

# Budget Overview

## 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, the largest city in the mid-state, and the hub of a state with over 7 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.



## About Nashville – Our Community Profile

The city was founded on Christmas Day of 1779 on the banks of the Cumberland River at Fort Nashborough. The community changed its name to Nashville in 1784, which incorporated as a town in 1806 and was permanently established as the capital of Tennessee in 1843.



**The Founding Fathers of Nashville**  
Statue of Nashville's founders at Ft. Nashborough

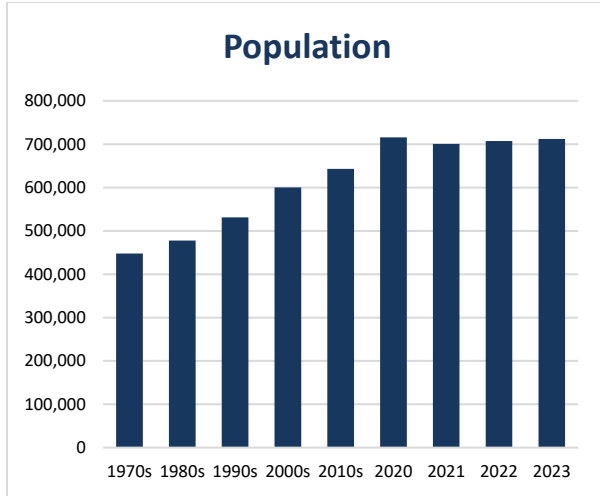
The city is a center for music, healthcare, hospitality, publishing, banking, and transportation industries. It is also home to some of the top U.S. universities, notable among which are Vanderbilt University and Belmont University. Nashville placed first in the hottest job market in 2023 according to *The Wall Street Journal*; Nashville ranked #25 as one of the best U.S. cities to live according to U.S. News & World Report in 2022 and ranked among the 15 best places for business and careers in 2019 by *Forbes* magazine. Frequently cited are the area's low cost of living, a variety of residential opportunities, abundant recreational and tourist opportunities, a lively cultural base, diverse economy closely mirroring that of the nation, a regional hub for healthcare, and many institutions of higher education. Transportation is available by air, train, water, and road – 50% of the nation's population lives within 650 miles via one of the three interstate highways (i.e., I-65, I-40, and I-24) that converge in the city. Although it has a diverse and balanced economy with manufacturing, transportation, education, financial, healthcare, and other services, Nashville may be best known as the home of country music – Music City USA.

Nashville's weather and temperature range are fairly moderate compared to many other cities in the United States, and while Nashville has recorded temperatures as low as -17°F and as high as 109°F, that is not the norm—temperatures in Nashville typically range from an average low of 28°F in January to an average high of 89°F in July.

Nashvillians often identify themselves by their neighborhood or their part of the community. [VisitMusicCity.Com](https://www.visitmusiccity.com) has compiled a description of each one of our unique neighborhoods to assist visitors in finding the perfect location to when visiting or making Nashville their new home.

Metro Nashville - Davidson County is home to many unique festivals and industries, and the city houses an impressive park system which has a replica of the Parthenon. For a complete listing of festivals, businesses, and industries, visit [Nashville Chamber of Commerce's website](https://www.visitmusiccity.com) or [VisitMusicCity's website](https://www.visitmusiccity.com). Nashville is a great place to visit anytime of the year.

# Budget Overview



Source: U.S. Census Bureau QuickFacts and Metro Planning

Racial and Age Composition	
White	65.6%
Black or African American	27.2%
Hispanic or Latino (of any race)	10.6%
Asian	3.9%
American Indian and Alaska Native	0.5%
Native Hawaiian and Other Pacific Islander	0.1%
Other or Two or More Races	2.6%
Under 5 Years	6.3%
6-18 Years	20.2%
19- 64 Years	60.4%
65 Years and over	13.1%

## Employment

### Top Area Employers

(Excludes government agencies)

