

Metropolitan Government of Nashville and Davidson County

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

Nashville, Tennessee | Freddie O'Connell, Mayor



A Letter from the Finance Director



I am pleased to share the Popular Annual Financial Report (PAFR) for the Metropolitan Government of Nashville and Davidson County (Metro) for Fiscal Year 2025 which ran from July 1, 2024 to June 30, 2025. This report provides readily accessible and easily understandable financial information to the general public and other interested parties. The PAFR summarizes the financial results of Metro's operations and conveys significant information about major aspects of the government's financial condition. The PAFR, unlike the Annual Comprehensive Financial Report (ACFR), is unaudited and does not contain all reported funds and full financial disclosures for the fiscal year.

All information contained in the PAFR is derived from the ACFR unless otherwise noted. As reference, the ACFR can be found at www.Nashville.gov/departments/finance/reports. I hope the Nashville and Davidson County community finds the PAFR both helpful and informative in understanding the financial complexities of Metro. My desire is that this new report provides transparency within our community, serves as a reference guide, and offers a review of our year of progress.

Sincerely,

Jenneen Reed

Director of Finance



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

The Metropolitan Government
of Nashville & Davidson County
Tennessee

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell
Executive Director/CEO

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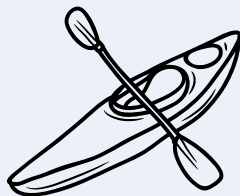


Shelby Bottoms Nature Reserve

Nashville's Greenways



42
miles of
unpaved trails
of hiking



87
miles of
blueway water
trails for paddling



99+
miles of paved
off-street,
multi-use
greenway trails

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.



Centennial Park

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.

Elected Officials

as of June 30, 2025



The State of Metro today is where many cities would like to be; school performance is up; we're delivering better city services; crime is down; people want to be here, and we're working even harder to make it easier for them to stay.

- Mayor Freddie O'Connell

Angie Emery Henderson
Vice Mayor and President
of the Metro Council

Finance Officials

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

Members of the Metropolitan Council

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

Nashville Moves Forward: All About Transit

On November 5, 2024, voters in Nashville approved a half-penny (0.5%) sales tax surcharge and created a dedicated funding source for transportation and mobility projects included in the Transportation Improvement Program Choose How You Move: An All-Access Pass to Sidewalks, Signals, Service, and Safety.

SIDEWALKS

Choose How You Move (CHYM) will construct an additional 86 miles of sidewalks throughout Nashville, connecting Nashville's busiest neighborhoods to major routes and making it safer for people walking along high traffic areas.

CHYM also adds new sidewalks in areas where there are gaps and improves inadequate existing sidewalks.

IMPROVING BUS TRANSPORTATION

For the first time in Nashville's history, 24/7/365 transit service will be offered.

