![Truth in Accounting]

Financial State of the Cities

2026

Table of Contents

Summary of Findings

The five largest cities in the country did not have enough money to pay their bills. When cities do not have enough money to pay all of their bills, Truth in Accounting (TIA) divides the amount needed to pay bills by the estimated number of city taxpayers (as provided by the IRS). We call the resulting number a Taxpayer Burden™. Conversely, a Taxpayer Surplus™ is the amount of money left over after all of a city's bills are paid, divided by the estimated number of taxpayers in the city.

$240.4 billion

The total debt for all five cities at the end of the 2024 fiscal year.

Five Largest U.S. Cities

Ranking	City	Taxpayer Burden™
1	Los Angeles, CA	-$1,300
2	Houston, TX	-$4,800
3	Philadelphia, PA	-$17,000
4	Chicago, IL	-$42,600
5	New York City, NY	-$61,700

Because of varying state laws, cities operate under complex and varied governmental structures, making comparisons difficult and reducing transparency. For example, New York City includes its school district in its financial reports, while Chicago Public Schools are reported separately. If Chicago and the public school system were combined, it would significantly change Chicago's reported numbers. These structural differences can obscure what is included in city financial reporting, making it harder, if not impossible, for voters to assess city financial performance when voting.

Executive Summary

This is Truth in Accounting's tenth annual Financial State of the Cities report, a comprehensive analysis of the fiscal health of the nation's most populous cities based on their latest annual comprehensive financial reports (ACFR) dated 2024.

Given that our prior analysis found that the five largest cities accounted for over 80 percent of total city debt, this report narrows its focus from the 75 most populous cities examined previously to the five largest. Because Truth in Accounting remains committed to transparency, we are available to be commissioned for a detailed analysis of any city, county, or school district.

Government financial reports are lengthy, cumbersome, and sometimes misleading. People deserve easy-to-understand, truthful, and transparent financial information from their governments. Until that happens, Truth in Accounting will provide this service to educate taxpayers free of charge through our reports and data.

At the end of fiscal year 2024, all five cities did not have enough money to pay all their bills. This means that, to claim their budgets were balanced, as is required by law in the five cities, elected officials have not included the full cost of government in their budget calculations and have shifted costs onto future taxpayers.

The five cities had $144 billion in assets available to pay bills. Their debt, including unfunded pension and other post-employment benefits, totaled $384 billion, resulting in a $240 billion shortfall. Pension debt totaled $92 billion, and other post-employment benefits (OPEB), mainly retiree health care, totaled $112 billion.

Across these five major cities, a common and pressing challenge persists: the long-term costs of pensions and retiree health care benefits continue to strain their financial health despite short-term improvements or varying circumstances. While investment gains have temporarily eased pension liabilities in cities like New York City and Houston, these gains remain unrealized and uncertain. Meanwhile,

Executive Summary

growing retiree health care obligations, particularly in New York City, remain vastly underfunded, exposing cities to mounting fiscal risks. Chicago exemplifies the consequences of chronic pension underfunding, with liabilities exceeding assets and recurring budget shortfalls. Even Los Angeles and Philadelphia, which have made progress in funding, face limitations in financial flexibility due to increased capital investments and rising expenses. Based on the experiences of these cities, including the ADC in the budget promotes long-term financial sustainability and reflects the true costs of government. It can also help prevent the expansion of services and benefits beyond the level taxpayers are willing to support.

It's Time to Amend ERISA

Defined benefit plans inherently expose governments and taxpayers to financial risk because they guarantee specific retirement benefits regardless of investment performance, demographic changes, or economic conditions. Careful funding and long-term planning are essential. The technical nature of pension and retiree healthcare obligations makes them difficult for most elected officials and citizens to understand fully, yet taxpayers and beneficiaries have a right to protection from these risks.

For this reason, TIA urges Congress to consider extending protections to state and local government employees and taxpayers based on one federal law that stands out for its role in safeguarding private sector pensions: the Employee Retirement Income Security Act (ERISA). Enacted in 1974, ERISA established accountability, transparency, and worker protections. It requires employers to meet strict funding, reporting, and fiduciary standards to safeguard workers' benefits. State and local government plans currently lack equivalent safeguards, leaving public employees and taxpayers exposed to underfunded and opaque obligations. Applying ERISA style protections to public sector plans would ensure that pensions and retiree health benefits are responsibly funded, transparently managed, and insulated from political pressures, ultimately shielding taxpayers from financial risk and fostering a more sustainable and equitable public retirement system.

Introduction & Background

Governments at all levels draw their authority from the consent of the people they serve, making it essential for officials to provide truthful, accessible reports on their actions and outcomes. This transparency enables citizens and the media to hold leaders accountable.

Our report delivers a straightforward review of these cities' assets and debts, including often-overlooked liabilities, to give taxpayers a clearer view of fiscal realities.

All five cities in this analysis are required by their own laws to maintain balanced budgets to avoid future financial strain and encourage responsible governance. According to the Governmental Accounting Standards Board*(GASB), these mandates aim to foster practices that help entities avoid fiscal trouble and operate within their resources.

