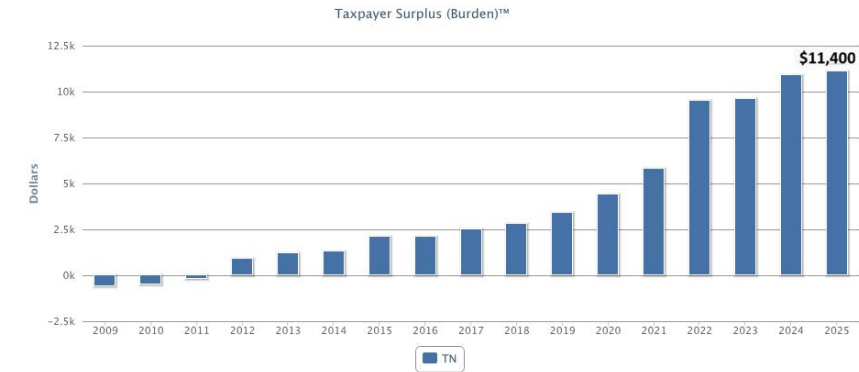


TENNESSEE'S FINANCIAL BREAKDOWN

Money Available to Pay Bills	\$26.8 billion	Ranking (Out of 50)	5
Taxpayer Surplus™	\$11,400	Financial Grade	A

In 2025, Tennessee's financial situation improved. It ended the year with \$26.8 billion more than it needed to pay its bills. That means the state had a Taxpayer Surplus™ of \$11,400 and earned an "A" grade from Truth in Accounting.

Tennessee continued its 13-year trend of financial growth, with revenues exceeding expenses and money available to pay bills increasing by \$1.4 billion. The Pension Trust Fund balance grew by \$6.9 billion, driven largely by favorable market conditions and strong investment gains. The state leveraged these returns to reduce unfunded pension plan liabilities, achieving an overfunded status. This overfunded status helps maintain a cushion that provides flexibility to manage potential market downturns.



Tennessee received approximately \$25.3 billion in federal grants, which represented 41 percent of its revenue. The federal government mandates that entities receiving significant federal funds undergo a Single Audit. These audits are intended to be the taxpayers' first line of defense against potential fraud and abuse. Auditors repeatedly found weaknesses in management oversight, staff review, and monitoring, including problems that continued after agencies said they had addressed them. These issues made it harder to catch errors, follow federal requirements, and show that public funds were properly managed.

The data in this report is derived from Tennessee's audited 2025 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

TENNESSEE'S FINANCIAL FACTS

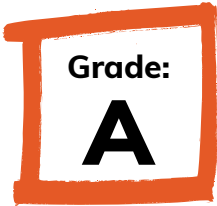
FACT #1: Tennessee had \$49.7 billion available to pay \$23 billion worth of bills.	FACT #2: The outcome was a \$26.8 billion surplus, which breaks down to \$11,400 per taxpayer.
FACT #3: Tennessee received 41 percent of its revenue from federal grants and was required to undergo a Single Audit, which identified potential fraud and abuse.	

THE STATE'S ASSETS EXCEEDED ITS BILLS

\$105,262,261,000	→	Total Assets
- \$46,205,700,000	→	Minus: Capital Assets
- \$9,315,476,000	→	Minus: Restricted Assets
= \$49,741,085,000	→	Assets Available to Pay Bills
- \$22,953,639,000	→	Minus: Total Bills*
= \$26,787,446,000	→	Money Available to Pay Bills
/ Divide by the estimated number of taxpayers		
= \$11,400	→	Each Taxpayer's Share of This Surplus

*BREAKDOWN OF TOTAL BILLS

\$9,921,228,000	→	Bonds
+ \$15,455,981,000	→	Other Liabilities
- \$3,008,423,000	→	Minus: Debt Related to Capital Assets
+ \$53,071,000	→	Unfunded Pension Benefits
+ \$637,924,000	→	Unfunded Retiree Health Care Benefits
= \$22,953,639,000	→	Total Bills



Bottom line: Tennessee had more than enough money to pay its outstanding bills and received an "A" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Surplus greater than \$10,000 is given an "A" grade.