


METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Mayor Megan Barry

Fellow Nashvillians:

In Nashville, we have created an economic engine that has resulted in job growth, wage growth, low unemployment, and also revenues that can be used to improve the lives of all Nashvillians.

This **\$2,087,320,200** document represents a **6.1 percent** increase over the last Metro budget – all without raising taxes and while growing our rainy day fund.



I am pleased that with my recommended budget for fiscal year 2017, we have the opportunity to invest in our employees, in our schools, and in our departments and agencies that serve the citizens of our great city.

Investing in Our Youth

I believe that public education is the great equalizer that can ensure that our kids get the very best chance in life. Education is the largest component of the budget I am submitting to Metro Council. We are proposing **\$843 million**, an increase of \$33 million from FY16, which includes funding for teacher pay, additional investments in literacy programs and resources for our English Language Learners

We cannot, however, stop with schools. Our Youth Violence Summits stressed the need for youth employment opportunities. I have committed to 10,000 youth jobs and this budget will make **\$1.6 million** available for that goal. This is in addition to **more than \$1.1 million** for more after school programs and juvenile justice initiatives.

Investing in Our Employees

The greatest resource we have in government is our people, and we should have a budget and a pay plan that reflects this reality. To do that, we will invest **\$30 million** in our employees by adjusting pay scales to better reflect market rates for jobs as compared to peer cities and giving employees a **3.1% across the board cost-of-living adjustment** that will allow working families to keep up with rising prices. Our investment in them is an investment in Nashville. It allows them to pay a mortgage or cover a child's college tuition bills or buy groceries every week, and all of that economic activity keeps our city moving and growing.

In order to keep up with rising demand for services, I am also recommending additional staff for key departments including police, fire, codes, planning, public works, parks and others.

Investing in Our Future

This year, we asked departments to submit three-year budget proposals that anticipate future needs. Likewise, this budget proposal makes key investments in Nashville that will allow us to continue growing in a sustainable manner.

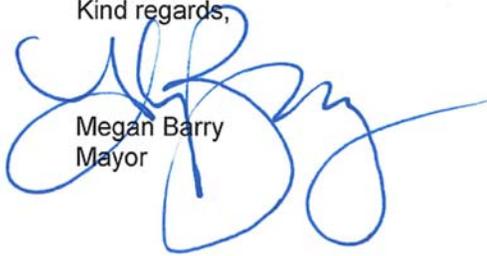
We have roads and bridges in need of repair. That is why we are investing **over \$1 million** in public works, and will be announcing a **\$60 million investment** in sidewalks and road repair in our forthcoming capital spending plan, in addition to an increase of **\$2 million** for the Metro Transit Authority.

We cannot, however, talk about the future of Nashville without addressing the need for affordable and workforce housing. To that end, this budget commits a historic **\$10 million to the Barnes Fund**, bringing

the overall total to **\$16 million**. Projects are already underway and I remain committed to addressing this important issue as we move forward.

Over the coming weeks, the Metro Council will hold hearings on our budget recommendations. I am committed to working with the Council to make sure we have a budget that reflects our shared priorities.

Kind regards,



Megan Barry
Mayor

Office of the Mayor

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Introduction

This summary and the remainder of this book present the Metropolitan Government's balanced \$2.087 billion operating budget for FY2017. All funds are required to balance. As such, total anticipated revenues must equal the sum of budgeted expenditures for each fund. Revenues are derived from four sources: current revenue charges, increases in existing revenue charges, new revenue sources, and unallocated reserves carried forward from prior years.

Budget Approach and Long Term Planning

Under the direction of the newly elected Mayor and newly appointed Finance Director, Metro significantly changed its budgeting approach in FY17. This new approach included the review and submission of three year departmental budget proposals. These proposals will become part of a long-term financial plan for Metro. This is an enhancement to the less formal plans of the past. This effort will aid the administration in structuring organizational decisions in line with long-term funding availability, ultimately improving the services delivered to Nashville.

Budget Priorities

This budget continues our focus on developing a balanced budget that invests in Nashville's future and keeps taxes low. Our priorities for this budget are:

- Education and Youth
- Affordable Housing and Economic Development for All
- Transportation and Infrastructure
- Quality of Life

Changes from the FY2016 budget are detailed in the "Highlights" of each department's narrative in this document. This information is also accessible via the Citizens' Guide to the Budget web site at www.nashville.gov/citizens_budget.

Public Education

| School Fund Budget | |
|--------------------|-----------------|
| FY2016 | \$810.0 million |
| FY2017 | 843.3 million |
| Increase | \$ 33.3 million |

The public education budget was developed by the Metro Nashville Public Schools' administrative staff and initially presented in draft format to the Metro Nashville Public Schools (MNPS) Board of Education for review. After receiving input from the community, parents, staff, and students, the budget was reviewed, adjusted, and approved by the MNPS Board.

The budget funds the MNPS at \$843.3 million. This is an increase of \$33.3 million over the FY16 budget. The recommended increase will fund pay increases for employees, inflationary and required additions, and a host of other necessary improvements. The increase does include funding for around 250 new employees, including teachers, bus monitors and special education bus drivers. One new charter school and two new Achievement School District Schools are also included in this budget. This budget does include funding for start-up cost for English language learners and literacy initiatives.



The investment in the continued expansion of the district's literacy program is focused on helping the lowest-achieving readers get back on grade level. The majority of the proposed literacy budget increase goes to early literacy supports with the expansion of Reading Recovery teachers, Reading Recovery teacher leaders, reading interventionists, and professional learning for literacy/instructional coaches. The remaining increase includes supplemental programming, including summer school, literacy materials, and additional reading clinics.

The investment in the continued expansion of services for English Learners comprises 15 percent of the district's student population. The majority would go to additional EL teachers, EL training for all teachers and technology. The rest goes to programming, including after school and summer supports for students and families.

Public Safety

| Public Safety Budget | |
|----------------------|-----------------|
| FY2016 | \$408.0 million |
| FY2017 | 427.7 million |
| Increase | \$ 19.7 million |

Metro continues to focus on assuring that our citizens are safe by providing the necessary personnel, training, and equipment to our Public Safety programs. Highlights from selected departments include:



Police

The Police Department's annual budget for FY17 provides \$2,000,000 in additional funding. Included in this funding is \$500,000 to provide for the addition of 6 police officers to enhance existing Domestic Violence resources. The officers will enable existing units to reach more victims and investigate allegations in a timelier manner. Metro Nashville's Crime Lab will receive an additional \$500,000 and 4 additional staff. Resources will also help maintain competitive lab compensation and provide for instrumentation maintenance and supplies. Department funding enhancements include \$839,600 and 1 FTE to support special events. This funding is important to maintain safety at Nashville's every growing list of events and programs. The Department's Youth Services program will increase by \$160,400 and 2 FTE's. These resources will aid in decreasing the youth recidivism rate.

Fire

The Fire Department's operational budget for FY17 provides \$1,500,000 of additional funding. Included in this funding is an expansion of Emergency Medical Services (EMS) by adding 2 additional ambulances in daily service. To insure the quality of expanding EMS services, 4 paramedics will be added. This staff will assist in the medical records review process, among other quality assurance duties. Department funding includes \$325,000 and 4 FTE's to enhance fire inspection services. As Nashville continues its building boom, it is important to meet this demand with additional inspection capacity.

Sheriff

The Sheriff is undertaking the major project of rebuilding the existing Criminal Justice Center in its existing footprint. Although this is a significant undertaking, the Sheriff did not request an operating budget improvement in FY17. The Davidson County Sheriff's Office budget for FY17 continues to support full staffing for correctional services, thus maintaining this administration's commitment to public safety.

Emergency Communications Center (ECC)

Effective communication in an emergency is critical to a high quality response. Nashville continues to grow, and Metro has addressed this growth by adding ambulance units and police officers. These additions, along with the increasing protocols required for a high standard of care, have placed significant pressure on Call Taker time. To address these needs, the FY17 budget adds \$303,000 and 5 FTE's to the ECC budget. The new positions will allow ECC to better manage the workload and provide more effective and efficient services to the citizens, visitors and public safety partners of Nashville and Davidson County.

General Sessions Court

An effective court system is an integral part of ensuring public safety. Metro's General Sessions Court is a key partner contributing to this objective. Following an extended study of Nashville's Night Court, it was determined that improvements were needed. The FY17 budget addresses those needs by adding \$219,600 and 3.04 FTE's to the court. The roles of courts have evolved over the years, to not only hear cases, but address community issues through specialty courts. The FY17 budget adds \$118,900 and 2 FTE's to the Mental Health Court to enhance case management services. Probation Services will see an increase of \$113,500 and 2 FTE's in the FY17 budget. This addition will add Probation Officers to specialize in supervising Hispanic offenders including addressing needs of the Human Trafficking Court (Cherished Hearts Docket).

Youth Violence

The Mayor has set a high priority on reducing youth violence in Nashville. To address these concerns, the budget adds funding to organizations including the Juvenile Court. The Juvenile Court's budget includes \$112,000 and FTE's for additional probation officers to serve a population of at-risk youth with Adverse Childhood Experiences that are currently underserved by existing court supervision resources. The Court's budget also includes \$47,400 and 1 FTE for a Youth Court Expansion. This funding will enhance restorative justice practices in the Juvenile Court and Metro Schools by expanding Youth Court into more area high schools.

Quality of Life

The FY17 budget is committed to provide a good quality of life for all Nashville citizens. Enhancements are included to the Nashville Public Library and the Metro Public Health, as well as other agencies.

The Library's budget will increase by \$975,300. A significant amount of this increase funds an expansion in Friday service hours. The budget includes \$342,700 and 8 FTE's to open select libraries on Fridays at several Community Branch locations. The Library's Special Collections will receive an enhancement of \$108,000 and 2 FTEs to maintain a previously grant-funded program. The budget includes \$136,000 and 2 FTEs for Bringing Books to Life, which provides literacy programs for young children. This funding will aid in maintaining the program previously funded through resources.

The budget includes an increase of \$780,100 for Metro Public Health. These funds cover needs in youth services, food and facility inspections, vital records, and vaccinations.

Affordable Housing and Economic Development

The FY17 budget recognizes that Nashville is in a period of unprecedented growth, where many are prospering and some need a hand up. The Metro area's expansion has resulted in increasing housing prices, making it unaffordable for some to live in Metro. Housing priorities are focused on how Metro can help fund, build, preserve and retain affordable housing options. On the funding side, we are expanding the Barnes Fund for Affordable Housing to \$16 million in FY17. That is the highest it has ever been, and it's the biggest commitment an administration has ever made to affordable housing in Nashville. Funding is, in part, provided by \$5 million in estimated proceeds from the sale of the old Convention Center. The Mayor is committed to providing \$10 million in each year of her tenure.

Youth Employment

Investing in youth is investing in our future. The administration recognizes the importance of investing in youth in many ways, including increased commitments to education and a major youth employment initiative. The Mayor's goal is to connect 10,000 Nashville youth to jobs or internships by 2017. The FY17 budget includes \$1,000,000 to advance youth employment and will put our youth to work right away this summer, using the opportunities available in Metro.

Transportation and Infrastructure

Well thought out transit options are important to maintaining future city growth. Metro's strategy to addressing transit and infrastructure issues are under development. One significant piece of this strategy is being developed by the Metropolitan Transit Agency (MTA). MTA has been working on its long-range strategic plan – called nMotion – for more than a year and will be presenting it this summer. The FY17 budget maintains and slightly expands its investment in MTA, with a \$42 million subsidy. This reflects a \$2 million increase over FY16. The increase is principally targeted to cover Nolensville Road bus rapid transit, Thompson Lane feeder service, and planning for first and last mile service for citizens that don't have easy access to a bus line.

Infrastructure needs are also addressed through improvements to the Codes, Parks and Public Works Departments. Codes will receive an additional \$164,000 and 3 FTE's to cover staffing needs in property standards and zoning. Metro Planning will see an increase of \$328,100 and 4 FTE's to enhance community plans, capital planning and land development. To address Parks needs for additional staff and maintenance services, the FY17 budget provides an additional \$1.6 million. Much of this need has come as a result of the expanded number of parks and facilities throughout Metro. Public Works will see an increase of \$1.3 million to cover contractual increases and an expansion in cleaning crews.

Pay Plan/Benefit Adjustments

The FY17 budget provides funding for all employees to receive a 3.1% cost of living increase, beginning in July 2016. Funding is also provided for employees on increment pay plans, and funding for a 3% increase to eligible employees on open range pay plans, beginning in July 2016.

The budget includes funding for implementation of recommendation from the Deloitte Compensation Study, now completed. This study aims to bring pay grades to competitive market rates. It is important to Metro to maintain a strong workforce. As part of its employee hiring and retention strategy, Metro offers competitive wages.

Included in FY17, compensation funding is \$1.1 million to cover costs associated with providing Veteran's Day as a holiday. Mayor Barry's intent is to make Veterans Day, November 11, an official holiday for Metro Government, closing non-emergency government offices so that employees can celebrate and honor our veterans.

The budget includes significant pension and injured on duty savings. Pension savings of \$8.5 million are the result of a decrease in the pension benefit contribution rate from 15.51% to 12.34%. This rate is actuarially determined. The budget recognizes a savings of \$1.9 million from a reduction in injured on duty costs.

FTE Adjustments

The table below illustrates changes in full-time equivalent (FTE) counts for FY15 through the recommended FY17 budget for positions funded by the general funds.

| FTE's by Fund Group | | | | |
|----------------------------|-----------------|-----------------|-----------------|---------------------------------------|
| | <u>FY15</u> | <u>FY16</u> | <u>FY17</u> | <u>FY16 – FY17</u> <u>Variance</u> |
| GSD | 6,178.70 | 6,292.08 | 6,420.10 | 128.02 |
| USD | 751.00 | 751.00 | 756.00 | 5.00 |
| Total | 6,929.70 | 7,043.08 | 7,176.10 | 133.02 |

For FY17, the GSD and USD show an increase in FTE's from the previous year. For a detailed list of FTE's by department including additions and reductions, see Appendix 1 Schedule 3. This appendix also includes information on FTE's funded by other revenue sources.

Public Investment Plans

This year we implemented a new Public Investment Plan or PIP program. All departments were invited to participate by convening a group of stakeholders and finding an innovative solution to a common problem. Collaboration was encouraged, both inside of Metro and with entities outside of government. Once the proposals were submitted, each group then gave a 7-minute presentation to a review panel, followed by a brief question and answer period.

The response was impressive. In total 34 PIPs were submitted; 14 were chosen for full or partial funding. Every PIP, however, had value in that they illuminated common problems faced by every department. We are committed to addressing the issues brought forth in these PIPs.

One way we will do that is by investing in a new Innovation Investment Fund. This will allow departments to access funding through the year for unique, innovative solutions that arise between budget cycles. In this way we can encourage ongoing innovation, rather than restricting ideas to the annual budget process.

Economic Trends

The resources available to Metro are directly and indirectly dependent on the strengths of the National and State economies. Given these relationships, the status of these economies, and their impact on Metro, are reviewed prior to setting funding levels.

Economic growth in Tennessee mirrored that of the national economy in 2015, as inflation-adjusted gross domestic product (GDP) expanded by 2.4% at each level. Continued advancement is projected for Tennessee into 2016, albeit at a slightly slower pace of 2.3%. Nominal personal income also grew by 4.7%, outpacing the country by 0.2 percentage points, while driving in an additional 6.2% in taxable sales over the same time period. This trend is expected to continue over the next year, with forecasted increases of 4.8% and 4.7% respectively.

Unemployment also trended favorably across the state during 2015, dropping steadily each quarter. Through March of 2016, this is further evidenced in year over year unemployment that has fallen from 6% to 4.5%. This decrease can be attributed to the creation of an additional 91,800 jobs, resulting in the employed labor force surpassing the state's pre-recession peak in 2007. This decrease also represents a drop below the national average, which has historically been much lower. The estimated labor force for the state of Tennessee now stands at 3,138,900. For Nashville, the labor force is 371,840 with 359,550 being employed.

The top employer in Nashville/Davidson County is the State of Tennessee with an estimated 38,375 employees. With 24,719 employees, Nashville's second largest employer, Vanderbilt University, has helped earn the city the moniker "Healthcare Industry Capital." This is due to the nearly \$40 billion of economic impact that is derived from the area's healthcare industry annually. Rounding out the city's top three employers is the US Government, employing 12,225. Mimicking declines witnessed in previous years, Nashville's unemployment level likewise dropped in 2015, from 4.8% to 4.0%. The city continued to benefit from rapid population growth, 5th among the

nation's top 25 Metro areas since 2010; this population growth offset job expansion from the area's top employers, a trend that is expected to continue into the next year.

As of 2015, there were 259,597 households in Davidson County, which has a homeownership rate of 54.0%. The median sales price of homes sold in the county was \$217,900, up 14.3% from the previous year. Overall housing starts increased by 19% and closings gained an additional 12.7%, the latter a record finish for homes sold within a 12 month period. While the housing market profited categorically across the board at a notably higher level relative to much of the rest of the country, overall prices within the Nashville – Davidson MSA trailed the national average increase of 1%, coming in at 0.7%.

The estimated GDP (2015) for the State of Tennessee is \$310.3 billion. Based on the most recent data available from the Bureau of Economic Analysis, the GDP for Nashville – Davidson MSA was \$101,006,000 in 2013 and \$106,695,000 in 2014. This change is reflective of an increase of 5.6%, which exceeds the relative production of both the state and nation during the same time period.

Property Reappraisal

The Assessor's Office conducts a property reappraisal every four years under Tennessee state law. The reappraisal estimates the value of all property in Davidson County. This is performed to periodically adjust recorded property assessments to generally reflect market values.

State law also requires that this reappraisal be revenue neutral for local governments. This means that as the aggregated value of property changes, the tax rate must change as well to ensure that the local government receives the same amount of revenue. So if the property in the county collectively increases in value, the actual property tax rate needs to drop so that the revenue collected remains the same. The next reappraisal will occur during 2017.

Revenues

The tone of any government's budget is always set by the availability of resources. Revenues and available fund balances must be able to support budgeted expenditures, and both the Metropolitan Charter and Tennessee Law prohibit deficit financing. The largest sources of revenue are property taxes and sales taxes, which are discussed below.

Property Taxes

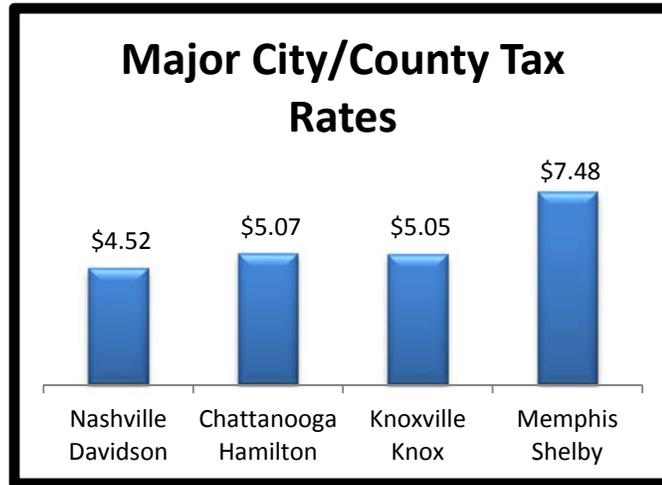
| Property Tax Budget | |
|---------------------|-----------------|
| FY2016 | \$938.8 million |
| FY2017 | 972.0 million |
| Increase | \$ 33.2 million |

The predominant source of revenue is Property Tax. Property tax is forecasted to increase by 3.5%, from \$938.8 million to \$972.0 million, between FY2016 and FY2017. In FY17, the property tax rate will remain the same as in FY16 at \$4.52 per \$100 of assessed valuation.