> "Governments are instituted among Men, deriving their just powers from the consent of the governed."
>
> —Thomas Jefferson

By definition, a balanced budget means annual spending should not outpace revenues. These rules are designed to stop officials from deferring today's costs to tomorrow's taxpayers and prevent excessive debt buildup.

Yet, how do cities assert balanced budgets when our findings reveal significant debts? The issue lies in accounting maneuvers that distort budget figures, such as the following:

- Overestimating revenues
- Treating loans as income
- Omitting full government costs by excluding pension and retirement obligations from balance sheets
- Postponing bill payments to the next fiscal year to avoid including them in current calculations

Introduction & Background

The most prevalent tactic for understating expenses is failing to account for the full cost of employee compensation in budgets. Cities offer workers not just salaries but also benefits such as health coverage, life insurance, and pensions. Although pension and retiree health benefits are paid out later, they accrue as current costs during an employee's service.

> "Politicians should not have the pleasure of spending (getting votes) without the pain of taxing (losing votes)."
>
> —Former U.S. Treasury official Frank Cavanaugh

To promote accountability, budgets must incorporate contributions to retirement systems, ensuring officials fully recognize and fund these commitments.

*GASB sets accounting and financial reporting standards for state and local governments. Congress created a sustainable funding source for GASB's operating expenses through the Dodd-Frank Act, adding support fees to the sale of municipal bonds. In 2023, $14.4 million was collected from 357 municipal bond brokers.

City Pensions

There is an old accounting saying: if you do not measure something, you cannot manage it. For decades, cities and states were not required to measure or report the full cost of pension and retiree health benefits promised to employees. As a result, elected officials often lacked the financial knowledge needed to manage these obligations. At the same time, they faced competing pressures. They needed to balance their budgets, retain public employees, and maintain voter support. Any increase in employee pay would immediately raise government spending, potentially throwing the budget out of balance and requiring higher taxes or cuts to services, both of which are politically difficult choices.

Because budgets focused on cash flow, promised pension and retiree health obligations did not have to be included. This allowed officials to offer future benefits to keep employees satisfied while still presenting balanced budgets to voters. Over time, pension and retiree health obligations grew quietly, often obscuring the full scope of the problem.

This began to change in the 1980s, when the Governmental Accounting Standards Board, or GASB, required governments to calculate and disclose their unfunded pension liabilities. These obligations were not required to be fully reported on government balance sheets until 2014. By that time, unfunded amounts had grown to millions, and in many cases billions, of dollars. While most governments began setting aside money to pay for these earned benefits, catching up after decades of underfunding has proven extremely difficult and, for many, nearly impossible.

This challenge has been exacerbated by policy decisions, such as enhancing benefits, underfunding plans, and changing lifespan or other actuarial assumptions used to estimate required contributions. Offering defined benefit plans inherently exposes governments and taxpayers to financial risk because employers guarantee a specific level of benefits regardless of investment performance, demographic changes, or future economic conditions. Careful funding and long-term planning are critical.

City Pensions

To help manage this risk, governments hire professional actuaries to calculate how much employers should contribute each year to cover benefits earned while gradually paying down existing unfunded liabilities. This amount, called the Actuarially Determined Contribution, or ADC, is critical to controlling unfunded liabilities and protecting taxpayers. Even when a city pays the full ADC, unfunded liabilities often decline slowly due to long amortization periods, investment returns that fall short of assumptions, newly earned benefits, and factors such as longer lifespans or salary growth. When a city contributes less than the ADC, it effectively shorts the plan, causing unfunded liabilities to grow more rapidly, similar to failing to make minimum payments on a credit card.

For the cities that pay their ADC, doing so improves the sustainability of retirement benefits, but large unfunded obligations continue to challenge governments and taxpayers. Meeting these annual contributions requires dedicating significant portions of their budgets to pensions, retiree health benefits, and other obligations. While this limits the ability to expand services or fund programs beyond what current tax revenues can support, it provides needed fiscal restraint by ensuring retirement and other obligations are properly funded. Paying the ADC upholds balanced budget principles, preventing officials from deferring costs to future taxpayers and avoiding excessive debt buildup.

City Retirement Promises

A promise should be a fully funded promise.

Each of the five cities has very different retirement benefit funding policies, which is a major reason for the differences in Taxpayer Burdens.

Percent of Retirement Promises Funded	
Los Angeles, CA	90%
Houston, TX	83%
New York City, NY	62%
Philadelphia, PA	61%
Chicago, IL	24%
Includes pension and retiree health plans.	

Los Angeles stands out among large United States cities for requiring employer contributions equal to the Actuarially Determined Contribution (ADC) for both pensions and retiree health benefits. According to the ACFR, Los Angeles City Employees Retirement System pensions and retiree health benefits are funded so that contributions are, according to the city's financial report, "sufficient to accumulate the required assets to pay benefits when due," and Department of Water and Power plans amortize any unfunded liability over a fifteen-year period, with contributions set annually based on actuarial calculations. In practice, Los Angeles actively prefunds retirement benefits, ensuring that both normal cost and any unfunded liabilities are fully accounted for. This approach represents best practices in public pension and retiree health funding and results in the city having the lowest Taxpayer Burden of $1,300.

