

Appendix 5: FTMS

Financial Trend Monitoring System Indicators

As the impact of COVID-19 gradually lessens, having been replaced with sustained inflationary levels at 40-year highs, rising interest rates, debt ceiling concerns and elevated recessionary expectations and the economic fluidity at present, and by virtue of this report's central focus on audited historical data, it is important to note that what follows did not form the primary basis of FY 2025's recommended budget. What follows is a review of recent historical trends.

When managing municipal finances, it is important to understand past financial trends and their effects on the present and future. To accomplish this, Metro has developed a Financial Trend Monitoring System (FTMS). This system is based on the FTMS developed and outlined by the International City/County Management Association (ICMA) in its *Evaluating Financial Condition – A Handbook for Local Governments*, but slightly modified to meet the needs of Metropolitan Nashville and Davidson County.

The trend system consists of measurable factors that reflect and influence Metro's financial condition – its ability to finance current services on a continuing basis. These factors include the national economy, population levels, federal and state mandates, the local business climate, and the internal fiscal policies of the local government.

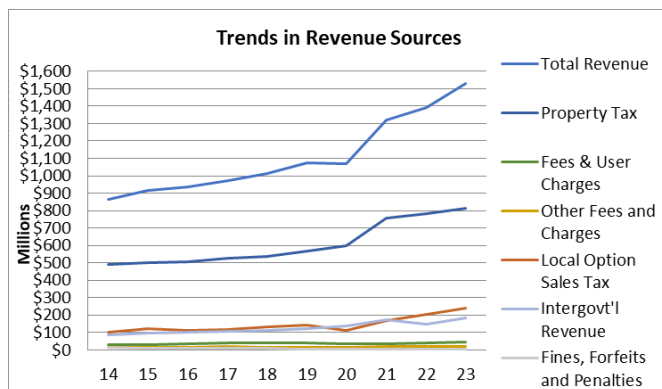
This evaluation reviews financial data from the general funds of the General Services District (GSD) and the Urban Services District (USD) for the ten-year period extending from FY 2014 to FY 2023.

Revenue Indicators

The revenue indicators reflect Metro's ability to produce sufficient revenue to support current service levels, meet existing obligations, and plan for future initiatives.

Trends in Revenue Sources

Description: This graph reveals trends for the largest sources of revenue received by Metro, grouped into seven categories: total revenue, property taxes, sales taxes, fees & user charges, revenue from other governments, fines forfeits and penalties, and other fees and charges. The composition of these revenues helps determine the Metropolitan Government's potential dependence on any one specific revenue source to respond to changing economic situations and service demands.



Commentary: Total revenue grew by approximately 77.1% between FY 2014 to FY 2023, which represents an increase of 11.0 percentage points relative to the previous rolling ten-year period. This considerable upswing overall was due in large part to the financial floor created by the Great Recession, the impact of which was still being felt by Metro during the first year of this study, as growth outside of property taxes, which benefited from a rate increase in FY 2013, remained stagnant. This was then met by strong growth experienced nationwide since exiting the depths of the pandemic. Mandated shutdowns were lifted faster than originally anticipated, jobs recovery exceeded projected timelines and record-breaking federal stimulus was pumped into the economy. These factors were then met with historically strong household balance sheets, as consumers reeled in spending during the pandemic's early stages. With near historic reserves in tow, this culminated in spending that drove in tax revenues across the country, with Metro's experience being no different. Despite the lower base created by the Great Recession during the beginning of the 10-year period being examined, and the growth that occurred throughout nearly the entirety of the timespan, the pandemic induced slowdown shifted optics with respect to this growth during separate five-year periods ranging from 2014 to 2023, requiring decisive fiscal actions from leadership to safeguard against economic uncertainty. During the first half, from 2014 to 2018, Metro's revenues grew by 17.4%, followed by accelerated growth of 42.3% over the remainder of the period. As can be seen in the chart below, this spike towards the end of the period can be attributed to higher property tax collections; the result of a rate increase in FY 2021. The decision to increase the property tax rate was made necessary by considerable unknowns regarding the longevity of the pandemic induced downturn, coupled with dwindling cash and fund balances. It is important to note that the rate increase occurred at a time when many revenues were experiencing double digit percent decreases, to include some that had fallen by nearly ¾ due to the pandemic.