The combined USD-GSD rate is the total paid for property in the USD; property outside of the USD is taxed at the GSD rate. Residents of the satellite cities within Metro pay the GSD rate plus the rate set by that satellite city.

| FY2016 Property Tax Distribution (Rates per \$100 of Assessed Value) | | | |
|---|-------------------------|-----------|-----------|
| District | Fund | 2016 Rate | 2017 Rate |
| GSD (General Services District) | General | \$1.905 | \$1.905 |
| | Schools General Purpose | 1.416 | 1.416 |
| | General Debt Service | 0.423 | 0.423 |
| | Schools Debt Service | 0.180 | 0.180 |
| | Subtotal - GSD | \$3.924 | \$3.924 |
| USD (Urban Services District) | General | \$0.480 | \$0.495 |
| | General Debt Service | 0.112 | 0.097 |
| | Subtotal - USD | \$0.592 | \$0.592 |
| Combined USD/GSD rate | | \$4.52 | \$4.52 |

Metro's property tax rates are the lowest of the four major Tennessee cities and competitive with those of surrounding areas. The following chart represents the proposed tax rates for Nashville in FY17, and the current tax rates for Knoxville, Chattanooga, and Memphis.

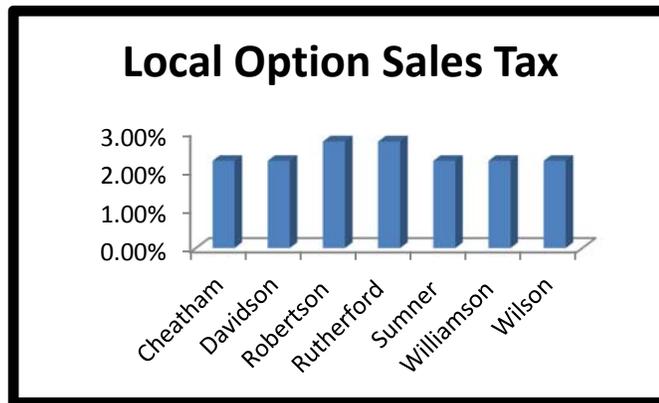


Local Option Sales Tax

| Sales Tax Budget | |
|------------------|-----------------|
| FY 2016 | \$360.9 million |
| FY 2017 | 388.2 million |
| Increase | \$ 27.3 million |

A notable increase in economic growth is projected to have an immediate effect on sales tax collections and secondary effects on other revenue sources. Taxable sales are expected to increase in FY17 by 7.56% from FY16.

The budget includes no change in the rate of the 2.25% local option sales tax. By State law, at least 1/2 of the local sales tax must be allocated to schools. Nashville Davidson County has chosen not to increase to the state allowed maximum of 2.75%. The following chart shows local sales tax rates in surrounding counties. Note these percentages represent the FY2015 rates. FY2016 information on the surrounding counties was unavailable at print time.



Davidson County's Local Option Sales Tax Rate is 2.25% as of May 1, 2016. By comparison, Robertson and Rutherford County rates are higher by 0.50% at 2.75%. Cheatham, Sumner, Williamson and Wilson County are all comparable to Davidson County, at 2.25%.

Federal, State, and Other

| Federal, State, & Other Gov't Agencies Budget | |
|---|-----------------|
| FY2016 | \$366.5 million |
| FY2017 | 394.0 million |
| Increase | \$ 27.5 million |

Budgeted Federal, State, and Other revenues are based on our best estimates of revenues from specific sources. This category also includes other revenues, reimbursements, and grants from other organizations. The growth in this category is principally from increases in the TN MNPS Basic Education Program (\$15.5 million), Income Tax (\$3 million), TN Sales Tax Levy (\$5.3 million), and the TN Excise Tax Allocation (\$2.8 million).

Other Local Revenues

| Other Revenues Budget | |
|-----------------------|-----------------|
| FY2016 | \$228.2 million |
| FY2017 | 261.1 million |
| Increase | \$ 32.9 million |

Other Local Revenues include items such as motor vehicle licenses, traffic violation fines, parking fees, building and excavation permits, emergency ambulance fees, alcoholic beverage taxes and court fees. Transfers from other funds are also included in this category. Other local revenues are expected to increase in FY17 by 14.4%. The growth in this category is principally from increases in Business Tax (\$9.8 million), building permit related revenue (\$6 million), alcohol and beer related taxes (\$5.9 million) and Motor Vehicle License (\$2.4 million).

Fund Balances

| Fund Balance Appropriated | |
|---------------------------|------------------|
| FY2016 | \$73.9 million |
| FY2017 | 71.9 million |
| Decrease | \$ (2.0 million) |

Fund balances occur when revenues received are greater than expenditures. We normally see fund balances increase at the end of each year, and routinely appropriate some of that to support the next year’s operating budget.

It is Metro’s policy that fund balances as a percentage of expenditures for the General Funds should remain above the 5% minimum set by management to handle unanticipated contingencies. Over the past few years Metro agencies worked diligently to build fund balances above and beyond the minimum requirements. The FY17 budget appropriates \$71.9 million from operating and debt service fund balances. Even with this use, fund balances are projected to continue to exceed minimum fund balance requirements required by Metro Nashville policy.

Strategic Planning & Performance Measurement

Metro Nashville’s approach to Strategic Planning is beginning an exciting transformation. Fundamentally, the Mayor, Metro Council and many other elected officials set the vision for the city and the government’s priorities. These priorities inform the strategies deployed by each Metro Department and agency. For many years, these strategies were documented in the form of Strategic Business Plans. These plans identify each organization’s mission, strategic issues, goals, and performance measures that should contribute to goal attainment. Metro has also maintained a performance measure reporting program, tracking metrics on an annual basis.

Beginning in FY17, Metro will begin a move to a new strategic management system, which has only begun to be defined. In the face of citizen demand for greater government accountability and visibility, opportunities to give feedback and avenues to engage in the governing process, Metro must respond with new and improved processes to develop, measure, and report the results of its strategic initiatives. It is essential to the effective performance of Metro government that it operates a budget and performance measurement process that is connected to community priorities, accessible to the public, and accountable to the public. Metro is restructuring its Strategic Management programs to better track and achieve the outcomes developed by the Mayor and the citizens.

Through funding of the Strategic Budgeting and Performance PIP, Metro government will hire a Chief Strategy Officer and accompanying team to facilitate development of community outcomes and give departments the necessary tools and training to identify strategic issues and develop collaborative, effective solutions. In addition, Metro will fund the establishment of the Innovation Investment Fund that will serve as a resource for future citizen-focused collaborative projects introduced throughout the year.

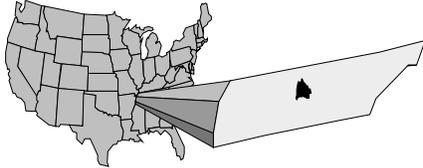
Conclusion

The FY17 budget continues to meet our objectives of strengthening public education and protecting the safety of the public while maintaining a balanced budget.

Metro Nashville and its Budget

Metro Government

The Metropolitan Government was formed in 1963 with the merger of the governments of the former City of Nashville and Davidson County. Metro Nashville is a friendly, forward thinking city with a diverse economy, strong transportation links, and many institutions of higher education. It is the capital of Tennessee, one of the largest cities in the mid-state, and the hub of a state of nearly 6.6 million residents.



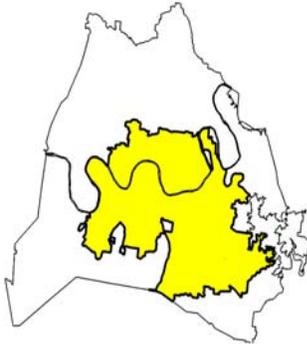
As a consolidated government, Metro provides all services and performs all functions normally associated with Tennessee city and county governments. This also means that the government and its budget are more complex than those of most other cities and counties.

Services Districts

The Charter requires that Metro's operating budget be divided into two districts: the **General Services District (GSD)** and the **Urban Services District (USD)**. The GSD is synonymous with Davidson County; the USD comprises the old City of Nashville plus certain areas added since Metro was formed.

The geographic areas, purposes, and functions of these two districts determine the way services are budgeted and provided in Metro. The two districts relate services provided to taxes paid. The GSD receives a base level of services; its property is taxed at the GSD rate to fund these services. The USD receives more of certain services, which are funded by an additional USD rate to fund those services.

The General and Urban Services Districts in a Nutshell



| District | GSD | USD |
|-----------------|--|---|
| Size | 525 square miles 462,201* people | 187 square miles 216,688* people |
| Services | General government, financial management, schools, justice administration, law enforcement and incarceration, basic fire and ambulance, regulation and inspection, social services, health, hospitals, libraries, public works, traffic control, recreation. | GSD services plus additional police protection, additional fire protection, and additional public works (refuse collection & street lighting) |

* *The 2015 US Census Bureau estimates the Davidson County population to be 678,889. The Metropolitan Planning Organization estimated the population for the GSD and USD Districts*

Other Governments

A variety of services are provided to Metro citizens directly by the federal, state, and other local governments. This book does not cover those services. However, information on them is available from various web sites.

- For federal services, see the U.S. Government site at www.usa.gov/.
- For state services, see www.tn.gov

- For any of the seven satellite cities within Davidson County, some basic information is provided under the listing for Satellite Cities in the Glossary (Appendix 2). For more current and detailed information, contact the satellite city directly.

For additional information on the Board of Education budget, see their web site at <http://www.mnps.org>

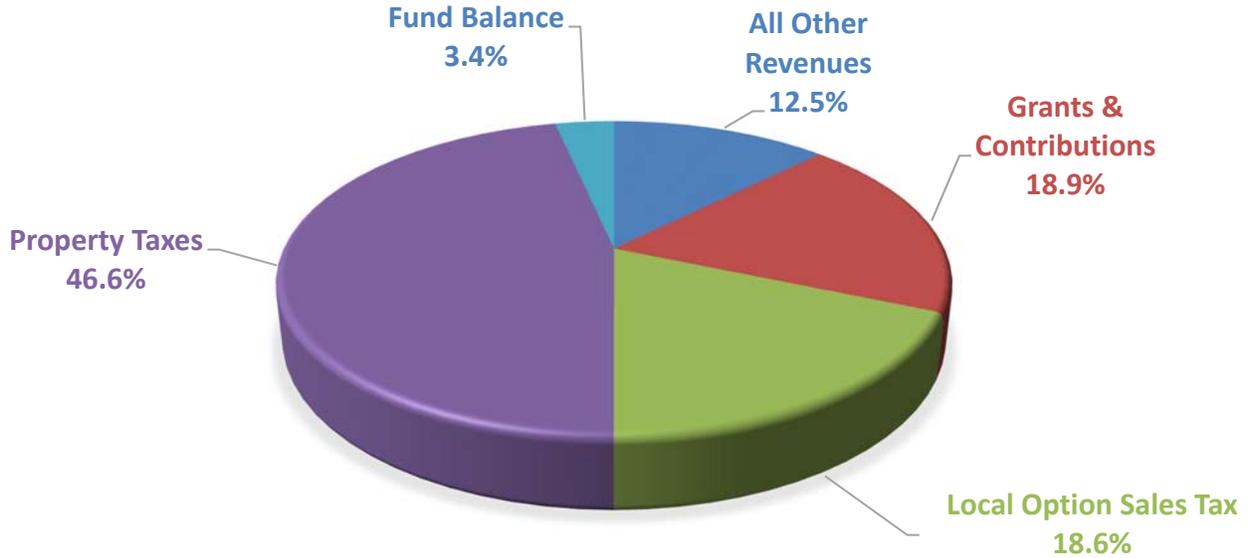
Metro Nashville and its Budget

At a Glance

The \$2.09 billion FY2017 budget for the Metropolitan Government's six budgetary (tax-supported) funds supports a wide range of public services. This budget represents a 6.1% increase from the FY16 budget.

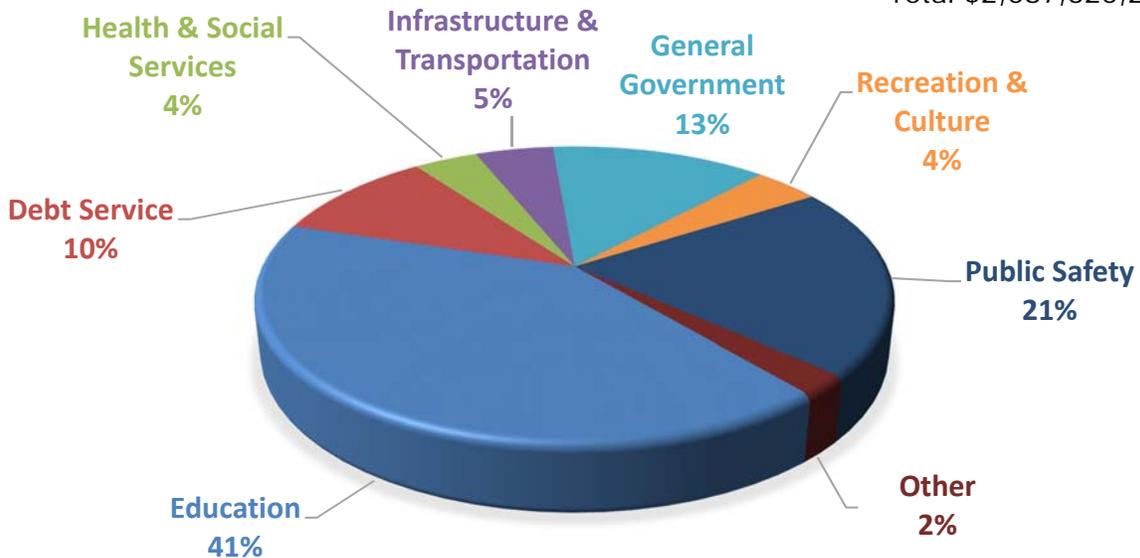
Revenues

Where the Money Comes From
Total \$2,087,320,200



Expenditures

Where the Money Goes
Total \$2,087,320,200



Metro Nashville and its Budget

Summary of the FY2017 Budget – Six Budgetary Funds

| | GSD | | Per Budget Ordinance | | USD | | Duplicated by Interfund Transfers | Total |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|-----------------------------------|----------------------|
| | General Fund | Debt Service | GSD School Debt Svc | GSD School Fund | General Fund | Debt Service | | |
| Estimated Revenues: | | | | | | | | |
| Property Taxes | \$423,404,600 | \$89,465,400 | 38,048,200 | \$302,518,200 | \$103,983,700 | 14,610,400 | - | \$972,030,500 |
| Local Option Sales Tax | 121,560,100 | 3,000,500 | 46,258,200 | 217,353,900 | - | - | - | 388,172,700 |
| Grants & Contributions | 97,413,400 | 4,053,100 | - | 290,479,100 | 2,084,800 | - | - | 394,030,400 |
| All Other Revenues | 224,884,200 | 35,284,000 | 97,000 | 16,948,500 | 10,346,500 | 4,635,700 | (31,056,500) | 261,139,400 |
| Fund Balance Appropriated | 43,372,400 | 5,000,000 | - | 16,000,000 | 7,574,800 | - | - | 71,947,200 |
| Total Revenues | \$910,634,700 | \$136,803,000 | 84,403,400 | \$843,299,700 | \$123,989,800 | 19,246,100 | (31,056,500) | 2,087,320,200 |
| Appropriated Expenditures: | | | | | | | | |
| General Government | | | | | | | | |
| General Government | 221,632,700 | - | - | - | 26,425,400 | - | - | 248,058,100 |
| Fiscal Administration | 24,549,700 | - | - | - | - | - | - | 24,549,700 |
| Public Safety | | | | | | | | |
| Administration of Justice | 60,407,400 | - | - | - | - | - | - | 60,407,400 |
| Law Enforcement & Jails | 248,096,400 | - | - | - | 481,000 | - | (481,000) | 248,096,400 |
| Fire Prevention & Control | 51,446,900 | - | - | - | 67,769,000 | - | - | 119,215,900 |
| Other | | | | | | | | |
| Regulation & Inspection | 43,882,100 | - | - | - | 1,874,300 | - | - | 45,756,400 |
| Health & Social Services | | | | | | | | |
| Social Services | 8,007,500 | - | - | - | - | - | - | 8,007,500 |
| Health & Hospitals | 72,527,700 | - | - | - | - | - | - | 72,527,700 |
| Recreation & Culture | | | | | | | | |
| Public Libraries | 28,831,500 | - | - | - | - | - | - | 28,831,500 |
| Recreational & Cultural | 53,582,100 | - | - | - | 300,000 | - | - | 53,882,100 |
| Infrastructure & Transportation | \$73,666,400 | - | - | - | \$24,379,000 | - | - | 98,045,400 |
| Education | - | - | - | 843,299,700 | - | - | (288,800) | 843,010,900 |
| Debt Service | - | 136,803,000 | 84,403,400 | - | - | 19,246,100 | (30,286,700) | 210,165,800 |
| Transfers | 24,004,300 | - | - | - | 2,761,100 | - | - | 26,765,400 |
| Reserves | - | - | - | - | - | - | - | - |
| Total Expenditures | 910,634,700 | 136,803,000 | 84,403,400 | 843,299,700 | 123,989,800 | 19,246,100 | (31,056,500) | 2,087,320,200 |
| Projected Surplus (Deficit) | - | - | - | - | - | - | - | - |

Comparison of the FY2016 and FY2017 Budget Ordinances - Six Budgetary Funds

| | FY2016 | FY2017 | Change | % Change |
|-----------------------------------|-------------------------|-------------------------|----------------------|--------------|
| GSD General Fund | \$ 844,473,700 | \$ 910,634,700 | \$66,161,000 | 7.83% |
| GSD Debt Service Fund | 126,278,400 | 136,803,000 | 10,524,600 | 8.33% |
| GSD Schools Fund | 810,000,000 | 843,299,700 | 33,299,700 | 4.11% |
| GSD Schools Debt Service Fund | 78,037,100 | 84,403,400 | 6,366,300 | 8.16% |
| USD General Fund | 117,607,700 | 123,989,800 | 6,382,100 | 5.43% |
| USD Debt Service Fund | 17,581,100 | 19,246,100 | 1,665,000 | 9.47% |
| Duplicated by Interfund Transfers | (25,692,100) | (31,056,500) | (5,364,400) | 20.88% |
| Total Budget | \$ 1,968,285,900 | \$ 2,087,320,200 | \$119,034,300 | 6.05% |

Metro Nashville and its Budget

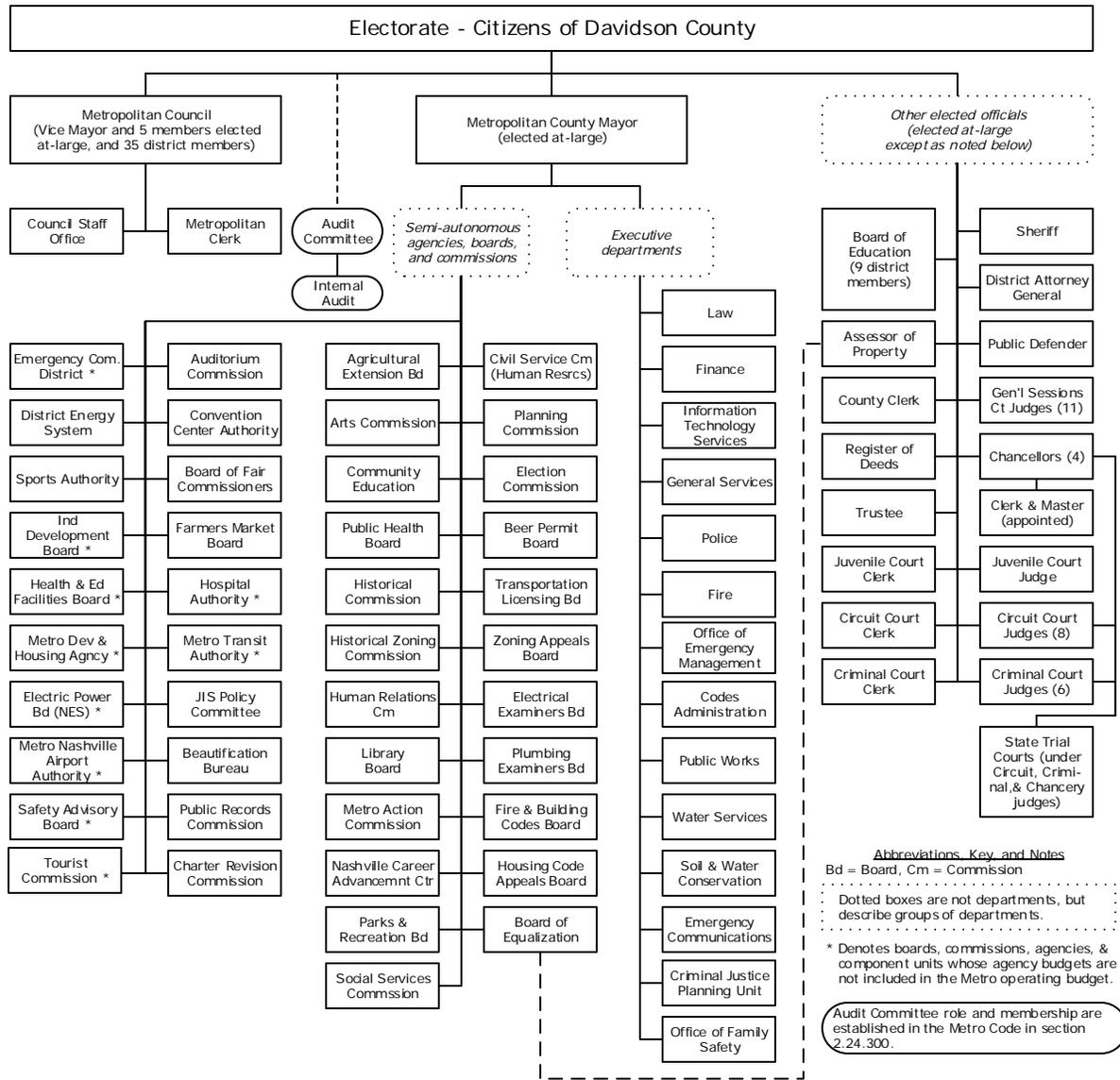
Organizational Structure

The following organization chart presents a high-level view of Metro's structure. The structure of each department is shown in that department's budget description, later in this book.