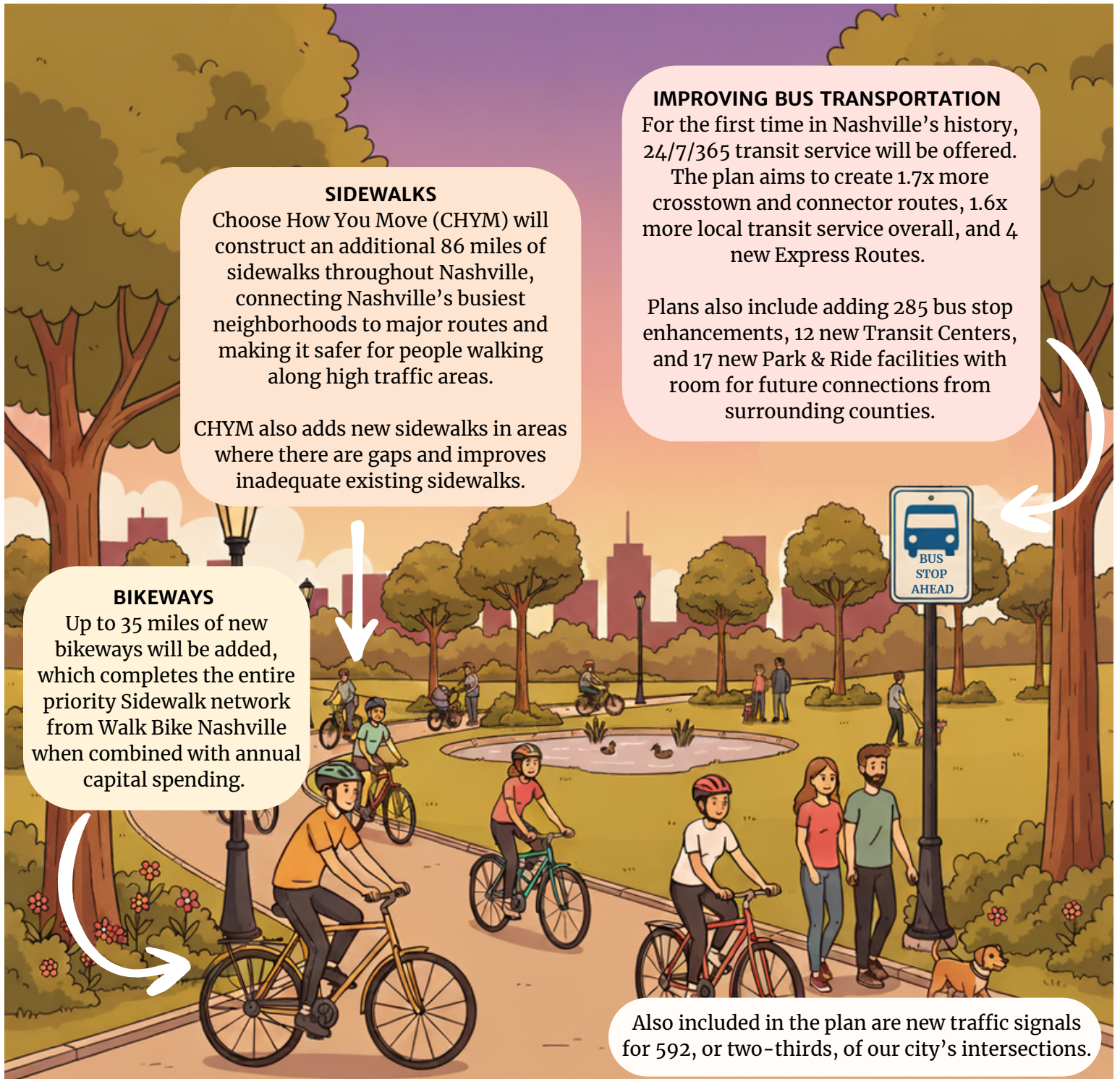
The plan aims to create 1.7x more crosstown and connector routes, 1.6x more local transit service overall, and 4 new Express Routes.

Plans also include adding 285 bus stop enhancements, 12 new Transit Centers, and 17 new Park & Ride facilities with room for future connections from surrounding counties.

BIKEWAYS

Up to 35 miles of new bikeways will be added, which completes the entire priority Sidewalk network from Walk Bike Nashville when combined with annual capital spending.

Also included in the plan are new traffic signals for 592, or two-thirds, of our city's intersections.



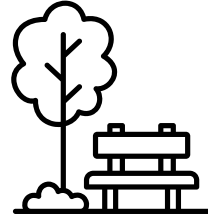
Metro by the Numbers



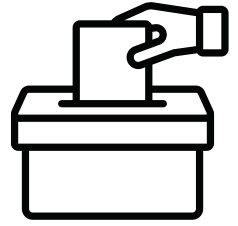
80,798
School
enrollment



186,560
911 calls



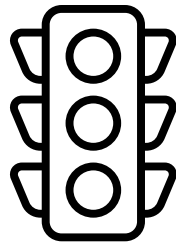
16,000
Parks
acreage



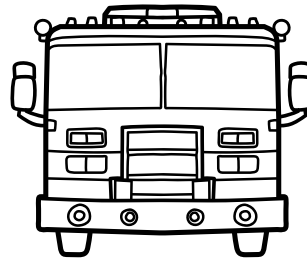
461,607
Registered
voters



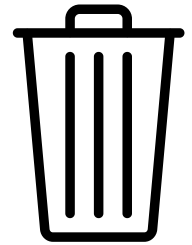
2,890,283
Library
visits



6,019
Transit miles
maintained



162,364
Fire
responses



7,073,820
Garbage
collection
tons



Fire Department Battalion



Glencliff High-School Graduate

A Place for All People

Nashville's greatest asset is its people, and the city prides itself on being a welcoming community that celebrates a wide spectrum of international cultures. International migration accounted for over 16% of Nashville's net population growth over the last decade. Approximately 20.2% of Nashville's population speaks a language other than English at home, and 120 different languages are spoken in Metro Public Schools.

