



**THE TRUTH**

Money Needed to Pay Bills

**-\$1.6 billion**

Taxpayer Burden™

**-\$7,600**

Financial Grade

**D**

Ranking

**49 out of 75**

## Detroit's Finances Worsened Despite Federal Aid



January 2022

[www.truthinaccounting.org](http://www.truthinaccounting.org) | [www.data-z.org](http://www.data-z.org)

### Financial State of Detroit, MI

Despite receiving support from COVID relief grants and other federal programs, Detroit remained in poor fiscal shape during the onset of the pandemic. Based upon the city's fiscal year 2020 audited financial report, Detroit had a Taxpayer Burden™ of \$7,600, earning it a “D” grade from Truth in Accounting.

Detroit's elected officials have repeatedly made financial decisions that left the city with a debt burden of \$1.6 billion. That burden came to \$7,600 for every city taxpayer. Detroit's financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. The city had set aside only 66 cents for every dollar of promised pension benefits.

Detroit did not have enough money set aside to weather the pandemic and the city has been in poor fiscal shape for years. Like all other cities, Detroit received federal assistance from the CARES Act and other COVID-19 related grants which came with stipulations on how the money could be spent. Also, the city has not been properly funding its pension and retiree health care promises which places a burden on future taxpayers.

The data included in this report is derived from the city of Detroit's 2020 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other city financial, demographic, and economic information go to [Data-Z.org](http://Data-Z.org).

## Detroit's Financial Breakdown

### Fast Facts

- Detroit had \$3 billion available to pay \$4.7 billion worth of bills.
- The outcome was a \$1.6 billion shortfall, which breaks down to a burden of \$7,600 per taxpayer.
- Detroit's overall financial condition worsened by \$350 million mostly because the city's pension plans experienced poor negative investment returns.

### THE CITY'S BILLS EXCEEDED ITS ASSETS

|                                       |                  |
|---------------------------------------|------------------|
| Total assets                          | \$7,767,441,000  |
| Minus: Capital assets                 | -\$4,197,658,000 |
| Restricted assets                     | -\$545,263,000   |
| Assets available to pay bills         | \$3,024,520,000  |
| Minus: Total bills                    | -\$4,664,636,000 |
| Money available (needed) to pay bills | -\$1,640,116,000 |
| Each taxpayer's share of this burden  | -\$7,600         |

### BILLS THE CITY ACCUMULATED

|                                       |                  |
|---------------------------------------|------------------|
| Bonds                                 | \$2,378,092,000  |
| Other liabilities                     | \$1,757,177,000  |
| Minus: Debt related to capital assets | -\$1,761,795,000 |
| Unfunded pension benefits             | \$2,290,702,000  |
| Unfunded retiree health care benefits | \$460,000        |
| Total bills                           | \$4,664,636,000  |

**Grade:**

**D**

Bottom line: Detroit would need \$7,600 from each of its taxpayers to pay all of its bills, so it has received a “D” for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 receives a “D” grade.

Truth in Accounting is a 501(c)(3) nonprofit organization 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.