Metro has a "strong-mayor" form of government, in which the popularly-elected mayor is the city's chief executive and is independent of the Council.

Both the Mayor and Council are elected on a nonpartisan basis.

Within this framework, operations are conducted by executive departments (reporting to the Mayor), independent elected officials (including the elected Board of Education), and appointed boards, commissions, and agencies. The variety of elected officials, boards, and commissions facilitate citizen involvement in the government's operations.



Metro Nashville and its Budget

Financial Organization

Since the budget is a financial planning and policy document, it is organized according to Metro's financial accounting and coding structure. That coding structure – the chart of accounts – corresponds roughly to the government's administrative organization and service structure, while meeting the legal and accounting requirements of the government. It forms the basis for Metro budgeting, accounting, and financial reporting, and is used in both the budget ordinance and this book.

The entire budget is organized by fund. Revenues of each fund are organized by type and source. Expenditures of each fund are organized by business units, object codes, classifications, and positions.

The Fund Structure

A "fund" is an accounting entity with assets, liabilities, equities, revenues, and expenditures, held separate in the budget for certain specific activities or to accomplish definite objectives.

Budgetary Funds

Most of Metro's tax dollars are deposited into and spent out of six basic funds in the two districts:

- GSD General Fund (fund number 10101)
- GSD Debt Service Fund (20115)
- Schools (MNPS) General Purpose Fund (35131)
- Schools (MNPS) Debt Service Fund (25104)
- USD General Fund (18301)
- USD Debt Service Fund (28315)

These six budgetary funds provide the basic local government services to Davidson County. They are financed primarily through sales and property taxes, and their expenditures are controlled based on appropriations in the budget ordinance.

The two *General Funds* provide for the traditional operating services of the government. These funds receive property and sales taxes, charges for services, fees, fines, penalties, and other revenues.

The three *Debt Service Funds* finance the payment of interest and principal on long-term general obligation debt of each district. Per the Charter, debt service budgets must be sufficient each year to pay the principal and interest due on outstanding bonds.

The *School Fund* is Metro's biggest special revenue fund (described more generically below). It receives a dedicated portion of the property tax and, by state law, a portion of the local option sales tax. This fund's expenditures are budgeted and controlled by the Metropolitan Board of Public Education (MBOE) for the Metropolitan Nashville Public Schools (MNPS).

The two districts and six funds make it possible to allocate taxes and services in each district and fund. Revenue collected for each district can be spent only for purposes prescribed for that district. After the budget is passed, appropriations cannot be transferred between funds and/or districts except as specifically authorized in the budget ordinance.

Special Purpose Funds

Metro uses other types of funds for special purposes. Non-budgetary fund expenditures are limited to revenues received by and balances in each fund, rather than appropriations. Monies in these funds generally cannot be used to support other funds. These non-budgetary funds are explained below.

Internal Service Funds provide services to Metro departments on a cost reimbursement basis.

Enterprise Funds provide services to the public on the same basis. The primary enterprise funds are the Farmers' Market, State Fair, Municipal Auditorium, Community Education and Water Services funds.

Capital Projects Funds account for costs related to capital projects. These are not generally included in the operating budget.

Permanent Funds and *Fiduciary Funds* account for monies held for others. These are not generally included in the operating budget.

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted for expenditure for specified purposes. These include the Schools Fund (mentioned above), Waste Management, grants, and the General Fund Reserve Fund (usually called the Four Percent Reserve Fund).

Accounting & Budgeting

This budget conforms to guidelines of the Charter and standard municipal budgetary practices, while the year-end *CAFR* conforms to governmental Generally Accepted Accounting Principles (GAAP), so they are not strictly comparable to each other. Specifically:

- This budget recognizes that Metro operates in two general funds, as required by the Charter and Tennessee law. Governmental GAAP recognizes only one general fund per government.
- This budget treats transfers to and from any fund as revenues and expenditures, respectively, of that fund. Governmental GAAP classifies them as "Other Sources & Uses of Funds."
- This budget does not include certain "component units" that are required to be included in the *CAFR*.

Metro Nashville and its Budget

Departments and Their Budget Fund Types

| Department | Dept. Number | GSD General Fund | USD General Fund | Special Revenue Fund(s) | Enterprise Fund(s) |
|--------------------------------|--------------|------------------|------------------|-------------------------|--------------------|
| Administrative | 1 | | | | |
| Agricultural Extension | 35 | | | | |
| Arts Commission | 41 | | | | |
| Assessor of Property | 16 | | | | |
| Beer Board | 34 | | | | |
| Circuit Court Clerk | 23 | | | | |
| Clerk and Master - Chancery | 25 | | | | |
| Codes Administration | 33 | | | | |
| Community Education Commission | 70 | | | | |
| Convention Center Authority | 60271 | | | | |
| County Clerk | 18 | | | | |
| Criminal Court Clerk | 24 | | | | |
| Criminal Justice Planning | 47 | | | | |
| DES-District Energy System | 68 | | | | |
| District Attorney | 19 | | | | |
| ECC Emergency Comm Center | 91 | | | | |
| Election Commission | 5 | | | | |
| Farmer's Market | 60 | | | | |
| Finance | 15 | | | | |
| Fire | 32 | | | | |
| General Services | 10 | | | | |
| General Sessions Court | 27 | | | | |
| Health | 38 | | | | |
| Historical Commission | 11 | | | | |
| Human Relations Commission | 44 | | | | |
| Human Resources | 8 | | | | |
| Information Technology Service | 14 | | | | |
| Internal Audit | 48 | | | | |
| Justice Integration Services | 29 | | | | |
| Juvenile Court | 26 | | | | |
| Juvenile Court Clerk | 22 | | | | |
| Law | 6 | | | | |
| Mayor's Office | 4 | | | | |
| Metro Action Commission | 75 | | | | |
| Metropolitan Clerk | 3 | | | | |
| Metropolitan Council | 2 | | | | |
| MNPS | 80 | | | | |
| Municipal Auditorium | 61 | | | | |
| NCAC | 76 | | | | |
| Office of Emergency Management | 49 | | | | |
| Office of Family Safety | 51 | | | | |
| Parks | 40 | | | | |
| Planning Commission | 7 | | | | |
| Police | 31 | | | | |
| Public Defender | 21 | | | | |
| Public Library | 39 | | | | |
| Public Works | 42 | | | | |
| Register of Deeds | 9 | | | | |
| Sheriff | 30 | | | | |
| Social Services | 37 | | | | |
| Soil and Water Conservation | 36 | | | | |
| Sports Authority | 64 | | | | |
| State Fair Board | 62 | | | | |
| State Trial Courts | 28 | | | | |
| Trustee | 17 | | | | |
| Water and Sewer | 65 | | | | |

Areas shaded represent budgeted activity for the specified department in Fiscal Year 2017

Metro Nashville and its Budget

The Budget Process

The Operating Budget, Capital Improvements Budget (CIB), and Capital Plan are developed through a multi-step information gathering and priority setting process that establishes objectives and priorities of the city and creates a financial plan for the operations of the government for the fiscal year. The Charter defines much of the process. The Mayor's Office, Finance Department, Office of Management & Budget (OMB), agency officials, and the Metropolitan Council are key participants. The FY 2017 operating budget calendar is, as scheduled:

February 1, 2016: The Mayor released her Operating Budgetary Message.

February 2: The Finance Department introduced the budget process for the FY17 fiscal year. Operating instructions and forms for multiyear budgeting were released to departments on the "Inside Metro" and WEBudget intranet sites.

February 3 – March 4: Departments submit their multi-year operating budget proposals and revenue estimates to the OMB in the WEBudget system.

March 4: Departments submit Public Investment Plans to their budget analyst.

March 14 – March 18 – The Finance Director and OMB staff review budget submissions, discuss budget issues with Metro Departments.

March 21 – March 25: – The Mayor and Finance Director hold "Budget Improvement Discussions" with agency heads to discuss budget priorities.

March 28 – April 1: Public Improvement Plan presentations were given at the Entrepreneur Center.

April 29: Mayor and Finance Director present the Mayor's Recommended Operating Budget to the Council.

May 1: Charter deadline to file the Operating Budget and tax levy ordinances.

May 9 – May 25: Council Budget and Finance Committee hold hearings in regard to 2017 departmental budgets.

May 15: Charter deadline to file the CIB; Mayor's Office files CIB.

May 17: First reading of the Mayor's Recommended Operating Budget, tax levy ordinances and Capital Improvements Budget by the Council.

June 7: Public hearing and second reading of the Operating Budget and CIB by the Council.

June 14: Third reading of the CIB by the Council.

June 15 – Charter deadline for the Council to pass the CIB.

June 21: Third and final reading of the Operating Budget Ordinance; the Council is scheduled to adopt a Substitute Operating Budget Ordinance (with changes to the Mayor's Recommended Budget), the recommended tax levy ordinance, and the Urban Council resolution.



Prior to June 30 – Amending the budget

For the budget ordinance to be amended, it must occur before the third reading of the ordinance is complete. Typically, changes to the recommended budget are discussed between the Council Office and the OMB a few days prior to the scheduled third reading of the budget ordinance. OMB incorporates these changes into a substitute budget ordinance that is presented to the Budget and Finance Committee of the Council for review prior to the third reading. Council members also have the opportunity to file amendments with the Budget and Finance Committee prior to the third reading.

Amending the Budget After Council Approval - Once Council has passed the Final Budget, any further changes to budget totals must be approved by Council via Resolution, which requires only one reading.

June 30: Charter deadline for the Council to pass balanced budget and property tax levy ordinances.

July 1, 2016 – June 30, 2017: Agencies provide services to customers and citizens. The FY 2016-2017 budget may be amended as permitted by the Charter, the budget ordinance, and internal controls.

Late 2017– An Independent CPA firm conducts the annual audit for FY 2016-2017.

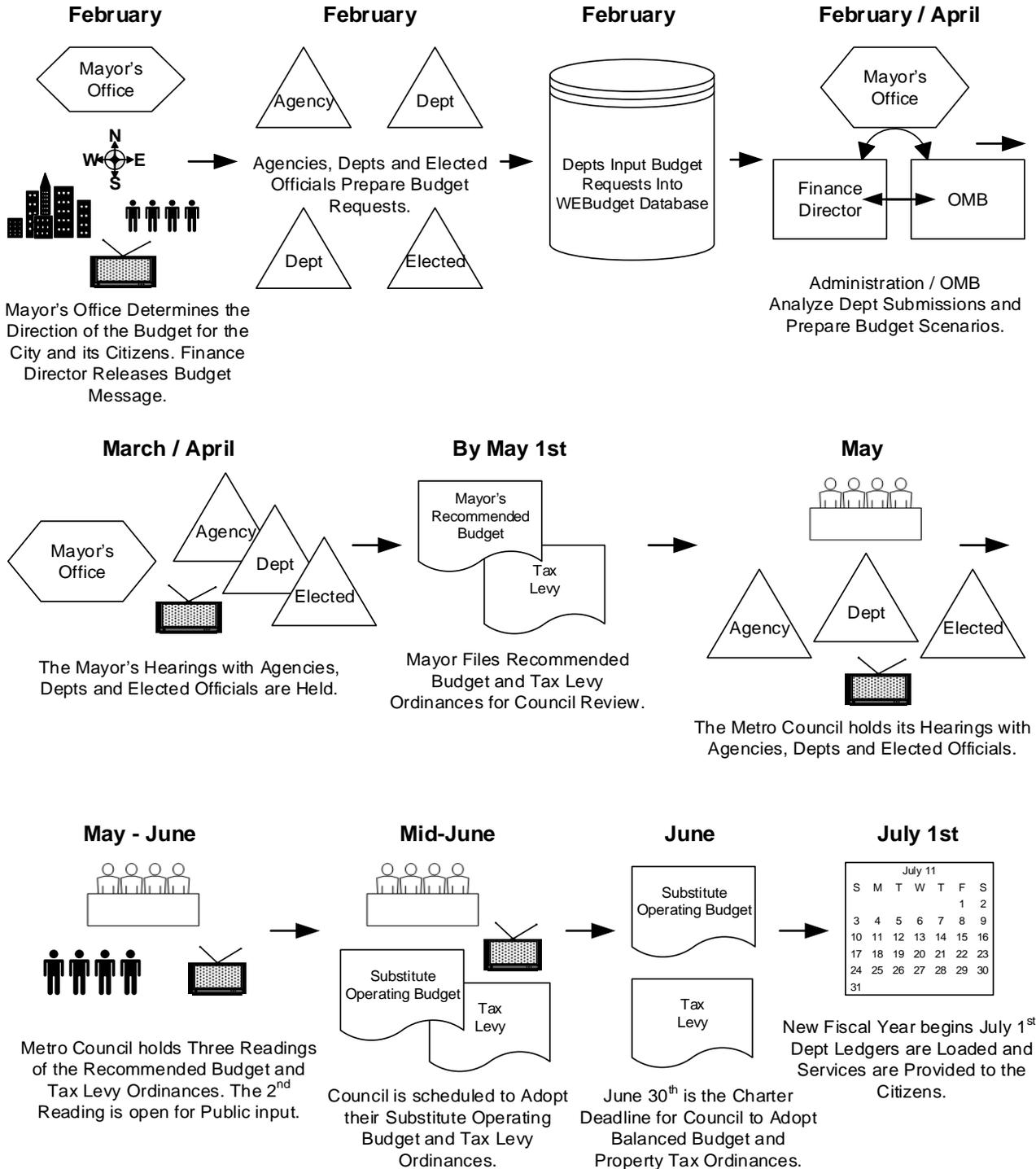
Late autumn 2017: The Division of Accounts issues the *Comprehensive Annual Financial Report (CAFR)*, summarizing the government's financial condition and results of operations for Fiscal Year 2016-2017. This process is very public. All budget hearings and council meetings are televised by the Metro Nashville Network Government Access Channel and by internet streaming video. Budget documents, the CAFR, and streaming video are available at www.nashville.gov.



Metro Nashville and its Budget

Operating Budget Process

Metropolitan Government of Nashville and Davidson County



All Meetings are Open to the Public and are Televised on the Metro 3 Government Access Channel as well as internet streaming video on nashville.gov.

Metro Nashville and its Budget

Long-Term Financial Planning

During this budget cycle, the Administration began a shift from annual incremental budgeting to long term financial planning. As a result, the Finance Department requested that proposed operating and capital budgets be submitted for FY 2017, FY2018, and FY2019. The Fy2017 budget requests were detailed as in prior years. The outer years were less detailed but the departments provided high level categories with projected expenses. The Finance Department's Office of Management and Budget (OMB) will project revues for FY2018 and Fy2019 based upon trends in prior year actual activity for the FY17 projections. If there is a specific issue that could impact the trend analysis, departments were asked to contact their budget analyst. The steps being taken for a long term financial plan will allow the Administration to have the critical information for projecting the financial needs of the city of the next few years.

The current Administration established four main priorities during the first term in office. Each of the four budgets submitted have consistently focused on protecting the following priorities:

- Education – by ensuring that every student in Nashville receives the best education possible
- Public Safety – by making a consistent and continued effort to ensure that every neighborhood feels safe
- Quality of Life– by planning for the future of Nashville so that this is a city of opportunities, including the opportunity for citizens to pursue a healthy, productive lifestyle
- Economic Development – by bringing Nashville both strong employers and talented employees
- Transportation and Infrastructure – by ensuring that Nashville has the necessary framework to support our residents, businesses, and visitors.

These priorities continue to have a significant impact on the operating budget process. One critical component to these areas is grant funding beyond the operating budget. Securing grants is essential to continuing and improving each area. With the recent reductions in the federal government's budget, service impacts are imminent. Local government operating budgets cannot replace all of the lost grants.

All departments were given opportunity to present Public Improvement Plans. This is a pilot program which allows internal and external stakeholders to rally around a particular initiative, to identify preferred outcomes and resources.

At this time the Administration has placed a hold on all Strategic Business plans as the program is being reviewed. Currently, the Administration has hired a Chief Data Officer that is responsible for the Open Data portal. Any information that was submitted under the Strategic Business plans could be submitted under this format.

Financial Policies

The budget is governed by policies set out in the Charter and by executive decision. These policies are enforced by the Department of Finance through ongoing processes, internal control systems, special analyses, and in the annual independent audit.

