 | 90 | 93 | 93 | 93 | 93 |
| 931 | 935 | 925 | 855 | 863 | 859 |
| 18,424 | 17,758 | 17,932 | 18,010 | 18,140 | 18,294 |

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

| | 2006 | 2007 | 2008 | 2009 |
|--|-----------|-----------|-----------|-----------|
| Governmental activities: | | | | |
| General government: | | | | |
| Election Commission - registered voters | 359,806 | 334,067 | 340,373 | 345,243 |
| Assessor of Property - real property inspections (1) | 48,942 | 96,845 | 69,153 | 236,459 |
| Administration of justice: | | | | |
| Public Defender - warrants and charges | 39,242 | 43,649 | 43,402 | 46,006 |
| Circuit Court Clerk - circuit filings | 9,970 | 8,905 | 9,084 | 11,324 |
| Circuit Court Clerk - general sessions civil filings | 47,232 | 49,729 | 51,905 | 53,441 |
| Circuit Court Clerk - probate filings | 2,002 | 2,060 | 2,039 | 1,930 |
| Law enforcement and care of prisoners: | | | | |
| Sheriff - inmate days jails | 806,361 | 870,502 | 894,746 | 920,662 |
| Sheriff - inmate days detention facility | 354,799 | 374,643 | 395,777 | 401,562 |
| Police - total CAD calls received | 974,864 | 1,052,261 | 1,060,868 | 1,152,012 |
| Police - incident numbers issued | 721,903 | 784,391 | 844,469 | 918,749 |
| ECC - total 911 calls received | 329,325 | 343,631 | 361,016 | 359,926 |
| ECC - total non 911 calls received | 782,120 | 742,344 | 718,732 | 696,757 |
| Fire prevention and control: | | | | |
| Fire - life threatening responses | 38,158 | 41,633 | 40,171 | 41,989 |
| Fire - non life threatening responses | 17,607 | 19,316 | 20,768 | 21,045 |
| Regulation and inspection: | | | | |
| Codes - construction/land use permits | 10,534 | 11,663 | 10,598 | 8,235 |
| Public welfare: | | | | |
| Social Services - clients served | 19,116 | 20,164 | 19,694 | 18,870 |
| Public health and hospitals: | | | | |
| Health - clinic visits | 191,016 | 192,622 | 180,543 | 187,717 |
| Health - restaurant inspections | 12,883 | 13,355 | 13,972 | 13,796 |
| Public library system: | | | | |
| Library - circulating materials check-outs | 4,212,037 | 4,239,335 | 4,213,276 | 4,144,374 |
| Library - number of visits | 3,355,545 | 3,643,610 | 3,828,825 | 3,923,154 |

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

Note: Certain amounts are excluded because (1) the data is not available for some older years, (2) the data available for some years was not accumulated in a manner consistent with the current years, or (3) the data has yet to be accumulated for the current year. Some amounts are estimated.

(1) Years 2009 and 2013 were reappraisal years where all values are updated with new base rates, depreciation schedules and land tables to produce values at 100% of market value.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 349,733 | 345,687 | 358,136 | 362,816 | 373,231 | 373,823 |
| 58,158 | 94,348 | 103,837 | 238,107 | 48,559 | 108,401 |
| 44,776 | 43,139 | 45,852 | 41,809 | 42,857 | 43,956 |
| 10,298 | 10,900 | 10,738 | 10,729 | 10,915 | 10,062 |
| 48,834 | 47,193 | 49,978 | 46,445 | 46,116 | 43,859 |
| 1,954 | 1,879 | 1,906 | 2,048 | 2,027 | 2,126 |
| 929,674 | 898,860 | 804,641 | 771,630 | 721,508 | 655,734 |
| 397,566 | 388,466 | 426,168 | 435,098 | 379,811 | 350,472 |
| 1,315,649 | 1,417,859 | 1,585,228 | 1,384,481 | 1,333,945 | 1,357,306 |
| 1,315,455 | 1,035,026 | 1,045,077 | 1,119,012 | 1,201,162 | 1,199,375 |
| 344,276 | 370,704 | 377,118 | 365,278 | 351,814 | 408,433 |
| 690,297 | 675,908 | 625,120 | 605,693 | 634,280 | 634,124 |
| 43,124 | 44,518 | 46,076 | 44,232 | 47,161 | 47,053 |
| 24,116 | 25,835 | 26,739 | 25,403 | 28,332 | 34,812 |
| 10,172 | 8,343 | 9,304 | 9,900 | 10,131 | 11,695 |
| 17,291 | 14,963 | 13,785 | 13,271 | 13,122 | 13,990 |
| 190,942 | 195,222 | 192,902 | 181,395 | 181,959 | 164,330 |
| 13,525 | 13,378 | 12,082 | 13,050 | 13,440 | 13,689 |
| 4,148,419 | 4,208,363 | 4,340,657 | 4,368,494 | 4,663,347 | 5,133,351 |
| 3,677,765 | 3,723,416 | 3,938,659 | 3,697,063 | 3,501,710 | 3,444,250 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

