

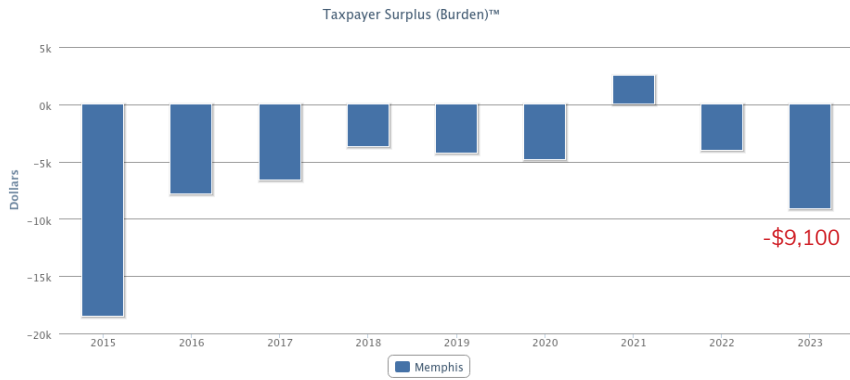
FINANCIAL STATE OF MEMPHIS



\$2 billion
MONEY NEEDED TO PAY
BILLS

\$9,100
TAXPAYER BURDEN™

Memphis' financial condition worsened. Based on our analysis of its audited financial report for fiscal year 2023, its financial hole deepened with a need for \$2 billion to cover its bills. This created a Taxpayer Burden™ of \$9,100, earning the city a “D” grade from Truth in Accounting and solidifying its status as a Sinkhole City.



Memphis reported total revenues exceeding expenses by \$510.7 million, but the funds required to cover its bills grew due to unrealized investment losses from the city's retirement systems. The Memphis Light, Gas, and Water Division Pension Plan saw a \$367 million loss for 2022, with unrealized losses of 11.22%. Additionally, its retiree healthcare liability increased by over \$100 million.

Tennessee's unemployment rate dropped to 3.2% in June 2023, down from 4.4% in June 2021, while the national rate fell to 3.6%. However, in June 2023 the state faced a labor shortage, with 4.3 job openings for every unemployed person, an 80% increase from 2022. This gap highlights the challenge of matching workforce supply with demand.

FINANCIAL STATE OF MEMPHIS

D
FINANCIAL GRADE

58 out of 75
RANKING

FINANCIAL FACTS

- Memphis had \$2.8 billion available to pay \$4.8 billion worth of bills.
- The outcome was a \$2 billion shortfall, which breaks down to a burden of \$9,100 per taxpayer.
- Memphis reported revenue exceeding expenses, but experienced growing liabilities from pension investment losses and rising retiree healthcare costs.

The City's Bills Exceeded Its Assets

Total Assets	\$10,210,213,000
Minus: Capital Assets	-\$6,491,895,000
Restricted Assets	-\$887,270,000
Assets Available to Pay Bills	\$2,831,048,000
Minus: Total Bills*	-\$4,808,495,000
Money needed to pay bills	\$1,977,447,000
Each taxpayer's share of this burden	\$9,100

*Breakdown of Total Bills

Bonds	\$2,993,375,000
Other Liabilities	\$2,091,141,000
Minus: Debt Related to Capital Assets	-\$1,957,838,000
Unfunded Pension Benefits	\$775,304,000
Unfunded Retiree Health Care Benefits	\$906,513,000
Total Bills	\$4,808,495,000

Grade:	Bottom line:
D	Memphis would need \$9,100 from each of its taxpayers to pay all of its outstanding bills and received a “D” grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a “D” grade.