The primary fiscal policies stated in the Charter are:

- **Fiscal year** - The fiscal year begins on July 1 and ends on the following June 30. (Charter §6.01) By custom, each fiscal year can be referenced in two ways: by using both years (e.g., "2016-2017") or by the calendar year in which the fiscal year ends (e.g., "FY 2017" for 2016-2017).
- **Budget Preparation** - The budget process (described on the previous page) must begin by March 1. All officers and agencies must furnish such information as the Finance Director requests in the format he or she specifies. Agencies are entitled to a hearing before the Director on any contemplated changes in their budgets (§6.02); this is assured through the Mayor's budget hearings, in which all departments are generally asked to present their budgets to the Mayor and the Director. Operationally, most budget preparation is coordinated by the Office of Management and Budget (OMB).
- **Scope of the Operating Budget/ Balanced Budget** - The budget ordinance is organized by district, fund, and account number. Each fund's budget must be balanced: estimated revenues plus estimated fund balances must cover all budgeted expenditures (§6.03).
- **Public Inspection** - The Mayor's recommended budget is submitted to the Council by May 1 as an ordinance accompanied by a transmittal message. The Metropolitan Clerk publishes the ordinance's revenue and expenditure summaries in major local newspapers. The operating budget, the capital improvements budget, the budget message, and all supporting schedules are public records in the Office of the Metropolitan Clerk and are open to public inspection (§6.04). The OMB also prepares a Recommended Budget Book, intended primarily for the Council but also useful to the media and the public, containing more information on the recommended budget. Copies of the ordinance are available in the Clerk's office and from the Finance Department; the budget is available at www.nashville.gov/citizens_budget.
- **Council Hearings** - Once in the Council's hands, the budget goes through three readings. Between first and third readings, the Budget and Finance Committee holds a public series of departmental hearings, and the Council holds a Charter-mandated hearing for public comment (§6.05).
- **Council Action** - The Council may approve the Mayor's budget, amend it, or create a substitute. They cannot change revenue estimates except to correct errors. A balanced budget must be approved by midnight June 30, or the Mayor's budget and proposed tax rate take effect by default (§6.06).
- **Authorized Spending** - Departments cannot overspend their budgets. The amount set out in the adopted operating budget for each organizational unit, purpose, or activity constitutes the annual appropriation for such item; no expenditure shall be made or encumbrance created in excess of the otherwise unencumbered balance of the appropriation or allotment to which it is chargeable (§6.06).
- **Property Tax Levies** - The budget is accompanied by a property tax levy ordinance that sets a tax rate sufficient to fund the budget (§6.07).

Metro Nashville and its Budget

- **Allotments** - Annual appropriations are divided into quarterly allotments based upon estimated needs (§6.08).
- **Administrative Impoundments** - Unencumbered funds in each account at the end of each quarter may be unallotted through "administrative impoundments." These are merely allotment adjustments, not the "charter impoundments" discussed immediately below in §6.09.
- **Impoundment of Funds** - If the Finance Director certifies that the revenues or other resources actually realized for any fund are less than was anticipated and are insufficient to meet the amounts appropriated from such fund, the Mayor is obligated to impound such appropriations as may be needed to prevent deficit operation (§6.09). Such impoundments reduce appropriations and allotments in order to keep the budget balanced.
- **Additional Appropriations** - The Council may make appropriations in addition to the current operating budget, but only from an existing, unappropriated surplus in the fund to which it applies (§6.10). This is done by resolution based on available fund balance or previously-unbudgeted revenue.
- **Intradepartmental Budget Transfers** - Funds may be transferred within a department's expenditure budget by the department head and the Mayor and are available for use when allotted (§6.11). As an administrative matter, the Deputy Finance Director also approves the transfer.
- **Interdepartmental Budget Transfers** - At the end of any quarter, the Council may, by resolution, transfer the unencumbered balance of any appropriation (or any portion thereof) to another appropriation within the same district and fund (§6.11).
- **Lapse of Appropriations** - At the end of the fiscal year, all unencumbered balances of appropriations in the current operating budget lapse into the unappropriated fund balance or reserves of the fund or funds from which such appropriations were made (§6.12). Unencumbered appropriations cannot be carried over from one fiscal year to the next.
- **Capital Improvements Budget Preparation** - By March 1, the Planning Commission shall begin to prepare a Capital Improvements Budget (CIB). The CIB includes a program of proposed capital expenditures for the ensuing fiscal year and the next five fiscal years thereafter, accompanied by the Commission's report and recommendations with respect to the program. By May 15, the Mayor shall submit the CIB to the Council and shall recommend those projects to be undertaken during the ensuing fiscal year and the method of financing them, and shall include in the appropriate current operating budget any projects to be financed from current revenues for the ensuing fiscal year. By June 15, the Council shall accept, with or without amendment, or reject, the proposed program and proposed means of financing (§6.13).
- **Capital Improvements Budget Expenditures** - Expenditures for the construction of any building, structure, work or improvement must be included in the CIB, except to meet a public emergency (§6.13).
- **Capital Improvements Budget Amendments** - Amendments to the CIB may be made by recommendation of the Mayor, Planning Commission, and a two-thirds vote of Council (§6.13).
- **GSD General Fund Reserve (Four Percent Reserve Fund)** - Four percent of original revenues are deposited to the Four Percent Reserve Fund. The Mayor and Council may appropriate money from this fund by resolution for the purpose of equipment for any department that derives its operating funds from the general fund budget (§6.14).
- **Advance Planning and Research Fund** - The APR Fund, established for the use of the planning commission to prepare plans for capital projects and studies and research, must be at least \$50,000 at the start of each year (§6.14).
- **USD General Fund Reserve** - The Council has not exercised its ability to create a contingent reserve fund not to exceed five (5%) percent of the general fund revenue of the USD (§6.14).
- **Post Audit** - The Council shall provide annually for an independent audit of the accounts and other evidences of financial transactions of the government and of every department, office and agency. The audit shall be made by a certified public accountant (CPA) or firm of CPAs thoroughly qualified in governmental accounting to perform the audit; the auditor shall be chosen by a three-member audit board consisting of the presiding officer of the Council, the chairman of the finance committee of the Council, and the chairman of the board of education. The audit report shall be available to the public and to the press. In addition, the Council may at any time order an examination or special audit of any department, office or agency of the government (§6.15).
- **Mayor's Veto Power** - The Mayor has line-item veto power, that is, the ability to reduce or veto specific appropriations or parts of appropriations within an ordinance. The Council may override such a veto by the affirmative vote of 27 members (§5.04).
- **Bond Issues** - Bond issues and debt service shall be prepared and administered in accordance with Article 7 of the Charter (§7.01 et seq.).
- **Transfer of School Funds Within School Budget** - Within the constraints of general law, the Metropolitan Board of Public Education (MBOE) has authority over the distribution of, and transfer of funds within, its budget (§9.12).
- **Referendum as to School Budget** - The MBOE may initiate a referendum to levy additional property taxes for schools (§9.04(3)).
- **No Diversion of School Funds** - No funds that are appropriated for the use of, or transferred to, the school system shall be diverted from that use for any other purpose (§9.11).
- **Transfers to School Fund from General Funds; Borrowing Money** - The Council and the Mayor may advance cash or transfer monies from the general fund to the school fund, provided the advance or transfer is reimbursed the following year (§9.13). An advance involves a loan of cash with the establishment of an asset (a receivable or a "due from") on the books of the

Metro Nashville and its Budget

loaning fund and a liability (a debt or a "due to") on the part of the recipient. A transfer would include appropriation of one fund's revenues or fund balance to another, handled through the budget as if it were an expenditure to one fund and a revenue (or source of operating resources) to the other.

Other important policies include:

- **Functions of Director of Finance** - The Director of Finance is responsible to the Mayor for the administration of financial affairs and shall supervise the divisions of budgets, accounts, purchasing, collections, and treasury. The Director of Finance, or his designee, shall compile for the Mayor the current budget of estimated revenues and proposed expenditures for each of the operating funds and assist in the preparation of the capital improvements budget (§8.103).
- **Functions of Budget Officer** - The budget officer compiles the departmental estimates and other necessary data and assists in the preparation of the budgets. The budget officer monitors departmental budgets as compared to actual activity and alerts the Finance Director of any significant issues. Along with the chief accountant, the budget director writes, revises, and maintains a proper standard procedure manual to be followed by all departments to insure uniform accounting and budgetary procedures (§8.104).
- **Funds Budgeted** - The budget ordinance and book contain annually-budgeted governmental operating funds, debt service funds, enterprise funds, internal service funds, and special revenue and other grant funds with fiscal years beginning July 1. It does not include grant funds with non-Metro fiscal years, capital projects, bond funds, fiduciary funds, permanent funds, component unit funds (unless the component unit receives significant general fund money), and other funds with multi-year budgets. The budgets of funds that are not included in the annual operating budget are approved through other processes as required by law.
- **Basis of Budgeting and Accounting** - All annually-budgeted funds are budgeted 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 fiscal year or soon enough thereafter to pay liabilities of that year (collected within 60 days of the end of the fiscal year). Property taxes, franchise taxes, licenses, interest, and certain portions of special assessments associated with the fiscal year are accrued. All other revenue items are considered to be measurable and available only when Metro receives the cash.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested sick pay, compensated absences and other long-term commitments and contingencies, are recorded only when payment is due.

Actual revenues and expenditures of governmental funds are presented in this book using the same modified accrual basis. Actual revenues and expenditures of proprietary funds are presented using the economic resources measurement focus and the accrual basis of

accounting. 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 imposed by the provider have been met.

- Accounting and financial reporting shall conform to generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB), the federal Office of Management and Budget, the Federal Comptroller General, and the State of Tennessee.
- Current operating costs will be financed by current operating revenues. Only capital goods will be financed by long-term debt, and then, only as provided by the Charter. The government shall refrain from using nonrecurring revenue to fund ongoing operations of the three operating funds. Nonrecurring revenue shall be those funds not normally accrued to the benefit of the operating funds each year, including transfers from special, enterprise, and internal service funds. Any nonrecurring revenue received shall be utilized to fund activities that do not require ongoing funding or to build reserves. To protect the financial position of this government in the event of unexpected emergencies or unforeseen downturns in revenue collection, fund balances will not be appropriated in any budgetary fund unless the audited unreserved undesignated fund balances of that fund are at least 5% of the fund's budgeted expenditures (Resolution R89-959 adopted 11/21/1991).
- The government will strive to maximize service efficiency and effectiveness to its citizen taxpayers in a manner consistent with practices of sound financial management.
- Revenue estimates will be realistic and accurate without being optimistic. Operationally, this means that estimates will be based on objective judgment and should be 95% to 100% of actual collections without exceeding those actual collections.
- The government will not commit to programs with significant future costs without first identifying those costs and the sources of funds to finance those programs.
- Generally, the government will not use local funding to make up for lost state and federal categorical grants.
- Adjustments and amendments to the operating budget will be done in accordance with provisions of Article 6 of the Charter.
- Staffing levels will be limited to final position counts and FTEs noted in this book. Exceptions to this policy (as for new grant-funded staff) are strictly regulated by the Finance Department.
- USD tax-supported debt will be no more than 15% of the total assessed valuation of USD property, per § 7.08 of the Charter.
- Capital expenditures are authorized through an annual Capital Plan. Major capital expenditures for General Fund departments shall be funded through issuance of bonds or notes. Smaller capital expenditures

Metro Nashville and its Budget

for GSD General Fund departments shall be made from the Four Percent Reserve Fund. Capital expenditures for grants will be made through the grant's operating budget. Capital expenditures for enterprise and internal service fund operations will be made from those funds.

- The Four Percent Reserve Fund will maintain a minimum fund balance of \$1,000,000: \$500,000 by Administration policy and an additional \$500,000 by Council policy.
- The government will control costs by appropriate competitive bidding (as specified in the purchasing ordinance).
- Investments shall be made in conformance with the government's investment policy (available at www.nashville.gov) and instructions given to the government's investment manager. Those documents establish a hierarchy of objectives of (1) preserving principal, (2) maintaining liquidity, and (3) maximizing return. They also define allowable types of investments, required collateralization, custody, internal controls, diversification, and operation of the Metro investment pool.
- Indirect Cost Planning and Recovery - Where allowable under Federal, State and Local statutes and grant regulations, Metro departments and agencies shall develop an annual indirect cost recovery plan which must include both cost identified in the Local Cost Allocation Plan (LOCAP) and departmental indirect cost allocations. Indirect costs must be recovered when funding is made available through reimbursement or draw-down processes, in accordance with the terms of each departmental indirect cost rate proposal or cost allocation plan and applicable Federal, State and Local grantor's regulations. Departments and agencies shall make provisions for indirect costs in their grant budgets both during the application submission and in the general ledger. Funds collected from grantors for indirect cost recovery shall be deposited into the General Fund based on guidance provided by the Finance Director or his designee.
- Debt Management Policy establishes the objectives and practices for debt management within Metro and assists concerned parties in understanding Metro's approach to debt management. A more detailed overview of the Debt Management Policy can be found with the Debt Service Fund pages.
- Self-Funding Policy establishes uniform guidelines for use of self-funding as a designated source for capital assets that are determined to either provide cost savings to Metro to cover the cost of funding assets or provide specific benefits to one or more agencies such that the cost for an asset should be recovered from the operating budgets of the beneficiaries.
- Disallowed Cost Policy provides guidelines on ensuring costs charged to grants are allowable and an appropriate course of action in situations where costs are questioned.
- Grant Drawdown and Reimbursement Policy ensures that Metro departments and agencies that are grant recipients receive revenue as early and as often as is allowable under the terms of the grant contract.

- Grants Management Policy establishes the responsibilities of the Metro departments and agencies as well as the Division of Grants Coordination in developing funding opportunities that are well suited to local needs while controlling costs associated with financial assistance.
- Unclaimed Property Policy establishes uniform guidelines across Metro for the disposition of unclaimed property.

Budget Overview

The following pages provide background information on Metro's revenues and ongoing expenditures. Revenue projections and expenditure changes are discussed in the Executive Summary at the beginning of this section.

Revenues

Deficit financing is prohibited by both Tennessee Law and the Metropolitan Charter; expenditures must be matched by equal dollars of revenue and appropriated fund balances.

The operating budgets for the GSD and the USD are supported by a variety of revenue sources. The primary sources are presented in the Executive Summary pie chart on page A-3 and table on page A-4. The primary sources are discussed on the following pages.

Detailed revenue projections are included in the budget ordinance, which is included in the Executive Summary. Recent revenue trends can be seen in Appendix 1 in Schedule 1 - Summary of Revenues, Expenditures, and Changes in Fund Balances.

Property Taxes

The largest single source of operating revenue is the property tax. The property tax is authorized by the State Constitution as an *ad valorem* ("according to value") tax based on the market value of property. This tax is levied based on the assessed value of various types of property, including:

- real property (land, structures, and leasehold improvements),
- personal property (business equipment, excluding inventories for resale), and
- public utility property (real and personal property owned by utilities and organizations regulated by the State).

Property tax law and policy are set by the State Constitution, legislature, courts, and Board of Equalization. The Legislature makes laws which govern the administration of the tax. The State Board of Equalization establishes rules and regulations to be followed by local assessors, and the entire process is subject to court interpretation.

The tax bill for a property is determined by:

- The appraised value of the property – what it would bring if sold on the open market – and its classification – whether it is used for residential, utility, commercial, industrial or farm purposes, which determines the percentage of assessment;
- The assessment - applying the classification percentage against the appraised value to arrive at an assessed value; and,

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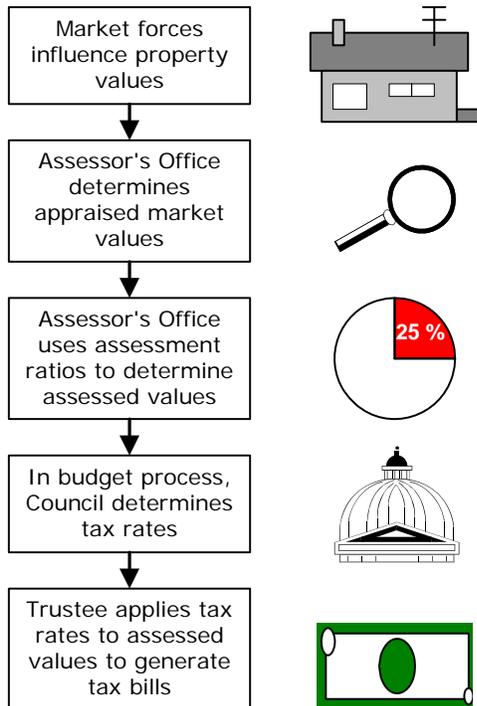
- The tax rate set by the local governing body which is applied to the assessment to calculate your property tax bill.

Certain types of property (governmental, religious, charitable, scientific, educational, etc.) are exempt from property taxes.

How the Property Tax Works: The following diagram shows the appraisal and budgetary process.

Market values – Market values of property are set in the open market. Market value is the most probable price of a piece of property in an arms-length transaction between a willing and knowledgeable buyer and a willing and knowledgeable seller.

Appraisal – The Assessor of Property's role is to determine the value of property so that the tax burden is



distributed equitably among all property owners. That office executes tax policy to identify, classify, appraise and assess all property. In Metro, the Assessor must:

- Produce an annual assessment roll—adding new construction and removing demolished buildings.
- Perform site inspections of all properties to update assessment records.
- Collect and verify sales prices for all real estate transfers.
- Analyze sales data and property characteristics to produce 100% appraisals in the fourth year of the appraisal cycle.

Metro's Assessor of Property determines the appraised value of all real and personal property in the county, except public utilities (whose values are determined by the State Comptroller's Office). Appraised value is the estimated market value of the property at a certain point in time (currently 2014).

The appraised value of a property is an estimate of its market value. Three appraisal methods are used to estimate each property's market value:

- The estimated *cost* to replace a structure, referred to as "replacement cost new," adjusted for depreciation based on the property's age and condition, yielding the "depreciated replacement cost."
- The *market value* or sale prices of similar properties that have recently sold.
- The *present value of the future net income* that can be generated by that or similar properties, sometimes called the "capitalization of income" method.

When used together, these three methods give the appraiser the best indication of what a property is worth. With the aid of modern computer systems, the Assessor has adapted these traditional appraisal techniques to produce large-scale reappraisal projects with accurate and cost effective results.

In most years, appraised values on existing real property do not change unless there are substantial taxable additions or improvements to the property, the property is rezoned, or the owner files and wins an appeal from the county or state Board of Equalization. New construction between reappraisals is valued at levels consistent with tax roll appraisals of similar existing properties.

However, over time, the market values of properties may change considerably and at different rates. The resulting inconsistency with the market causes some property owners to pay taxes based on appraisals that exceeded the current value of their property, while others pay on appraisals that reflected only a portion of the current value.

So, in accordance with state law, the Assessor's Office conducts a county-wide reappraisal every four years to bring appraised values up to current market values. (Current law allows for reappraisals on a four-year or six-year cycle; the Metro Assessor has chosen the former. The last reappraisal was for tax year 2013 or FY2014). After the reappraisal, all properties should be appraised consistently at 100% of their current market values. Periodic reappraisals are designed to equalize the appraised values of all property.

Tennessee's property tax laws protect taxpayers against an automatic or arbitrary increase in their tax bills after a reappraisal. Local governments must lower the tax rate to a level which will produce the same amount of revenues from the new appraisals as was generated from the old rates and appraisals - except for new construction. This is called the certified tax rate. Therefore, under the state law, your property tax bill can't be raised by reappraisal unless your property value has grown more in value than the average for all other property in the county.

In between reappraisals, the state performs a biennial analysis of appraised values conducted for all counties in the state. This analysis, known as a sales ratio study, compares sales prices with appraised values to determine both the level and equity of appraisals. However, this ratio is not used to increase residential property appraisals.

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Assessment: In Tennessee the assessed value upon which taxes are levied is a fraction (percentage) of the appraisal. The percentage varies depending on the classification of the property, which is determined by its use. The assessed value, not the appraised value, is applied to the tax rate to produce a tax bill.