The predominant source of revenue is property taxes, which increased by approximately 65.8% between 2014 and 2023. This growth was driven by two separate rate increases, the first occurring in FY 2013, with the second taking place in FY 2021, in response to the pandemic. FY 2013's increase was followed by a reappraisal that same calendar year that lowered the rate for the following fiscal year, where it remained, until dropping to a historically low level in FY 2018, where it remained until FY 2021's increase. Despite the bump to ensure continuity of services during the pandemic, Metro's rate remained nearly a dollar lower than the average rate over the previous quarter century and highly competitive relative to other major cities in Tennessee and peer cities outside of Tennessee. Not to be dismissed as a factor in Metro's property tax revenue growth is the role that sustained levels of high demand for commercial and residential development has played, driving new construction and value appreciation annually. While the pandemic significantly impacted activity taxes, various economic indicators such as population growth, unmet demand due to low inventory, as well as shifting preferences related to work from home opportunities, suggest a continuation of this trend going forward.

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Supportive of the argument that growth in the underlying tax base has also contributed meaningfully to higher revenue collections, is the notable increase of 137.9% in total assessed value within the GSD during the current 10 years under examination. This increase was the result of two reappraisals that resulted in value appreciation of over 36% each, with 2017's being roughly 49%. State law mandates that revenues tied to the reappraisal of existing property remain the same, irrespective of increases in property values. This is achieved by offsetting reductions in the certified tax rates, ensuring that the reappraisal serves its intended purpose, equalization based on current market value. This revenue neutrality requirement creates stability in the source, which is beneficial given its proportion relative to the overall budget. The rate increases are detailed in the property tax discussion in Section A of this book.

Intergovernmental revenues (funds received from other governments) increased by 28.3% from 2014 to 2018, primarily due to reduced collections early in the period. Relative to revenues from all other sources, this category's percentage of overall revenue essentially held flat until about 2015, as absolute annual dollar amounts remained flat. Since then, there has been an upsurge of 79.0% over the last eight years, which points to economic recovery that began in 2021, driven by a rebound in collections of state shared revenues, to include: state sales taxes, increased gas and fuel rates due to the IMPROVE Act in 2017 and revised distribution of telecom revenue that greatly benefitted local governments. FY 2022's decrease was attributed to the elimination of a one-time transfer that occurred during the preceding year. Adjusting for this, growth of the category has remained strong. Since the recession, Metro has taken steps to ensure that it is not overly dependent on revenues from other governmental entities due to the volatility of available funds. These steps include being judicious in funding programs that align with Metro's organizational priorities and implementing a hiring freeze program that provided greater financial oversight of personnel expenses.

Local option sales tax is the primary source of elastic revenue because it responds to changes in inflation and the economic base. The total sales tax rate in Davidson County is 9.25%. To fund education, in FY 2002 a 1.0% increase to all items except unprepared foods (4% plus local option) put the state portion of the sales tax rate at 7.0%, plus the 2.25% local option rate levied by Davidson County. During the 10-year period being discussed, Davidson County has experienced a remarkable 135.2% increase in local option sales tax. This figure is roughly 26 percentage points higher than that of the previous rolling 10-year period, which experienced considerable impact from the pandemic. After falling by roughly \$28.4M in FY 2020, local option rebounded considerably from FY 2020 to FY 2023, growing by \$127.4M over the period.

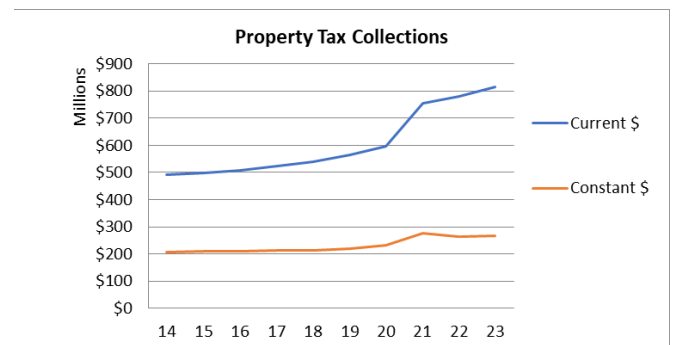
Overall, collections of fees and user charges have increased approximately 51.6% between FY 2014 and FY 2023, increasing by 11.3% during the last five years of the period, as many fees remained low due to COVID restrictions and lingering fear.

Analysis: Understanding the various stages and associated defining characteristics of the business cycle is beneficial in determining the underlying components of growth in Metro's revenue sources and performance implications going forward. Following the Great Recession, which immediately preceded the timeframe being examined, the economy had been in a period of expansion

