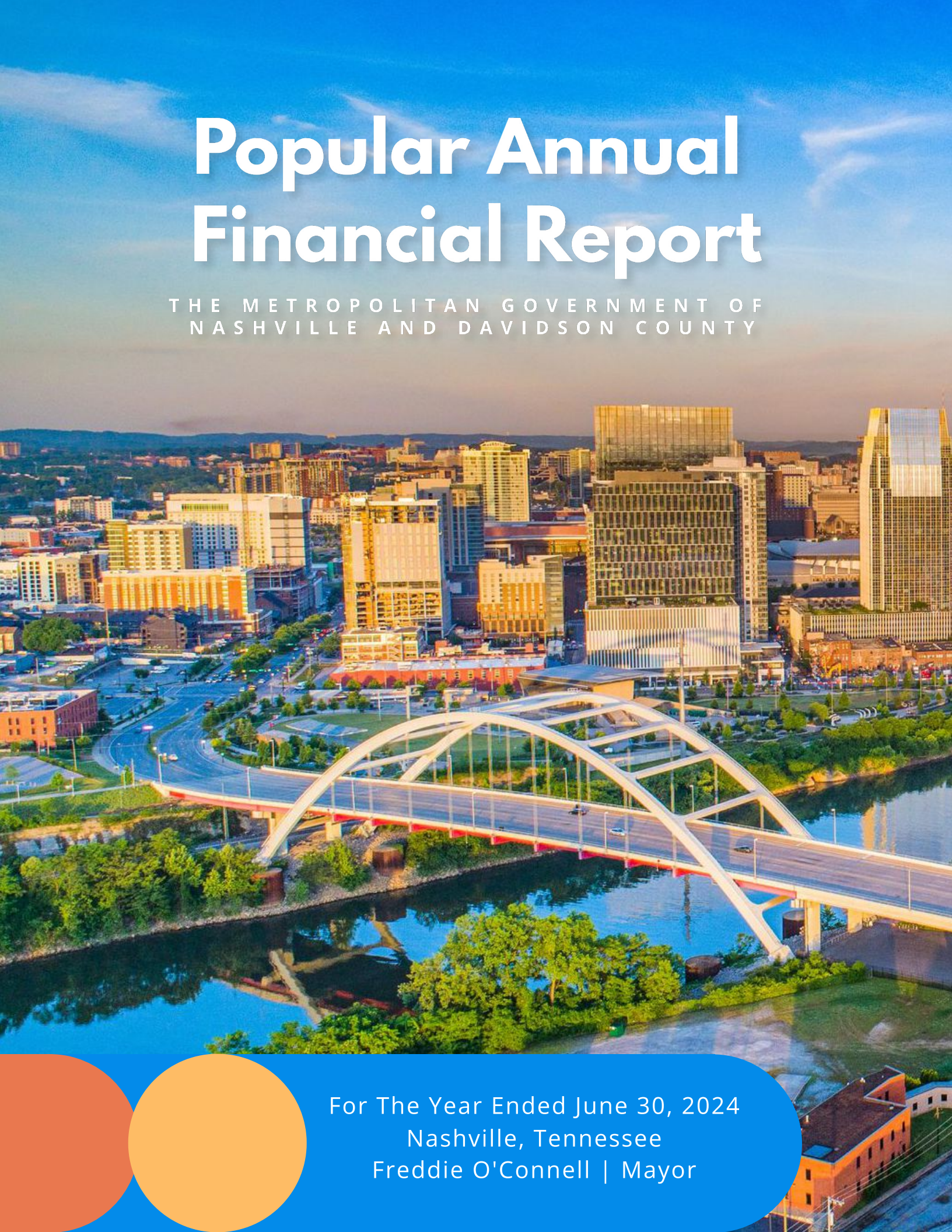


Popular Annual Financial Report

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY



For The Year Ended June 30, 2024
Nashville, Tennessee
Freddie O'Connell | Mayor

Letter from the Finance Director

The financial summary in this report was taken from the Annual Comprehensive Financial Report (ACFR) of Metro. The ACFR for fiscal year 2024 was prepared following generally accepted accounting principles and Crosslin, PLLC issued an “unmodified” or “clean” opinion of the report, indicating the report is presented fairly and does not have material misstatements. The PAFR is unaudited and does not contain all reported funds and full financial disclosures for the fiscal year. Both the ACFR and PAFR can be found at www.Nashville.gov/departments/finance/reports.

My goal is to foster transparency and accountability, and I hope that the citizens, general public and other interested parties of Metro find the PAFR both helpful and informative in understanding the financial complexities of Metro and how taxpayer dollars are spent.

An informed public is an asset.

