

Detroit

The Truth



Money Needed to Pay Bills
\$617.2 million



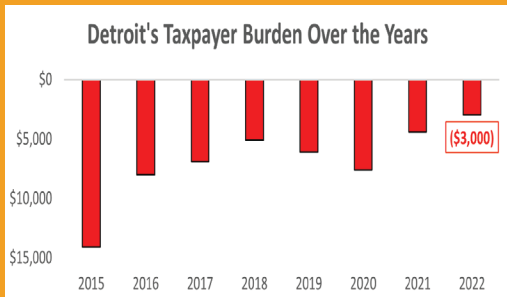
Taxpayer Burden™
\$3,000



Financial Grade
C



Ranking
39 out of 75



Financial State of Detroit

Detroit's financial condition appeared to improve due in part to increased tax collections and federal COVID relief funds. Despite the good news, they still had a Taxpayer Burden™ of \$3,000, earning it a "C" grade from Truth in Accounting. The value of pension investments deteriorated, but the city's pension liability did not increase because of changes in the way the pension debt was calculated, such as an increase in the discount rate.

According to the city's 2022 financial report, the city continued to spend federal COVID-19 relief funds, and as the U.S. economy reopened the city took in additional tax revenue. The value of pension investments deteriorated, but the city's pension liability did not increase because of changes in the way the pension debt was calculated, such as an increase in the discount rate. Over the past few years investment market values have swung dramatically. This volatility demonstrates the risk to taxpayers when their city offers defined pension benefits to its employees.

Detroit had set aside only 74 cents for every dollar of promised pension benefits and 95 cents for every dollar of promised retiree health care benefits.

It is important to note that continued market fluctuations, changing investment values, decreased COVID relief funds, and a stabilizing economy that may slow tax collections, could worsen the city's financial health. City officials should continue to try to reduce the Taxpayer Burden by following the recommendations in our 2024 Financial State of the Cities report, which would also bring greater transparency and accountability to city finances.

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

Detroit’s Financial Breakdown

Fast Facts

- Detroit had \$4.3 billion available to pay \$4.9 billion worth of bills.
- The outcome was a \$617.2 million shortfall, a decrease of \$284.1 million from the prior year, and a burden of \$3,000 per taxpayer.
- The improvement to the city’s financial condition was due in part to an increase in the discount rate used to determine future pension payments, reducing unfunded pension promises.

The City's Bills Exceeded Its Assets

Total Assets	\$9,012,892,000
Minus: Capital Assets	-\$4,183,639,000
Restricted Assets	-\$552,333,000
Assets Available to Pay Bills	\$4,276,920,000
Minus: Total Bills*	\$4,894,152,000
Money needed to pay bills	\$617,232,000
Each taxpayer’s share of this burden	\$3,000

*Breakdown of Total Bills

Bonds	\$2,443,637,000
Other Liabilities	\$2,650,813,000
Minus: Debt Related to Capital Assets	-\$1,832,349,000
Unfunded Pension Benefits	\$1,630,540,000
Unfunded Retiree Health Care Benefits	\$1,511,000
Total Bills	\$4,894,152,000

Grade:

C

Bottom line: Detroit would need \$3,000 from each of its taxpayers to pay all of its outstanding bills and received a “C” grade for its finances. According to Truth in Accounting’s grading scale, any government with a Taxpayer Burden between \$0 and \$4,999 is given a “C” grade.

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