for over 10 years, which ended abruptly due to the pandemic. This period had been marked by, among other indicators: GDP growth, new housing construction and value appreciation, increased consumer confidence and low unemployment; and can be traced in the previously prominent upward trend of total revenue. Benefitting from these economic strengths, as well as state level changes in rates and Metro's population growth are intergovernmental revenues, as this growth often determines the basis for allocation among municipalities. Fees and user charges and local option sales tax revenue had also both shown typical post-recession growth, the result of the increase in consumer confidence and higher discretionary income. However, accompanying the pandemic, a sharp contraction in economic activity and subsequent revenue collections has altered Metro's previously well-established financial footing. The pandemic's impact has far exceeded the presence of potential threats to the viability of certain revenue sources that had already inherently existed; the result of natural ties to the state and national economy in general, policy and administration changes at all three levels, as well as uncertainty with respect to the stability of revenues reliant on the tourism industry. Despite this, the stability afforded by Metro's appreciating property values, federal stimulus and consumption shifts played critical roles in helping to reduce some of the pandemic's impact experienced to end FY 2020. These same variables were critical in the recovery that began in FY 2021, as an economy that suddenly found itself flush with cash was eager to regain a sense of normalcy following government mandated lockdowns. This led to tremendous pent-up demand, with consumers spending their way out of the pandemic via higher reserves.

Property Tax

Description: Metro relies heavily on the property tax as its single largest revenue source. In FY 2023, the property tax constituted approximately 53.3% of all general fund revenue collected by Nashville Metropolitan Government.



Commentary: The property tax, a comparatively stable funding source, should mirror the effects of inflation to ensure that dollars collected have consistent buying power year to year. For the analysis period, the current buying power of the property tax revenue has varied from a low of \$491.6M in FY 2014 to a high of \$815.2M in FY 2023. Since FY 2014, as the total revenue generated has increased by roughly \$324.0M, constant buying power has failed to keep pace, increasing only \$60.9M.

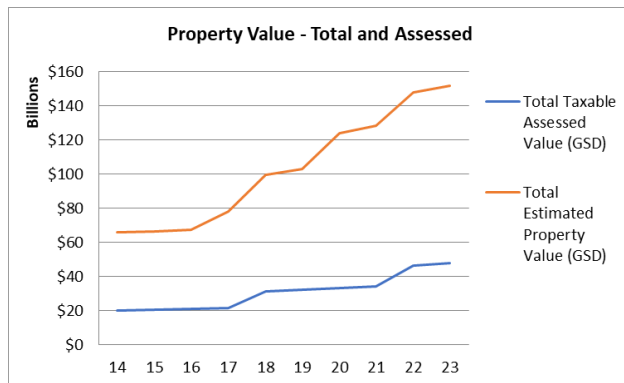
Analysis: The graph displays property tax revenue in both current and constant dollars to show the effect of inflation

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on revenue. As can be seen in the most recent year, while current collections continued to increase in FY 2022, constant (inflation-adjusted) collections fell for the first time during the period. The noticeable upswing in FY 2021 can be attributed to the rate increase, the first since FY 2013, made necessary by the pandemic. Prior to this, and despite FY 2018's rate decrease of more than \$1.00, the chart below illustrates the impressive growth in assessed property values across Metro.

Appraised Property Value

Description: Appraised value of property measures the market value of taxable real, personal, and public utility properties in Metro. Ideally, market and appraised values are the same – indicated by an appraisal ratio of 1.00. When a gap exists between market and appraised values, some property owners are paying less than a fair share of property taxes while others may be overburdened with taxes on properties of declining values. Appraised values and appraisal ratios (the state-estimated ratio between appraised and market values, updated every two years) are presented in Section A of this book.



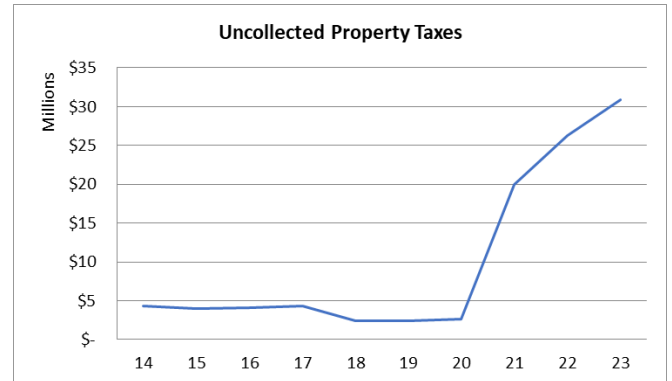
Commentary: Regular re-appraisals should help keep appraised values balanced with market values. All taxable real property is appraised every four years by Metro's Assessor of Property, ensuring that there is equitable distribution across the entire tax base.

Analysis: The total assessed value of property increased steadily for much of the period before considerable appreciation associated with favorable market conditions and 2017's reappraisal created a significant upswing. This surge resulted in growth of 138% from FY 2014 to FY 2023. Over the same period, total estimated property value increased 130.0%, nearly matching assessed value growth; in this ideal scenario, the market is being fairly and accurately represented for citizens and they also benefit in increased service offerings, the result of the precise assessment of the tax base.