Jenneen Reed

Finance Director



"I am pleased to share the Popular Annual Financial Report (PAFR) for the Metropolitan Government of Nashville and Davidson County (Metro) covering the fiscal year 2024, which began July 1, 2023, and ended June 30, 2024. This report aims to provide insight to users regarding the complex finances of Metro by providing readily accessible and easily understandable financial information."

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Major Priorities



Elected Officials

The key parties that provide leadership to Metro are the Mayor, Metropolitan (Metro) Council, elected officials, boards and commissions, and departments. Each party has a noteworthy role in the government's operations.



Freddie O'Connell
MAYOR

**Angie Emery
Henderson**

VICE MAYOR &
PRESIDENT OF THE
METRO COUNCIL



Finance Officials

Vivian M. Wilhoite, Assessor of Property
Erica S. Gilmore, Trustee
Brenda Wynn, County Clerk

Council Members

Zulfat Suara	At-Large
Delishia Porterfield	At-Large
Quin Evans Segall	At-Large
Burkley Allen	At-Large
Olivia Hill	At-Large
Joy Kimbrough	District 1
Kyonzté Toombs	District 2
Jennifer Gamble	District 3
Mike Cortese	District 4
Sean Parker	District 5
Clay Capp	District 6
Emily Benedict	District 7
Deonté Harrell	District 8
Tonya Hancock	District 9
Jennifer Frensley Webb	District 10
Jeff Eslick	District 11
Erin Evans	District 12
Russ Bradford	District 13
Jordan Huffman	District 14
Jeff Gregg	District 15
Ginny Welsch	District 16
Terry Vo	District 17
Tom Cash	District 18
Jacob Kupin	District 19
Rollin Horton	District 20
Brandon Taylor	District 21
Sheri Weiner	District 22
Thom Druffel	District 23
Brenda Gadd	District 24
Jeff Preptit	District 25
Courtney Johnston	District 26
Robert Nash	District 27
David Benton	District 28
Tasha Ellis	District 29
Sandra Sepulveda	District 30
John Rutherford	District 31
Joy Styles	District 32
Antoinette Lee	District 33
Sandy Ewing	District 34
Jason Spain	District 35

Form of Government

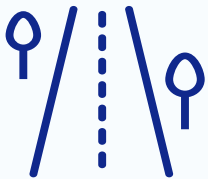
On April 1st, 1963, the governments of the City of Nashville and of Davidson County were consolidated to form "The Metropolitan Government of Nashville and Davidson County" (the "Metropolitan Government"), under which the boundaries of Nashville and Davidson County are co-extensive.

The Charter provides a framework for the Metropolitan Government in Nashville to serve the needs of two service districts: the **General Services District ("GSD")** and the **Urban Services District ("USD")**.

The **GSD** embraces the entire area of Davidson County and is taxed to support those services, functions, and debt obligations, which are deemed properly chargeable to the whole population. Such services include general administration, police, fire protection, courts, jails, health, welfare, hospitals, streets and roads, traffic, schools, parks and recreation, auditoriums, public housing, urban renewal, planning, and public libraries.

The residents of the **USD** are charged an additional tax to support those services, functions, and debt obligations, which benefit only the USD. Such services include additional police and fire protection, storm sewers, street lighting, and refuse collection.

Metro by the numbers



6,009

Transit miles operated



81,103

School enrollment



2,760,197

Library visits



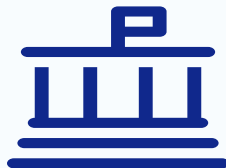
176,716

911 calls



456,531

Water service connection



508,806

Registered voters



158,637

Fire response

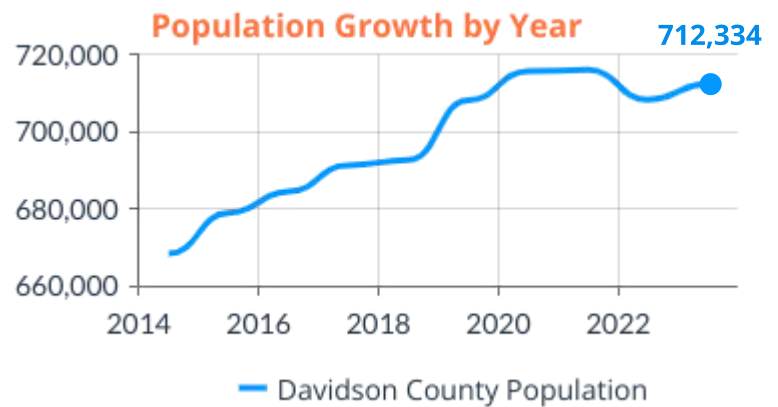
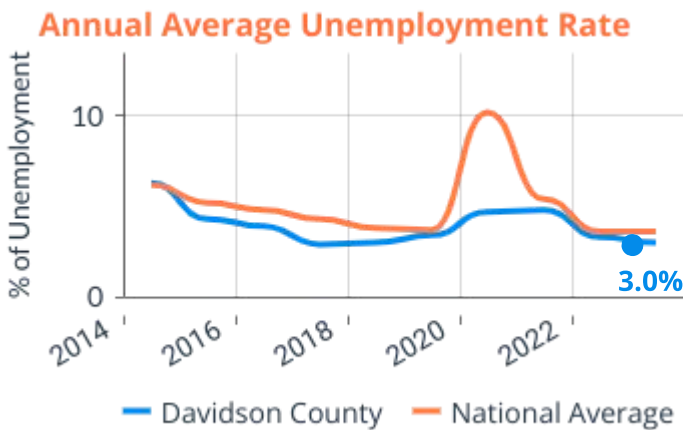