Houston has three contributory pension systems: the Firefighters' Relief and Retirement Fund, the Municipal Employees Pension System, and the Police Officers' Pension System. Employer contributions are required by law and based on annual actuarial valuations, with both employee and employer contributions

City Retirement Promises

recognized as revenues when due and benefits recognized when payable. In practice, Houston generally funds its pensions at or near the Actuarially Determined Contribution (ADC), though funding levels can vary slightly between plans and over time. By contrast, Houston's retiree health benefits are funded on a pay-as-you-go basis, with no substantial prefunding, leaving long-term obligations largely unfunded. While the city's legal framework provides formal accountability for pension contributions, the lack of prefunding for retiree health benefits leaves Houston exposed to increasing retiree healthcare expenses.

New York City annually pays its ADC for its pension plans, as required by state and city law. However, paying the ADC does not guarantee full funding because the ADC is based on economic and demographic assumptions that can change over time. As a result, the city still has $39 billion in unfunded pension liabilities, and its pension plans are approximately 85 percent funded.In contrast, the city's retiree health benefits (OPEB) are handled as a pay-as-you-go program. According to the city's ACFR, New York City has accumulated a retiree health benefit liability of more than $105 billion and has the highest Taxpayer Burden of $61,700. This has occurred despite New York State's efforts to increase accuracy and credibility in the city's budgeting process, to avoid large long-term liabilities. Specifically, the state requires the city to prepare its budget consistent with the Governmental Accounting Standards Board (GASB) Generally Accepted Accounting Principles (GAAP). Under GAAP, the full cost of benefits employees have earned and are promised each year does not have to be included in the general fund budget. Instead, only the retiree health benefits actually paid to retirees each year are counted. Because the full cost of benefits is not included in the budget, elected officials and union negotiators turned to generous retiree health benefits as a way to reward and retain employees, further increasing the city's long-term liability.

Philadelphia has consistently funded its municipal pension system at or above the ADC, placing it in a very different category from Chicago and closer to Los Angeles and New York City in terms of pension

City Retirement Promises

amortization of any unfunded actuarial accrued liability. In fiscal year 2024, the city and other participating employers contributed $948.7 million, exceeding the Actuarially Determined Contribution (ADC) of $822.3 million. This strong funding practice is supported by multiple policies, including the state-mandated Minimum Municipal Obligation, the city's historical funding policy, and the Revenue Recognition Policy, which dedicates additional revenues to the pension fund. Despite these measures, Philadelphia still carried a substantial unfunded liability of $8 billion in 2024, reflecting decades of past underfunding, ongoing benefit accruals, and long amortization schedules. By contrast, Philadelphia's retiree health benefits are largely funded on a pay-as-you-go basis, with minimal prefunding. While the city demonstrates best practices in pension prefunding, retiree health obligations remain a significant long-term liability, highlighting a gap between pension and retiree health funding discipline.

Chicago, under former mayors, increased pension benefits without matching funding, and pension "holidays" reduced contributions, leaving a decades-old funding hole that subsequent administrations have had to address. Because the city's contributions are set by the Illinois General Assembly rather than professional actuaries, Chicago has consistently contributed less than the ADC, shorting pensions by hundreds of millions of dollars each year. As a result, Chicago's four major pension funds are severely underfunded, with only 25 cents set aside for every dollar promised. To add insult to injury, in 2025, the governor and state legislature expanded benefits for police and firefighter Tier 2 pensions, leaving the city with even less money to cover future obligations. Retiree health benefits are provided on a pay-as-you-go basis and are structured at levels that have historically kept obligations relatively modest compared with other large cities. But the city faces major long-term challenges with its pension funds, resulting in a Taxpayer Burden of $42,600.

Grading & Ranking the Cities

To provide further context, we assign grades to each city's Taxpayer Burden or Taxpayer Surplus. If a city has met its balanced budget requirements and has a Taxpayer Surplus, it is assigned an "A" or "B" grade. A passing grade of a "C" is given if the government comes close to meeting its balanced budget requirement with a Taxpayer Burden below $5,000. We reserve the "D" and "F" grades for governments with unbalanced budgets and Taxpayer Burdens of $5,000 and above.

A grade: Taxpayer Surplus greater than $10,000
B grade: Taxpayer Surplus between $1 and $9,999
C grade: Taxpayer Burden between $0 and $4,999
D grade: Taxpayer Burden between $5,000 and $20,000
F grade: Taxpayer Burden greater than $20,000

Five Largest U.S. Cities

Ranking	City	Grade
1	Los Angeles, CA	C
2	Houston, TX	C
3	Philadelphia, PA	D
4	Chicago, IL	F
5	New York City, NY	F

Methodology

TIA researchers employ a thorough and detailed methodology to evaluate the financial health of each city government using their Annual Comprehensive Financial Report and retirement system reports.

We recast the government's numbers using the strict accounting rules and standards required of corporations, providing a more accurate assessment of each city's finances.