#1

Largest Kurdish population
in the country

1/8

Davidson county residents
are foreign-born

4

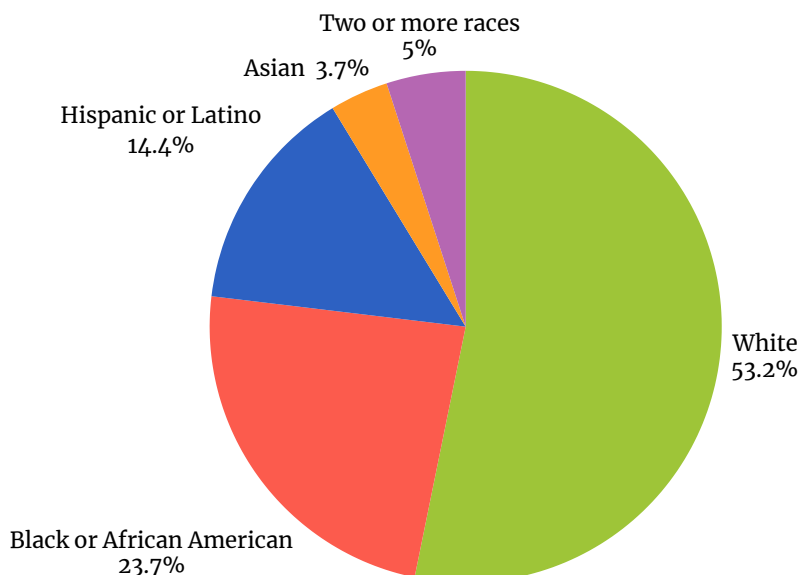
Historically Black Colleges
and Universities call
Nashville home

Statistics from the Nashville
Area Chamber of Commerce (NACC)

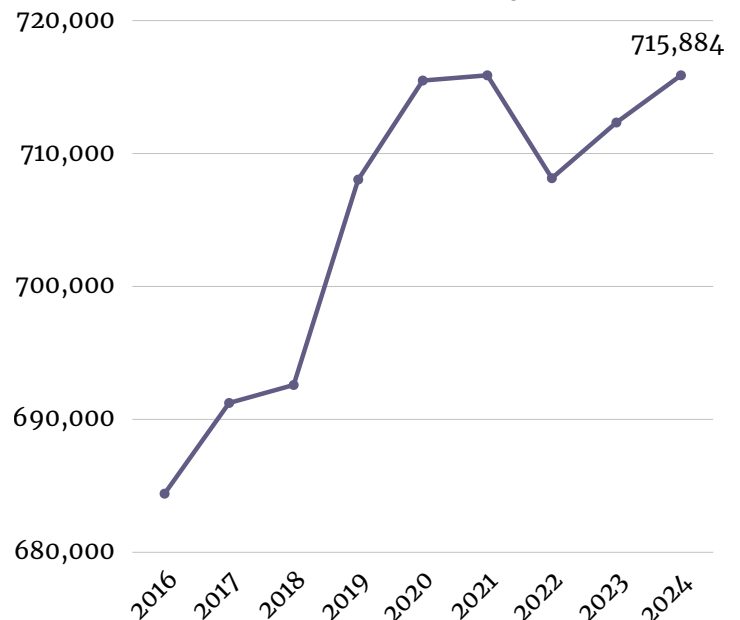


Celebrate Nashville Cultural Festival

Demographics of Nashville- Davidson County



Population Growth of Nashville- Davidson County



Statics are estimates from the United States Census Bureau

Economic Growth

Nashville's economy is hitting a high note, establishing itself as one of the most dynamic and resilient economic hubs in the nation while consistently outpacing national growth averages and remaining below national unemployment rates. The city is experiencing an unprecedented boom fueled by a wide-ranging job market, major corporate investments, and a thriving entrepreneurial spirit.



BNA International Concourse Expansion

34%

of Businesses in downtown are minority-owned, per the NACC

#3

Best State for Business
CEO Magazine, 2024

#5

Top 5 City with the Best Job
Markets in the Country
Newsweek, 2025

Number of Direct and Indirect Jobs in Our Biggest Industries

Music City	Must-Visit Destination	Healthcare Capital	Industrial Powerhouse
80,757 in Music & Entertainment	106,115 in Tourism & Hospitality	333,000 in Healthcare Management	279,000 in Advanced Manufacturing

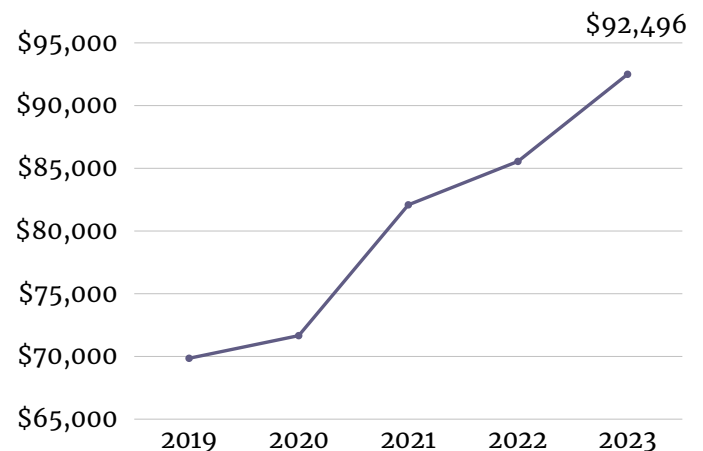
Statistics from the NACC

Top 5 Principal Employers

Employer	# of Employees
Vanderbilt University	41,284
State of Tennessee	28,185
HCA Healthcare Inc.	27,700
Metro Nashville & Public Schools	22,322
U.S. Government	14,678

Statistics from the NACC and Nashville Business Journal

Per Household Personal Income



Statistics from the United States Department of Commerce

Local Property & Sales Taxes

The collections of property tax and local option sales tax are the largest revenue sources for Metro's operating budgets. Without these crucial revenue streams, the core services that ensure public education, safety, and quality of life would be drastically underfunded.

