

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Presentation to Metro Council Members

Justin P. Wilson, Comptroller
November 13, 2019



NASHVILLE'S ECONOMY

Nashville on the Rise



COUNCIL'S RESPONSIBILITY

- **Balanced Budget**
- **Provide Essential Services**

It is difficult to do one without the other for any length of time.



COMPTROLLER'S RESPONSIBILITY

Audit Authority

- ⊙ Annual Audit Required
- ⊙ Reviewed by Comptroller Staff
- ⊙ Fraud, Waste, and Abuse

Budget Approval

- ⊙ Balanced Budget
- ⊙ Debt Obligations are met
- ⊙ Adequate Cash on Hand



RESPONSIBLE BUDGETING

Recurring vs. Non-recurring

- Budget contains recurring and non-recurring revenue
- Recurring revenue happens each year while non-recurring may or may not happen



STRUCTURALLY BALANCED BUDGET

A budget is structurally balanced when recurring expenses balance with recurring revenues, and non-recurring expenses balance with non-recurring revenues.



METRO BUDGET

The Metropolitan Government

of

Nashville & Davidson County

Recommended Operating Budget for Fiscal Year 2019-2020

David Briley, Mayor

May 2019



THE NUMBERS

A Note on Sources

- 🌐 Audited Financial Statements
- 🌐 Metro Budget Documents
- 🌐 Reports and Information provided by the City



CASH BALANCES ENDING JUNE 30, 2020

Tax Funds	Ending Cash	Number of days of cash
General Fund	\$ 65,332,815	21.32
General Purpose School Fund	2,254,056	0.90
Debt Service Funds:		
General Services Debt Service Fund	2,744,302	4.82
School Debt Service Fund	201,795	0.67
Urban Services Debt Service Fund	293,612	5.74

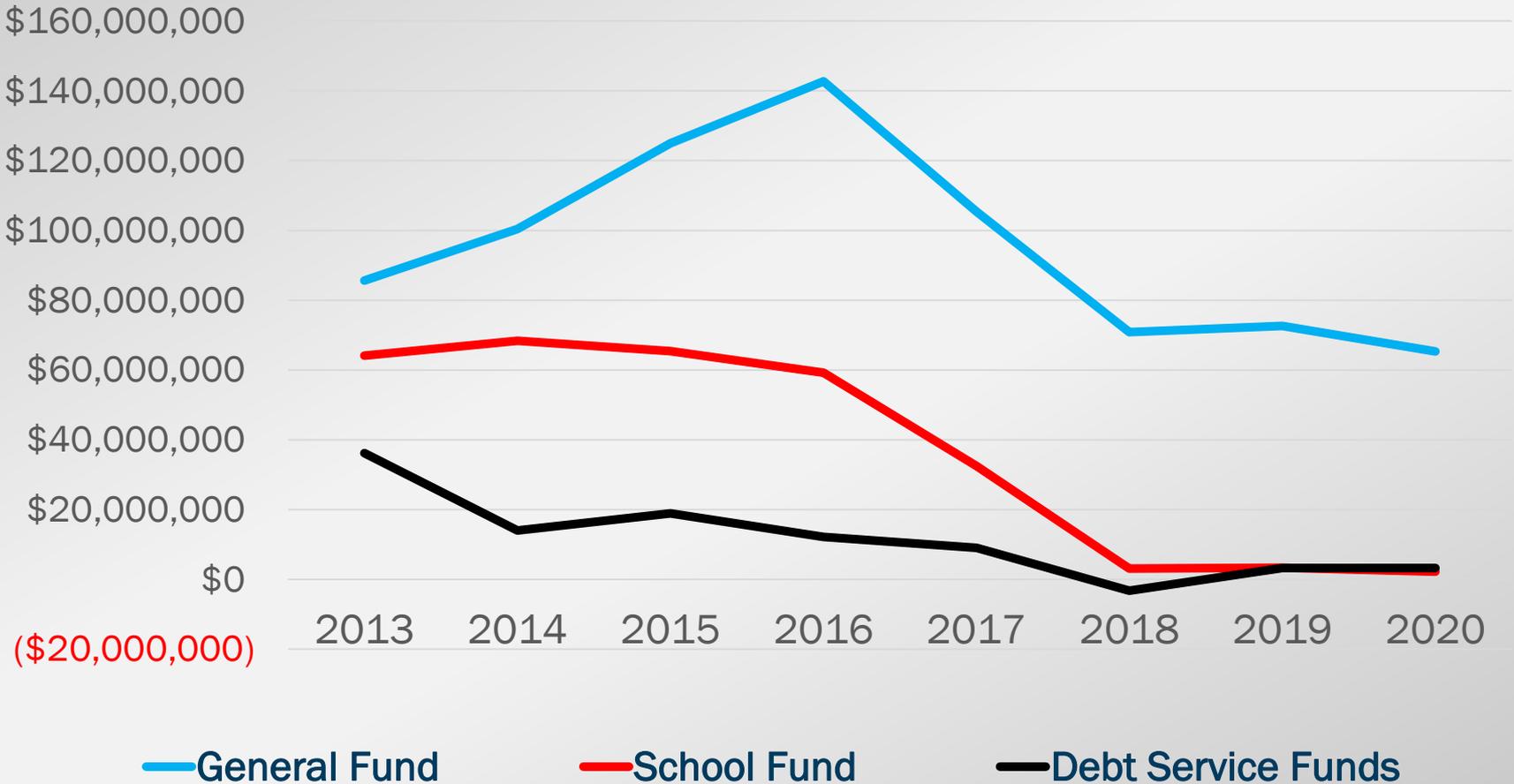
 **All tax funds will end fiscal year 2020 with little cash on hand.**

