

Nashville, TN Earned 'D' Grade for Fiscal Health

The Truth

Money Needed to Pay Bills **\$2.3 billion**

Taxpayer Burden™ **\$11,300**

Financial Grade **D**

Ranking **63 out of 75**



Financial State of Nashville

After the Covid-pandemic, in large part due to unrealized gains in stock market valuation of its pension investments and federal government stimulus money, Nashville's financial condition appeared to improve. Despite apparent improvements, Nashville had a Taxpayer Burden™ of \$11,300, earning it a "D" grade from Truth in Accounting.

The city's pension liability is calculated by subtracting earned and promised benefits from the market value of pension assets. Based on an exceptionally good year in the markets in 2021, the pension assets' values were high. The result was a dramatic decrease in Nashville's pension liability and a corresponding decrease in its money needed to pay bills. With inflated pension asset values, the using the city's pension plans appeared to be overfunded, but it had only set aside six cents for every dollar of promised retiree health care benefits.

Nashville's elected officials have repeatedly made financial decisions that left the city with a debt burden of \$2.3 billion. That burden came to \$11,300 for every city taxpayer. Nashville's financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. In 2022, markets produced negative market returns and federal COVID relief waned. These conditions may increase the per taxpayer Tax Burden. Nashville could struggle to maintain current levels of government services and benefits without further negative impact on its financial health.

The data included in this report is derived from Nashville's 2021 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other cities' financial, demographic, and economic information, go to Data-Z.org.

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Nashville's Financial Breakdown

Fast Facts

- Nashville needed \$2.3 billion to pay its bills, which was \$1.7 billion less than it needed in 2020.
- The improvement was substantially due to high, short-lived gains in the value of pension plan assets which indicated the plans were overfunded.
- Overfunding due to high market value is always advisable during an upturn in the markets and will help the plans to weather the downturns that occurred in 2022.

The City's Bills Exceeded Its Assets

Total Assets	\$17,192,035,000
Minus: Capital Assets	-\$10,922,016,000
Restricted Assets	-\$1,269,601,000
Assets Available to Pay Bills	\$5,000,418,000
Minus: Total Bills*	-\$7,327,123,000
Money Needed to Pay Bills	\$2,326,705,000
Each Taxpayer's Share of this Burden	\$11,300

*Breakdown of Total Bills

Bonds	\$7,703,010,000
Other Liabilities	\$3,080,434,000
Minus: Debt Related to Capital Assets	-\$7,117,514,000
Overfunded Pension Benefits	-\$861,790,000
Unfunded Retiree Health Care Benefits	\$4,522,983,000
Total Bills	\$7,327,123,000

Grade:

D

Bottom line: Nashville would need \$11,300 from each of its taxpayers to pay all of its bills, so it has received a "D" for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 receives a "D" grade.