7,442,569

Garbage collection tons

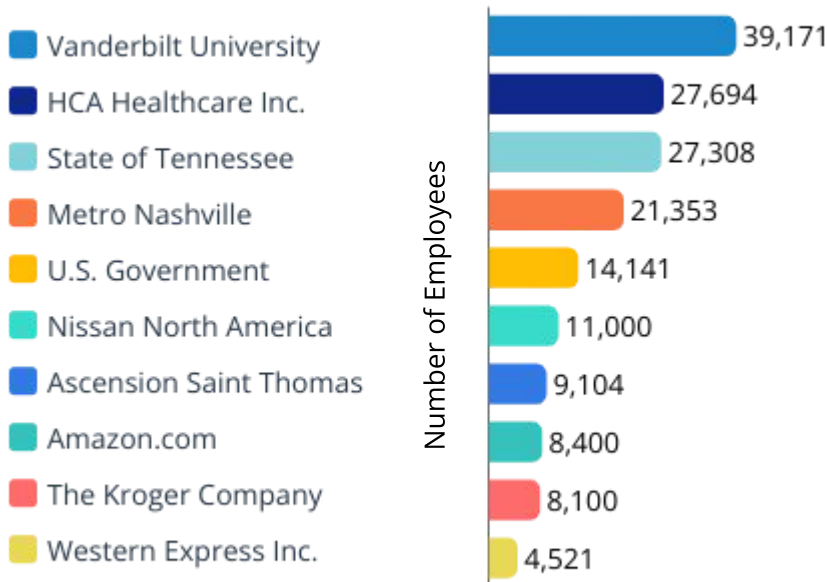
The Nashville area has a **diverse population** and is home to **people from around the world**.

According to the Chamber of Commerce, one in eight Davidson County residents is foreign-born, over 1,500 businesses are owned by Hispanic entrepreneurs, area colleges are home to more than 6,500 international students, and Metro Nashville Public schools' students are from more than 130 different countries. In addition, four historically black colleges and universities call Nashville home.



For over ten years, Davidson County has almost consistently averaged lower unemployment rates than the national average. Metro has experienced **high population growth** while maintaining **low unemployment** in recent years.

Top 10 Principal Employers



10

Nashville has ranked within the top ten large metros for job growth and

population growth for the past ten years and is home to more than 52,000 businesses. Computer technology, automotive, healthcare, insurance, banking, publishing, telecommunications, supply chain management, entertainment companies, and private educational institutions all find a home in Nashville.

Local Economy

Taxes

Among the major cities in the state, Nashville has the **lowest tax rate.**



Property Valuation		
Fiscal Year	Total Estimated Actual Property Value	% Change
2015	\$66,270,673,259	0.70%
2016	67,533,296,332	1.91
2017	78,262,509,134	15.89
2018	99,659,583,923	27.34
2019	102,919,516,660	3.27
2020	123,954,384,027	20.44
2021	128,201,489,337	3.43
2022	147,996,606,294	15.44
2023	151,623,899,775	2.45
2024	216,962,222,177	43.09

Property Tax Revenue		
Fiscal Year	Revenue	% Change
2015	\$928,796,242	1.61%
2016	944,010,324	1.64
2017	972,303,558	3.00
2018	998,584,196	2.70
2019	1,041,855,441	4.33
2020	1,084,068,537	4.05
2021	1,467,278,609	35.35
2022	1,566,086,531	6.73
2023	1,613,210,815	3.01
2024	1,615,690,862	1.54

The collection of property taxes comprises more than 50% of the entire Metropolitan Government operating budget.

50%

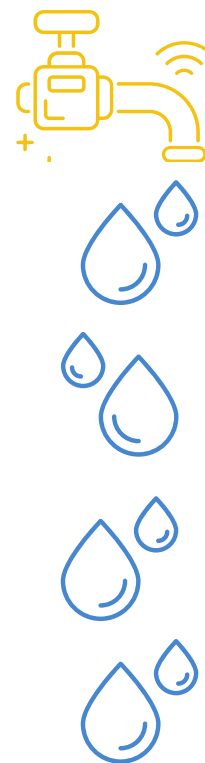
This includes collection on 24,340 parcels of commercial property and 235,234 residential parcels in Davidson County. There are 5,644 parcels that are tax exempt, and more than 175,000 tax statements were mailed during the year 2020.