Source: FY 2020 Budget and unaudited June 30, 2019 reports from Metro



CASH TRENDS

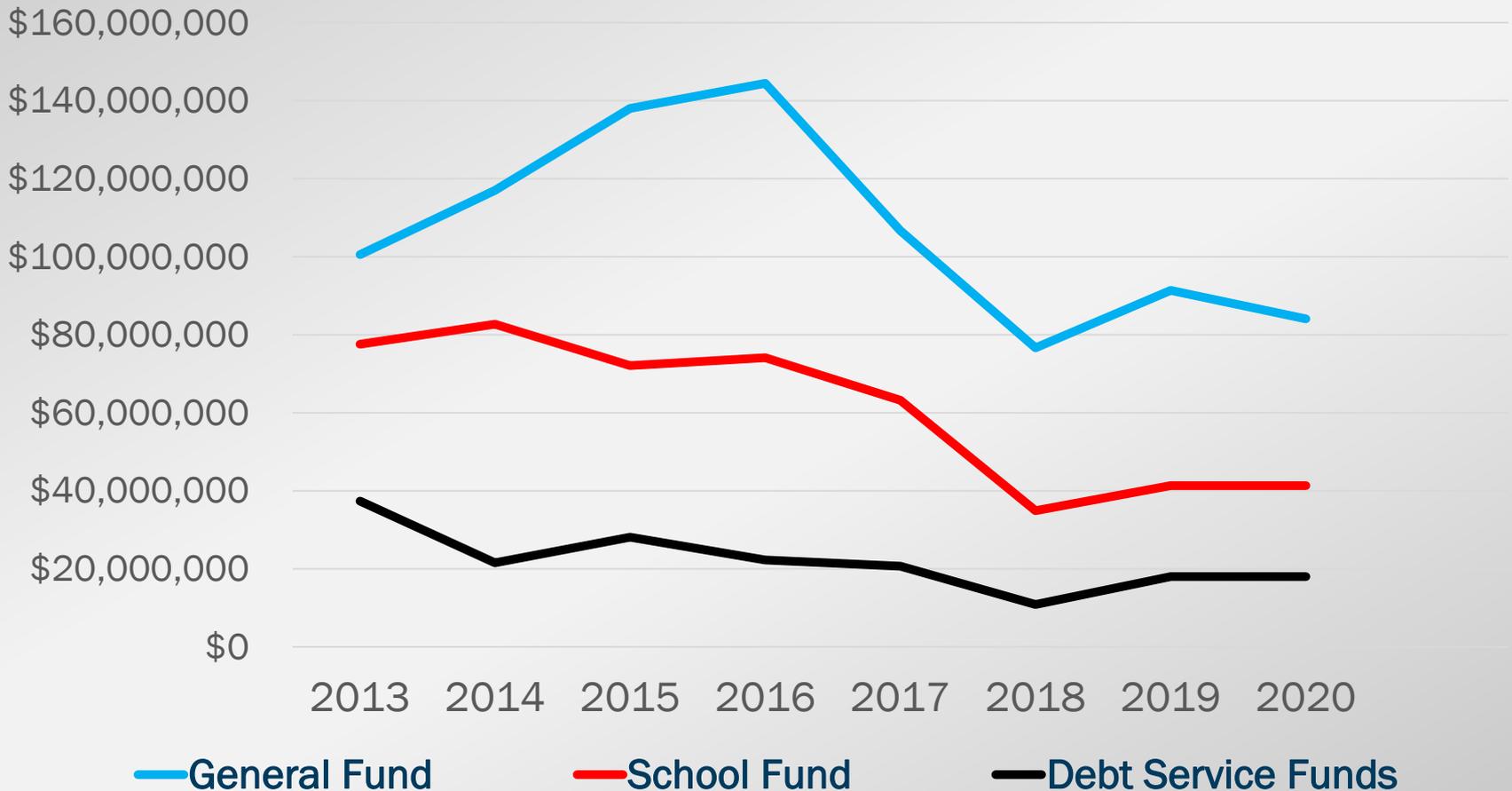
Metro Cash on Hand



Source: Audited Financial Statements, FY 2019 and 2020 Budgets, Unaudited June 30, 2019 reports from Metro

