

Financial state of the city

NASHVILLE

MONEY
NEEDED TO
PAY BILLS:
\$2.8 BILLION



-\$15,000
TAXPAYER
BURDEN



THE FINANCIAL STATE OF NASHVILLE

Why did Nashville's reported pension debt increase by \$350.5 million this year?

Because of a new accounting rule, Nashville now has to report its pension debt on its balance sheet. As a result, the city's reported pension debt grew from \$98.6 million in 2014 to \$449.1 million in 2015. However, the city is still hiding \$77.7 million of pension debt from taxpayers.

For years, Truth in Accounting has called for this financial reporting change, and we welcome the shift towards more transparent accounting.

The city's bills exceed its assets

Assets	\$11,672,057,000
Minus: Capital assets	-\$8,496,377,000
Restricted assets	-\$284,118,000
Assets available to pay bills	\$2,891,562,000
Minus: Bills	-\$5,684,561,000
Money needed to pay bills	-\$2,792,999,000
Each taxpayer's share of this debt	-\$15,000

Nashville has \$11.7 billion in assets, but most of these assets are not available to pay city bills.

The \$8.5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$284.1 million of the assets is restricted by law or contract.

That leaves \$2.9 billion of the city's assets available to pay \$5.7 billion of bills as they come due.

The -\$2.8 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those years. Instead these costs have been shifted to future taxpayers.



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

Key findings

- Nashville has only \$2.9 billion available to pay \$5.7 billion worth of bills. Therefore, the city has a -\$2.8 billion financial hole.
- Nashville has a taxpayer burden of -\$15,000, which is each taxpayer's share of the city's unfunded debt.
- Despite reporting most of its pension debt, the city still continues to hide most of its retiree health care debt. The city's total hidden debt is \$1.7 billion.

The bills Nashville has accumulated

Bonds	\$4,762,876,000
Other liabilities	\$2,389,912,000
Minus: Debt related to capital assets	-\$4,876,259,000
Unfunded pension benefits	\$526,836,000
Unfunded retiree health care benefits	\$2,881,196,000
Bills	\$5,684,561,000

Despite the balanced budget requirement, the city has accumulated bonded debt of \$4.8 billion and other liabilities of \$2.4 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.9 billion of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 60% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$526.8 million of pension benefits and \$2.9 billion of retiree health care benefits, but the city has not adequately funded them.

Unless these pension and retiree health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

Data is derived from the city of Nashville's June 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the city's population with a federal tax liability.

www.TruthInAccounting.org

www.StateDataLab.org