When this is not the case, a number of factors, either in isolation or in combination, could be the source of the difference during a given year: natural variance as the inherent byproduct of explosive growth in the market, the impact of commercial development and related incentive packages, adjustments to assessed values that are linked to a greater number of appeals or citizens utilizing property tax relief programs at a higher rate. Metro has elected to undertake a four-year reappraisal cycle to keep property values in line with current market values as well as maintain equalization throughout the county. Appraised values are generally within 90% of market values.

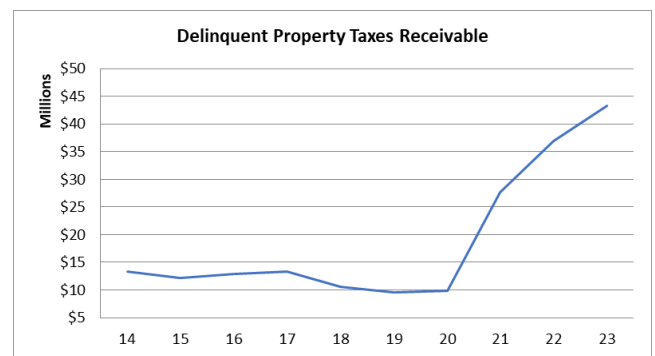
Uncollected Property Taxes

Description: Each year, a portion of assessed property taxes remain uncollected due to a variety of reasons. An increase in this percentage can indicate an overall decline in local government's economic health. Delinquent and back property tax collections form a significant portion of annual property tax revenue. The largest portion of delinquent taxes consists of the prior year's assessments.



Analysis: Apart from FY 2021, uncollected property tax levels have consistently hovered between just over \$4.0M to \$5.4M, falling to \$2.6M in FY 2020. However, as shown above, a considerable spike occurred in FY 2021, followed by a modest increase in FY 2022, both the result of Metro's decision to discontinue the practice of selling the delinquent receivable to a third party at year-end, which had occurred since the mid-2000's. This was made possible by Metro's improved cash reserves. Relative to the total tax levy, these levels remain well within Metro's acceptable threshold.

Delinquent Property Tax Receivables



Commentary: Prior to FY 2021, delinquent property tax receivables had generally exhibited a downward trend overall. However, as was the case with uncollected property taxes in the previous section, delinquencies spiked in FY 2021 and rose again in FY 2022. Similarly, this can be attributed to Metro's decision to no longer sell the delinquent receivable at year-end, opting instead to collect outstanding taxes in-house.

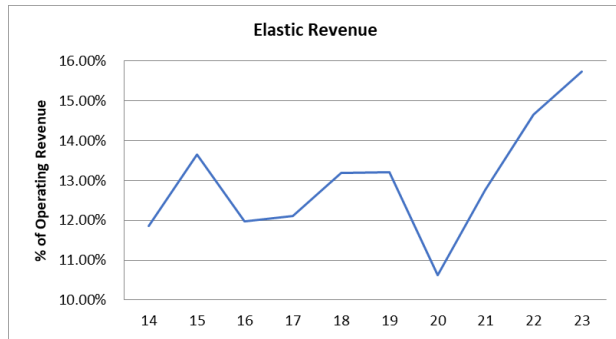
Analysis: Various factors, such as property tax rate increases or significant market appreciation, changes in

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the economic landscape, and even variability in the collection process itself have the potential to impact the volume of delinquencies. Despite appearance to the contrary, given FY 2021's deviation from the previous practice, conscious effort on the part of Metro to ensure that uncollectable balances have been accounted for should contribute to lower delinquency levels than that of the preceding decade.

Elastic Revenue

Description: Elastic revenue refers to revenue that responds to changes or fluctuations in inflation and the economy. In this study, the elastic revenue analyzed is the local option sales tax.



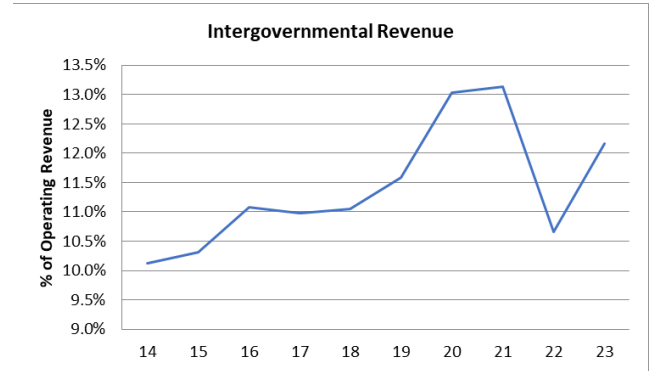
Commentary: In FY 2014, elastic operating revenues were roughly \$102.4M. Outside of a reversion to the previous allocation basis in FY 2016, the result of 2015's spike, this revenue increased in every year during the ten examined, apart from one, FY 2020. For perspective on the pandemic's impact, the drop experienced in FY 2020 represents a decline nearly equal to FY 2016's level, despite there not being a change in the source's allocation basis.