One of the reasons the Assessor inspects all property is to verify how it is used. The Tennessee Constitution mandates assessment percentages to be applied to the appraised value of different classes of property. These percentages are:

| Property Class | Assessment Rate |
|------------------------------------|---|
| Residential & Farm | |
| • Real Property | 25% of appraised value |
| • Personal Property | 5% of appraised value (\$7,500 exemption) |
| Commercial & Industrial | |
| • Real Property | 40% of appraised value |
| • Personal Property | 30% of appraised value |
| • Public Utility | 55% of value set by the State Comptroller |

The appraised values are multiplied by percentages defined in the state constitution to arrive at assessed values, which are then multiplied by the tax rate to determine the taxes owed. This is described in detail later in the section on Property Reappraisal.

For example, the assessed value of a residential property with an appraised value of \$100,000 would be \$25,000 (.25 X \$100,000), while a commercial property of the same appraised value would have an assessed value of \$40,000 (.40 X \$100,000).

Assessments must be compiled annually on assessment rolls for the GSD, USD, and each of the seven satellite cities within the county.

If the value of a piece of property changes (usually because of an improvement to or demolition of the property), notices of the property's new appraised value, the classification in which it is now placed, and the resulting assessment are mailed by the Assessor. There is a process established for appeals of the appraisal, but the Assessor can only consider information about value, not tax bills.

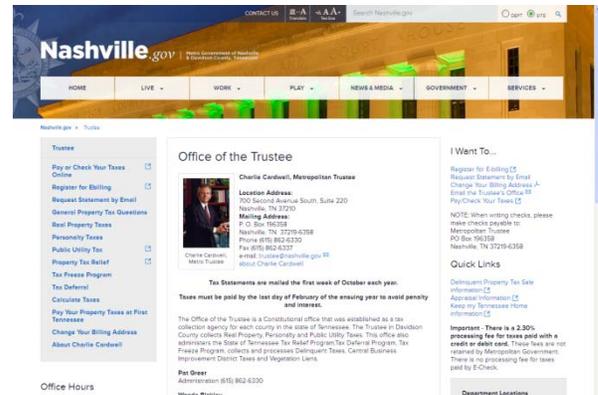
Tax rate set through budget process: The tax rate is set through the budget process in the form of a tax levy ordinance that is recommended by the Mayor and approved by the Council. That ordinance (printed in the Executive Summary of this book) sets the GSD and USD rates per \$100 of assessed value.

Tax bills are generated: The Trustee's office prepares and distributes tax bills based on the assessed value of each property and the tax rate for its district.

To calculate your property tax bill, divide the assessed value by \$100 and then multiply that amount by the tax rate. For example, a property classified as residential and appraised at \$100,000 would be assessed at \$25,000 (the \$100,000 appraised value times the 25% residential assessment ratio). With a tax rate set at \$4.52, the calculation would be:

$$\begin{aligned} \text{tax} &= (\$25,000/\$100) \times \$4.52 \text{ per } \$100 \\ &= \$250 \times \$4.52 \\ &= \$1,130.00 \end{aligned}$$

Property tax bills are mailed to property owners and, if taxes are paid through an escrow account, also to the mortgage holder. This normally occurs in late September or early October. Tax payments are due by the end of the following February and can be mailed to the Office of the Trustee or made online at www.nashville.gov/trustee.



Property taxes can also be paid over the internet at www.nashville.gov.

Metro and the state assist the elderly and disabled with property taxes on the first \$25,000 appraised value of their homes through the Property Tax Relief program administered by the Trustee. The program also assists disabled veterans with the first \$25,000 of assessed value of their property.

Property Value Trends: Total assessed values have decreased significantly over the past year due to the national economic downturn.

Construction of taxable property has weakened over the past year. Local growth, as measured by the value of permits issued, follows this trend and has decreased over the past year as well (although many of those permits are for tax-exempt projects). This is in line with the statewide and national trends.

Property Tax Rates: FY2016 and FY2017 recommended tax rates are shown in the Executive Summary and in the tables on the following pages. The combined rate is the total paid for property in the USD; property outside the USD is taxed at the GSD rate. Residents of the seven satellite cities within Metro pay the GSD rate plus the rate set by that satellite city.

Nashville's property tax rates are currently the lowest of the four major Tennessee cities, and competitive with those of surrounding communities.

Historic property tax rates, tax rate changes, and property values are presented in the following tables.

The **History of Property Tax Rates** table presents historic nominal property tax rates along with a summary of changes that have taken place. If no changes occurred, then the fiscal year is not presented.

The **Property Tax Rate Changes** table on the following page shows the history and type of tax rate changes, whether from budget-related tax increase, redistribution of the rate between funds, changes in the fire tax or county-wide property reappraisals.

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History of Property Tax Rates

| Tax Year | Fiscal Year | GSD | | | | | USD | | | Totals | |
|----------|-------------|--------------|-------------|-------------------|---------------------|-----------|--------------|-------------------|-----------|------------------------|-------------------------|
| | | General Fund | School Fund | Debt Service Fund | School Debt Service | GSD Total | General Fund | Debt Service Fund | USD Total | Combined Total GSD+USD | Fire District Transfer* |
| 1962 | 1963 | 1.36 | 1.78 | 0.56 | - | 3.70 | 1.55 | 0.45 | 2.00 | 5.70 | - |
| 1963 | 1964 | 1.36 | 1.78 | 0.56 | - | 3.70 | 1.55 | 0.45 | 2.00 | 5.70 | - |
| 1964 | 1965 | 1.36 | 1.78 | 0.56 | - | 3.70 | 1.60 | 0.40 | 2.00 | 5.70 | - |
| 1965 | 1966 | 1.36 | 1.78 | 0.36 | - | 3.50 | 1.66 | 0.14 | 1.80 | 5.30 | - |
| 1966 | 1967 | 1.40 | 1.78 | 0.32 | - | 3.50 | 1.68 | 0.12 | 1.80 | 5.30 | - |
| 1967 | 1968 | 1.40 | 1.78 | 0.32 | - | 3.50 | 1.60 | 0.20 | 1.80 | 5.30 | - |
| 1968 | 1969 | 1.40 | 1.78 | 0.32 | - | 3.50 | 1.60 | 0.20 | 1.80 | 5.30 | - |
| 1969 | 1970 | 1.40 | 1.78 | 0.32 | - | 3.50 | 1.60 | 0.20 | 1.80 | 5.30 | - |
| 1970 | 1971 | 1.40 | 1.78 | 0.32 | - | 3.50 | 1.60 | 0.20 | 1.80 | 5.30 | - |
| 1971 | 1972 | 1.71 | 2.08 | 0.32 | - | 4.11 | 1.60 | 0.29 | 1.89 | 6.00 | - |
| 1972 | 1973 | 1.63 | 2.08 | 0.40 | - | 4.11 | 1.57 | 0.32 | 1.89 | 6.00 | - |
| 1973 | 1974 | 1.63 | 2.02 | 0.46 | - | 4.11 | 1.55 | 0.34 | 1.89 | 6.00 | - |
| 1974 | 1975 | 1.63 | 2.02 | 0.46 | - | 4.11 | 1.55 | 0.34 | 1.89 | 6.00 | - |
| 1975 | 1976 | 1.63 | 2.02 | 0.46 | - | 4.11 | 1.59 | 0.30 | 1.89 | 6.00 | - |
| 1976 | 1977 | 1.63 | 2.02 | 0.46 | - | 4.11 | 1.55 | 0.34 | 1.89 | 6.00 | - |
| 1977 | 1978 | 1.96 | 2.02 | 0.46 | - | 4.44 | 1.22 | 0.34 | 1.56 | 6.00 | 0.33 |
| 1978 | 1979 | 1.99 | 2.02 | 0.43 | - | 4.44 | 1.29 | 0.27 | 1.56 | 6.00 | 0.33 |
| 1979 | 1980 | 1.99 | 2.02 | 0.43 | - | 4.44 | 1.29 | 0.27 | 1.56 | 6.00 | 0.33 |
| 1980 | 1981 | 2.39 | 2.08 | 0.45 | - | 4.92 | 1.64 | 0.27 | 1.91 | 6.83 | 0.33 |
| 1981 | 1982 | 2.39 | 2.08 | 0.45 | - | 4.92 | 1.64 | 0.27 | 1.91 | 6.83 | 0.33 |
| 1982 | 1983 | 2.39 | 2.08 | 0.45 | - | 4.92 | 1.64 | 0.27 | 1.91 | 6.83 | 0.33 |
| 1983 | 1984 | 2.39 | 2.08 | 0.45 | - | 4.92 | 1.64 | 0.27 | 1.91 | 6.83 | 0.33 |
| 1984 | 1985 | 1.11 | 0.96 | 0.21 | - | 2.28 | 0.76 | 0.13 | 0.89 | 3.17 | 0.16 |
| 1985 | 1986 | 1.45 | 1.09 | 0.35 | - | 2.89 | 0.90 | 0.13 | 1.03 | 3.92 | 0.16 |
| 1986 | 1987 | 1.45 | 1.09 | 0.35 | - | 2.89 | 0.90 | 0.13 | 1.03 | 3.92 | 0.16 |
| 1987 | 1988 | 1.47 | 1.07 | 0.35 | - | 2.89 | 0.90 | 0.13 | 1.03 | 3.92 | 0.16 |
| 1988 | 1989 | 1.97 | 1.24 | 0.43 | - | 3.64 | 1.02 | 0.15 | 1.17 | 4.81 | 0.16 |
| 1989 | 1990 | 1.97 | 1.24 | 0.43 | - | 3.64 | 1.02 | 0.15 | 1.17 | 4.81 | 0.16 |
| 1990 | 1991 | 1.97 | 1.24 | 0.43 | - | 3.64 | 1.02 | 0.15 | 1.17 | 4.81 | 0.16 |
| 1991 | 1992 | 1.92 | 1.29 | 0.43 | - | 3.64 | 1.02 | 0.15 | 1.17 | 4.81 | 0.16 |
| 1992 | 1993 | 1.92 | 1.29 | 0.43 | - | 3.64 | 1.02 | 0.15 | 1.17 | 4.81 | 0.16 |
| 1993 | 1994 | 1.95 | 1.01 | 0.43 | 0.11 | 3.50 | 0.88 | 0.12 | 1.00 | 4.50 | 0.12 |
| 1994 | 1995 | 1.95 | 1.01 | 0.43 | 0.11 | 3.50 | 0.88 | 0.12 | 1.00 | 4.50 | 0.12 |
| 1995 | 1996 | 1.91 | 1.01 | 0.47 | 0.11 | 3.50 | 0.88 | 0.12 | 1.00 | 4.50 | 0.12 |
| 1996 | 1997 | 1.91 | 1.01 | 0.47 | 0.11 | 3.50 | 0.88 | 0.12 | 1.00 | 4.50 | 0.12 |
| 1997 | 1998 | 1.69 | 0.96 | 0.49 | 0.13 | 3.27 | 0.74 | 0.11 | 0.85 | 4.12 | 0.10 |
| 1998 | 1999 | 1.68 | 0.96 | 0.50 | 0.25 | 3.39 | 0.74 | 0.11 | 0.85 | 4.24 | 0.10 |
| 1999 | 2000 | 1.68 | 0.96 | 0.50 | 0.25 | 3.39 | 0.74 | 0.11 | 0.85 | 4.24 | 0.10 |
| 2000 | 2001 | 1.68 | 0.96 | 0.50 | 0.25 | 3.39 | 0.74 | 0.11 | 0.85 | 4.24 | 0.10 |
| 2001 | 2002 | 1.97 | 1.24 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 | 0.09 |
| 2002 | 2003 | 1.94 | 1.27 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 | 0.09 |
| 2003 | 2004 | 1.94 | 1.27 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 | 0.09 |
| 2004 | 2005 | 1.94 | 1.27 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 | 0.09 |
| 2005 | 2006 | 2.00 | 1.33 | 0.54 | 0.17 | 4.04 | 0.56 | 0.09 | 0.65 | 4.69 | 0.08 |
| 2006 | 2007 | 2.07 | 1.33 | 0.47 | 0.17 | 4.04 | 0.56 | 0.09 | 0.65 | 4.69 | 0.08 |
| 2007 | 2008 | 2.06 | 1.33 | 0.48 | 0.17 | 4.04 | 0.56 | 0.09 | 0.65 | 4.69 | 0.08 |
| 2008 | 2009 | 2.06 | 1.33 | 0.48 | 0.17 | 4.04 | 0.53 | 0.12 | 0.65 | 4.69 | 0.08 |
| 2009 | 2010 | 1.82 | 1.17 | 0.42 | 0.15 | 3.56 | 0.46 | 0.11 | 0.57 | 4.13 | 0.07 |
| 2010 | 2011 | 1.82 | 1.17 | 0.42 | 0.15 | 3.56 | 0.46 | 0.11 | 0.57 | 4.13 | 0.07 |
| 2011 | 2012 | 1.82 | 1.17 | 0.42 | 0.15 | 3.56 | 0.46 | 0.11 | 0.57 | 4.13 | 0.07 |
| 2012 | 2013 | 2.01 | 1.40 | 0.43 | 0.25 | 4.09 | 0.46 | 0.11 | 0.57 | 4.66 | 0.07 |
| 2013 | 2014 | 1.91 | 1.42 | 0.42 | 0.18 | 3.93 | 0.48 | 0.11 | 0.59 | 4.52 | 0.08 |
| 2014 | 2015 | 1.91 | 1.42 | 0.42 | 0.18 | 3.93 | 0.48 | 0.11 | 0.59 | 4.52 | 0.08 |
| 2015 | 2016 | 1.905 | 1.416 | 0.423 | 0.180 | 3.924 | 0.495 | 0.097 | 0.592 | 4.52 | 0.08 |
| 2016 | 2017 | 1.905 | 1.416 | 0.423 | 0.180 | 3.924 | 0.495 | 0.097 | 0.592 | 4.52 | 0.08 |

* The Fire District transfer of the GSD General Fund to the USD General Fund for fire protection.

** Reappraisals took place in tax years 1973, 1984, 1993, 1997, 2001, 2005, 2009 and 2013 (fiscal years 1973-74, 1984-85, 1993-94, 1997-98, 2001-02, 2005-06, 2009-10, 2013-2014).

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| Property Tax Rate Changes | | | | | | | | | | | | | |
|---------------------------|-------------|-----------|--------------|-------------|-------------------|---------------------|-------------|--------------|-------------------|-------------|------------------------|-------------------------|--|
| Tax Year | Fiscal Year | Type Chng | GSD | | | | | USD | | | Totals | | |
| | | | General Fund | School Fund | Debt Service Fund | School Debt Service | GSD Total | General Fund | Debt Service Fund | USD Total | Combined Total GSD+USD | Fire District Transfer* | |
| 1971 | 1972 | T | 0.31 | 0.30 | - | - | 0.61 | - | 0.09 | 0.09 | 0.70 | - | |
| 1972 | 1973 | D | (0.08) | - | 0.08 | - | - | (0.03) | 0.03 | - | - | - | |
| 1973 | 1974 | D | - | (0.06) | 0.06 | - | - | (0.02) | 0.02 | - | - | - | |
| 1977 | 1978 | F | 0.33 | - | - | - | 0.33 | (0.33) | - | (0.33) | - | 0.33 | |
| 1978 | 1979 | D | 0.03 | - | (0.03) | - | - | 0.07 | (0.07) | - | - | - | |
| 1980 | 1981 | T | 0.40 | 0.06 | 0.02 | - | 0.48 | 0.35 | - | 0.35 | 0.83 | - | |
| 1984 | 1985 | R | (1.28) | (1.12) | (0.24) | - | (2.64) | (0.88) | (0.14) | (1.02) | (3.66) | - | |
| | | | <i>1.11</i> | <i>0.96</i> | <i>0.21</i> | - | <i>2.28</i> | <i>0.76</i> | <i>0.13</i> | <i>0.89</i> | <i>3.17</i> | <i>0.16</i> | |
| 1985 | 1986 | T | 0.34 | 0.13 | 0.14 | - | 0.61 | 0.14 | - | 0.14 | 0.75 | - | |
| 1987 | 1988 | D | 0.02 | (0.02) | - | - | - | - | - | - | - | - | |
| 1988 | 1989 | T | 0.52 | 0.15 | 0.08 | - | 0.75 | 0.12 | 0.02 | 0.14 | 0.89 | - | |
| 1988 | 1989 | D | (0.02) | 0.02 | - | - | - | - | - | - | - | - | |
| 1991 | 1992 | D | (0.05) | 0.05 | - | - | - | - | - | - | - | - | |
| 1993 | 1994 | R | (0.43) | (0.28) | (0.09) | - | (0.80) | (0.22) | (0.03) | (0.25) | (1.05) | - | |
| | | | <i>1.49</i> | <i>1.01</i> | <i>0.34</i> | - | <i>2.84</i> | <i>0.80</i> | <i>0.12</i> | <i>0.92</i> | <i>3.76</i> | <i>0.12</i> | |
| 1993 | 1994 | T | 0.46 | - | 0.09 | 0.11 | 0.66 | 0.08 | - | 0.08 | 0.74 | - | |
| 1995 | 1996 | D | (0.04) | - | 0.04 | - | - | - | - | - | - | - | |
| 1997 | 1998 | R | (0.39) | (0.21) | (0.10) | (0.02) | (0.72) | (0.18) | (0.02) | (0.20) | (0.92) | - | |
| | | | <i>1.52</i> | <i>0.80</i> | <i>0.37</i> | <i>0.09</i> | <i>2.78</i> | <i>0.70</i> | <i>0.10</i> | <i>0.80</i> | <i>3.58</i> | <i>0.10</i> | |
| 1997 | 1998 | T | 0.17 | 0.16 | 0.12 | 0.04 | 0.49 | 0.04 | 0.01 | 0.05 | 0.54 | - | |
| 1998 | 1999 | T | (0.01) | - | 0.01 | 0.12 | 0.12 | - | - | - | 0.12 | - | |
| 2000 | 2001 | R | (0.21) | (0.12) | (0.07) | (0.03) | (0.43) | (0.10) | (0.01) | (0.11) | (0.54) | - | |
| | | | <i>1.47</i> | <i>0.84</i> | <i>0.43</i> | <i>0.22</i> | <i>2.96</i> | <i>0.64</i> | <i>0.10</i> | <i>0.74</i> | <i>3.70</i> | <i>0.09</i> | |
| 2001 | 2002 | T | 0.50 | 0.40 | - | (0.02) | 0.88 | - | - | - | 0.88 | - | |
| 2002 | 2003 | D | (0.03) | 0.03 | - | - | - | - | - | - | - | - | |
| 2005 | 2006 | R | (0.24) | (0.16) | (0.04) | (0.03) | (0.47) | (0.08) | (0.01) | (0.09) | (0.56) | - | |
| | | | <i>1.70</i> | <i>1.11</i> | <i>0.39</i> | <i>0.17</i> | <i>3.37</i> | <i>0.56</i> | <i>0.09</i> | <i>0.65</i> | <i>4.02</i> | <i>0.08</i> | |
| 2005 | 2006 | T | 0.30 | 0.22 | 0.15 | - | 0.67 | - | - | - | 0.67 | - | |
| 2006 | 2007 | D | 0.07 | - | (0.07) | - | - | - | - | - | - | - | |
| 2007 | 2008 | D | (0.01) | - | 0.01 | - | - | - | - | - | - | - | |
| 2008 | 2009 | D | - | - | - | - | - | (0.03) | 0.03 | - | - | - | |
| 2009 | 2010 | R | (0.24) | (0.16) | (0.06) | (0.02) | (0.48) | (0.07) | (0.01) | (0.08) | (0.56) | (0.01) | |
| | | | <i>1.82</i> | <i>1.17</i> | <i>0.42</i> | <i>0.15</i> | <i>3.56</i> | <i>0.46</i> | <i>0.11</i> | <i>0.57</i> | <i>4.13</i> | <i>0.07</i> | |
| 2010 | 2011 | N | - | - | - | - | - | - | - | - | - | - | |
| 2011 | 2012 | N | - | - | - | - | - | - | - | - | - | - | |
| 2012 | 2013 | T | 0.19 | 0.23 | 0.01 | 0.10 | 0.53 | - | - | - | 0.53 | - | |
| 2013 | 2014 | R | (0.10) | 0.02 | (0.01) | (0.07) | (0.16) | 0.02 | - | 0.02 | (0.14) | 0.01 | |
| | | | <i>1.91</i> | <i>1.42</i> | <i>0.42</i> | <i>0.18</i> | <i>3.93</i> | <i>0.48</i> | <i>0.11</i> | <i>0.59</i> | <i>4.52</i> | <i>0.08</i> | |
| 2014 | 2015 | N | - | - | - | - | - | - | - | - | - | - | |
| 2015 | 2016 | N | - | - | - | - | - | - | - | - | - | - | |
| 2016 | 2017 | N | - | - | - | - | - | - | - | - | - | - | |

Notes:

Nominal rates per \$100 of assessed value from tax levy ordinances, not adjusted for appraisal (sales) or assessment ratios.