Major City Property Tax Rates Comparison

\$3.254*

Nashville/
Davidson County

*as of FY2025

\$3.709

Knoxville/
Knox County

\$4.487

Chattanooga/
Hamilton County

\$6.585

Memphis/
Shelby County

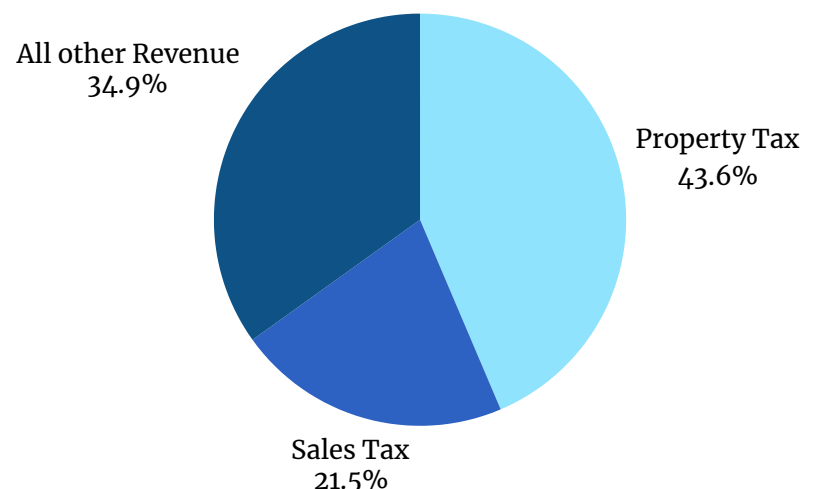
Among all other major Tennessee cities, Nashville continues to have the lowest property tax rate.

Property Valuation			Property Tax Revenue		
Fiscal Year	Total Estimated Actual Property Value	% Change	Fiscal Year	Revenue	% Change
2021	\$128,201,489,337	3.43%	2021	\$1,467,278,609	35.35% ¹
2022	147,996,606,294	15.44	2022	1,566,086,531	6.73
2023	151,623,899,775	2.45	2023	1,613,210,815	3.01
2024	216,962,222,177	43.09 ²	2024	1,615,690,862	1.54
2025	\$220,808,794,405	1.77%	2025	\$1,627,216,806	0.71%

¹Like other governments, COVID-19 impacted Nashville with a decline in activity-based revenues, most notably local option sales tax, because of reduced consumer spending and tourism. In order to continue to implement major initiatives, a \$1.066 increase in the property tax rate was enacted. ²Property values grew significantly due to the population growth and economic expansion.

Sales Tax Revenue		
Fiscal Year	Revenue	% Change
2021	\$484,411,818	8.46%
2022	632,009,262	31.28
2023	685,385,713	8.45
2024	687,128,654	0.25
2025	\$707,626,663	2.98%

Governmental Funds Revenue Sources



The above sales tax revenue does not include the increase in transportation surcharge established in February 2025.

Fund Balance

Metro policy requires minimum fund balances of 17% for Operating Funds and 50% for Debt Service Funds. Additionally, a new Budget Sustainability Reserve, instituted in April 2025, establishes a target of 1%–6% of the budgeted operating expenditures and the budgeted debt service to ensure budget stability and uphold minimum balance requirements.

Why does fund balance matter?

EMERGENCY PREPAREDNESS

A healthy fund balance is the **first line of defense** against unexpected crises, such as a natural disaster like a flood or tornado, a public health emergency, or a sudden economic recession. These savings allow a government to **respond immediately to protect our community** and repair infrastructure without having to halt essential services.