Analysis: During periods of increased inflation, a high percentage of sales tax revenue compared to total revenue helps maintain purchasing power. The category's growth, which began modestly in 2012, expectedly trails, but still mimics the slow recovery and subsequent expansion of the economy. While this growth occurred at both the national and state levels, it at times has been outpaced locally by Nashville's economy. If not for considerable growth in other operating revenues, this category's performance would not appear to be nearly as artificially suppressed as the graph suggests. Also contributing to growth is the proliferation of out-of-state and internet sales tax collections because of voluntary compliance due to looming statutory changes. The spike observed in FY 2015 is the result of fund allocation adjustments and not representative of the actual continued growth of the underlying source itself. The precipitous drop shown in FY 2020 represents the first true decrease over the period, a direct result of the pandemic's historic economic impact. As can be seen, this was immediately followed by recovery in FY 2021, and, relative to total operating revenues, Metro's elastic revenue now exceeds pre-pandemic levels. This is due to continued growth in sales taxes, as higher prices, a strong job market and solid savings have spurred spending.

Intergovernmental Revenue

Description: Intergovernmental revenue consists of funds from federal, state, and other governmental entities,

and non-profit groups. Often these funds are designated for specific uses. Too much dependence on intergovernmental revenue is risky; if funds are withdrawn, the local government may need to fill the gap or reduce services provided by the funding.



Commentary: Intergovernmental revenue, following steady growth prior to the Great Recession, declined considerably in FY 2010 in relation to total revenue and has remained comparatively flat for most of the period, ranging from roughly 10.7% to 12.2%, the latter occurring in FY 2023. In part, this is due to increased property tax collections, which increased the percentage of revenue raised by the property tax relative to other sources. Along with this, during some of the earlier years being examined there were reductions in intergovernmental transfers from state and federal sources due to budget reductions at the state level and shifting of resources out of federal grant programs. These revenues have started to slowly trend upward since FY 2014, as fiscal tightening at the federal and state levels has lessened. The noticeable drop in FY 2022 was the result of the elimination of a one-time transfer that occurred the year before. Accounting for this, underlying growth in the category has remained favorable.

Analysis: For context, from FY 2007 to FY 2009 a sizeable spike in intergovernmental revenue occurred, which could be attributed to an inflow of federal stimulus funds, the cumulative measures of which later became known as the American Recovery and Reinvestment Act in 2009. Since then, the category's contribution to Metro's total revenue figure has leveled off to nearly prerecession levels and has remained consistent. As previously touched on, increases in state shared taxes have occurred because of one of the longest periods of economic expansion in recent history, only to be matched by spikes in other sources as well, lessening the category's bottom-line impact.

Revenue Benchmarks

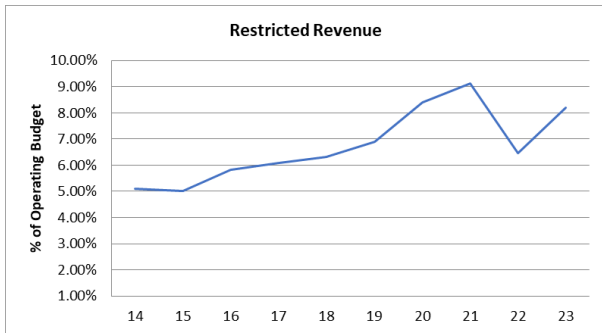
Revenue benchmarks serve as important symbols of the flexibility found in spending restrictions within the Metropolitan Government. These trends may reveal implementation of cost controls or fiscal policies.

Restricted Revenue

Description: Restricted revenue is legally designated for a specific use, often spelled out in state or federal laws, bond covenants, or grant contracts. Specifically, restricted revenue includes revenue from other governments and governmental agencies, excluding the state income tax allocation and the state sales tax funds.

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An increased percentage of restricted revenue as a percentage of total operating revenues can hinder the government’s ability to modify spending priorities in response to changing service needs and demands.



