



CHICAGO FINANCES IN DIRE STRAITS

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THE FINANCIAL STATE OF CHICAGO

Truth in Accounting's (TIA) new city report ranks and grades the 75 most populous cities in the United States by their financial health. Chicago ranks No. 74, earning it an "F" on TIA's grading scale.

Repeated decisions by city officials have left the city with a staggering debt burden of \$40.5 billion, according to TIA's analysis of its 2016 financial filings. That burden equates to \$45,200 for every Chicago taxpayer.

Chicago's financial problems are largely driven by long-term debt and runaway entitlement obligations in two categories: pensions and retiree healthcare benefits. The city has \$35.8 billion in unfunded pension promises and \$715.5 million in unfunded retiree healthcare benefits. While Chicago has promised these benefits, little money has been set aside to fund them.

These statistics are jarring, but what's also alarming is that city government officials continue to hide significant amounts of retirement debt from their balance sheets, despite new rules to increase financial transparency. This skewed financial data gives residents a false impression of their city's overall financial health.

74

Rank

**\$40.5
billion**

Money needed
to pay bills

-\$45,200

Taxpayer
Burden™

F

Financial grade

CHICAGO FINANCIAL BREAKDOWN

FAST FACTS

- + Chicago has \$7.1 billion available in assets to pay \$47.6 billion worth of bills.
- + The outcome is a \$40.5 billion shortfall and a \$45,200 Taxpayer Burden™.
- + Despite reporting all of its pension debt, the city hides most of its retiree healthcare debt. The city's total hidden debt amounts to \$548.3 million.

THE CITY'S BILLS EXCEED ITS ASSETS

Assets	\$34,341,064,000
<i>Minus:</i> Capital assets	-\$24,073,808,000
Restricted assets	-\$3,149,451,000
Assets available to pay bills	\$7,117,805,000
<i>Minus:</i> Bills	-\$47,628,215,000
Money needed to pay bills	-\$40,510,410,000
Each taxpayer's share of this debt	-\$45,200

BILLS THE CITY HAS ACCUMULATED

Bonds	\$24,514,414,000
Other liabilities	\$7,405,226,000
<i>Minus:</i> Debt related to capital assets	-\$20,766,211,000
Unfunded pension benefits	\$35,759,264,000
Unfunded retiree healthcare	\$715,522,000
Bills	\$47,628,215,000

GRADE: F

Bottom line: Chicago would need more than \$20,000 from each of its taxpayers to pay all of its bills, so it has received an "F" for its finances from Truth in Accounting.

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.