- Vanderbilt University Medical Center
- Nissan North America
- HCA Healthcare, Inc.
- Vanderbilt University
- Saint Thomas Health
- Randstad
- Asurion
- Amazon.com
- Community Health Systems
- General Motors
- Bridgestone Americas Inc.
- Electrolux Home Products North America
- Cracker Barrel Old Country Store Inc.
- National Healthcare Corp.
- Shoney's Inc.
- Walgreens
- Dollar General Corp.
- Gaylord Opryland Resort & Convention Center
- O. Smith Corp.
- AT&T Inc.
- GEODIS
- Middle Tennessee State University
- Ingram Content Group Inc.
- UnitedHealthcare
- Tyson Foods Inc.
- Brookdale Senior Living Inc.
- CEVA Logistics
- LifePoint Health
- Dell Technologies

Full list available at [Nashville Chamber](#).

Household Income	
Per capita income	\$45,951
Median Household income	\$71,863

(Source: U.S. Census Bureau, 2022 QuickFacts)

### Average Hourly Wages for Selected Occupations

Occupation	Nashville Area	United States
All Occupations	\$29.59	\$31.48
General and Operation Managers	61.26	62.18
Musicians and Singers	49.86	51.65
Registered Nurses	40.08	45.42
Heavy and Tractor-Trailer Truck Drivers	27.35	26.92
Bookkeeping, Accounting and Auditing Clerks	23.72	23.84
Retail Salespersons	17.70	17.64

(Source: U.S. BLS, Occupational Employment Statistics, May 2023)

### Unemployment Rate (%)

Year	Nashville	United States
2023	2.7	3.6
2022	3.2	3.6
2021	3.5	4.0
2020	7.0	10.2
2019	2.7	3.7
2018	2.7	3.9
2017	2.9	4.3
2016	3.7	4.9
2015	4.5	5.3
2014	5.2	6.2
2013	6.2	7.4

(Source: Bureau of Labor Statistics, November 2023)