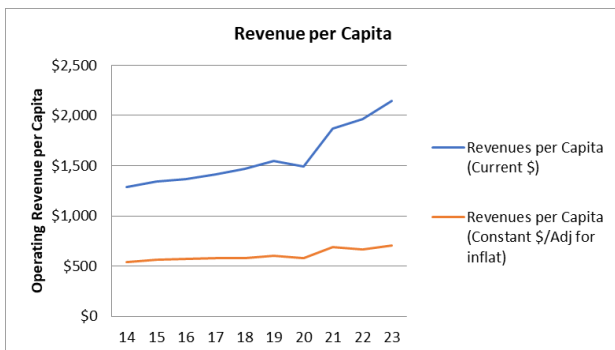
Commentary: The restricted revenue graph exhibits similarities to the overall trend that is illustrated in the intergovernmental revenue graph, declining to its lowest point of 4.7% in FY 2013 before recovering. Since then, except for FY 2015 and FY 2022, the category has increased.

FY 2022’s decrease is attributed to two factors, solid growth overall in total revenues met with a spike in state sales taxes, which are removed as part of the calculation. This trend is further evidenced by absolute growth of 40.6% over the last five years. Comparatively, the previous rolling five-year period increased 103.8%. However, this growth is to be expected following the decline in intergovernmental revenue related to the fiscal crisis of 2009 and the subsequent reduction of federal grant revenue. It is important to note that the state sales tax allocation and the income tax on dividends and interest are not included in the restricted revenue calculation.

While specific-use revenues allow local governments the opportunity to expand certain programs, it is a good idea to keep the percentage relatively low so that a government does not become overly reliant on funding from sources that cannot be guaranteed from year to year. However, as a percentage of total revenues, restricted revenues are at 8.19% for FY 2023.

Revenues per Capita

Description: This indicator assumes that services and revenues will increase proportionately with growth in the population and that the level of *per capita* revenue will stay at least constant in real terms. The population of Davidson County has grown by 6.3% since 2014.

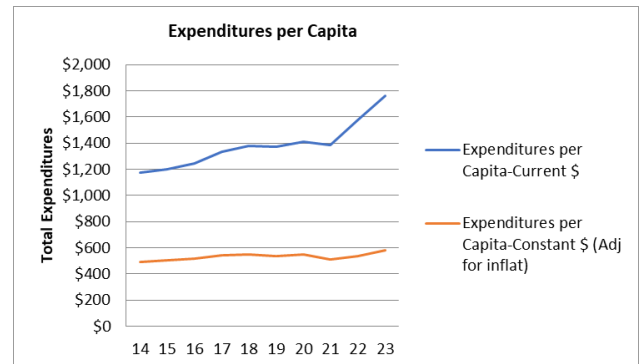


Commentary: Adjusting for inflation, revenue per capita decreased 1.4% year-over-year during FY 2020; marking the first time this occurred since an indiscernible dip occurred in FY 2014. The recent spike in inflation towards the end of the period being examined is readily apparent in the data, as revenues per capita in current dollars grew by 66.0% during the back half of the ten years. Comparatively, when adjusted for inflation, growth of 16.3% occurred. This gap was much narrower during the first five years of the period, when inflation hovered around the Fed’s targeted rate of 2%.

Analysis: Fluctuations in revenues per capita can be attributed to a steadily increasing population and the lasting effects of the economic downturn just prior to the first few years being examined, as well as the pandemic’s recent impact. Prior to FY 2021’s property tax growth, fiscal recovery has been a gradual process, with revenues per capita hitting its lowest point in FY 2012, at \$522. During the current 10-year period, inflation adjusted revenues have grown 30.1%, compared to inflation adjusted expenditure growth of 17.1%.

Expenditures per Capita

Description: This indicator assumes that changes in *per capita* expenditures reflect fluctuations in the population and compares changes to the rate of inflation. The graph compares nominal (current dollar) and real (constant dollar) data.



Commentary: The graph illustrates that between FY 2014 and FY 2023, actual expenditures per capita in constant dollars increased by 17.1%. In current dollars, expenditures *per capita* have accelerated since FY 2018, totaling \$1,761 in FY 2023, resulting in an increase of 25.7% over the duration (FY 2019-FY 2023).

Analysis: The graph illustrates that in current dollars, Metro’s expenditures per capita have grown steadily since FY 2014, but in a fiscally responsible manner relative to revenue growth.

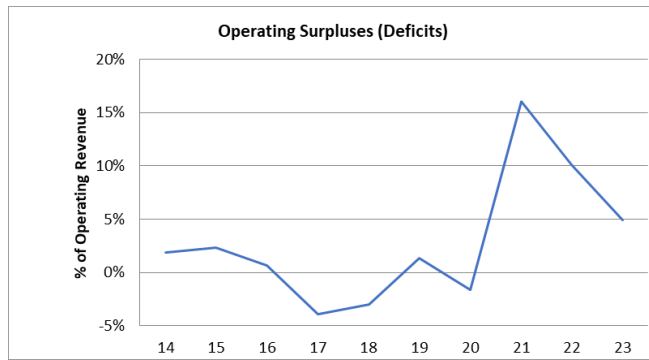
A property tax increase in FY 2013 allowed for the restoration of selected expenses following expenditure cuts that were implemented in previous years. An uptick in revenue from other sources, to include local option sales and various state shared taxes has allowed for an expansion in services during the same period. A recognizable correlation exists when comparing current revenues and expenditures per capita since FY 2013, except for FY 2020’s understandable reversal due to the virus. Of note is FY 2022’s increase, which, although notable relative to the rest of the period, represents

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Metro’s cautious approach to spending in the wake of the pandemic, as revenue had largely recovered in year prior.