Property taxes continued to provide a **stable source** of revenue for the government in fiscal year 2024.

The collection of Real Property Taxes in Davidson County is the responsibility of the Office of the Trustee. Nashville achieved a property tax collection rate of 96.51%, demonstrating a healthy local economy and effective collection process.

Assessed property values grew by 1.40% during the fiscal year, a non-assessment year, indicating that continued development propelled the growth in property tax revenue.

Business-Type Activities: These activities resemble private-sector businesses in which the consumer is charged for services provided by Metro. Metro’s water and sewerage services, district energy system, and stormwater operations are listed as business-type activities.



Business-Type Activities			
Statement of Net Position			
	2023	2024	% Change
Total Assets and Deferred Outflows	\$3,470,698,390	\$3,720,730,075	7.20%
Total Liabilities and Deferred Inflows	1,669,705,291	1,780,521,947	6.64
Total Net Position	1,800,993,099	1,940,208,128	
Statement of Activities			
Total Revenue	\$512,523,706	\$539,264,724	5.22%
Total Expenses	(362,709,041)	(400,049,695)	10.29
Change in Net Position	149,814,665	139,215,029	

In fiscal year 2024, the total net position for business-type activities **increased by \$139.2 million** despite the increase in expenses outpacing revenue growth by 5.07%. Strong performance from the Water & Sewer and Stormwater operations funds **powered** the majority of the change, accounting for \$95.9 million (68.9%) of the net position increase.

Capital investments continue to be a priority.

The Capital Spending Plan for fiscal year 2024 highlights Metro's **investment in the community**. The highest allocations focus on youth, including over \$58 million towards furnishing and completing **three new elementary schools** and \$60 million towards the new Youth Center for Empowerment, which will provide treatment and rehabilitation for juveniles as well as housing and other wrap-around services for youth and their parents.

The Capital Spending Plan also places **a high importance on transportation**, allocating over \$94 million to the maintenance of roads, traffic calming, and the creation of new sidewalks. \$30 million has been allocated to the replacement of public transportation buses, improving public transit shelters, and increasing Metro's fleet of buses. The government continues to seek new improvements to increase the safety of commuters and pedestrians.

Allocations to better the lifestyles of Metro's residents also include over \$15 million towards maintaining and renovating local library branches, \$33 million towards better equipping parks, \$23 million towards the creation of two new fire stations, and \$6 million towards waste services and district energy systems.

Governmental Activities Highlights

Governmental Activities: Most of Metro's basic services, such as law enforcement, fire prevention, public health, public works, highways and streets, and education are listed as governmental activities. Property taxes, local option sales tax, other taxes, grants, and contributions fund the majority of these activities.

Governmental Activities			
Statement of Net Position			
	2023	2024	% Change
Total Assets and Deferred Outflows	\$9,436,613,839	\$9,703,975,201	2.83%
Total Liabilities and Deferred Inflows	10,212,449,454	10,321,656,713	1.07
Total Net Position	(775,835,615)	(617,681,512)	
Statement of Activities			
Total Revenue	\$3,864,088,254	\$4,018,580,813	3.99%
Total Expenses	(3,091,379,671)	(3,860,426,710)	24.88
Change in Net Position	772,708,583	158,154,103	

Metro's comprehensive fund balance policy reflects our commitment to **strong fiscal management** and **long-term financial stability**. This policy establishes a minimum fund balance requirement to ensure adequate reserves for emergencies and unforeseen circumstances. Any excess fund balance above the established minimum may be utilized strategically for one-time expenditures that **support critical investments, infrastructure enhancements**, and initiatives that strengthen our organization's **financial operational capacity**. This approach promotes stewardship of public resources while maintaining fiscal resilience and flexibility.