# Budget Overview

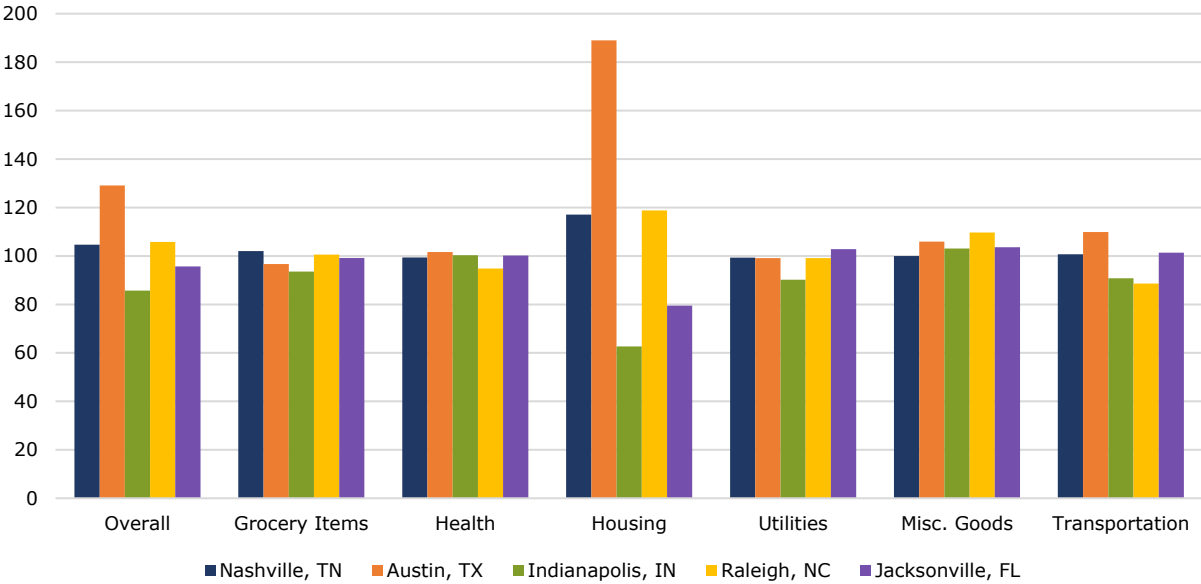
## Cost of Living

The cost of living in Nashville is slightly higher than the national average, which can largely be attributed to its growing economy and population boom. However, the city's vibrant culture and plentiful job opportunities not only draw newcomers but also encourage longtime residents to stay. Cost of living data is from [Best Places](#) and was collected in March 2024. There are nine categories include in cost of living data and displayed in the table below. When examining the data, keep in mind the national average equals 100 and each city's index is shown as a percentage of the average of all cities.

**Nashville Compared to Other Tennessee Cities**

City	Overall	Grocery Items	Health	Housing	Utilities	Misc. Goods	Transportation	Median Home Cost
Franklin	139.4	106.6	99.0	214.4	97.3	110.8	100.9	\$784,100
Nashville	104.7	102	99.4	117.1	99.3	99.99	100.7	\$413,200
Gallatin	103.3	100.7	98.4	110.8	100.8	105.0	97.2	\$394,000
Hendersonville	103.3	102.2	98.4	125.9	98.9	105.4	100.3	\$463,000
Murfreesboro	100.6	99.7	9.0	106.8	98.7	103.7	98.9	\$381,700
Knoxville	91.8	97.2	97.5	88.2	95.6	100.8	81.8	\$314,700
Chattanooga	89.7	97	100.1	75.0	95.0	102.8	80.9	\$273,300
Clarksville	89.1	96.4	99.8	79.3	100.3	103.0	83.4	\$281,900
Memphis	85.8	93.3	96.8	42.4	96.3	100.2	94.5	\$148,300

**Nashville Compared to Other U.S. Cities**



# Budget Overview

## Education

The Nashville region is defined by its well-educated population, low cost of living and doing business, and creative culture. Cultural diversity, unique neighborhoods, a variety of industries, and a thriving creative community make Middle Tennessee among the nation's best locations for relocating, expanding, and startup companies.

### Metro Nashville Public Schools (MNPS)

Early Learning Centers	4
Elementary Schools	70
Middle Schools	30
High Schools	20
Exceptional Education Centers	3
Alternative Learning Centers	6
Charter Schools	27

(Source: mnps.org Quick Guide)

### Other Schools in Davidson County

Private and Parochial Schools	76
Colleges and Universities	32
Community Colleges and Vocational Schools	26

(Source: Nashville Area Chamber of Commerce)



## Higher Education Facilities

- Vanderbilt University
- Belmont University
- Tennessee State University
- Bethel University
- Lipscomb University
- Trevecca University
- Meharry Medical College
- Fisk University
- Nashville State Community College
- Tennessee College of Applied Technology



## MNPS Highlights

**10,790 Staff**

Certificated	6,503
Support	4,287
Starting 10-month Teacher Salary	\$50,046
Minimum Salary	\$18.72 / hr

(Source: mnps.org Quick Guide)

**80,409 Students**

**145 Countries of Origin**

**141 Languages Spoke**

Black	39%
Hispanic	33%
White	24%
Asian	4%
American Indian or Alaska Native	.27%
Native Hawaiian or Pacific Islander	.19%

