



Tennessee's Rises to No. 5

Financial State of Tennessee

Tennessee's financial condition improved in 2022. Based upon the state's latest audited financial report for fiscal year 2022, it had a Taxpayer Surplus™ of \$9,500, earning it a "B" grade from Truth in Accounting.

Tennessee had more than enough resources, \$20.9 billion, to pay all its bills. Like many states, Tennessee's economic condition improved due to federal funding for COVID relief and increased tax collections attributed to taxpayers' pent-up tourism and purchasing demands. However, these increases may be transitory as federal COVID funds dissipate and tax collections return to more stabilized levels. Additional market declines after the state's fiscal year-end most likely caused decreases in the value of pension systems' assets, which could cause an increase in its unfunded pension promises.

Even though Tennessee was in good fiscal health at the end of its 2022 fiscal year, uncertainty surrounding the full economic recovery post-COVID makes it impossible to determine how much will be needed to maintain government services and benefits in the coming years. With such uncertainty, it is good that the state retains funds available to pay bills.

The data included in this report is derived from Tennessee's 2022 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other states' financial, demographic, and economic information, go to Data-Z.org.

Tennessee's Financial Breakdown

- Tennessee had \$37.5 billion available to pay \$16.6 billion worth of bills.
- The outcome was a \$20.9 billion surplus, which breaks down to \$9,500 per taxpayer.
- Tennessee's overall financial condition improved largely as a result of federal COVID-related grants and increased revenues. The state's pension plans appeared to be overfunded by \$696.6 billion, but maintaining an excess amount is advisable because the value of the plans' investments can fluctuate dramatically.

The State's Assets Exceeded Its Bills

Total Assets	\$85,198,572,000
Minus: Capital Assets	-\$40,842,091,000
Restricted Assets	-\$6,822,394,000
Assets Available to Pay Bills	\$37,534,087,000
Minus: Total Bills*	\$16,631,185,000
Money available to pay bills	\$20,902,902,000
Each taxpayer's share of this surplus	\$9,500

*Breakdown of Total Bills

Bonds	\$8,736,300,000
Other Liabilities	\$10,160,722,000
Minus: Debt Related to Capital Assets	-\$2,678,622,000
Overfunded Pension Benefits	-\$696,593,000
Unfunded Retiree Health Care Benefits	\$1,109,378,000
Total Bills	\$16,631,185,000

Grade:

B

Bottom line: Tennessee had more than enough money to pay its outstanding bills and received a "B" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Surplus between \$1 and \$9,999 is given a "B" grade.

Truth in Accounting is a 501(c)(3) nonprofit committed to educating and empowering you with understandable, reliable, and transparent government financial information so you can be a knowledgeable participant in your government and its budget process.