Our approach assesses a government's obligations, including retirement systems, but excludes the following:
- Debt linked to capital assets (e.g., land, buildings, infrastructure).
- Legally or contractually restricted assets.
- Capital assets themselves, as selling long-term assets to meet short-term obligations, is imprudent.

This method offers a more accurate picture of the government's available resources to cover its liabilities. To simplify government finances, we break them down to a per-taxpayer level using taxpayer numbers provided by IRS data. We then calculate a single dollar amount called a Taxpayer Burden™ or Taxpayer Surplus™. In some cities, we found that the taxpayer burden decreased despite deteriorating city finances. This was due to an increase in the number of taxpayers as the economy reopened following the pandemic, as reflected in IRS data. The Taxpayer Burden™ represents the amount each taxpayer would need to pay over time to eliminate the government's non-capital debt. We calculate the Taxpayer Burden™ (or Surplus™) by subtracting total bills from assets available to pay bills, and then dividing the result ("money needed to pay bills" or "excess assets") by the number of taxpayers with positive federal income tax liability (per IRS data).

A surplus represents each taxpayer's share of remaining assets after paying all bills. While some argue it should be refunded, it serves as a vital buffer against risks and uncertainties in funding pension and healthcare benefits, helping ensure obligations are met amid economic challenges.

Recommendations

Recommendations to government financial report preparers:

- Ensure financial reports are released within 100 days of the fiscal year-end.
- Use pension and OPEB data calculated as of the government's fiscal year-end in the annual financial report, even if it results in a delayed release.
- Make financial reports easily accessible online in a searchable format, such as XBRL.
- Present a net position that accurately reflects the government's financial health, without distortion from misleading or confusing deferred items.
- Require that the city and retirement system annual reports undergo an independent audit by a certified public accounting firm.
- Enact rules requiring all retirement benefit plans to be funded using the Actuarially Determined Contribution amount, so that contributions are sufficient to accumulate the required assets to pay benefits when due, mirroring what ERISA did in the private sector.

Recommendations to standard setters:

- Require governments to calculate their net pension and OPEB liabilities using measurement dates that align with the fiscal year-end of the government's financial report.
- Revise GASB 68, 75, and other relevant standards to eliminate the use of deferred outflows and inflows.
- Adopt full accrual accounting for all governmental funds, including the general fund.
- Enact rules requiring all retirement benefit plans to be funded using the Actuarially Determined Contribution amount, so that contributions are sufficient to accumulate the required assets to pay benefits when due, mirroring what ERISA did in the private sector.

Timeliness of Annual Financial Reports

Timely financial information is critical for city decision-making, including budgeting. The Government Finance Officers Association recommends that cities issue annual reports within 180 days of year-end, but Truth in Accounting advocates issuing them within 100 days. For comparison, most corporations report within 45 days. While cities face internal challenges, faster reporting ensures citizens and legislators have the information needed to make informed decisions on budgets, policies, and voting.

Timeliness of Annual Reports	
Philadelphia, PA	239 days
Los Angeles, CA	213 days
Chicago, IL	181 days
Houston, TX	141 days
New York City, NY	122 days

Acknowledgements

Our projects, including this report, would not be possible without the generous support of our donors.

Like you, they believe in the American dream. They believe the government can and should be a force for good. We are grateful for their help ensuring our voice and solutions are part of the political conversations. Join the conversation and become a donor today.

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Financial State of Los Angeles

Money Needed to Pay Bills	**$1.8 billion**	
Taxpayer Burden™	**$1,300**	
Ranking (Out of 5)	**1st**	
Grade	**C**	

Los Angeles' financial condition worsened in 2024, leaving the city with insufficient money to pay its bills. The shortfall amounted to $1.8 billion. Based upon the city's latest audited financial report for fiscal year 2024, it had a Taxpayer Burden of $1,300, earning it a "C" grade from Truth in Accounting.

Taxpayer Surplus (Burden)™

-$1,300
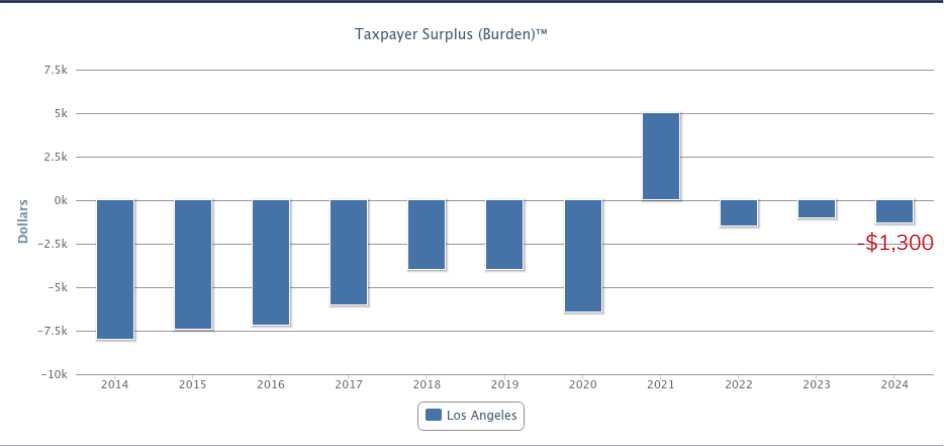
Los Angeles' net investment in capital assets and restricted assets increased. Capital assets include infrastructure, land, and software, which cannot be used to pay bills. Restricted funds, subject to various restrictions on how they may be used, also increased. The growth of net capital and restricted assets reduced resources and decreased the money readily available to cover the city's financial obligations.