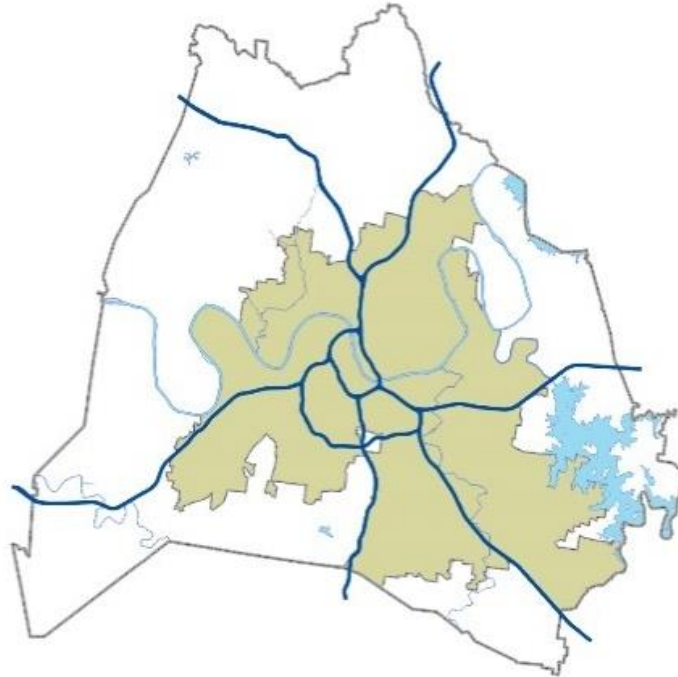
(Source: mnps.org Quick Guide)

# Budget Overview

## 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 and/or additional services, which are funded by an additional USD tax rate.



General Service District	Urban Service District
525 Square Miles	199 Square Miles
204,411 people	513,911 people
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.	All GSD Services plus additional police protection, additional fire protection, and additional public services including trash and recycling collection and street lighting.

*(Source: U.S. Census Bureau 2022 estimates and Metro Planning department)*

# Budget Overview

## Departments and Their Budget Fund Types

Department	Dept. Number	GSD General Fund	USD General Fund	Special Revenue Fund(s)	Proprietary Fund(s)
Administrative	1	✓	✓	✓	
Agricultural Extension	35	✓			
Arts Commission	41	✓		✓	
Assessor of Property	16	✓			
Beer Board	34	✓			
Board of Fair Commissioners	62				✓
Circuit Court Clerk	23	✓			
Clerk and Master	25	✓			
Codes Administration	33	✓		✓	
Community Review Board	54	✓			
County Clerk	18	✓		✓	
Criminal Court Clerk	24	✓		✓	
Criminal Justice Planning	47	✓			
Department of Emergency Communications	91	✓			
DES - District Energy System	68				✓
District Attorney	19	✓		✓	
Election Commission	5	✓			
Farmers' 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 Systems	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	✓			
Metropolitan Nashville Public Schools	80	✓		✓	✓
Municipal Auditorium	61				✓
Music City Center	71				✓
Nashville Department of Transportation	42	✓	✓	✓	
Office of Emergency Management	49	✓		✓	
Office of Family Safety	51	✓		✓	
Office of Homeless Services	53	✓		✓	
Parks	40	✓		✓	
Planning Commission	7	✓		✓	
Police	31	✓	✓	✓	✓
Public Defender	21	✓			
Public Library	39	✓		✓	
Register of Deeds	9	✓		✓	
Sheriff	30	✓		✓	
Social Services	37	✓		✓	
Sports Authority	64	✓			✓
State Trial Courts	28	✓		✓	
Trustee	17	✓		✓	
Waste Services	65			✓	
Water and Sewer	65			✓	✓

# Budget Overview

## Financial Organization

The budget is a financial planning and policy document, and it is organized according to Metro's financial accounting and coding structure. The 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 it 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 accounts, 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.

## Tax Supported Budgetary Funds

Most of Metro's tax dollars are deposited into and spent out of six basic budgetary funds in the two districts (i.e., GSD and USD). The list below shows the names of these six funds with its fund number in parentheses.

- GSD General Fund (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* (i.e., 10101 and 18301) 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* (i.e., 20115, 25104, and 28315) 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* (i.e., 35131) is Metro's biggest special revenue fund. Special revenue funds are described more broadly later in this section. The School Fund 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 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.

