

Financial state of the city

# BRIDGEPORT, CT



MONEY  
NEEDED TO  
PAY BILLS:  
\$1.7 BILLION



-\$32,400  
TAXPAYER  
BURDEN



# THE FINANCIAL STATE OF BRIDGEPORT, CT

## Why did Bridgeport's reported pension debt increase by \$376.7 million this year?

In 2014, Bridgeport reported a net pension asset of \$59.9 million. Because of a new accounting rule, the city now has to report its true pension debt on its balance sheet. As a result, the city reported a pension liability of \$376.7 million in 2015.

For years, Truth in Accounting has called for this financial reporting change, and we welcome the shift towards more transparent accounting.

### The city's bills exceed its assets

Assets	\$1,423,624,000
<i>Minus: Capital assets</i>	-\$1,197,629,000
<i>Restricted assets</i>	-\$2,984,000
Assets available to pay bills	\$223,011,000
<i>Minus: Bills</i>	-\$1,917,763,000
Money needed to pay bills	-\$1,694,752,000
<b>Each taxpayer's share of this debt</b>	<b>-\$32,400</b>

Bridgeport has \$1.4 billion in assets, but most of these assets are not available to pay city bills.

The \$1.2 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3 million of the assets is restricted by law or contract.

That leaves \$223 million of the city's assets available to pay \$1.9 billion of bills as they come due.

The -\$1.7 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those years. Instead these costs have been shifted to future taxpayers.



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 to be provided with truthful and transparent financial information.

## Key findings

- Bridgeport has only \$223 million available to pay \$1.9 billion worth of bills. Therefore, the city has a \$1.7 billion financial hole.
- Bridgeport has a taxpayer burden of -\$32,400, which is each taxpayer's share of the city's unfunded debt.
- Despite reporting most of its pension debt, the city still continues to hide a lot of its retirement liabilities. The city's total hidden debt is \$819.2 million.

### The bills Bridgeport has accumulated

Bonds	\$675,112,000
Other liabilities	\$225,078,000
<i>Minus: Debt related to capital assets</i>	-\$387,253,000
Unfunded pension benefits	\$401,489,000
Unfunded retiree health care benefits	\$1,003,337,000
<b>Bills</b>	<b>\$1,917,763,000</b>

The city has accumulated bonded debt of \$675.1 million and other liabilities of \$225.1 million. The calculation of assets available to pay bills does not include capital assets, so of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 73% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$401.5 million of pension benefits and \$1 billion of retiree health care benefits, but the city has not adequately funded them.

Unless these pension and retiree health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

Data is derived from the city of Bridgeport's June 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the city's population with a federal tax liability.

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