| | 2006 | 2007 | 2008 | 2009 |
|--|-----------|-----------|-----------|-----------|
| Governmental activities (continued): | | | | |
| Public works, highways and streets: | | | | |
| Public Works - scheduled garbage collections | 6,552,000 | 6,552,000 | 6,417,000 | 6,423,000 |
| Public Works - tons of disposed waste | 839,779 | 800,830 | 865,671 | 957,837 |
| Public Works - rehabilitated street lane miles (2) | 145 | 186 | 392 | 171 |
| Recreational and cultural: | | | | |
| Parks - Sportsplex attendance | 385,000 | 400,000 | 325,822 | 339,718 |
| Parks - cultural enrichment class attendance (3) | 4,724 | 11,339 | 11,802 | 12,374 |
| Parks - senior citizen program attendance (4) | 30,000 | 37,484 | 38,608 | 37,932 |
| Education: | | | | |
| Public Schools - students (second month enrollment) | 73,109 | 74,155 | 74,733 | 75,049 |
| Business-type activities: | | | | |
| Department of Water and Sewerage Services: | | | | |
| Customers - water | 162,834 | 171,627 | 174,286 | 175,121 |
| Average daily actual water pumped (millions of gallons per day) | 97 | 97 | 103 | 98 |
| Customers - wastewater | 173,149 | 183,695 | 191,981 | 187,655 |
| Average daily wastewater flow (millions of gallons per day) | 125 | 128 | 145 | 151 |
| District Energy System: | | | | |
| Steam sales (thousand pounds) | 303,821 | 322,648 | 284,761 | 283,071 |
| Chilled water sales (thousand ton hours) | 52,304 | 60,720 | 58,854 | 52,976 |
| Nashville Convention Center - events (6) | 193 | 188 | 191 | 234 |
| Board of Fair Commissioners: | | | | |
| Flea market booth rentals | 18,513 | 18,900 | 16,253 | 15,743 |
| State fair attendance (5) | 204,485 | 227,478 | 230,216 | 192,130 |
| Municipal Auditorium - events held | 91 | 91 | 97 | 110 |
| Component units: | | | | |
| Music City Center - events (6) | - | - | - | - |

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

Note: Certain amounts are excluded because (1) the data is not available for some older years, (2) the data available for some years was not accumulated in a manner consistent with the current years, or (3) the data has yet to be accumulated for the current year. Some amounts are estimated.

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

(3) Cultural enrichment class attendance increased in 2007 due to added programs and programs that were excluded from prior years. Comparable amounts are not available for prior years.

(4) 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.

(5) The decrease in state fair attendance in 2008 was due to rain on the first weekend of the annual event. The operation of the state fair was outsourced beginning in 2011.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 6,477,000 | 6,503,700 | 6,630,000 | 6,630,000 | 6,625,840 | 6,672,700 |
| 745,442 | 852,856 | 569,111 | 645,224 | 649,108 | 725,871 |
| 87 | 125 | 89 | 167 | 173 | 169 |
| 344,858 | 343,835 | 333,365 | 355,999 | 343,332 | 355,699 |
| 15,710 | 17,430 | 18,300 | 18,202 | 19,430 | 39,376 |
| 36,898 | 37,970 | 60,759 | 61,214 | 54,152 | 65,504 |
| 76,329 | 78,014 | 79,212 | 81,001 | 82,307 | 84,353 |
| 176,033 | 177,475 | 184,421 | 187,272 | 190,699 | 194,270 |
| 119 | 101 | 100 | 95 | 101 | 87 |
| 189,299 | 189,898 | 195,380 | 198,485 | 198,119 | 200,425 |
| 166 | 154 | 148 | 164 | 169 | 168 |
| 272,448 | 277,943 | 250,414 | 374,366 | 410,084 | 381,755 |
| 51,273 | 56,118 | 57,233 | 62,538 | 61,768 | 59,626 |
| 243 | 237 | 217 | 254 | 56 | 15 |
| 15,908 | 14,510 | 16,423 | 16,515 | 18,612 | 22,314 |
| 209,385 | 208,131 | 62,352 | 67,805 | 67,635 | 66,752 |
| 111 | 123 | 90 | 110 | 155 | 135 |
| - | - | - | - | 342 | 305 |