PROTECTING CREDIT RATINGS

Credit rating agencies (like S&P Global, Moody's, and Kroll) look very closely at the size of a fund balance to judge a government's financial stability. A strong fund balance leads to a high credit rating → a high credit rating means lower interest rates on debt → **lower interest rates save taxpayers millions of dollars.**

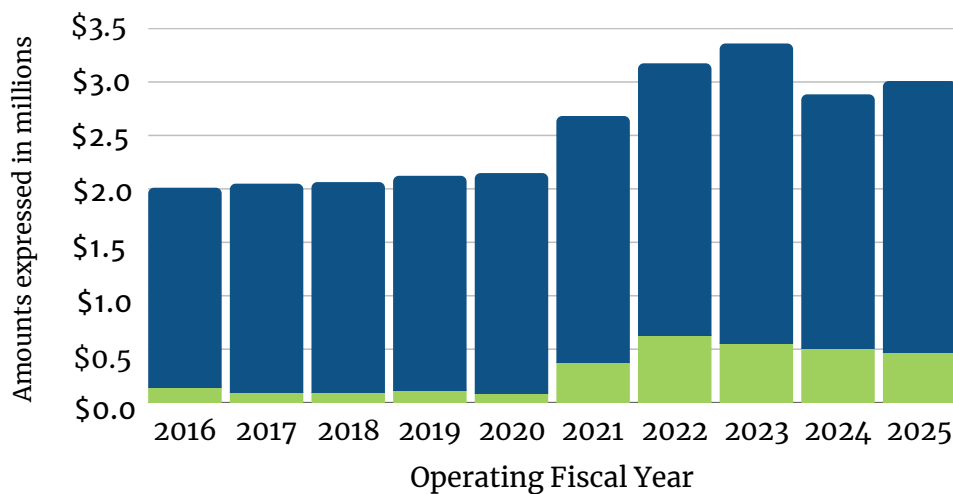
MANAGING CASH FLOW

A government's income and expenses do not always line up perfectly. A fund balance covers these short-term gaps in cash flow, **ensuring that the government can always pay its bills on time** without the need for costly short-term borrowing.