Operating Deficits

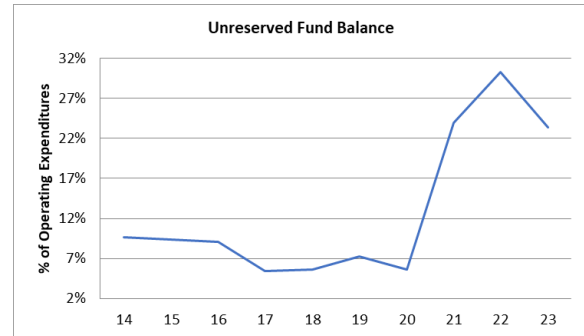
Description: An operating deficit occurs when current expenditures exceed current revenues. This does not necessarily mean that the budget will be out of balance since reserves from prior years may be used to cover the difference. However, credit rating firms regard a current year operating deficit as a minor warning signal. Two consecutive years of such deficits indicate that current revenues are not supporting current expenditures and require more attention.



Commentary: Two or more consecutive years of operating fund deficits present a “red flag” with respect to the financial health of Metro Government. While there is some variability over the last ten years, only three resulted in operational deficits of 3.9%, 3.0% and most recently, 1.7%; these finishes occurred in FY 2017, FY 2018 and FY 2020, respectively. These minimal deficits can be attributed to the planned use of fund balances to balance the operating budget, as well as FY 2020’s need to cover revenue losses. Metro managed to reduce fund balance need in FY 2020 by virtue of strong revenue growth prior to the onset of the pandemic, as well as through the implementation of cost efficiency measures in response to it, to include departmental targeted savings and a quickly enacted hiring freeze. FY 2022’s decrease can be attributed to previously referenced increased spending, as Metro moved on from a continuity of services approach to expanding critical services for its citizens, made possible by increased revenue collections.

Fund Balances

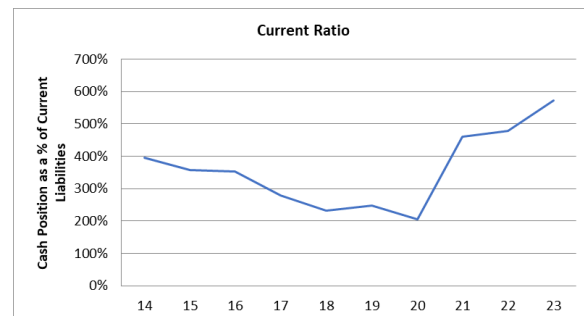
Description: Fund balances can be thought of as reserves. Since some fund balances may be designated for specific projects, it is necessary to differentiate between reserved and unreserved fund balance. Unreserved fund balance is the indicator in this case. Unreserved fund balances enable a government to meet future emergencies. A warning sign occurs when unreserved fund balances decline as a percentage of operating expenditures. This may show an inability to fund emergencies.



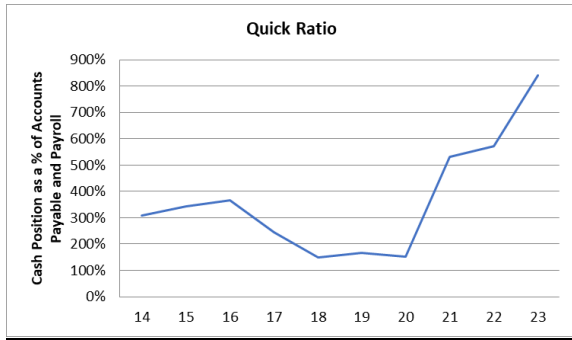
Commentary: Fund balance, as a percentage of operating expenditures, improved favorably in FY 2019, before falling in FY 2020 in response to the pandemic. Metro’s financial management policy pertaining to fund balance had previously established a 5.0% threshold for its three tax-supported operating funds, while state law only requires 3.0% for schools. Following difficulties in FY 2020 associated with the use of nonrecurring revenues and its impediment to a structurally balanced budget, only further exacerbated by the pandemic, management’s sentiment regarding appropriate fund balance levels shifted, ultimately resulting in the implementation of Metro’s first council adopted policy in FY 2023. This change is evident in the growth that has occurred since FY 2020, the result of an intentional decision made by leadership to better align with GFOA’s recommendation of holding not less than 2-3 months of operating revenues in reserves.

