



TENNESSEE ON FIRM FINANCIAL FOOTING

September 2018
truthinaccounting.org

THE FINANCIAL STATE OF TENNESSEE

A new analysis of the latest available audited financial reports found Tennessee had a Taxpayer Surplus™ of \$2,500, earning it a "B" grade based on Truth in Accounting's grading scale.

Unlike most states, Tennessee's state government has enough resources available to pay all of its bills, including public employees' retirement benefits. When broken down, the amount available to pay future bills results in a surplus of \$2,500 for each Tennessee taxpayer.

Although Tennessee has enough money to pay all of its bills, it is still not completely transparent with taxpayers. The state's balance sheet excludes \$791.1 million of other post-employment benefit liabilities. While this analysis includes these liabilities, a new accounting standard (GASB 75) to be implemented in the next fiscal year will require the state to recognize these liabilities.

Here's the truth:



TENNESSEE

FINANCIAL BREAKDOWN

FAST FACTS

- + Tennessee has \$18.1 billion available in assets to pay \$13 billion worth of bills.
- + The outcome is a \$5 billion surplus, which breaks down to \$2,500 per taxpayer.
- + The state reports almost all of its pension debt, but continues to hide \$791.1 million of retiree health care debt.
- + Tennessee's reported net position is inflated by \$959.3 million, largely because the state defers recognizing losses incurred when the net pension liability increases.

THE STATE'S ASSETS EXCEED ITS BILLS

Assets	\$57,364,114,000
<i>Minus:</i> Capital assets	-\$34,882,128,000
Restricted assets	-\$4,419,014,000
Assets available to pay bills	\$18,062,972,000
<i>Minus:</i> Bills	-\$13,046,175,000
Money available to pay bills	\$5,016,797,000
Each taxpayer's share of surplus	\$2,500

BILLS THE STATE HAS ACCUMULATED

Bonds	\$6,341,810,000
Other liabilities	\$5,545,936,000
<i>Minus:</i> Debt related to capital assets	-\$2,409,593,000
Unfunded pension benefits	\$1,816,145,000
Unfunded retiree health care	\$1,751,877,000
Bills	\$13,046,175,000

GRADE: B

Bottom line: Tennessee has enough money to pay its bills, so it has received a "B" for its finances from Truth in Accounting. A "B" grade is given to states with a Taxpayer Surplus between \$100 and \$10,000.

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 truthful and transparent financial information.