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

AA+ Metro's S&P Global Bond Rating

Operating Expenditures and Fund Balance by Fiscal Year



\$2,537,856,114
in Operating
Expenditures

\$470,986,969
Operating
Fund Balance



Operating Expenditures

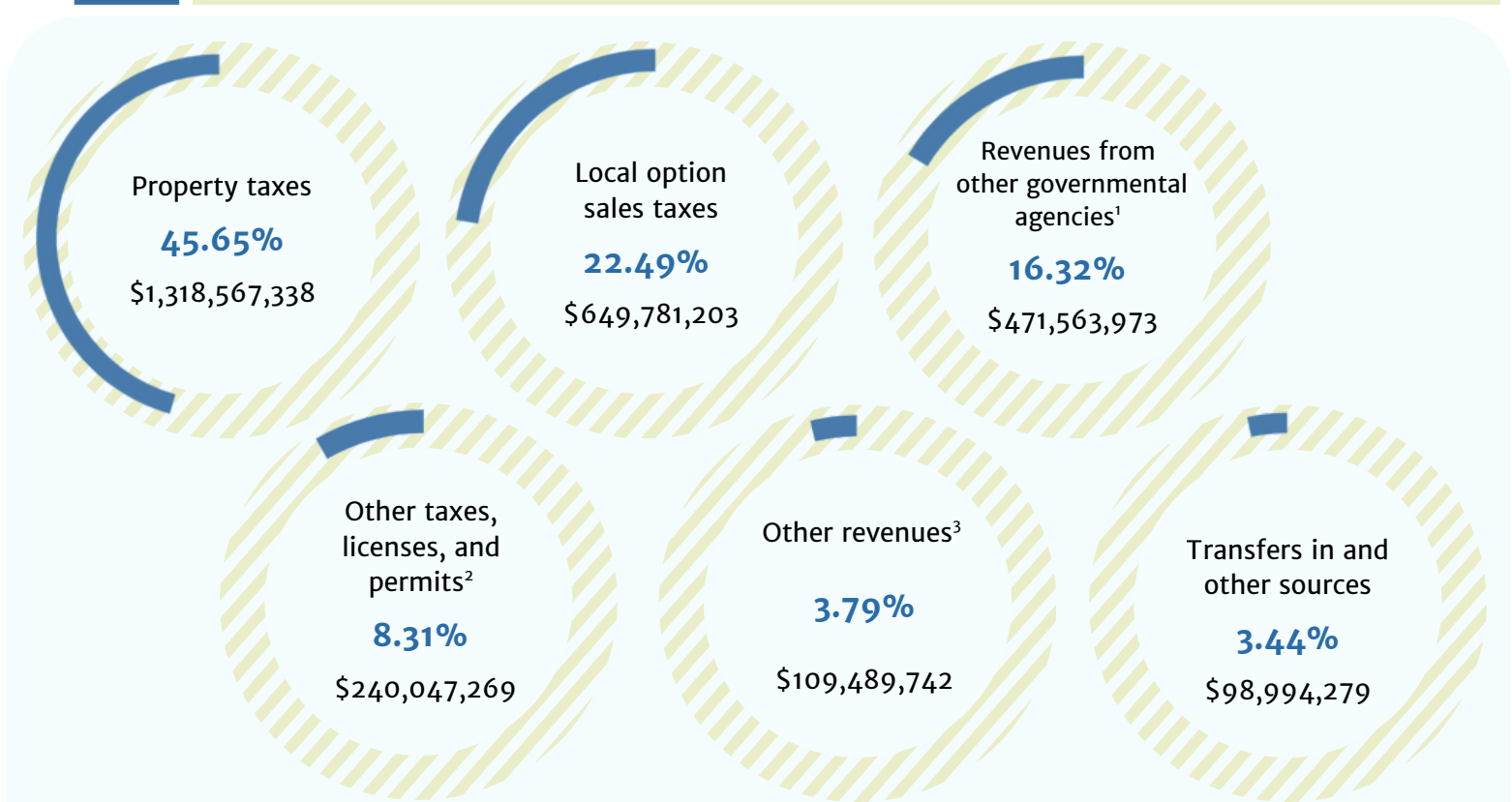


Operating Fund Balance

Operating Funds: Revenues

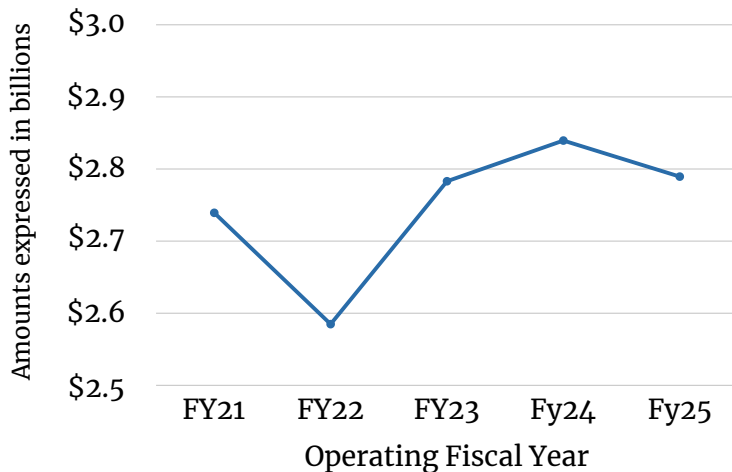
The Operating Funds include the GSD General Fund, USD General Fund, and General Purpose School Fund and are the primary funds for Metro's general government. The operating funds account for all of Metro's financial resources except those revenues that are required to be accounted for in another fund.

Where the money comes from: **\$2,888,443,804** total in revenues for FY2025



¹Revenues from other governmental agencies includes revenues from the Tennessee sales tax levy, gas and fuel tax, and the Tennessee excise tax allocation. ²Other taxes, licenses and permits includes revenues from business tax, alcoholic beverage tax, motor vehicle licenses, wholesale beer tax, and building permits. ³Other revenues includes fines, forfeits, and penalties, revenues from the use of money or property, commissions and fees, compensation for loss, sale, or damage to property, contributions and gifts, and miscellaneous.

Operating Funds Revenues per Fiscal Year



The Mayor signing the FY2025 Budget with the Budget and Finance Committee's Chair and Vice Chair

Operating Funds: Expenditures

Metro's Operating Funds cover essential day-to-day services like public safety and administration, funded primarily by taxes, grants, and service fees, along with capital projects funded by bonds. These expenditures directly sustain the community's quality of life and the government's operational stability.

Where the money goes: **\$2,947,911,131** total in expenditures for FY2025



¹Transfers out includes transfers to the 4% Reserve Fund, fleet management, grant matching, injury on duty, and self-insurance. Transfers out also includes transfers from the General Purpose School Fund to the Education Services Fund which supports the food service operations of the school system and charter schools. ²Miscellaneous expenditures includes contributions and community support, subsidies and administration, and internal support. ³Other expenditures are for the public library system, regulation and inspection, and public welfare.

Debt Service Funds

The Debt Service Funds include the GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, and USD General Purposes Debt Service Funds. Debt service is the total amount of cash Metro needs to pay back loans over a specific time, including both the original amount borrowed and the extra interest charged by the lender.

Why does debt service matter?

ENSURES TIMELY PAYMENTS

By setting money aside in a restricted fund, the government **provides a guarantee to bondholders** that cash will be available to pay principal and interest when they are due.

PROVIDES TRANSPARENCY & ACCOUNTABILITY

The debt service fund creates a clear and separate record of the money being raised and spent for debt, preventing co-mingling of funds and **improving financial accountability**.

Metro's percentage of debt service to total general expenditures continued a trend of decreasing in this fiscal year, showing the government's fiscal health and budgetary flexibility. As this percentage decreases, more funds become available for investing in new projects and responding to emergencies.