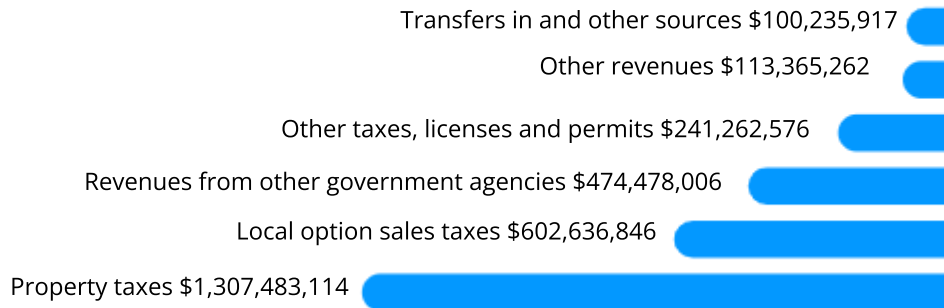
Primary Sources of Revenue	Property Tax \$1.62 billion	Hotel Occupancy Tax \$157 million	Local Option Sales Tax \$687.1 million
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<p>Statement of Net Position</p> <p>A balance sheet that provides a snapshot of what Metro owns (assets) and what Metro owes (liabilities). The net position represents Metro's investment in the assets it uses to provide services to residents.</p>	<p>Statement of Activities</p> <p>An income statement that summarizes amounts received (revenues) and amounts spent (expenses). A positive difference between revenue and expenses indicates Metro has enough revenues to cover its obligations and the ability to save in the future.</p>	<p>Deferred Inflows</p> <p>Resources coming into a government during a fiscal year that are related to a future reporting period.</p>	<p>Deferred Outflows</p> <p>Resources leaving a government during a fiscal year that are related to a future reporting period.</p>
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Metro's budget and finances are a foundation of all the services, opportunities, and solutions offered to residents. The ability to sustain and grow these opportunities stems from the strong financial position of the government. Metro's **clean** audit, **strong** bond ratings, a **structurally balanced** budget, and **robust** reserves support the ability to invest in Nashville and Davidson County.

Why does fund balance matter?

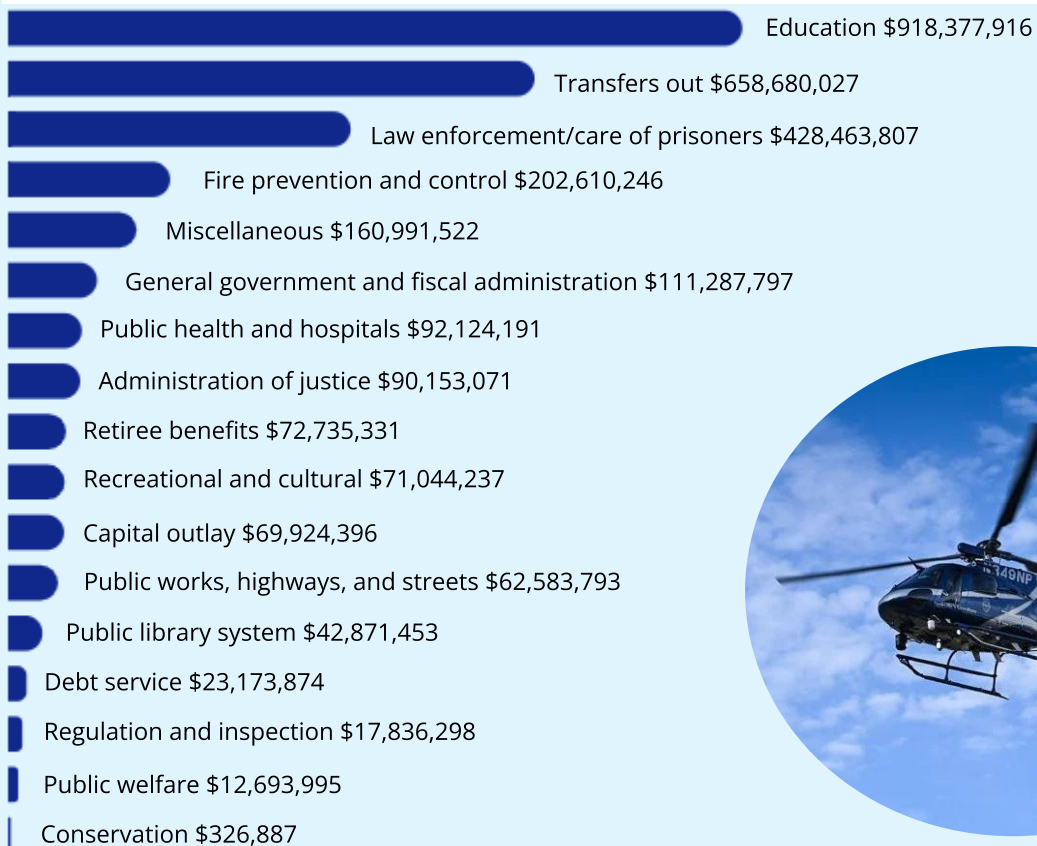
Fund balance allows Metro to fully cash flow its month-to-month operations and provides Metro with interest income. It also serves as one of the single most important financial metrics for credit ratings, which enables Metro to borrow at a lower interest rate. Fund balance also functions as Metro's reserves in the case of economic downturns or crisis.