* The Fire District transfer of the GSD General Fund to the USD General Fund for fire protection.

** Reappraisals took place in tax years 1973, 1984, 1993, 1997, 2001, 2005, 2009 and 2013 (fiscal years 1973-74, 1984-85, 1993-94, 1997-98, 2001-02, 2005-06, 2009-10, 2013-14).

T = Tax increase; D = Redistribution between funds; F = Fire tax change; N = No change in rates; R = Reappraisal (next line is new certified rate).

Metro Nashville and its Budget

Property Tax Base, Assessment, Levy, and Appraisal Ratios

Property Taxes

| Tax Year | Fiscal Year | Tax Base (billions) \$ | Assessment (billions) | | Tax Levy (in millions) | | | % Uncollected | Appraisal Ratio | |
|----------|-------------|---------------------------|-----------------------|--------|------------------------|-------|-------|---------------|-----------------|--------|
| | | | GSD | USD | GSD | USD | Total | | | |
| | | | \$ | \$ | \$ | \$ | \$ | | | |
| 1964 | 1965 | n/a | 0.804 | 0.486 | 29.7 | 9.7 | 39.5 | 2.42% | | |
| 1965 | 1966 | n/a | 0.845 | 0.505 | 29.5 | 9.1 | 38.6 | 2.79% | | |
| 1966 | 1967 | n/a | 0.898 | 0.529 | 31.3 | 9.5 | 40.8 | 2.46% | | |
| 1967 | 1968 | n/a | 0.951 | 0.556 | 33.3 | 10.0 | 43.3 | 2.14% | | |
| 1968 | 1969 | n/a | 1.004 | 0.581 | 35.1 | 10.4 | 45.5 | 2.01% | | |
| 1969 | 1970 | n/a | 1.135 | 0.655 | 39.6 | 11.7 | 51.3 | 4.04% | | |
| 1970 | 1971 | n/a | 1.242 | 0.712 | 43.5 | 12.8 | 56.3 | 5.95% | | |
| 1971 | 1972 | n/a | 1.298 | 0.728 | 53.6 | 13.9 | 67.5 | 3.79% | | |
| 1972 | 1973 | n/a | 1.365 | 0.736 | 56.3 | 14.0 | 70.3 | 4.08% | | |
| 1973 | 1974 | ** | 1.449 | 0.765 | 58.7 | 15.3 | 74.0 | 5.33% | | |
| 1974 | 1975 | n/a | 1.590 | 1.009 | 64.3 | 18.7 | 83.0 | 4.63% | | |
| 1975 | 1976 | n/a | 1.670 | 1.056 | 68.1 | 19.8 | 87.9 | 4.70% | | |
| 1976 | 1977 | n/a | 1.726 | 1.087 | 70.5 | 20.4 | 90.9 | 4.99% | 0.6500 | |
| 1977 | 1978 | n/a | 1.742 | 1.266 | 72.9 | 23.7 | 96.6 | 4.48% | 0.6500 | |
| 1978 | 1979 | n/a | 1.794 | 1.328 | 74.9 | 25.0 | 99.9 | 3.13% | 0.6660 | |
| 1979 | 1980 | n/a | 1.868 | 1.376 | 78.0 | 25.9 | 103.9 | 4.03% | 0.6100 | |
| 1980 | 1981 | n/a | 1.940 | 1.428 | 90.3 | 32.0 | 122.4 | 3.06% | 0.6100 | |
| 1981 | 1982 | n/a | 1.955 | 1.435 | 91.0 | 32.2 | 123.2 | 3.19% | 0.4480 | |
| 1982 | 1983 | n/a | 2.020 | 1.487 | 94.0 | 33.4 | 127.4 | 3.07% | 0.4480 | |
| 1983 | 1984 | n/a | 2.060 | 1.521 | 96.2 | 34.3 | 130.4 | 2.54% | 0.4305 | |
| 1984 | 1985 | ** | 4.497 | 3.298 | 96.8 | 34.5 | 131.3 | 3.68% | 1.0000 | |
| 1985 | 1986 | n/a | 4.944 | 3.606 | 132.2 | 41.4 | 173.5 | 2.65% | 0.9476 | |
| 1986 | 1987 | n/a | 5.159 | 3.749 | 143.1 | 44.6 | 187.7 | 3.18% | 0.9476 | |
| 1987 | 1988 | n/a | 5.644 | 4.089 | 156.6 | 48.7 | 205.2 | 6.26% | 0.8138 | |
| 1988 | 1989 | 21.405 | 5.920 | 4.271 | 208.7 | 56.8 | 265.5 | 5.02% | 0.8138 | |
| 1989 | 1990 | 23.350 | 5.985 | 4.259 | 211.1 | 56.6 | 267.7 | 5.70% | 0.7766 | |
| 1990 | 1991 | 23.979 | 6.132 | 4.561 | 215.9 | 60.7 | 276.6 | 5.83% | 0.7766 | |
| 1991 | 1992 | 23.986 | 5.975 | 4.408 | 210.4 | 58.6 | 269.1 | 6.35% | 0.7767 | |
| 1992 | 1993 | 23.711 | 6.032 | 4.438 | 212.5 | 59.0 | 271.5 | 4.92% | 0.7767 | |
| 1993 | 1994 | ** | 24.155 | 7.646 | 261.7 | 62.0 | 323.7 | 4.67% | 1.0000 | |
| 1994 | 1995 | 24.555 | 7.809 | 5.543 | 266.7 | 62.1 | 328.8 | 3.04% | 1.0000 | |
| 1995 | 1996 | 26.686 | 7.949 | 5.567 | 271.5 | 62.4 | 333.9 | 2.87% | 0.9054 | |
| 1996 | 1997 | 27.908 | 8.193 | 5.692 | 279.9 | 63.7 | 343.7 | 2.97% | 0.9054 | |
| 1997 | 1998 | ** | 33.706 | 10.648 | 7.303 | 340.9 | 69.4 | 410.3 | 3.46% | 1.0000 |
| 1998 | 1999 | 34.408 | 10.896 | 7.491 | 361.8 | 71.1 | 433.0 | 3.65% | 1.0000 | |
| 1999 | 2000 | 38.576 | 11.087 | 7.579 | 368.2 | 72.0 | 440.2 | 3.61% | 0.9098 | |
| 2000 | 2001 | 39.576 | 11.390 | 7.752 | 378.4 | 73.6 | 452.0 | 3.50% | 0.9098 | |
| 2001 | 2002 | ** | 42.634 | 13.373 | 9.029 | 504.5 | 75.8 | 580.4 | 3.85% | 1.0000 |
| 2002 | 2003 | 42.989 | 13.463 | 9.022 | 508.9 | 74.9 | 583.8 | 3.90% | 1.0000 | |
| 2003 | 2004 | 45.151 | 13.280 | 8.792 | 502.1 | 73.0 | 575.0 | 3.27% | 0.9455 | |
| 2004 | 2005 | 45.746 | 13.432 | 9.168 | 507.5 | 76.1 | 583.6 | 3.08% | 0.9455 | |
| 2005 | 2006 | 50.477 | 15.534 | 10.514 | 619.2 | 76.7 | 695.5 | 3.28% | 1.0000 | |
| 2006 | 2007 | 51.736 | 15.968 | 10.920 | 633.5 | 79.7 | 713.3 | 0.64% | 1.0000 | |
| 2007 | 2008 | 60.386 | 16.237 | 11.053 | 643.7 | 80.7 | 724.4 | 0.77% | 0.8780 | |
| 2008 | 2009 | 61.881 | 16.413 | 11.309 | 659.8 | 82.6 | 742.3 | 1.01% | 0.8780 | |
| 2009 | 2010 | 63.157 | 19.222 | 13.253 | 675.0 | 84.8 | 759.8 | 1.45% | 1.0000 | |
| 2010 | 2011 | 63.280 | 19.208 | 13.220 | 674.6 | 84.6 | 759.2 | 1.07% | 1.0000 | |
| 2011 | 2012 | 63.128 | 19.104 | 13.245 | 670.8 | 84.8 | 755.6 | 1.35% | 0.9982 | |
| 2012 | 2013 | 63.259 | 19.161 | 13.283 | 763.5 | 93.0 | 856.4 | 1.29% | 0.9982 | |
| 2013 | 2014 | 65.810 | 20.210 | 14.287 | 781.6 | 96.0 | 877.6 | 1.56% | 1.0000 | |
| 2014 | 2015 | 66.271 | 20.376 | 14.405 | 788.0 | 96.8 | 884.8 | 0.89% | 1.0000 | |

** Tax Levy - Assessment per \$100 x Tax Rate

*** Appraisal Ratio - Assessed value and market value

Note: In June 2007 the Metropolitan Government sold the majority of the 2006-07 and 2005-06 real estate property taxes outstanding to an outside party.

Source: Comprehensive Annual Financial Report

Metro Nashville and its Budget

Local Option Sales Tax

Local option sales tax collections provide the second largest source of revenue to the operating budget. Nashville's 9.25% sales tax rate consists of a 2.25% local option tax and a 7.00% state tax (the total rate is 7.25% on unprepared food, because the state rate for such food is 5.00%). The tax is levied on all retail sales in Davidson County, although the local portion is limited to the first \$1,600 of the cost of each item. Tennessee Code Annotated, Title 67, Chapter 6, Part 7 states, at least 1/2 of the local sales tax must be allocated to schools. The local option rate can be raised by referendum. Sales and sales taxes should reflect economic activity at the national and local levels, although some activities are not subject to the tax.

State & Federal Revenues

Major sources of revenue from the State of Tennessee are equalizing funds for education (based on average daily school attendance), healthcare-related revenues, and Metro's share of the gasoline tax. Most of these funds are categorical, being tied to specific functions and services.

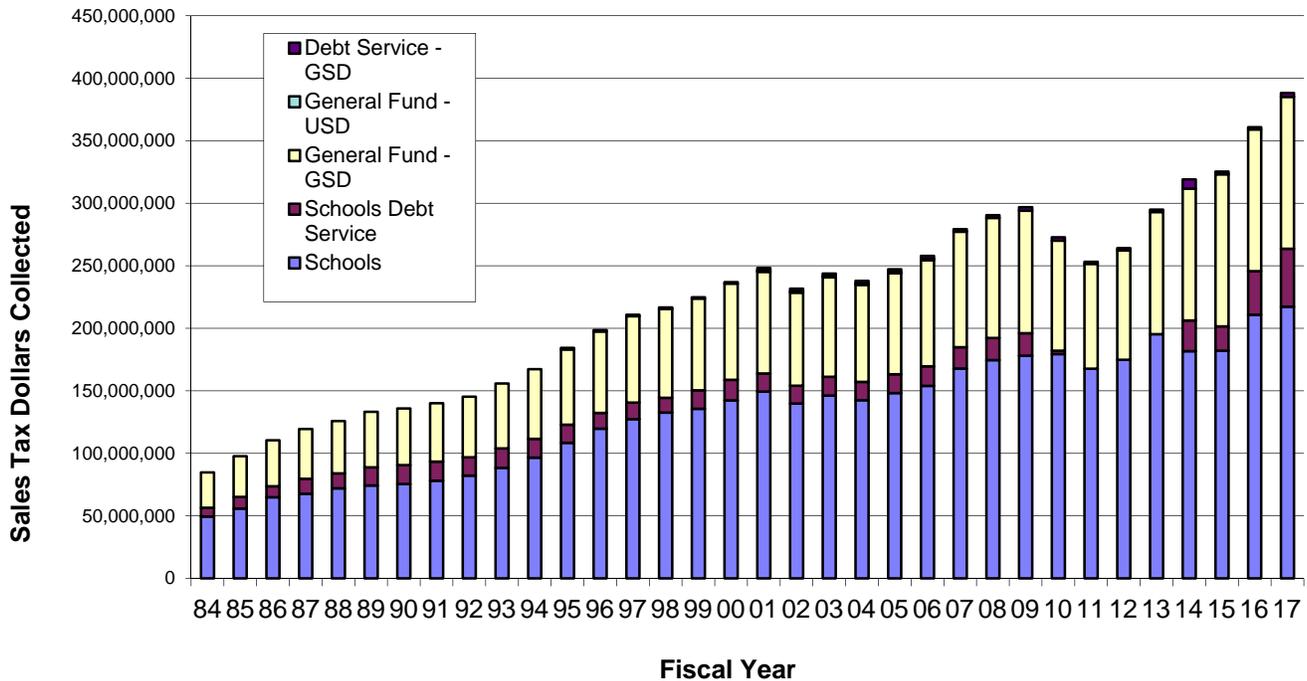
The primary sources of federal funds received by Metro are categorical grants such as education funding, Title XX, Title III, and USDA nutrition funds, and reimbursements for services provided by Metro agencies such as the Health Department and Social Services. Most federal funds (including the entire Schools Special Grants Fund) are nondiscretionary in that their receipt requires Metro to carry out certain specified programs. Unrestricted grants such as revenue sharing are now rare.

Federal funds received by the government are subject to federal government single audit provisions. These provisions provide that grants are audited as part of the city's annual independent audit. In an effort to properly reflect federal and state revenues that may be subject to such audit, the Finance Department has reclassified many revenues from other categories to this "State and Federal" category.

The Finance Department has moved most grant revenues and expenditures from the general funds to various grant special revenue funds since FY2000.

Sources: FY84-15 Comprehensive Annual Financial Reports; FY16-17 Recommended Budget Ordinance

Distribution of Local Option Sales Tax Collections



Metro Nashville and its Budget

Other Local Revenues

The Metropolitan Government generates various revenues locally.

Licenses and Permits include the Business Tax, Wholesale Beer Tax, Motor Vehicle Regulatory License, Hotel Occupancy Privilege Tax, and building permit and franchise fees.

Charges for Current Services are derived from user fees and charges levied in return for specific services provided by Metro. Among the many fees and charges collected are revenues generated for health services, parking fees, ambulance fees, dog registration charges, vehicle emission test charges, fees for the use of parks' facilities, and waste disposal fees. Most of these fees are set by Metro, by the Council, or by action of oversight boards and commissions.

Fines, Forfeitures, and Penalties are collected by the various court clerks, the Sheriff, and the Police Department for fines, court costs, Sheriff's fees, DUI safety education, litigation taxes, and proceeds from confiscated property.

Revenue from the Use of Money or Property includes interest on investments and the rental of Metro-owned land and buildings. Metro investment practices emphasize safety, prudence, and liquidity; the government does not engage in speculative high-risk investments such as derivatives.

Commissions and Fees from Certain Officials consist of processing charges for services provided by the clerks of the courts and by the County Register. These fees are generally set by Metro or the state.

Transfers from Other Funds

Transfers may be made into the general funds of the GSD or USD from time to time from surpluses that have accumulated in certain special and working capital funds. Transfers are also made to reimburse various funds for services that are provided by those funds but are rightfully chargeable to another fund.

The FY2016 recommended budget continues to include the transfer of \$3.2 million from the GSD General Fund to the GSD Debt Service Fund to help fund the stadium financing package; this amount is approximately equivalent to the former GSD General Fund's 1¢ share of the Hotel Occupancy Tax (see the description of that fund in Section J).¹

Fund Balances

Fund balances are the difference between the government's assets and liabilities. They result from receiving more revenue than estimated and/or expending less than budgeted in prior years. They provide some protection against unexpected expenditures or revenue losses, and help to stabilize the government's finances.

Fund balances frequently increase by the end of the year due to actual revenues being higher than actual expenditures, often because of unspent appropriations and/or higher-than-estimated revenue collections.

Metro's budget does not propose formally saving any money to increase unrestricted fund balances.

Management policy is that fund balances should remain at least 5% of expenditures for the general and schools funds and that they should not be used to support recurring expenditures. The budget typically appropriates a portion of fund balances from prior fiscal years to fund operations of the budgeted fiscal year and holds remaining balances in reserve for contingencies or future appropriation.

Conclusion

We anticipate revenues sufficient to fund budgeted expenditure appropriations in FY2016, and revenue estimates to be within the ±5% range (95% accuracy) considered normal in municipal finance.

Expenditures

The budget ordinance defines the operating budgets of the two general funds by department. It defines the operating budgets of the other budgetary and non-budgetary funds at the fund level, with a few funds (such as debt service and the Waste Management Fund) defined at more detailed levels.

Normal Cost Increases

The budget began with FY2017 projections equal to departments' FY2016 budgets. The budget was initially projected with no inflation or other increases. During the process, adjustments were made as follows:

- Adjustments for grant funding changes in FY2017.
- Elimination of FY2016 nonrecurring budgeted expenditures from the FY2017 projections.
- Adjustments for pay plan improvements implemented during this fiscal year.
- Fringe benefits – Costs for active employees in the open benefit plans (FICA, medical, dental, life, and Metro pension) are carried in departmental budgets. Departmental fringe benefits will change during the year due to decreased pension costs and medical plan increases during the fiscal year. To cover these increases budget modifications are included in the central Administrative accounts of the two general funds at the beginning of the fiscal year, but funds will not be distributed to departments' budgets until the actual increases are known.

Expenditure numbers are presented in the budget ordinance, which is included at the end of this executive summary, and in the three schedules of Appendix 1; more detail is presented in each department's "Financial" pages.

Conclusion: Within its budget, each department must cover all of its operating costs. The overall operating budget maintains and improves services, and meets certain new obligations.

¹ The \$4 million Water Services in-lieu-of-taxes component of the stadium package does not affect the six budgetary funds. In that component, Water Services will make monthly payments into the stadium indenture revenue fund. From that fund, Metro will make monthly debt service payments to the

bond trustee, who makes semiannual interest payments and annual principal payments to the bondholders.

Metro Nashville and its Budget

The Capital Improvements Budget and Capital Plan Process

Capital improvements (capital expenditures) are any expenditures requiring Council authorization regarding the acquisition, replacement construction, renovation or modification to any equipment, land, building, public utility, public thoroughfare, or place of public activity; and, which has a useful life expectancy of ten years or greater.

Capital improvements are planned and authorized in a process that is related to, but independent of, the operating budget process.

The Capital Improvements Budget

As specified in § 6.13 of the Charter, the capital improvements budget (CIB) must be prepared annually to "include a program of proposed capital expenditures for the ensuing fiscal year and the next five fiscal years thereafter..."

The capital improvements program is a tool for implementing long-range policies of the General Plan through timely scheduling of infrastructure and facilities in coordination with general development needs.