Fiscal Year	Total Debt Service	Total General Expenditures ¹	% of Debt Service to Total General Expenditures
2021	\$311,552	\$2,802,442	11.1%
2022	339,470	3,146,621	10.8
2023	393,655	3,511,628	11.2
2024	389,696	3,894,722	10.0
2025	\$ 396,129	\$4,053,036	9.8%

Amounts expressed in thousands.

¹Total General Expenditures includes the General, Special Revenue, and Debt Service Funds.

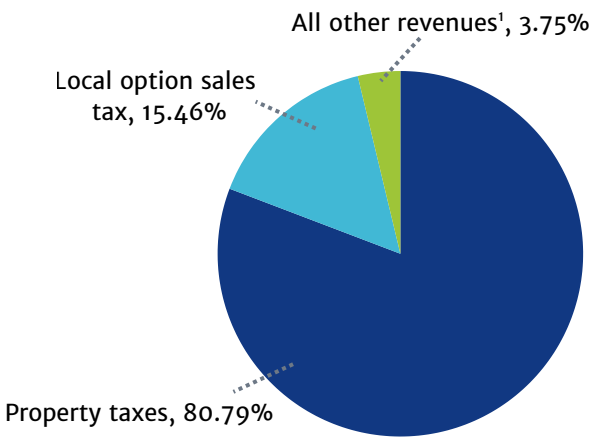


Downtown Nashville

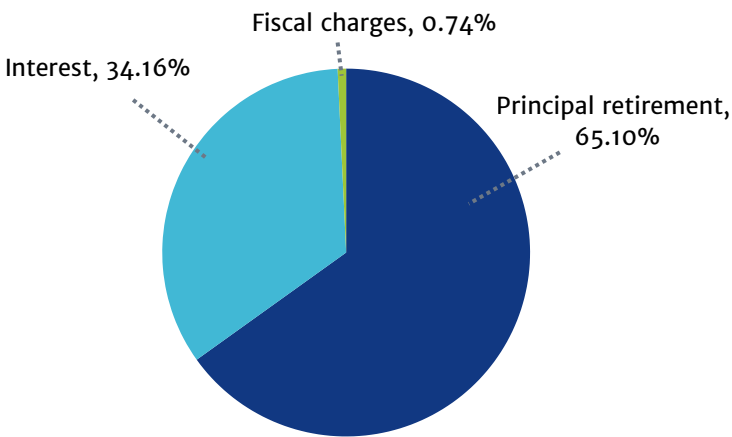
Debt Service Funds: Continued

Metro uses debt service funds to pay the principal and interest on long-term general obligation debt, which primarily finances capital projects like new buildings, roads, infrastructure, schools, libraries, parks, and public transportation improvements. The funds ensure the government can repay bonds and notes issued to finance these projects.

Debt Service Funds Revenues



Debt Service Funds Expenditures



¹All other revenues includes fines, forfeits, and penalties, revenues from the use of money or property, revenues from other governmental agencies, compensation for loss, sale, or damage to property, contributions and gifts, and bond interest tax credit.

Fiscal Year	Debt Service Fund Balance	Fiscal Year	Budgeted or Actual Expenditures ¹	Fund Balance %
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	412,364,859	38.2
2024	237,208,036	2025	409,739,476	57.9
2025	\$214,563,917	2026	\$459,294,700	46.7% ¹

The fiscal year's debt fund balance is shown in relationship to the subsequent year's audited or budgeted expenditures (i.e. FY2025 Fund Balance is shown on the same line as the FY2026 Budget Debt Expenditures). ¹The FY2026 budget ordinance included fund balance restoration to comply with the fund balance policy.



Percy Priest Elementary School



Lakeview Elementary School

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities make up the Government-Wide Financial Statements and are prepared using the accrual basis of accounting to provide a complete, consolidated, and long-term view of the government's finances.

The Statement of Net Position is like the government's balance sheet. It lists everything the government owns (Assets) and subtracts everything it owes (Liabilities), resulting in the Net Position. If the Net Position grows over time, the government's financial health is improving.

The Statement of Activities is the government's income statement. It shows how the government's total financial worth (its Net Position) changed during the year. It reports all revenues and expenses for the work that was done, even if the money has not been received or paid out yet.

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.

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.