Los Angeles is in better financial shape than many cities because its pension and retiree health care benefits are nearly fully funded. The city prefunds its pension obligations and Other Post-Employment Benefits (OPEB) to reduce long-term liabilities and maintain financial stability. These practices are the result of careful local planning, negotiations with employee unions, and a desire to protect the city's credit rating. By acting proactively, Los Angeles avoids the large funding gaps seen in cities like New York and Chicago.

The data in this report comes from Los Angeles' audited 2024 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

Los Angeles' Financial Facts

● **FACT #1:**
Los Angeles had $18.8 billion available to pay $20.6 billion worth of bills.

● **FACT #2:**
The outcome was a $1.8 billion shortfall, which breaks down to a burden of $1,300 per taxpayer.

● **FACT #3:**
The growth of net capital and restricted assets reduced funds readily available to cover the city's financial obligations.

The City's Bills Exceeded Its Assets

Total Assets		$88,618,063,000
Minus:	Capital Assets	-$62,672,125,000
	Restricted Assets	-$7,158,713,000
Assets Available to Pay Bills		$18,787,225,000
Minus:	Total Bills*	-$20,575,382,000
Money Needed to Pay Bills		$1,788,157,000
Each Taxpayer's Share of this Burden		$1,300

*Breakdown of Total Bills

Bonds		$39,328,872,000
Other Liabilities		$11,611,326,000
Minus:	Debt Related to Capital Assets	-$38,288,817,000
Unfunded Pension Benefits		$7,307,373,000
Unfunded Retiree Health Care Benefits		$616,628,000
Total Bills		$20,575,382,000

Grade:
C

Bottom line:
Los Angeles, CA would need $1,300 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.

Financial State of Houston

Money Needed to Pay Bills	**$3.5 billion**	💰
Taxpayer Burden™	**$4,800**	💸
Ranking (Out of 5)	**2nd**	🏅
Grade	**C**	📋

Houston's financial condition improved in 2024, but the city still needed $3.5 billion. Based upon the city's latest audited financial report for fiscal year 2024, it had a Taxpayer Burden of $4,800, earning it a "C" grade from Truth in Accounting.

Taxpayer Surplus (Burden)™

-$4,800
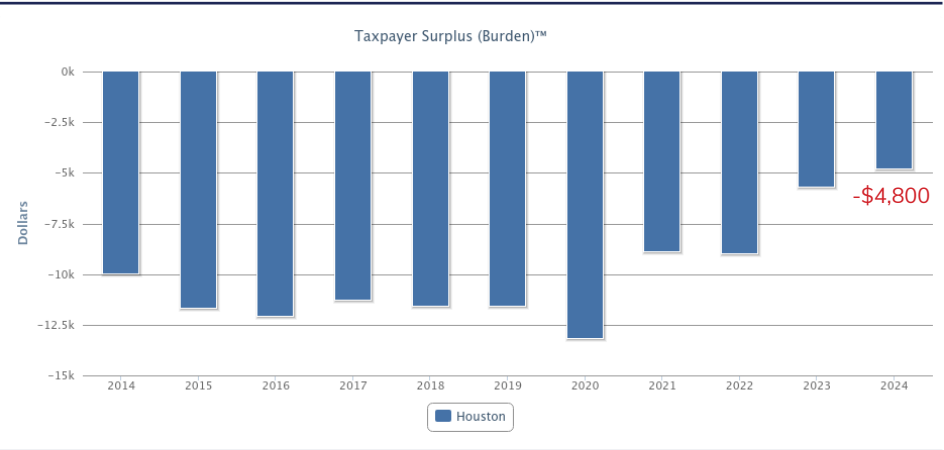
Revenues exceeded expenses during the year, and reported investment gains helped improve the city's results. However, rising costs, including public safety expenses, and ongoing long-term obligations continue to strain the city's finances, leaving Houston short of the funds needed to pay all of its bills.

Houston's municipal employees' and police officers' pension systems reported unrealized investment gains of nearly 10 percent, increasing the reported value of investments held largely in private equity, real estate, private credit, and hedge funds. These gains will not be realized until assets are sold. If investment values decline when benefits are paid, the city may need to make additional contributions, leaving promised pension and other retirement benefits partially unfunded and increasing long-term financial risk.

Houston's Financial Facts

FACT #1:
Houston had $7.3 billion available to pay $10.8 billion worth of bills.

FACT #2:
The outcome was a $3.5 billion shortfall, which breaks down to a burden of $4,800 per taxpayer.

FACT #3:
Houston's finances are stronger, but pensions rely on paper gains that may not materialize, meaning future contributions could increase.