comes from: revenues

WHERE THE MONEY

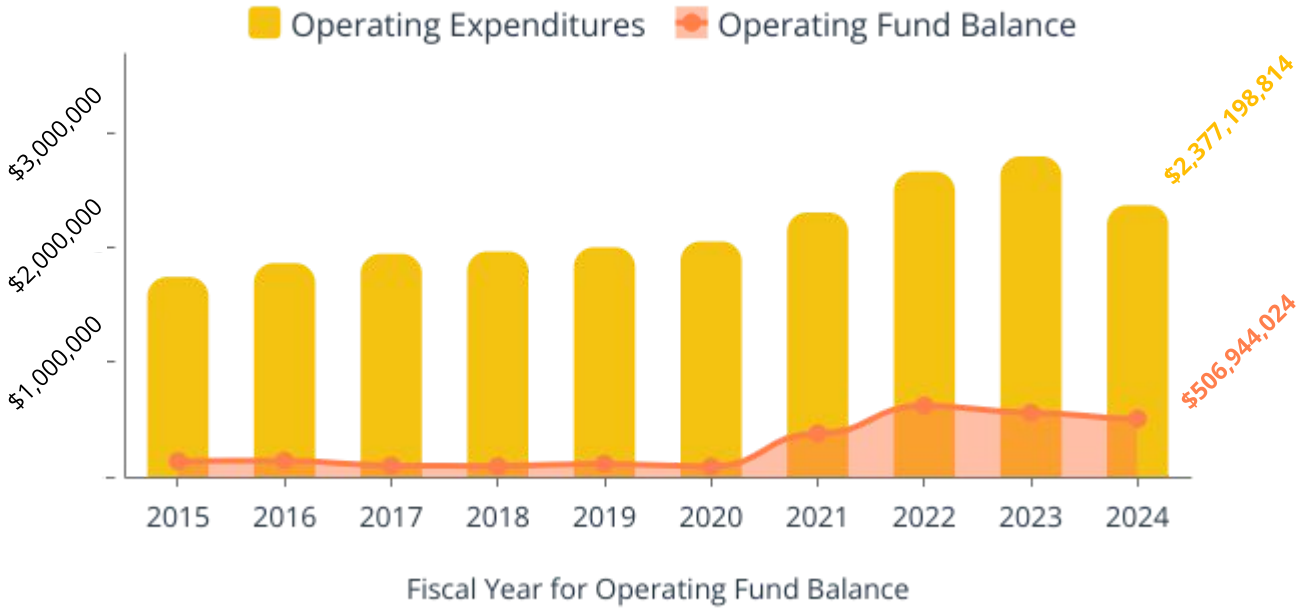
goes: expenditures



Metro's Fund Balance Policy:

The Government adopted a Fund Balance Policy during fiscal year 2023. This Policy requires a minimum fund balance of 17% of budgeted expenditures for the Operating Funds and 50% of budgeted expenditures for the Debt Service Funds. Operating Fund Balance decreased in fiscal year 2024 due to transferring \$71 million to debt service fund to adhere to the new policy. This policy change contributed to the **upgrading** of Metro's bond rating.

Operating Fund Balance and Expenditures by Fiscal Year



Metro is committed to making Nashville a great place to live, work, and play through a series of wise investments and fiscal planning. In 2024 Nashville continued to build on the fiscal wins of the previous year, including adherence to the fund balance reserve policy adopted in 2023 that established reserve requirements for operating and debt expenses. Maintaining this level of fiscal flexibility positions the government to support the evolving needs of our growing city.

Nashville is investing in the challenges we face in our daily lives, directing resources to the following priorities: public safety, education and youth, transportation and transit, housing and homelessness, and neighborhoods while continuing to provide excellent customer service to our citizens, businesses, and visitors of Nashville.

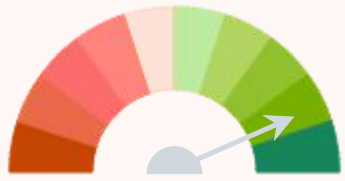


Operating Funds	Operating Fund Balance
<p>The Operating Funds include the GSD General Fund, USD General Fund and General Purpose School Fund and are the primary funds for Metro's general government.</p>	<p>The Operating Fund Balance information includes the General Services District and Urban Services District, General Fund Unassigned Fund Balances, and General Purpose School Fund committed for education balance.</p>

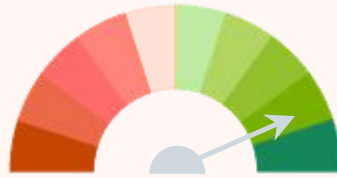
Metro is committed to responsible debt management

including **careful** planning, **adherence** to debt covenants, and **timely** payment of principal and interest. Effective debt management allows Metro to secure financing on favorable terms and protect financial stability. Metro's excellent bond ratings show independent acknowledgement of Metro's financial accomplishments.