Governmental Activities	2023	2024	2025
Total Assets and Deferred Outflows	\$9,436,613,839	\$9,703,975,201	\$10,654,387,770
Total Liabilities and Deferred Inflows	10,212,449,454	10,321,656,713	11,368,929,536
Total Net Position	(775,835,615)	(617,681,512)	(714,541,766)
Total Revenues	\$3,864,088,254	\$4,018,580,813	\$4,013,200,448
Total Expenses	(3,091,379,671)	(3,860,426,710)	(4,077,893,841)
Change in Net Position	772,708,583	158,154,103	(64,693,393)

Business-Type Activities	2023	2024	2025
Total Assets and Deferred Outflows	\$3,470,698,390	\$3,720,730,075	\$3,972,791,901
Total Liabilities and Deferred Inflows	1,669,705,291	1,780,521,947	1,921,587,166
Total Net Position	1,800,993,099	1,940,208,128	2,051,204,735
Total Revenues	\$512,523,706	\$539,264,724	\$559,763,152
Total Expenses	(326,709,041)	(400,049,695)	(445,745,883)
Change in Net Position	149,814,665	139,215,029	114,017,269

The Mayor's Priorities

Metro's Government is committed to making Nashville a great place to live, work, play, and invest through a series of wise investments and fiscal planning. Nashville is investing in the challenges we face in our daily lives, directing resources to the following priorities: transportation and transit, housing and homelessness, education and youth, and public safety, while providing excellent customer service to our citizens, businesses, and visitors of Nashville.

TRANSPORTATION AND TRANSIT



The Mayor at CHYM One-Year Event

The Choose How You Move initiative, introduced by Mayor O'Connell, passed as a referendum on November 5, 2024, when voters approved a 0.5% transportation surcharge to fund the plan. The Choose How You Move initiative is a **comprehensive \$3.1 billion Transportation Improvement Program** focused on expanding bus services, constructing new sidewalks, upgrading traffic signals to **improve mobility, enhancing safety for riders, and reducing transportation costs for residents.**

The plan also includes the introduction of a low-income fare program, Journey Pass, that will **increase accessibility to services and reduce household costs** for Nashvillians living on limited incomes. Expanded transit offerings aim to make Nashville a more affordable city for all residents.

The Mayor's Priorities: Continued

AFFORDABLE HOUSING DEVELOPMENT

The Unified Housing Strategy was released during 2025 by Mayor O'Connell. **This strategy is Metro Nashville's first comprehensive housing plan**, developing a roadmap to address the city's housing challenges over the next ten years. During 2025, a **\$30 million investment was made for the Barnes Housing Trust Fund**, which supports the creation and preservation of affordable rental and homeownership options.

The Strobel House, Nashville's first permanent supportive housing development, opened in July 2024, and is supported by operating funds in the budget. Strobel House connects its residents with supportive services that include medical aid, addiction treatment, mental health support and career assistance.

EDUCATION AND YOUTH EMPOWERMENT

Nashville has made education and youth development a **central priority, emphasizing investments in public schools and programs that support young people**. For the 2024–2025 budget, Metro provided an investment for Metro Nashville Public Schools to bridge the expiring federal Elementary and Secondary School Emergency Relief Fund programming.

This operating commitment and bridge funding **ensured preservation and continuance of academic success** as well as support for many great programs, including universal school nurses, safety ambassadors, mental health support, and tutoring. These efforts reflect a commitment to **fostering a strong foundation** for Nashville's future leaders.

Key Accomplishments of Our Schools

- The **highest graduation rate in MNPS history, 85.7%**, was recorded in 2024.
- Metro's public schools increased proficiency rates **across every grade level in every content area**.
- Of the 100 largest urban districts, Metro's public schools **ranked 4th in math and 9th in reading** for post-pandemic recovery.



Affordable Housing Project Ribbon Cutting



Strobel House Opening



The Mayor's Youth Council

The Mayor's Priorities: Continued

PUBLIC SAFETY AND OVERSIGHT

Nashville continues to increase public safety countywide with investments in both traditional law enforcement and new initiatives aimed at engaging a broader community safety activation – a shift to a **holistic approach to safety**, not just responding to crime, but preventing it and supporting vulnerable populations. The 2024–2025 budget included \$1 million earmarked for community safety, which continues to be both a need and a priority and supports the **establishment of a new Office of Youth Safety**.

In addition, funding for the Responders Engaged and Committed to Help (REACH) program provides support for expanded mental-health crisis through a **co-response partnership** involving the city's emergency services and mental health professionals. This approach **ensures people in crisis receive the services they need** and builds strong relationships between law enforcement, first responders, and the neighborhoods they serve.



Metro Nashville Police Department Officers Downtown

REACH Accomplishments in Fiscal Year 2025

- Responded to 1,540 psychiatric emergencies
- Made contact with 1,301 contacts individuals
- 89% of these individuals were assisted without the use of an ambulance
- Diverted approximately 70% of the individuals from the Emergency Departments, instead providing a more streamlined approach and appropriate psychiatric services

“Our Nashville youth are vital to making our city thrive, and the creation of an Office of Youth Safety is an important step toward empowering our youth with the tools they need to navigate conflicts constructively, so we can break the cycle of violence and create a more harmonious community. The impetus for this office was the youth of Nashville. They strongly advocated for it during our budget hearings, and I was pleased to secure the funding and participate in the work to make it a reality.”

–Metro Council Budget and Finance Chair Delishia Porterfield