Comparison of the FY2024 and FY2025 Budget Ordinances – Six Tax Supported Budgetary Funds				
	FY2024 Operating	FY2025 Operating	\$ Change	% Change
<b>GSD General Fund</b>	\$1,490,780,400	\$1,447,805,200	(\$42,975,200)	-2.88%
<b>GSD Debt Service Fund</b>	327,270,400	258,290,600	(68,979,800)	-21.08%
<b>GSD School Fund</b>	1,205,472,800	1,247,078,900	41,606,100	3.45%
<b>GSD Schools Debt Service Fund</b>	136,782,600	133,194,300	(3,588,300)	-2.62%
<b>USD General Fund</b>	183,819,600	186,060,300	2,240,700	1.22%
<b>USD Debt Service Fund</b>	20,189,000	19,415,700	(773,300)	-3.83%
<b>Duplicated by Interfund Transfers</b>	(74,991,200)	(14,459,800)	60,531,400	-80.72%
<b>Total Budget</b>	<b>\$3,289,323,600</b>	<b>\$3,277,385,200</b>	<b>(\$11,938,400)</b>	<b>-0.36%</b>





# Budget Overview

## Special Purpose Funds

Metro uses other types of funds for special purposes. Non-tax supported budgetary fund expenditures are limited to revenues received by each fund and balances held in each fund, rather than appropriations. Monies in these funds generally cannot be used to support other funds. These non-tax supported 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 a cost reimbursement basis. The primary enterprise funds are the Farmers' Market, Board of Fair Commissioners, Municipal Auditorium, 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 Services, grants, and the General Fund Reserve Fund, which is typically 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 *Annual Financial Report* conforms to governmental Generally Accepted Accounting Principles (GAAP). Due to these varying guidelines, the budget and the Annual Financial Report 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 Annual Financial Report.

## 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 the annual independent audit. A full list of Financial Policies can be found on the [Supplemental Budget Resources \(Citizens' Guide to the Budget\)](#) site.

## Operating Budget Policies

- The operating budget process must begin no later than March 1. All relevant departments, boards, commissions, and agencies must provide information as requested by the Finance Director for the budget's preparation. The Office of Management and Budget (OMB), overseen by the Finance Director, coordinates most of the budget preparation. Once the budget is prepared, the Finance Director submits the proposed budget to the Mayor for review and necessary changes before submitting it to Council (Charter §6.02).
- The Mayor submits the recommended operating budget to Council as an ordinance, along with a transmittal message, by May 1<sup>st</sup>. Upon receiving it, the council reviews the budget through three readings. Between the first and third readings, the Council Budget and Finance Committee holds a series of public departmental hearings, and the Council holds a hearing mandated by the Charter for public comments (§6.05).
- The Council approves, amends, or substitutes the Mayor's budget. Revenue estimates cannot be altered except to rectify errors. A balanced budget must be approved by midnight on June 30th, or the Mayor's budget and proposed tax rate automatically take effect (§6.06).

## Capital Improvement Budget Policies

- The Planning Commission must begin preparing a Capital Improvement Budget (CIB) no later than March 1<sup>st</sup>. The CIB comprises a program of proposed capital expenditures for the upcoming fiscal year and the subsequent five fiscal years. Accompanying the CIB is the Planning Commission's report and recommendations for the program. The Planning Commission provides the CIB to the Mayor for review and necessary changes before submitting it to the Council.
- The Mayor must submit the CIB to Council by May 15<sup>th</sup>. As part of this submission, the Mayor recommends projects for the upcoming fiscal year and the method of financing CIB projects. Projects to be financed from current revenues for the ensuing fiscal year are included in the appropriate current operating budget.
- The Council must approve, amend, or reject the proposed CIB and means of financing by June 15<sup>th</sup>. (§6.13).

# Budget Overview

## GSD General Fund Reserve Policies

- The GSD General Fund Reserve is also known as the Four Percent Reserve Fund.
- Four percent of original revenues is allocated to the Four Percent Reserve Fund. The Mayor and Council have the authority to appropriate funds from this reserve through resolution for equipment purchases in departments funded by the general fund budget. (§6.14).
- 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 Council has not exercised its ability to create a contingent reserve fund not to exceed four percent of the general fund revenue of the USD (§6.14).