The CIB is prepared annually by the Planning and Finance Departments. Departments submit project requests through the internet-based WEBudget to the Planning staff. The Finance Director and staff along with the Mayor review the requests, edit as needed and then submit a Recommended CIB to Council by May 15th. The Council has 30 days to review, amend and approve by June 15th.

The CIB is strictly a planning document; it does not appropriate funds, or authorize or approve any projects. The Capital Spending Plan is where funding and approval to commence a project is authorized. The CIB document is available separately from the Planning Commission or at the Nashville.gov web site.

The FY 2016 CIB was approved on June 10, 2015, [BL2015-1142.] The subsequent FY 2016 Capital Spending Plan for this CIB was also approved on June 10, 2015 [RS2015-1500] in the amount of \$520,000,000.

The FY 2017 CIB will not be filed until May 13, 2016, which is after publication of this budget book. Details on the FY 2016 CIB and Capital Spending Plan are found in the tables below and at the end of this section.

FY2015-2016 to FY2020-2021 Capital Improvements Budget - Final - By Agency

| Departments | % of '15-'16 | | FY2016-17 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | % of '16-'21 | |
|---------------------------------|------------------------|-----------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-----------------|
| | FY2015-16 | Total | | | | | | Total | Total |
| Arts Commission | \$4,150,000 | 0.214% | | | | | | \$4,150,000 | 0.079% |
| District Energy System - USD | 30,755,000 | 1.586% | \$1,017,500 | \$825,000 | \$495,000 | \$495,000 | | 33,587,500 | 0.642% |
| Farmers Market | 80,000 | 0.004% | | | | | | 80,000 | 0.002% |
| Finance | 42,300,000 | 2.181% | 5,000,000 | 2,000,000 | 2,000,000 | | | 51,300,000 | 0.980% |
| Fire Department - GSD | 34,683,000 | 1.788% | 26,183,000 | | | | | 60,866,000 | 1.163% |
| General Hospital | 6,024,100 | 0.311% | 5,285,000 | | | | | 11,309,100 | 0.216% |
| General Services | 248,182,400 | 12.795% | 802,900 | 802,900 | 802,900 | 802,900 | | 251,394,000 | 4.802% |
| General Sessions Court | 300,000 | 0.015% | | | | | | 300,000 | 0.006% |
| Health | 1,100,000 | 0.057% | | | | | | 1,100,000 | 0.021% |
| Historical Commission | 2,130,000 | 0.110% | 3,619,000 | | | | | 5,749,000 | 0.110% |
| Human Resources | 400,000 | 0.021% | | | | | | 400,000 | 0.008% |
| Information Technology Services | 18,358,000 | 0.946% | | | | | | 18,358,000 | 0.351% |
| Juvenile Court | 110,000 | 0.006% | | | | | | 110,000 | 0.002% |
| Juvenile Court Clerk | 380,000 | 0.020% | | | | | | 380,000 | 0.007% |
| Mayor's Office | 6,000,000 | 0.309% | | | | | | 6,000,000 | 0.115% |
| MDHA - GSD | 155,800,000 | 8.032% | 91,800,000 | 83,000,000 | 30,000,000 | 30,000,000 | | 390,600,000 | 7.461% |
| Metro Action Commission | 14,192,000 | 0.732% | | | | | | 14,192,000 | 0.271% |
| MNPS (Schools) | 206,910,600 | 10.667% | 294,958,700 | 211,532,400 | 181,875,100 | 120,251,800 | \$85,439,900 | 1,100,968,500 | 21.030% |
| MTA | 48,571,000 | 2.504% | | | | | | 48,571,000 | 0.928% |
| Municipal Auditorium | 2,637,000 | 0.136% | 1,400,000 | 1,500,000 | 1,000,000 | | | 6,537,000 | 0.125% |
| Nashville Electric Service | 35,000,000 | 1.804% | | | | | | 35,000,000 | 0.669% |
| Parks & Recreation | 107,110,000 | 5.522% | | | | | | 107,110,000 | 2.046% |
| Planning - GSD | 7,200,000 | 0.371% | 6,700,000 | 6,700,000 | 6,700,000 | | | 27,300,000 | 0.521% |
| Planning - USD | 250,000 | 0.013% | | | | | | 250,000 | 0.005% |
| Police | 45,735,100 | 2.358% | | | | | | 45,735,100 | 0.874% |
| Public Library | 25,625,600 | 1.321% | 9,910,000 | 7,340,000 | 4,825,000 | 5,150,000 | 4,795,300 | 57,645,900 | 1.101% |
| Public Works - GSD | 569,831,983 | 29.378% | 222,960,000 | 216,760,000 | 192,160,000 | 158,552,000 | 161,060,000 | 1,521,323,983 | 29.059% |
| Public Works - USD | 67,530,000 | 3.482% | 23,000,000 | 7,000,000 | 1,600,000 | 1,600,000 | 1,600,000 | 102,330,000 | 1.955% |
| Sheriff | 18,230,000 | 0.940% | | | | | | 18,230,000 | 0.348% |
| Social Services | 772,500 | 0.040% | | | | | | 772,500 | 0.015% |
| Sports Authority | 40,000,000 | 2.062% | | | | | | 40,000,000 | 0.764% |
| State Fair Board | 100,000 | 0.005% | 100,000 | 100,000 | | | | 300,000 | 0.006% |
| State Trial Courts | 1,000,000 | 0.052% | | | | | | 1,000,000 | 0.019% |
| Water & Sewer GSD | 189,699,900 | 9.780% | 196,889,600 | 317,773,200 | 209,324,600 | 324,444,500 | | 1,238,131,800 | 23.650% |
| Water & Sewer USD | 8,500,000 | 0.438% | 8,500,000 | 5,750,000 | 5,750,000 | 5,750,000 | | 34,250,000 | 0.654% |
| Totals | \$1,939,648,183 | 100.000% | \$898,125,700 | \$861,083,500 | \$636,532,600 | \$647,046,200 | \$252,895,200 | \$5,235,331,383 | 100.000% |

Metro Nashville and its Budget

Areas of Emphasis

The Administration has announced four priorities for Metro Nashville / Davidson County. The four areas of particular emphasis:

- (1) **Education** - continue building a strong foundation for education through the expansion and improvement of Nashville's school facilities;
 - Limitless Libraries
 - Student Attendance Center
 - After-School Programs
- (2) **Public Safety** - identify and support activities that have proven effective in reducing crime and promoting safety;
 - Increase in Police Officers
 - Improved Fire Facilities
 - Victim Advocacy Center
- (3) **Economic Development** - work to stimulate local economic activity through focusing and coordinating government resources to attract and retain businesses and support and enhance tourism;
 - Music City Center
 - Fast-Track Permitting / One-Stop Shop
 - Nashville Entrepreneur Center
- (4) **Livability** - improve the quality of life in Nashville and its neighborhoods through a more informed, active and involved citizenry and enhanced governmental response to community needs;
 - Green Ribbon Committee on Environments
 - Sustainability
 - Healthy Nashville.

The alignment of the capital plan to the Administration's priorities is detailed on the following pages.

For more details on the Mayor's priorities go to <http://www.nashville.gov/mayor/priorities.asp>.

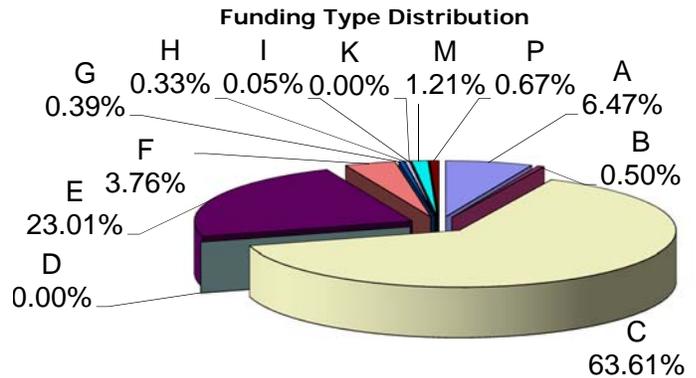
Capital Funding Sources

Metro has fourteen different types of funding for capital projects. The "Capital Improvement Budget Funding Sources" table [following page] and "Funding Type Distribution" graph on this page show the amounts estimated by type and year in the 2015-2016 to 2020-2021 CIB.

Possible funding sources for specific projects include:

- Bond and note authorizations (described in Section J of this book) for the Debt Service funds, approved by the Council, including:
 - Approved General Obligation (B) and,
 - Proposed General Obligation (C) bonds and notes.
- Four Percent Reserve Fund (Fund 30003 in section J of this book) appropriations by the Council quarterly throughout the year, including:
 - Approved 4% (L) and,
 - Proposed 4% (M) funding.
- Grant operating budgets included in the operating budget, added grant contingency transfers, or Council resolutions denote funds as:
 - Federal (F) and,
 - State (G);
 - Approved Community Development (I) and,
 - Proposed Community Development (K).
- Revenue bond authorizations or operations for enterprise-type activities, approved in the budget or by Council resolution; including:
 - Approved Revenue (D),
 - Proposed Revenue (E) and,
 - Enterprise (H) funds.
- Other sources, including:
 - Miscellaneous funds (A) and,
 - Approved Miscellaneous funds (O), which, individually, do not comprise major funding categories, and
 - Operating budget funds (P).

The proposed funding for these requests is summarized on the following pie chart and table.



Metro Nashville and its Budget

Capital Improvement Budget (CIB) Funding Sources 2015-16 through 2020-21

| FUND DESCRIPTION | TYPE | FY2015-16 | FY2016-17 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | TOTAL |
|-----------------------------------|------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| Miscellaneous | A | \$216,292,900 | \$60,502,900 | \$55,502,900 | \$5,502,900 | \$802,900 | | \$338,604,500 |
| Approved General Obligation Bonds | B | 26,150,000 | | | | | | 26,150,000 |
| Proposed General Obligation Bonds | C | 1,317,675,329 | 617,158,200 | 460,357,400 | 361,480,100 | 321,248,800 | 252,245,200 | 3,330,165,029 |
| Approved Revenue Bonds | D | | | | | | | 0 |
| Proposed Revenue Bonds | E | 184,699,900 | 191,889,600 | 310,023,200 | 201,574,600 | 316,694,500 | | 1,204,881,800 |
| Federal Funds | F | 90,206,754 | 19,050,000 | 27,250,000 | 60,250,000 | 250,000 | | 197,006,754 |
| State Funds | G | 20,191,500 | | | | | | 20,191,500 |
| Enterprise | H | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | | 17,500,000 |
| Approved Community Development | I | 1,800,000 | 800,000 | | | | | 2,600,000 |
| Proposed Community Development | K | | | | | | | 0 |
| Approved 4% | L | | | | | | | 0 |
| Proposed 4% | M | 44,131,800 | 5,225,000 | 4,450,000 | 4,225,000 | 4,550,000 | 650,000 | 63,231,800 |
| Approved Miscellaneous | O | | | | | | | 0 |
| Operating | P | 35,000,000 | | | | | | 35,000,000 |
| Totals by Year | | \$1,939,648,183 | \$898,125,700 | \$861,083,500 | \$636,532,600 | \$647,046,200 | \$252,895,200 | \$5,235,331,383 |

Financial Considerations

Metro's short and medium term capital requests, as identified by the individual departments, far exceed its capacity to raise funds to pay for those needs.

Financial projections determine the constraints for programming the projects according to a schedule that is fiscally and administratively practical. The Department of Finance annually develops two programs based on financial considerations:

- (1) The current debt level program assumes no change in the amount or distribution of tax rates. Projects scheduled in this program are either committed or are considered to have the highest priority in meeting community needs.
- (2) The essential needs program assumes additional revenues would be available to retire general obligation bonds, but total outstanding indebtedness would remain below limits set by Metro.

The scale of general obligation (GO) bond funding in the recommended program depends upon resources available under present tax levels, but may reflect additional funding requirements to meet priority needs. In recommending a program whose funding would exceed present tax level resources, the Planning Commission may advise the Mayor of estimated additional tax levy needed for debt service.

The Capital Spending Plan: Approval and Appropriation

The CIB is strictly a planning document; it does not appropriate funds, authorize or approve any projects.

The Capital Spending Plan is a compilation of projects from the CIB that have been selected by the Mayor, Finance Director and staff for recommendation to the Council for approval and funding. The capital spending plan typically recommends \$200 million to \$300 million worth of projects that align with the Mayor's and Metro's areas of emphasis described on previous pages. The Capital Spending Plan selects, specifies, and recommends for funding the CIB projects to be developed.

Currently, Metropolitan Government of Nashville has no significant, non-recurring capital expenditures.



Highlights of the FY 2014-15 Capital Spending Plan

The FY2014-15 Capital Spending Plan, approved on June 18, 2014, in the amount of \$275,000,000, aligns with the Administration's priorities as follows:

- Education - \$110,000,000
- Public Safety - \$77,500,000
- Economic Development - \$19,500,000
- Livability - \$59,000,000
- All Other - \$9,000,000

Details on these allocations can be found at the end of this section.

Highlights of the FY 2015-16 Capital Spending Plan

The FY2015-16 Capital Spending Plan, approved on June 10, 2015, in the amount of \$520,000,000, aligns with the Administration's priorities as follows:

- Education - \$134,250,000
- Public Safety - \$205,000,000
- Economic Development - \$43,750,000
- Livability - \$126,000,000
- All Other - \$11,000,000

Details on these allocations are below.

Metro Nashville and its Budget



Education – 16 projects totaling \$134,250,000.
[Operating Budget Impact – \$2,420,000]

- Overton HS – Renovations - \$990,000
- MLK Magnet – Renovations / Additions - \$650,000
- Cane Ridge Elem – New School - \$3,700,000
- Pennington Elem – Renovations - \$4,200,000
- Rosebank Elem – Renovations - \$23,000,000
- Southeast Learning Ctr – Improvements - \$2,000,000
- Hillsboro / Hillwood / NSA–Planning Funds - \$5,000,000
- Technology Improvements - \$10,000,000
- Transportation – New / Replacements - \$10,000,000
- Deferred Maint. / Minor Upgrades - \$10,000,000
- So. Nashville HeadStart – Study - \$500,000
- Nashville Intrnl Academy – Planning - \$750,000
- Nashville State – Donelson & Madison – New Campus Donation - \$2,000,000



Public Safety – 8 projects totaling \$205,000,000.
[Operating Budget Impact – \$0]

- Police – New South Precinct - \$10,000,000
- Police – Family Justice Center - \$20,000,000
- Police / Sheriff – Renovation of CJC - \$113,400,000
- Police – Hdqtrs – Contingency / Planning - \$18,600,000
- Public Works – Roads / Bridges / Bikeways- \$24,800,000
- Public Works – Landfill Engineering / Maint. - \$200,000
- Fire Dept – Master Plan Implementation - \$10,000,000
- Gen Services – Radio Replacements - \$8,000,000



Economic Development – 7 projects totaling \$43,750,000.
[Operating Budget Impact – \$0]

- Gen Services – Building Rehab / Maint. - \$6,750,000
- ITS – Data / Voice Connections - \$993,000
- ITS – Telephone Systems Upgrade - \$2,200,000
- ITS – Computer Network Monitoring - \$807,000
- Hosp. Authority – Maint / Renovations / Equipment – \$3,000,000
- MDHA – Affordable Housing Funds - \$4,000,000
- District Energy Systems – Improvements - \$26,000,000



Livability – 18 projects totaling \$126,000,000.
[Operating Budget Impact – \$1,700,000]

- Library – Miscellaneous Maintenance - \$2,000,000
- Library – Limitless Library Program - \$1,000,000
- Parks – Greenways - \$5,000,000
- Parks – Open Space - \$18,000,000
- Parks – Maintenance - \$5,000,000
- Parks – Madison & Southeast Cmnty Ctrs - \$12,000,000
- Parks – Hadley Tennis Center - \$1,000,000
- Parks – Una - Antioch Park - \$1,000,000
- Parks – Nashville Zoo - \$10,000,000
- MTA – Replacement Buses - \$6,777,500
- MTA – Grant Matches for MTA - \$3,162,500
- MTA – Grant Matches for RTA - \$2,060,000
- MTA – Paratransit Vehicles - \$1,000,000
- Public Works – Sidewalks - \$25,000,000
- Public Works – Paving - \$20,000,000
- Public Works – Traffic / Signal Controls - \$3,000,000
- Public Works – Library Parking Garage - \$10,000,000



All Other – 2 projects totaling \$11,000,000.
[Operating Budget Impact – \$0]

- Admin – GSD FY16 Contingency Account - \$7,000,000
- Admin – MNPS FY16 Contingency Account - \$4,000,000

Metro Nashville and its Budget

Operating Budget Effects

Approved capital expenditures affect the budget in three ways.

- First, Four Percent Reserve Fund expenditures are drawn from a reserve pool representing 4% of the locally generated revenues to the GSD General Fund.
- Second, debt service – the repayment of principal and interest owed on general obligation debt from the debt service fund – is an operating budget expenditure. The debt service budget is discussed in Section J of this book. Capital debt capacity is determined before any capital spending plan is proposed. If a spending plan will increase the debt service required, a “Reserve for New Debt” line item is added to the affected debt fund in the budget ordinance.
- Third, potential improvements may commit Metro to operating costs that will be reflected in future years’ departmental operating budgets. These costs are considered in the process of considering and approving prospective capital improvements.

Costs for completed or soon-to-be-completed capital plan projects are identified in the department’s operating budget section in this budget book. Costs for proposed or under-construction projects are included in the *Capital Improvements Budget* book.

Estimated Operating Budget Impacts of the Capital Spending Plans:

FY 2014-2015 Capital Spending Plan = \$3,440,000 Estimated Operating Budget Impact

FY 2015-2016 Capital Spending Plan = \$4,120,000 Estimated Operating Budget Impact

FY2014-2015 Capital Projects – Estimated Operating Budget Impact

Parks – Greenway Projects – \$200,000 Personnel and Maintenance Costs for major greenways
Parks – Open Space / Riverfront Development – \$800,000 Maintenance, Planning and Personnel Costs
Parks – Deferred Maintenance Projects – \$100,000 Personnel, Utilities and Maintenance Costs
Parks – Planning for Madison and Southeast Community Centers – \$100,000 Consultants, Drawings, and Presentations

Schools – Bordeaux Demolition / Pre-K Set-up - \$50,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Glencliff Elem – 12 Classroom Addtns - \$150,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Glenview Elem – 8 Classroom Addtns - \$100,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Hume-Fogg School – Renovate Facility / Property - \$250,000 Site Improvements, Utilities, Custodial and Maint.
Schools – MLK Magnet – 12 Classroom Addtns - \$150,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Ruby Major Elem – 12 Classroom Addtns - \$150,000 Addtnl Square Footage Costs for Utilities, Custodial and Maint.
Schools – Overton Cluster Elem – New School - \$500,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Casa Azafran – Pre-K Model Developmt - \$50,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Tusculum Elem – Replace School - \$500,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Technology Improvements - \$240,000 Maintenance Agreements
Schools – Deferred Maintenance / Minor Upgrades - \$100,000 Warranties, Custodial, and Maintenance

FY2015-2016 Capital Projects – Estimated Operating Budget Impact

Parks – Greenway Projects – \$200,000 Personnel and Maintenance Costs for major greenways
Parks – Open Space – \$1,000,000 Maintenance, Planning and Personnel Costs
Parks – Deferred Maintenance Projects – \$100,000 Personnel, Utilities and Maintenance Costs
Parks – Madison and Southeast Community Centers – \$400,000 Personnel

Schools – Overton High School – \$700,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – MLK High School – \$700,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Cane Ridge Elem – New School - \$500,000 Additional Square Footage Costs for Utilities, Custodial and Maint.
Schools – Pennington Elem – Renovate Facility / Property - \$150,000 Site Improvements, Utilities, Custodial and Maint.
Schools – Rosebank Elem – Renovate Facility / Property - \$150,000 Site Improvements, Utilities, Custodial and Maint.
Schools – SE Learning Ctr – Improvements Facility / Property - \$50,000 Site Improvements, Utilities, Custodial and Maint.
Schools – Technology Improvements - \$170,000 Maintenance Agreements

Most projects replace existing facilities and do not create additional operating costs.