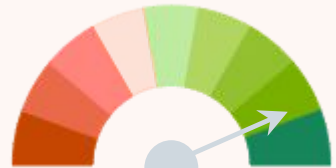
Kroll, S&P Global, and Moody's all rank Metro among the highest for bond ratings.



Kroll
AA+



S&P Global
AA+



Moody's
Aa2

Fiscal Year	Total Debt Service ¹	Total General Expenditures ²	% of Debt Service to Total General Expenditures
2020	\$315,964	\$2,626,506	12.03%
2021	311,552	2,802,442	11.12
2022	339,470	3,146,621	10.79
2023	393,655	3,511,628	11.21
2024	412,365	3,894,722	10.59

¹Total Debt Service includes the GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, and USD General Purposes Debt Service Fund Total Expenditures.

²Includes General Fund, Special Revenue Funds (General Purpose School, Education Services, and Other Governmental Funds), and Debt Service Funds (GSD General Purpose Debt Service, GSD School Purpose Debt Service and USD General Purposes Debt Service) total expenditures.

Debt service expenditures increased by \$18.7 million from the previous year but made up only 10.59% of total general expenditures, **the lowest rate over the past five years.**

Metro's percentage of debt service to total general expenditures **compares favorably** to industry benchmarks for local governments, which typically range from 10-15%. This percentage indicates the ability to manage debt obligations while maintaining essential public services and positions Metro Government to potentially take on new debt to fund major projects without overburdening the general fund.

Debt Service

The money that is required to cover the payment of interest and principal on a loan or other debt for a particular time period.

Debt Service Fund

Fund used in governmental accounting to track the accumulation of resources for, and the payment of, long-term debt service and related costs.

General Purposes Debt Service Fund

Fund used to account for the accumulation of resources and the payment of principal and interest for the General Services District general obligation debt.

School Purposes Debt Service Fund

Fund is used to account for the accumulation of resources and the payment of principal and interest for the debt related to schools.

Metro has consistently experienced an increase in

debt service revenue over expenditures, leading to a **greater** debt service fund balance. During fiscal year 2024, the GSD general fund transferred \$71 million to the GSD debt service fund per the Fund Balance Policy, bringing all debt service funds in adherence to the Fund Balance Policy.

Debt Service Funds

Fiscal Year	Debt Fund Balance ¹	Fiscal Year	Budgeted Debt Expenditures ²	Fund Balance % ³
2015	\$8,290,457	2016	\$228,838,375	8.0%
2016	17,233,433	2017	243,018,847	7.1
2017	14,156,214	2018	272,753,274	5.2
2018	10,272,826	2019	285,532,837	3.6
2019	17,952,500	2020	295,509,523	6.1
2020	34,315,751	2021	335,529,842	10.2
2021	69,865,897	2022	353,706,357	19.8
2022	127,839,964	2023	396,989,420	32.2
2023	157,583,515	2024	413,120,700	38.1
2024	237,208,036	2025	410,900,600	57.52

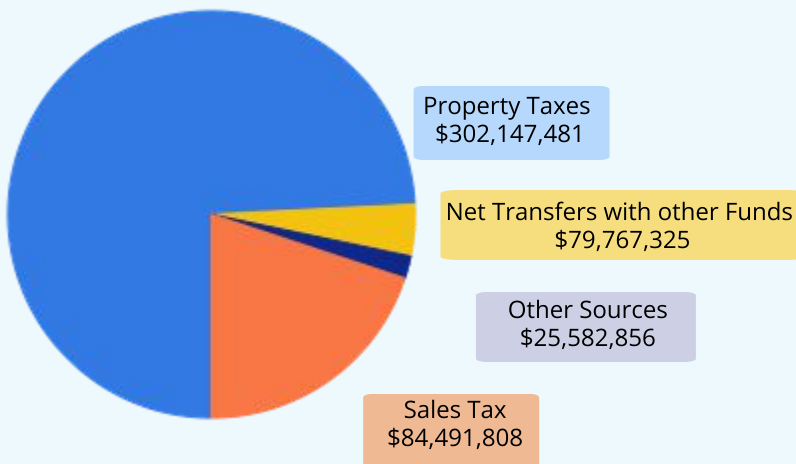
¹Fiscal Year's debt fund balance is shown in relationship to the subsequent year's audited or budgeted expenditures (i.e. FY2024 Fund Balance is shown on the same line as the FY2025 Budget Debt Expenditures).

²Debt Expenditures represent fiscal year budget debt expenditures.

³Fund Balance percentage represents total debt service fund balance related to the next year's budgeted debt service expenditures.