## Additional Financial Policies

- The fiscal year begins on July 1<sup>st</sup> and ends on the following June 30<sup>th</sup>. (§6.01) Each fiscal year can be referenced in two ways: by using both years (e.g., "2024-2025") or by the calendar year in which the fiscal year ends (e.g., "FY2025" for 2024-2025).
- The operating 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).
- The budget ordinance contains 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<sup>st</sup>. 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.
- Operating costs will be covered by current operating revenues, while long-term debt will only finance capital goods as permitted by the Charter. The government will refrain from using nonrecurring revenue to support ongoing operations of the three operating funds. Nonrecurring revenue, including transfers from special, enterprise, and internal service funds, will be allocated for activities that do not require continuous funding or to build reserves. To safeguard the government's financial standing against unexpected emergencies or revenue downturns, fund balances will not be appropriated unless the audited unreserved undesignated fund balances are at least 5% of the fund's budgeted expenditures (Resolution R89-959 adopted on 11/21/1991).
- Departments cannot exceed their budget allocations. The amount designated in the adopted operating budget for each organizational unit, purpose, or activity constitutes the annual appropriation for that item. No expenditure or encumbrance will be permitted beyond the unencumbered balance of the respective appropriation or allotment (§6.06).
- All annually budgeted funds are budgeted using the current financial resources measurement focus and the modified accrual basis of accounting.
- Accounting and financial reporting will adhere to generally accepted accounting principles (GAAP) for governments as established by the Governmental Accounting Standards Board (GASB), the federal Office of Management and Budget, the Federal Comptroller General, and the State of Tennessee.
- The Council ensures an annual independent audit of all government accounts and financial transactions, including those of departments, boards, commissions, and agencies. This audit is conducted by a certified public accountant (CPA) or a CPA firm with expertise in governmental accounting. A three-member audit board, comprising the presiding officer of the Council, the chairman of the finance committee of the Council, and the chairman of the board of education, selects the auditor. The audit report is made available to the public and the press. Additionally, the Council reserves the right to order special audits or examinations of any government entity at any time (§6.15).
- The Fund Balance Reserve policy establishes a minimum target of 17% for each governmental operating fund, equivalent to approximately two months of Metro's operating expenditures. Additionally, the policy sets a minimum target of 50% of the budgeted debt service, or a higher amount if necessary to avoid issuing tax anticipation notes. The policy outlines the circumstances under which the Fund Balance Reserves can be utilized. For instance, the operating reserve may be accessed during the budget process in the event of an economic downturn. Both the operating reserves and debt service reserves could be utilized to address unusual, unanticipated, and unforeseen expenditures or revenue declines, but only after exhausting all other reserves or budgeted contingencies (§ 5.04.160).

# Budget Overview

## Long-Term Financial Planning

After a few turbulent years, Metro is in a stable financial position looking ahead to FY 2025. Regarding long-term planning, the administration stays committed to maintaining and continuing to improve the overall financial position of the government. Future budgets will continue to be balanced, meet debt service and contractual obligations and fund Schools at or above state required levels.

The keystone to any sound long-term financial plan is providing mechanisms that allow officials the ability to anticipate and plan for future fluctuations in revenues and expenses. As part of the annual budget development process, all Metro departments are asked to document:

- Future investment requests, not only for the next fiscal year, but also for the two fiscal years following. If possible, future FTE needs associated with these requests are included.
- Future revenue estimates for the next three years.
- Any long-term operational needs related to future capital investments.

Metro combines this data with known trends in spending, contractual obligations, debt service, and revenue projections to create models that show the possible long-term impacts on tax rate and fund balance. This type of modeling helps Metro stay aware of over-the-horizon impacts from changes to current and future budgeting decisions.

The mayor's priorities have a significant impact on the operating budget process as improvements are chosen for the ability to positively impact outcomes for residents in these areas. Concurrently with the budget process, the Office of Performance Management (OPM) develops, measures, and reports the results of its daily operations to guide and improve programming using performance data. These efforts strengthen transparency and accountability within Metro as well as setting service level expectations to the public. These initiatives build the foundation for both current and long-term operational and financial planning and management.