The City's Bills Exceeded Its Assets

Total Assets	$33,574,067,000
Minus: Capital Assets	-$23,855,649,000
Restricted Assets	-$2,418,734,000
Assets Available to Pay Bills	$7,299,684,000
Minus: Total Bills*	-$10,780,577,000
Money Needed to Pay Bills	$3,480,893,000
Each Taxpayer's Share of this Burden	$4,800

*Breakdown of Total Bills

Bonds	$14,216,159,000
Other Liabilities	$5,328,188,000
Minus: Debt Related to Capital Assets	-$12,336,633,000
Unfunded Pension Benefits	$1,826,519,000
Unfunded Retiree Health Care Benefits	$1,746,344,000
Total Bills	$10,780,577,000

Grade:

C

Bottom line:
Houston, TX would need $4,800 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.
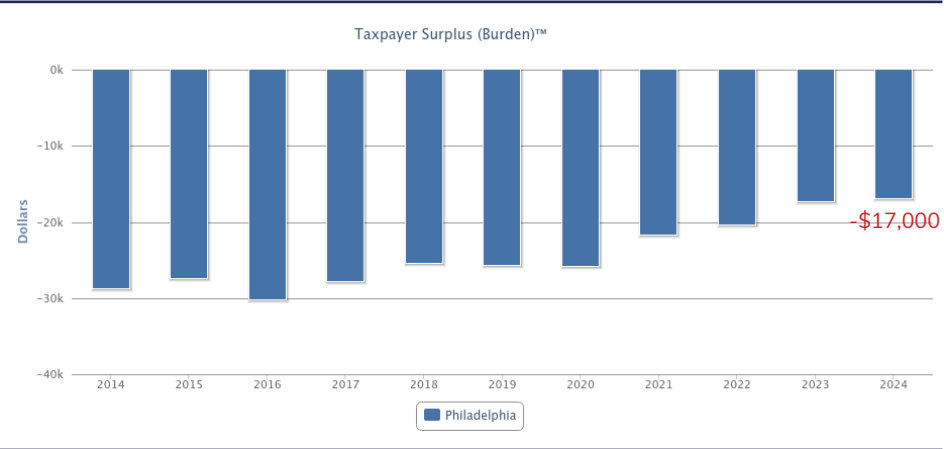
Financial State of Philadelphia

Money Needed to Pay Bills	**$9.4 billion**	💰
Taxpayer Burden™	**$17,000**	💸
Ranking (Out of 5)	**3rd**	🏅
Grade	**D**	📋

Philadelphia's financial condition improved in 2024, but the city still needed $9.4 billion to pay all of its bills. Based upon the city's latest audited financial report for fiscal year 2024, it had a Taxpayer Burden of $17,000, earning it a "D" grade from Truth in Accounting.

Taxpayer Surplus (Burden)™

Philadelphia's financial condition improved in 2024, but the city still lacked enough resources to fully cover all obligations. Most of the city's reported gains in net position came from its business-type activities. Expenses grew faster than revenues, driven by rising costs for social services, public safety, sanitation, and water and wastewater operations. If this trend continues, the city could face long-term fiscal pressure, potentially requiring service adjustments or higher revenues, including taxes, to maintain stability.

The city's pension plan is only 66 percent funded, and its retiree health and other post-employment benefits are just 16 percent funded. These low funding levels highlight ongoing financial risks. Because these plans rely heavily on investment returns, market fluctuations could reduce their value, potentially requiring the city to raise taxes or find other revenue sources in order to make higher contributions in the future.

Philadelphia's Financial Facts

- **FACT #1:**
  Philadelphia had $10.7 billion available to pay $20.1 billion worth of bills.

- **FACT #2:**
  The outcome was a $9.4 billion shortfall, which breaks down to a burden of $17,000 per taxpayer.

- **FACT #3:**
  Revenues were higher than expenses, but spending grew faster than income. Philadelphia's pensions remain underfunded, and continued growth in expenses could create serious future challenges.

The City's Bills Exceeded Its Assets

Total Assets		$29,546,365,000
Minus:	Capital Assets	-$15,568,447,000
	Restricted Assets	-$3,239,274,000
Assets Available to Pay Bills		$10,738,644,000
Minus:	Total Bills*	-$20,131,291,000
Money Needed to Pay Bills		$9,392,647,000
Each Taxpayer's Share of this Burden		$17,000

*Breakdown of Total Bills

|		
Bonds		$10,342,900,000
Other Liabilities		$10,654,723,000
Minus:	Debt Related to Capital Assets	-$11,153,635,000
Unfunded Pension Benefits		$8,024,628,000
Unfunded Retiree Health Care Benefits		$2,262,675,000
Total Bills		$20,131,291,000

Grade: D

Bottom line:
Philadelphia, PA would need $17,000 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.

Financial State of Chicago

Money Needed to Pay Bills	**$41.1 billion**	💰
Taxpayer Burden™	**$42,600**	💵
Ranking (Out of 5)	**4th**	🏅
Grade	**F**	📋

Chicago's financial condition worsened in 2024, leaving the city with insufficient money to pay its bills. The shortfall amounted to $41.1 billion. Based upon the city's latest audited financial report for fiscal year 2024, it had a Taxpayer Burden of $42,600, earning it an "F" grade from Truth in Accounting.

