



No. **47**

Memphis Finances Earn 'D' Grade

January 2019
truthinaccounting.org

The Financial State of Memphis

A new analysis of the latest available audited financial report found Memphis has a Taxpayer Burden™ of \$6,600, earning it a "D" grade based on Truth in Accounting's grading scale.

Memphis' elected officials have made repeated financial decisions that have left the city with a debt burden of \$1.3 billion, according to the analysis. That equates to a \$6,600 burden for every city taxpayer.

Memphis' financial problems stem mostly from unfunded retirement obligations that have accumulated over many years. Of the \$5.6 billion in retirement benefits promised, the city has not funded \$523.1 million in pension and \$962.2 million in retiree health care benefits.

Here's the truth:

\$1.3
billion
Money needed
to pay bills

-\$6,600
Taxpayer
Burden

D
Financial grade

Data included in this report is derived from the city of Memphis 2017 audited Comprehensive Annual Financial Report and retirement plans' reports.

MEMPHIS

FINANCIAL BREAKDOWN

FAST FACTS

- + Memphis has \$1.8 billion available in assets to pay \$3.1 billion worth of bills.
- + The outcome is a \$1.3 billion shortfall and a \$6,600 Taxpayer Burden.
- + The city is hiding \$546.3 million of retiree health care debt from its balance sheet.

THE CITY'S BILLS EXCEED ITS ASSETS

Assets	\$7,194,934,000
Minus: Capital assets	-\$4,913,902,000
Restricted assets	-\$487,481,000
Assets available to pay bills	\$1,793,551,000
Minus: Bills	-\$3,126,582,000
Money needed to pay bills	-\$1,333,031,000
Each taxpayer's share of this debt	-\$6,600

BILLS THE CITY HAS ACCUMULATED

Bonds	\$1,727,234,000
Other liabilities	\$1,956,334,000
Minus: Debt related to capital assets	-\$2,042,254,000
Unfunded pension benefits	\$523,105,000
Unfunded retiree health care	\$962,163,000
Bills	\$3,126,582,000

GRADE: D

Bottom line: Memphis does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to cities with a Taxpayer Burden between \$5,000 and \$20,000.