Liquidity

Description: Liquidity measures a government’s ability to pay its short-term obligations. Insufficient liquidity will make a government insolvent. In these graphs, liquidity is determined by taking current assets and dividing by current liabilities – a measure known in financial analysis as the current ratio and depicted in the graph below. The quick ratio, shown in the second graph below, takes this a step further by taking the most liquid of assets and dividing them by current liabilities. In this case, it is determined by dividing cash and cash equivalents by accounts payable and accrued payroll.



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Commentary: Over the period of analysis, liquidity, as measured by the current ratio, has ranged from a low of 206.5% in FY 2020 to a high of 573.0% in FY 2023. This ratio indicates that Metro has current asset coverage that is greater than five times the requirements of its most immediate obligations. As a result, the declining liquidity trend existing prior to FY21 has been reversed due to stability gained from sustained property tax growth.

A positive quick ratio indicates that Metro has adequate cash reserves for immediate unexpected needs. The trend illustrated above shows an increase for over half of the ten-year period, even with FY 2018's decrease and higher than anticipated cash spends. Property tax revenues that fell short of budget in FY 2018 were partially responsible for the decrease, as revenues declined relative to payroll enhancements. Both liquidity ratios improved slightly in FY 2019, before being impacted by COVID the following year.

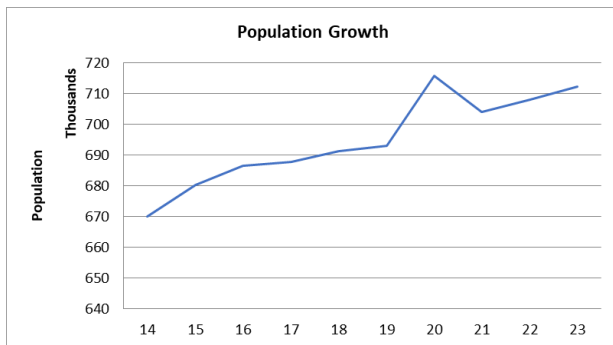
Analysis: Credit rating firms consider liquidity of less than 100% to be a negative factor, which has not occurred over the most recent 10-year period. A positive liquidity position indicates that Metro is not overextended in its financial obligations with current liquidity at more than 5.7 times the recommended level.

Demographic Trends

Municipal fiscal health is related to citizen needs and available resources that are often reflected in economic and demographic indicators.

A greater variety of current demographic information is presented in Metro Nashville and its Budget: Budget Overview.

Population: Population growth has a significant impact on Metro's ability to generate and capture revenue as well as the cost to provide services. The population of Davidson County has increased steadily over the past decade, from 670,102 in 2014 to 712,334, an increase of 6.3%.



Unemployment: Over the past decade, Davidson County has maintained low unemployment rates that are parallel to, but generally lower than, national and state-wide figures. The county's unemployment rate during the last decade has ranged from a low of 2.5% in 2019 to a high of 8.0% in 2020, compared with a range of 3.4% to 7.5% for the state and 3.7% to 8.1% nationally during the same periods.

Unemployment rates at the local, state, and national level had previously been on the decline since 2014, following consistently high levels because of the global fiscal economic crisis that took hold between 2009 and 2010. Prior to FY 2020, active fiscal policy on the macroeconomic level by the Federal Reserve, decisive action by the U.S. government and nearly ten years of economic expansion resulted in favorable unemployment levels during the last few years of the analysis. The temporary recession created by the pandemic brought with it several economic ramifications, and in many cases at record levels. Among these, the labor force was decimated, as the state's record low unemployment of 3.3% ballooned to 15.5% in the span of one month, the result of nearly 400,000 Tennesseans finding themselves out of work. Likewise, a January 2020 to January 2021 comparison of Davidson County's unemployment rate reveals an increase of nearly twice the former's level, indicative of the relative size of Metro's service-providing sector, which has been slowest to recover. These factors are the driving forces in the sudden, and steep, increases illustrated in the chart for FY 2020. As recovery from the pandemic took hold in FY 2021, unemployment levels for all three began to decline and this trend continued in FY 2023, with unemployment rates all below 3.7%.

Despite COVID's decisive economic downturn, going forward, Davidson County's steady economic base is likely to continue to be healthy due to its economic diversification and higher-than-average concentration of jobs in education, health care, and professional and technical services. These industries are prominent on the national level and are projected to experience high growth rates over the next decade and beyond.