Taxpayer Surplus (Burden)™

-$42,600
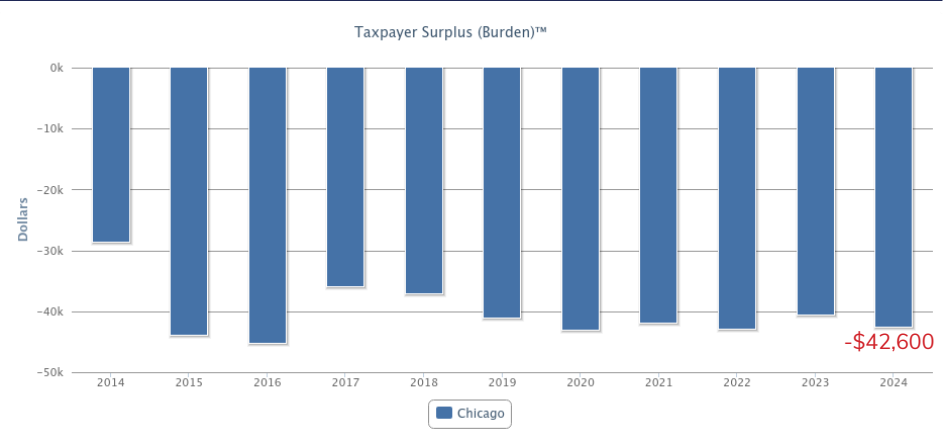
Chicago has reported losses in 10 of the past 12 years, despite a balanced budget requirement. Federal COVID-19 relief produced small surpluses in 2020 and 2021, but shortfalls returned in 2022 and 2023, each over $500 million, and grew to nearly a billion in 2024. Unlike New York City, Chicago's financial reports do not include the assets and debt of the county, school district, transit authority, park district, or other underlying entities. If those debts were included, the city's financial condition would be worse.

Chicago's pension systems are severely underfunded, with only 25 cents saved for every dollar of earned and promised benefits. The city's unfunded liability is more than eight times the total payroll for employees, including police and firefighters. These gaps put Chicago at serious long-term risk, leaving the city vulnerable to tax increases and spending cuts to cover its obligations.

The data in this report comes from Chicago's audited 2024 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

Chicago's Financial Facts

● **FACT #1:**
Chicago had $11.8 billion available to pay $52.9 billion worth of bills.

● **FACT #2:**
The outcome was a $41.1 billion shortfall, which breaks down to a burden of $42,600 per taxpayer.

● **FACT #3:**
Despite balanced budget rules, Chicago reported losses most years. Its pensions are massively underfunded, with only 25 cents saved per promised dollar.

The City's Bills Exceeded Its Assets

Total Assets		$49,679,301,000
Minus:	Capital Assets	-$31,298,714,000
	Restricted Assets	-$6,580,083,000
Assets Available to Pay Bills		$11,800,504,000
Minus:	Total Bills*	-$52,913,958,000
Money Needed to Pay Bills		$41,113,454,000
Each Taxpayer's Share of this Burden		$42,600

*Breakdown of Total Bills

Bonds		$29,635,250,000
Other Liabilities		$11,932,008,000
Minus:	Debt Related to Capital Assets	-$27,253,705,000
Unfunded Pension Benefits		$36,533,053,000
Unfunded Retiree Health Care Benefits		$2,067,352,000
Total Bills		$52,913,958,000

**Grade:**

F

Bottom line:
Chicago would need $42,600 from each of its taxpayers to pay all of its outstanding bills and received an "F" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden greater than $20,000 is given an "F" grade.

Financial State of New York City

Money Needed to Pay Bills	**$184.6 billion**	💰
Taxpayer Burden™	**$61,700**	💵
Ranking (Out of 5)	**5th**	🏅
Grade	**F**	📋

New York City's financial condition worsened in 2024, leaving the city with insufficient money to pay its bills. The shortfall amounted to $184.6 billion. Based upon the city's latest audited financial report for fiscal year 2024, it had a Taxpayer Burden of $61,700, earning it an "F" grade from Truth in Accounting.