FUND BALANCE TRENDS

Metro Fund Balance



Source: Audited Financial Statements, FY 2019 and 2020 Budgets, Unaudited June 30, 2019 reports from Metro

GENERAL FUND

General Fund	Audit 2013	Budget 2020	2020 vs. 2013
Revenues	\$ 875,779,170	\$ 1,111,185,200	26.88%
Expenditures	845,984,907	1,118,485,200	32.21%
Revenues - Expenditures	<u>29,794,263</u>	<u>(7,300,000)</u>	
Cash	85,654,048	65,332,815	(23.72)%
Fund Balance	100,538,265	84,100,000	(16.35)%
Cash as a % of Exp	10.12%	5.84%	
Fund Balance as a % of Exp	11.88%	7.52%	

- **Expenditures have increased 32% since 2013.**
- **Cash has decreased nearly 24%. Fund balance has decreased 16%.**

SCHOOL FUND

General Purpose School Fund	Audit 2013	Budget 2020	2020 vs. 2013
Revenues	\$ 735,770,212	\$ 914,475,600	24.29%
Expenditures	714,441,258	914,475,600	28.00%
Revenues - Expenditures	<u>21,328,954</u>	-	
Cash	64,157,540	2,254,056	(96.49)%
Fund Balance	77,554,099	41,300,000	(46.75)%
Cash as a % of Exp	8.98%	0.25%	
Fund Balance as a % of Exp	10.86%	4.52%	

