



# HONOLULU FINANCES STILL IN PERIL

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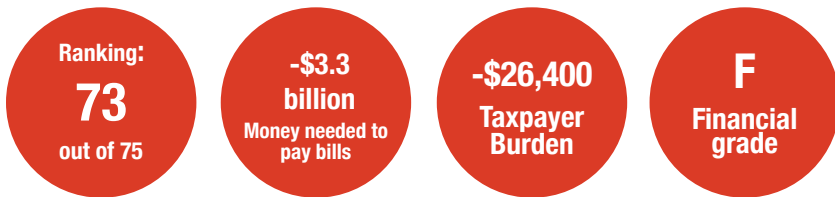
## THE FINANCIAL STATE OF HONOLULU

A new analysis of the audited financial reports found Honolulu has a Taxpayer Burden™ of \$26,400, earning it an “F” grade from Truth in Accounting. Honolulu is one of four cities to receive an “F” grade for its financial condition.

Honolulu’s elected officials have made repeated financial decisions that have left the city with a debt burden of \$3.3 billion. That burden equates to \$26,400 for every city taxpayer. Honolulu’s financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. Of the \$8.5 billion in retirement benefits promised, the city has not funded \$2.6 billion in pension and \$2.2 billion in retiree health care benefits.

Honolulu and other cities have become more transparent over the last few years, thanks to the Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board (GASB), which now require governments to disclose pension (GASB 68) and other post-employment (GASB 75) benefits on their balance sheets.

## THE TRUTH:



# HONOLULU FINANCIAL BREAKDOWN

## FAST FACTS

- Honolulu has \$2.7 billion available to pay \$6 billion worth of bills.
- The outcome is a \$3.3 billion shortfall, which breaks down to a burden of \$26,400 per taxpayer.
- Honolulu’s reported net position is inflated by \$969.3 million, largely because the city defers recognizing losses incurred when retirement liabilities increase.

### THE CITY’S BILLS EXCEED ITS ASSETS

|                                       |                   |
|---------------------------------------|-------------------|
| Total assets                          | \$14,627,586,000  |
| <i>Minus:</i> Capital assets          | -\$11,170,285,000 |
| Restricted assets                     | -\$771,013,000    |
| Assets available to pay bills         | \$2,686,288,000   |
| <i>Minus:</i> Total bills             | -\$5,981,734,000  |
| Money available (needed) to pay bills | -\$3,295,446,000  |
| Each taxpayer’s share of this debt    | -\$26,400         |

### BILLS THE CITY HAS ACCUMULATED

|  |                  |
|--|------------------|
| Bonds  | \$6,008,252,000  |
| Other liabilities                            | \$1,258,706,000  |
| <i>Minus:</i> Debt related to capital assets | -\$6,067,370,000 |
| Unfunded pension benefits                    | \$2,588,730,000  |
| Unfunded retiree health care benefits        | \$2,193,416,000  |
| Total bills                                  | \$5,981,734,000  |

## GRADE: F

Bottom line: Honolulu would need \$26,400 from each of its taxpayers to pay all of its bills. According to Truth in Accounting’s grading scale, any government with a Taxpayer Burden greater than \$20,000 receives an “F” grade.

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