Taxpayer Surplus (Burden)™

-$61,700
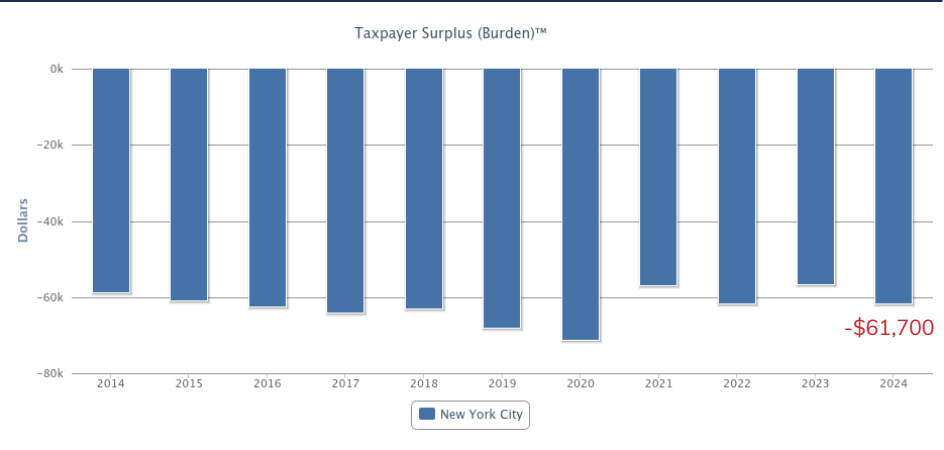
New York City's financial condition did not change significantly. While the city's net pension liability declined due to high unrealized investment gains, that improvement was offset by continued growth in unfunded retiree health care obligations. Unlike most cities, New York City's financial report and numbers include the assets and debt of the county, school district, transit authority, park district, and other underlying governmental entities, providing a more complete picture of the city's overall financial position.

After the 1970s fiscal crisis, the state required New York City to use GAAP based budgeting and to fully fund its pension plans. Unfortunately, the state's rules for pensions did not apply to retiree health care, so these costs continue to grow. As a result, the city has promised more than $110 billion in retiree health care benefits but has set aside only about $5 billion. That means less than five cents of every promised dollar is funded.

The data in this report comes from New York City's audited 2024 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

New York City's Financial Facts

● **FACT #1:**
New York City had $95.7 billion available to pay $280.3 billion worth of bills.

● **FACT #2:**
The outcome was a $184.6 billion shortfall, which breaks down to a burden of $61,700 per taxpayer.

● **FACT #3:**
The city has promised $110 billion in retiree health benefits but has set aside just $5 billion, covering less than five cents of every dollar promised.

The City's Bills Exceeded Its Assets

Total Assets		$244,354,842,000
Minus:	Capital Assets	-$137,328,599,000
	Restricted Assets	-$11,370,503,000
Assets Available to Pay Bills		$95,655,740,000
Minus:	Total Bills*	-$280,280,871,000
Money Needed to Pay Bills		$184,625,131,000
Each Taxpayer's Share of this Burden		$61,700

*Breakdown of Total Bills

Bonds	$158,580,000,000
Other Liabilities	$111,245,909,000
Minus: Debt Related to Capital Assets	-$133,541,080,000
Unfunded Pension Benefits	$38,657,154,000
Unfunded Retiree Health Care Benefits	$105,338,888,000
Total Bills	$280,280,871,000

Grade:

F

Bottom line:
New York City, NY would need $61,700 from each of its taxpayers to pay all of its outstanding bills and received an "F" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden greater than $20,000 is given an "F" grade.

Appendix: Taxpayer Burden & Bills

(in Billions)

Ranking	City	Reported Assets*	Less: Capital Assets	Less: Assets Restricted By Law or Contract	Assets Available to Pay Bills	Less: Bills	Money Available (Needed) to Pay Bills	Each Taxpayer's Financial Surplus (Burden)
4	Chicago, IL	$49.7	($31.3)	($6.6)	$11.8	($52.9)	($41.1)	($42,600)
2	Houston, TX	$33.6	($23.9)	($2.4)	$7.3	($10.8)	($3.5)	($4,800)
1	Los Angeles, CA	$88.6	($62.7)	($7.2)	$18.8	($20.6)	($1.8)	($1,300)
5	New York City, NY	$244.4	($137.3)	($11.4)	$95.7	($280.3)	($184.6)	($61,700)
3	Philadelphia, PA	$29.5	($15.6)	($3.2)	$10.7	($20.1)	($9.4)	($17,000)
	All Cities	$445.8	($270.7)	($30.8)	$144.3	($384.7)	($240.4)	

(in Billions)

City	State Bonds	Other Liabilities	Less: Debt Related to Capital Assets	Unfunded Pension Benefits	Unfunded Retirees' Health Care Benefits	Total Bills
Chicago, IL	$29.6	$11.9	$27.3	$36.5	$2.1	$52.9
Houston, TX	$14.2	$5.3	$12.3	$1.8	$1.7	$10.8
Los Angeles, CA	$39.3	$11.6	$38.3	$7.3	$0.6	$20.6
New York City, NY	$158.6	$111.2	$133.5	$38.7	$105.3	$280.3
Philadelphia, PA	$10.3	$10.7	$11.2	$8.0	$2.3	$20.1
All Cities	$252.1	$150.8	$222.6	$92.3	$112.0	$384.7

Appendix: Retirement Benefits

(in Billions)

City	Unfunded Pension Benefits	Unfunded Retirees' Health Care Benefits	Total Unfunded Retirement Benefits
Chicago, IL	$36.5	$2.1	$38.6
Houston, TX	$1.8	$1.7	$3.6
Los Angeles, CA	$7.3	$0.6	$7.9
New York City, NY	$38.7	$105.3	$144.0
Philadelphia, PA	$8.0	$2.3	$10.3
All Cities	**$92.3**	**$112.0**	**$204.4**