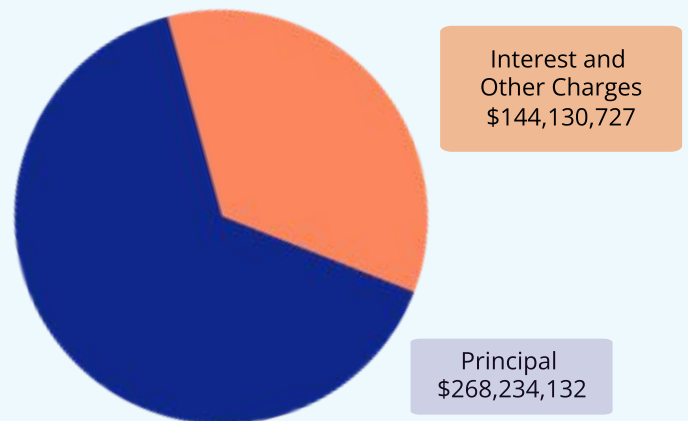
\$491,680,424

Debt Service Fund Actual Revenue



\$412,364,859

Debt Service Fund Actual Expenditures



Property taxes are Metro's **greatest source** of debt service revenue, while principal and interest make up 65.05% and 34.95% of our debt expenditures, respectively.

Major Priorities

Improving quality of life

The government has worked towards two priorities: **improving quality of life** and **making Nashville more affordable.**

Public Safety

Metro is targeting investments in public safety to ensure there is appropriate personnel both in traditional policing but also in community partners working in the space of opportunity and violence prevention.

These investments require competitive pay, appropriate resources, and equipment so a holistic approach can bolster community safety across Nashville.

Law Enforcement

Nashville spent **\$428,463,807** on law enforcement and care of prisoners in fiscal year 2024, a **71.55%** increase in the past 10 years.



71.55%
increase

Fire

Nashville spent **\$202,610,246** on fire prevention and control in fiscal year 2024, a **78.69%** increase in the past 10 years.



78.69%
increase

Education

Metro is taking steps necessary to ensure families can meaningfully choose Metro Public Schools to educate their children. The school district achieved its highest graduation rate ever in 2024, and Metro continues to invest in the teachers that educate our children and in the facilities teachers need to do their job as well as possible.

The city continues to couple opportunity in the classroom with opportunities outside the classroom like the POWER Youth initiative which connects more than 1,000 young people with career and internship opportunities.

Spend per student in fiscal year 2024 was **\$11,447**, a **39.36%** increase in the past ten years.



Customer Service

Mayor Freddie O'Connell took office with a goal of making Metro the premier customer service agency in the city. This year, Metro filled more than 40,000 potholes, saw an increase in services provided through its hubNashville (3-1-1) system, and ensured trash/recycling pickup could thrive in a new Department of Waste Services. When Nashvillians contact Metro, they should know a person on the other end is working in real time to help resolve their issue.

Nashville is a growing city, and with growth comes real **challenges** and **opportunities**. Building a Nashville for Nashvillians takes **intention** and **consistency**.

Housing and Homelessness

Metro uses a housing-first model which connects those experiencing homelessness with housing first and then the supportive social resources they need.

In 2024, Metro opened its first permanent supportive housing facility, Strobel House, and secured a historic investment to affordability on the city's East Bank where redevelopment is ongoing. Development of supportive services for both permanent and temporary housing options is a key to success.

How Nashville Moves

Nashville took a big step toward making navigating the city easier for all Nashvillians. **Sixty-six percent of Nashvillians voted on November 5th, 2024 to dedicate revenue to transportation improvements.**

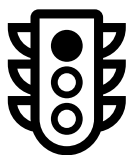
Proposed action includes building out more than 80 miles of new sidewalk, 24/7/365 public transit service for the first time in the city's history, and 592 new smart traffic signals. When public transportation becomes more accessible, data consistently shows ridership increases.



80+ miles of new sidewalk



24/7/365 public transit service



592 new smart traffic signals

Social Services - Clients Served

Fiscal Year	Clients Served	% Change
2015	13,990	6.61%
2016	13,737	-1.81
2017	12,396	-9.76
2018	13,039	5.19
2019	12,848	-1.46
2020	12,735	-0.88
2021	10,711	-15.89
2022	14,704	37.28
2023	18,723	27.33
2024	19,972	6.67

Clients served have **increased 42.76%** in the past ten years.

19,972 served

Neighborhoods

Metro is cultivating livable neighborhoods and communities for the citizens of Nashville. Protecting the culture, history, and affordability of our communities is a top priority.

Organized neighborhoods provide accountability. Integrated neighborhoods and services, through things like translated transit maps or water bills, make Metro's diversity our strength.

2023 Triple Crown Winner

Through the Triple Crown, GFOA recognizes governments that have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award.



For The Year Ended June 30, 2024
Nashville, Tennessee
Freddie O'Connell | Mayor