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

| | 2006 | 2007 | 2008 | 2009 |
|---|---------|---------|---------|---------|
| Governmental activities: | | | | |
| General government: | | | | |
| General government vehicles (1) | 3,425 | 3,559 | 3,614 | 3,277 |
| Law enforcement and care of prisoners: | | | | |
| Sheriff inmate capacity - jails | 2,587 | 2,587 | 2,918 | 2,918 |
| Sheriff inmate capacity - detention facility | 1,092 | 1,092 | 1,092 | 1,092 |
| Police stations | 6 | 6 | 6 | 6 |
| Fire prevention and control: | | | | |
| Fire stations | 40 | 41 | 41 | 41 |
| Public library system: | | | | |
| Libraries | 24 | 24 | 24 | 24 |
| Public works, highways and streets: | | | | |
| Streets and roads (lane miles) | 5,600 | 5,643 | 5,687 | 5,740 |
| Recreational and cultural: | | | | |
| Parks (number) | 107 | 110 | 110 | 115 |
| Parks (acreage) | 10,355 | 10,424 | 10,490 | 10,713 |
| Miles of completed greenways | 29.5 | 36.5 | 37.2 | 37.2 |
| Education: | | | | |
| Schools (4) | 136 | 135 | 137 | 132 |
| School buses | 657 | 667 | 660 | 646 |
| Business-type activities: | | | | |
| Department of Water and Sewerage Services: | | | | |
| Water mains (miles) (2) | 2,771 | 2,888 | 2,944 | 2,873 |
| Maximum daily water capacity (thousands of gallons) | 180,000 | 180,000 | 180,000 | 180,000 |
| Sewers (miles) (2) | 2,901 | 3,027 | 3,069 | 2,890 |
| Maximum daily treatment capacity (thousands of gallons) | 465,000 | 465,000 | 465,000 | 465,000 |
| District Energy System: | | | | |
| Steam: | | | | |
| Maximum contract capacity (pounds per hour) | 368,079 | 368,079 | 368,079 | 368,079 |
| Percentage maximum contract capacity represented by customers | 67.05% | 67.05% | 67.05% | 67.13% |
| Chilled water: | | | | |
| Maximum contract capacity (tons) | 28,599 | 28,599 | 28,599 | 28,599 |
| Percentage maximum contract capacity represented by customers (3) | 87.57% | 87.57% | 87.57% | 86.30% |
| Nashville Convention Center: | | | | |
| Exhibition space (square footage) | 118,675 | 118,675 | 118,675 | 118,675 |
| Board of Fair Commissioners: | | | | |
| Exhibition space (square footage) | 126,600 | 126,600 | 126,600 | 126,600 |
| Livestock barns (square footage) | 50,400 | 50,400 | 50,400 | 50,400 |
| Livestock show arena (square footage) | 7,800 | 7,800 | 7,800 | 7,800 |
| Component units: | | | | |
| Music City Center: | | | | |
| Exhibition space (square footage) (5) | - | - | - | - |

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------|---------|---------|---------|---------|---------|
| 3,408 | 3,510 | 3,507 | 3,524 | 3,542 | 3,452 |
| 2,918 | 2,918 | 2,918 | 2,918 | 2,918 | 2,918 |
| 1,092 | 1,092 | 1,092 | 1,348 | 1,348 | 1,348 |
| 6 | 7 | 7 | 7 | 7 | 8 |
| 41 | 38 | 38 | 38 | 38 | 38 |
| 24 | 24 | 24 | 24 | 23 | 23 |
| 5,777 | 5,796 | 5,814 | 5,832 | 5,852 | 5,866 |
| 115 | 118 | 127 | 126 | 126 | 132 |
| 10,876 | 11,131 | 12,554 | 13,022 | 13,802 | 15,078 |
| 45.7 | 46.5 | 51.0 | 54.5 | 79.0 | 82.0 |
| 138 | 137 | 136 | 135 | 131 | 131 |
| 673 | 725 | 697 | 751 | 721 | 831 |
| 2,878 | 2,912 | 2,886 | 2,910 | 3,042 | 3,054 |
| 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 |
| 3,045 | 3,051 | 3,063 | 3,096 | 3,082 | 3,091 |
| 465,000 | 465,000 | 465,000 | 483,000 | 510,000 | 510,000 |
| 303,833 | 321,430 | 295,998 | 299,053 | 297,389 | 321,289 |
| 80.66% | 76.00% | 73.16% | 85.14% | 99.70% | 93.20% |
| 29,279 | 31,169 | 30,044 | 30,415 | 30,533 | 34,230 |
| 82.00% | 77.00% | 73.58% | 84.47% | 82.33% | 88.70% |
| 118,675 | 118,675 | 118,675 | 118,675 | 118,675 | 118,675 |
| 126,600 | 120,919 | 115,459 | 115,459 | 120,919 | 120,919 |
| 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 |

- (1) General government vehicles include vehicles that are used in various other functions of the Government.
- (2) Decreases in water main and sewer miles in 2009 are due to a conversion to a new system for maintaining records resulting in more accurate measurements and the elimination of abandoned lines.
- (3) District Energy System diversified capacity for chilled water after planned pump modification in 2010.
- (4) Beginning in 2014, charter schools, academic academies and pre-k sites are included in total schools.
- (5) The Music City Center opened in May 2013.



For an ADA accommodation, please contact Kimberly Northern at 615-880-1710 or by email at kimberly.northern@nashville.gov