- **Expenditures have increased 28% since 2013**
- **Cash has decreased 96%**



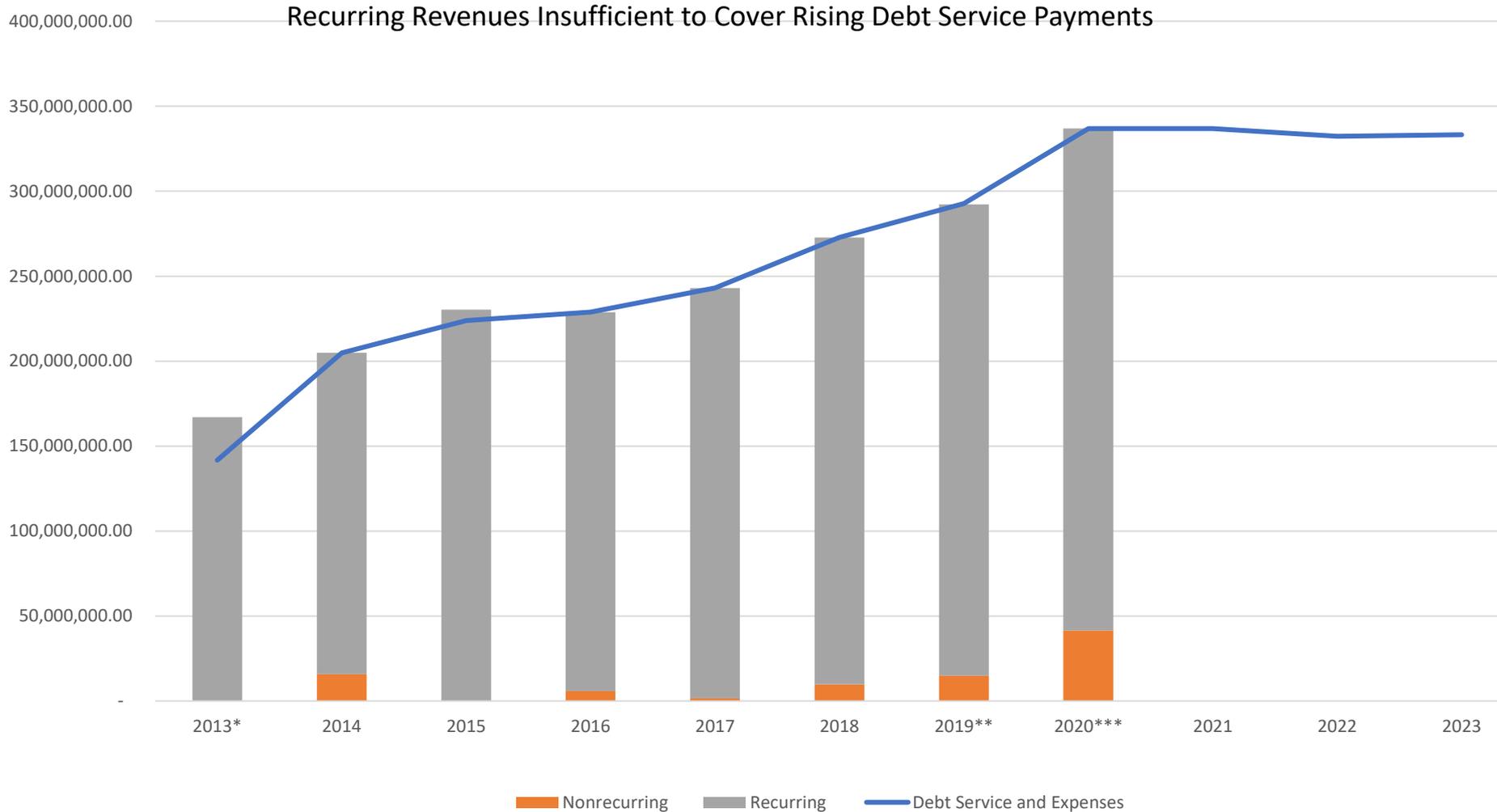
DEBT SERVICE FUNDS

Debt Service Funds	Audit 2013	Budget 2020	2020 vs. 2013
Revenues	\$ 167,064,917	\$ 336,872,700	101.64%
Expenditures *	141,732,066	336,872,700	137.68%
Revenues - Expenditures	25,332,851	-	
Cash	36,196,835	3,239,709	(91.05)%
Fund Balance	37,330,128	18,000,000	(51.78)%
Cash as a % of Exp	25.54%	0.96%	
Fund Balance as a % of Exp	26.34%	5.34%	
* 2013 net of transfers and refunding			

- **Expenditures have increased 138% since 2013**
- **Cash has decreased 91%**
- **Nonrecurring revenue is used to pay debt**



DEBT SERVICE FUNDS



*2013 Excess Revenue was transferred to the General Fund for operations.

**2019 Budgeted Nonrecurring Revenues: \$15 million in sale of assets

***2020 Budgeted Nonrecurring Revenues: \$30 million in sale of parking rights, \$11.5 million Thermal Plant

JULY 1, 2020 DEBT PAYMENT

- Projected cash available in Debt Service Funds at June 30, 2020 = \$3,239,709
- Estimated debt payments due on July 1, 2020 = \$251,534,035
- Total projected cash in all tax funds at June 30, 2020 = \$70,826,580

(Sale of Parking Rights and DES is included in projected cash available.)



OPEB AND PENSION LIABILITIES

Metropolitan Nashville Davidson County Government

	FY 2015	FY 2016	FY 2017	FY 2018
Total Pension and OPEB Liabilities	\$ 1,459,001,120	\$ 1,736,569,749	\$ 1,748,057,056	\$ 4,096,867,535*

*During fiscal year 2018, a prior period adjustment of \$2,248,553,835 was made to record a liability for OPEB due to a new accounting standard that required all governments to report OPEB liabilities in the financial statements.



NASHVILLE'S PROPERTY TAX RATE

Tax Year	General Services District	Urban Services District*
2016	\$3.924	\$4.516
2017 - Reappraisal	\$2.755	\$3.155
2018	\$2.755	\$3.155
2019	\$2.755	\$3.155

*Urban Services District rate represents a total of the GSD and USD.



NASHVILLE'S PROPERTY TAX RATE

2019 Tax Rates

County	Primary City	County Tax Rate	City Tax Rate	Total Tax Rate
Shelby	Memphis	\$4.0500	\$4.1100	\$8.1600
Hamilton	Chattanooga	\$2.7652	\$2.2770	\$5.0422
Knox	Knoxville	\$2.1200	\$2.4638	\$4.5838
Montgomery	Clarksville	\$2.9900	\$1.0269	\$4.0169
Rutherford	Murfreesboro	\$2.2194	\$1.2894	\$3.5088
Davidson	Nashville	\$2.7550	\$0.4000	\$3.1550

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FIVE WAYS TO BALANCE A BUDGET



Raise Revenue



Cut Spending



Borrow



Use Reserves



Accounting
Methods



METRO'S OPPORTUNITY

- 🌐 **Booming Economy**
- 🌐 **Population Growth**
- 🌐 **Low Unemployment**
- 🌐 **Low Property Taxes**



YOUR RESPONSIBILITY

Financial Responsibility

- ④ Structurally Balanced Budget
- ④ Improve Cash Management
- ④ Build Reserves
- ④ Identify Long Term Solutions



YOUR RESPONSIBILITY



Photo Courtesy: *Nashville Scene*, Eric England

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