Details, program descriptions, and estimated operating budget impacts of each prospective capital improvement project on the operating budget are noted in the CIB. The estimated operating budget impact for approved capital projects are noted in the tables presented on the following pages.

Summary

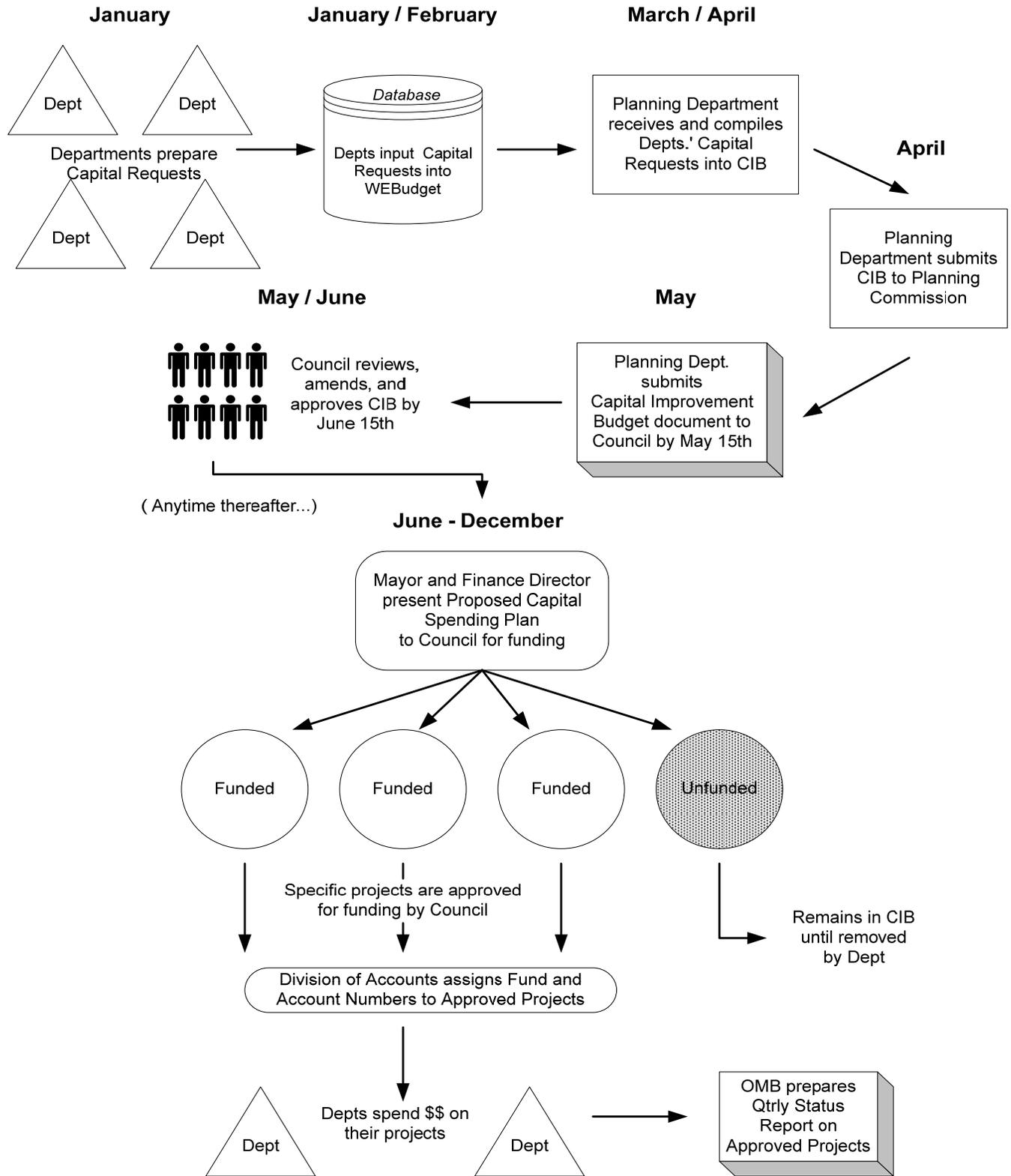
Capital projects are budgeted in a multi-step process. The CIB, approved around mid-June of each year, proposes more capital projects than the government can afford from all funding sources. It is from this CIB that the individual projects will be selected, approved, and funded in what is known as a Capital Plan or Capital Spending Plan. When the capital projects are approved and/or completed, their operation may or may not affect future operating budgets.

A flowchart of the CIB and Capital Spending Plan process as well as the FY 2015 and FY 2016 Capital Spending Plans are presented on the following pages.

Again, at this time, the Metropolitan Government of Nashville has no significant, non-recurring capital expenditures.

Metro Nashville and its Budget

Flowchart of Capital Improvement Budget (CIB) and Capital Spending Plan Process:



Metro Nashville and its Budget

| FY 2014-2015 CAPITAL SPENDING PLAN | | | | |
|--|---|--------------|-------------------|-------------------------|
| AGENCY / PROJECT NAME | DESCRIPTION | ALLOCATION | PRIORITY CATEGORY | OPERATING BUDGET IMPACT |
| PUBLIC WORKS | | | | |
| SIDEWALKS | New and Replace - GSD | \$17,000,000 | Public Safety | |
| PAVING / ROADS / BIKEWAYS | Various Roadways in GSD | 30,000,000 | Public Safety | |
| TRAFFIC / SIGNAL CONTROLS | Various Roadways in GSD | 8,000,000 | Public Safety | |
| BRIDGES | Repair / Replace in GSD | 6,000,000 | Public Safety | |
| SO. NASHVILLE CONVENIENCE CENTER | New Installation | 2,000,000 | Public Safety | |
| PUBLIC LIBRARY | | | | |
| MISCELLANEOUS MAINTENANCE | Maint. Projects System-Wide | 4,000,000 | Livability | |
| LIMITLESS LIBRARY UPGRADES | System-Wide Programs | 1,000,000 | Livability | |
| PARKS | | | | |
| GREENWAYS | Completion of Various Projects | 3,000,000 | Livability | 200,000 |
| WARNER PARK | Completion of Various Projects | 5,000,000 | Livability | |
| CENTENNIAL PARK MASTER PLAN | Completion of Master Plan projs | 4,000,000 | Livability | |
| OPEN SPACE / RIVERFRONT DEV | Acquisition / Enhancement | 2,000,000 | Livability | 800,000 |
| STONES RIVER / RAVENWOOD | Acquisition / Enhancement | 2,500,000 | Livability | |
| DEFERRED MAINTENANCE | Deferred Maintainance Projects | 8,000,000 | Livability | 100,000 |
| MASTER PLAN UPDATE | Completion of Master Plan projs | 500,000 | Livability | |
| PLANNING FOR MADISON AND SOUTHEAST COMMTY CTRS | Planning Funds for the Last Two Facilities in the Master Plan | 1,000,000 | Livability | 100,000 |
| NASHVILLE ZOO | Infrastructure & new developmts | 10,000,000 | Livability | |
| FIRE DEPARTMENT | | | | |
| MASTER PLAN IMPLEMENTATION | Next Phase of Fire Master Plan | 10,000,000 | Public Safety | |
| MAJOR EQUIPMENT/MINI-PUMPERS | Next Phase of Fire Master Plan | 2,000,000 | Public Safety | |
| GENERAL SERVICES | | | | |
| ROOFING / BUILDING MAINT. | Ongoing Maintenance Needs | 7,000,000 | Econ Dvlpmt | |
| ENERGY IMPROVEMENTS | Funds for Energy Improvements | 4,000,000 | Econ Dvlpmt | |
| JUDICIAL CAMPUS MASTER PLAN | Overall Campus Planning | 1,500,000 | Public Safety | |
| FARMERS MARKET UPGRADE | Enclosing a Shed | 500,000 | Econ Dvlpmt | |
| POLICE / FIRE TRAINING ACADEMY | Infrastructure Needs | 1,000,000 | Public Safety | |
| ITS | | | | |
| DATA / VOICE CONNECTIONS | Data / Voice Connections for Various Construction Projects | 612,000 | Econ Dvlpmt | |
| TELEPHONE SYSTEMS - UPGRADE | Continue Upgrade of Phone Syst | 1,223,000 | Econ Dvlpmt | |
| NETWORKS - END OF LIFE | Replace End-of-Life Networks | 2,165,000 | Econ Dvlpmt | |
| BUDGET SYSTEM SOFTWARE REPLACE | Replace Budget Software Tools | 1,000,000 | Econ Dvlpmt | |

Metro Nashville and its Budget

| FY 2014-2015 CAPITAL SPENDING PLAN | | | | |
|---------------------------------------|--|----------------------|-------------------|-------------------------|
| AGENCY / PROJECT NAME | DESCRIPTION | ALLOCATION | PRIORITY CATEGORY | OPERATING BUDGET IMPACT |
| HOSPITAL AUTHORITY | | | | |
| STAR SYSTEM - SOFTWARE UPGRADES | Software Upgrades to General Hospital's STAR System | 1,200,000 | Econ Dvlpmt | |
| MEDICAL EQUIPMENT | Various Medical Equipment | 1,800,000 | Econ Dvlpmt | |
| MTA | | | | |
| BRT LITE INFRASTRUCTURE | Bus Rapid Transit (BRT) on Charlotte and Nolensville Rds | 4,000,000 | Livability | |
| RTA / MTA GRANT MATCHES | Grant Matching Funds | 2,800,000 | Livability | |
| REPLACEMENT BUSES | Replacement of 12 Buses | 8,000,000 | Livability | |
| PARATRANSIT VEHICLES | Replacement of Vehicles | 1,000,000 | Livability | |
| BUILDING RENOVATIONS | Myatt and Nestor Buildings | 1,200,000 | Livability | |
| BUS SHELTERS - UPGRADES | Upgrades to 100 Shelters | 1,000,000 | Livability | |
| METRO SCHOOLS | | | | |
| <u>RENOVATIONS / NEW SCHOOLS</u> | | | | |
| BORDEAUX DEMO / PRE-K | Demolition - Convert to Pre-K | 990,000 | Education | 50,000 |
| CANE RIDGE ELEMENTARY LAND | Purchase of Land | 650,000 | Education | |
| GLENCLIFF ELEMENTARY | Addition of 12 Classrooms | 3,700,000 | Education | 150,000 |
| GLENVIEW ELEMENTARY | Addition of 8 Classrooms | 4,200,000 | Education | 100,000 |
| HUME-FOGG HIGH SCHOOL | Renovate Facility | 23,000,000 | Education | 250,000 |
| MLK MAGNET SCHOOL | Addition of 12 Classrooms | 6,900,000 | Education | 150,000 |
| RUBY MAJOR ELEMENTARY | Addition of 12 Classrooms | 3,500,000 | Education | 150,000 |
| OVERTON CLUSTER ELEMENTARY | New School | 14,110,000 | Education | 500,000 |
| PRE-K - CASA AZAFRAN | Pre-K Model Development | 650,000 | Education | 50,000 |
| TUSCULUM ELEMENTARY | Replacement of School | 17,300,000 | Education | 500,000 |
| BUS / VEHICLE REPLACEMENT | Replacement of School Buses | 10,000,000 | Education | |
| TECHNOLOGY | Enhancements / Upgrades | 15,000,000 | Education | 240,000 |
| DEFERRED MAINTENANCE / MINOR UPGRADES | Enhancements / Upgrades | 10,000,000 | Education | 100,000 |
| TOTAL -- All Capital Projects | | \$266,000,000 | | \$3,440,000 |
| CONTINGENCY ACCOUNTS | | | | |
| GSD CAPITAL CONTINGENCY | Contingency Funds for GSD | 5,000,000 | All Other | |
| MNPS CAPITAL CONTINGENCY | Contingency Funds for MNPS | 4,000,000 | All Other | |
| GRAND TOTAL | | \$275,000,000 | | \$3,440,000 |

Metro Nashville and its Budget

| FY 2015-2016 CAPITAL SPENDING PLAN | | | | |
|---------------------------------------|----------------------------------|--------------|-------------------|-------------------------|
| AGENCY / PROJECT NAME | DESCRIPTION | ALLOCATION | PRIORITY CATEGORY | OPERATING BUDGET IMPACT |
| PUBLIC SAFETY INITIATIVE | | | | |
| SOUTH POLICE PRECINCT | New South Precinct | \$10,000,000 | Public Safety | |
| FAMILY JUSTICE CENTER | New Family Justice Center | 20,000,000 | Public Safety | |
| RENOVATION OF CRIMINAL JUSTICE CENTER | Study and Renovation of CJC | 113,400,000 | Public Safety | |
| POLICE HEADQUARTERS STUDY | Study on Relocation of Hdqtrs | 18,600,000 | Public Safety | |
| PUBLIC WORKS | | | | |
| SIDEWALKS | New and Replace in GSD | \$25,000,000 | Livability | |
| PAVING | Various Roadways | 20,000,000 | Livability | |
| TRAFFIC / SIGNAL CONTROLS | Various Roadways/Intersections | 3,000,000 | Livability | |
| ROADS / BRIDGES / BIKEWAYS | New / Repair / Replace | 24,800,000 | Public Safety | |
| LANDFILL ENGINEERING / MAINTENANCE | New Installation | 200,000 | Public Safety | |
| PARKS | | | | |
| GREENWAYS | Completion of Various Projects | 5,000,000 | Livability | 200,000 |
| OPEN SPACE | Acquisition / Enhancement | 18,000,000 | Livability | 1,000,000 |
| MAINTENANCE | Deferred Maintenance Projects | 5,000,000 | Livability | 100,000 |
| MADISON COMMUNITY CENTER | New Community Center | 6,000,000 | Livability | 200,000 |
| SOUTHEAST COMMUNITY CENTER | New Community Center | 6,000,000 | Livability | 200,000 |
| HADLEY TENNIS CENTER | Improvements / New Tennis Ctr | 1,000,000 | Livability | |
| UNA - ANTIOCH | Improvements | 1,000,000 | Livability | |
| NASHVILLE ZOO | Infrastructure & New Developmts | 10,000,000 | Livability | |
| GENERAL SERVICES | | | | |
| BUILDING REHAB / MAINTENANCE | Ongoing Maintenance Needs | 6,750,000 | Econ Dvlpmt | |
| SO. NASHVILLE HEADSTART STUDY | Study for HeadStart Center | 500,000 | Education | |
| NASHVILLE INTERNETNL ACADEMY | Planning for Construction of NIA | 750,000 | Education | |
| METRO TRANSIT AUTHORITY (MTA) | | | | |
| REPLACEMENT BUSES | Replacement of 12 Buses | 6,777,500 | Livability | |
| GRANT MATCHES - MTA | Grant Matching Funds | 3,162,500 | Livability | |
| GRANT MATCHES - RTA | Grant Matching Funds | 2,060,000 | Livability | |
| PARATRANSIT VEHICLES | Replacement of Vehicles | 1,000,000 | Livability | |
| PUBLIC LIBRARY | | | | |
| MISCELLANEOUS MAINTENANCE | Maint. Projects System-Wide | 2,000,000 | Livability | |
| LIMITLESS LIBRARY UPGRADES | System-Wide Programs | 1,000,000 | Livability | |
| FIRE DEPARTMENT | | | | |
| MASTER PLAN IMPLEMENTATION | Next Phase of Fire Master Plan | 10,000,000 | Public Safety | |

Metro Nashville and its Budget

| FY 2015-2016 CAPITAL SPENDING PLAN | | | | |
|--|---|----------------------|-------------------|-------------------------|
| AGENCY / PROJECT NAME | DESCRIPTION | ALLOCATION | PRIORITY CATEGORY | OPERATING BUDGET IMPACT |
| ITS | | | | |
| TELEPHONE SYSTEMS - UPGRADE | Continue Upgrade of Phone Syst | 2,200,000 | Econ Dvlpmt | |
| COMPUTER NTWK MONITORING | Replace End-of-Life Networks | 807,000 | Econ Dvlpmt | |
| DATA / VOICE CONNECTIONS | Data / Voice Connections for Various Construction Projects | 993,000 | Econ Dvlpmt | |
| HOSPITAL AUTHORITY | | | | |
| MAINTENANCE / RENOVATIONS EQUIPMENT | Maintenance / Renovations and Medical Equipment | 3,000,000 | Econ Dvlpmt | |
| METRO SCHOOLS | | | | |
| <u>RENOVATIONS / PLANNING / NEW SCHOOLS</u> | | | | |
| OVERTON - RENOVATIONS | Renovations to Overton HS | 30,000,000 | Education | 700,000 |
| MLK MAGNET - RENOVATIONS | Renovations to MLK | 30,000,000 | Education | 700,000 |
| CANE RIDGE ELEM - NEW SCHOOL | New Elem School - Cane Ridge | 19,000,000 | Education | 500,000 |
| PENNINGTON ELEM - RENOVATE | Renovations | 4,000,000 | Education | 150,000 |
| ROSEBANK ELEM - RENOVATE | Renovations | 6,000,000 | Education | 150,000 |
| SOUTHEAST LEARNING CENTER | Improvements | 2,000,000 | Education | 50,000 |
| HILLSBORO HS - PLANNING | Planning Funds for Hillsboro HS | 1,750,000 | Education | |
| HILLWOOD HS - PLANNING | Planning Funds for Hillwood HS | 1,750,000 | Education | |
| SCHOOL OF THE ARTS - PLANNING | Planning Funds for SOA | 1,500,000 | Education | |
| TECHNOLOGY | Enhancements / Upgrades | 10,000,000 | Education | 170,000 |
| TRANSPORTATION | New / Replacements | 10,000,000 | Education | |
| DEFERRED MAINTENANCE / MINOR UPGRADES | Enhancements / Upgrades | 15,000,000 | | |
| METRO DEVELOPMENT & HOUSING AGENCY (MDHA) | | | | |
| AFFORDABLE HOUSING INFRASTRUCTURE | Affordable Housing Funds | 4,000,000 | Econ Dvlpmt | |
| NASHVILLE STATE COMMUNITY COLLEGE (NSCC) | | | | |
| DONELSON CAMPUS - NEW | Capital Donation - New Campus | 1,000,000 | Education | |
| MADISON CAMPUS - NEW | Capital Donation - New Campus | 1,000,000 | Education | |
| SELF-FUNDING DEBT PROJECTS | | | | |
| RADIO REPLACEMENTS | Replacement Radios - 800MHz | 8,000,000 | Public Safety | |
| DISTRICT ENERGY SYSTEM (DES) | Various Improvements | 26,000,000 | Econ Dvlpmt | |
| LIBRARY PARKING GARAGE | Expansion - Additional Floors | 10,000,000 | Livability | |
| TOTAL -- All Capital Projects | | \$509,000,000 | | \$4,120,000 |
| CONTINGENCY ACCOUNTS | | | | |
| GSD CAPITAL CONTINGENCY | Contingency Funds for GSD | 7,000,000 | All Other | |
| MNPS CAPITAL CONTINGENCY | Contingency Funds for MNPS | 4,000,000 | All Other | |
| GRAND TOTAL | | \$520,000,000 | | \$4,120,000 |