

Honolulu, HI In Bottom Three for Fiscal Health

The Truth

Money Needed to Pay Bills **\$3.3 billion**

Taxpayer Burden™ **\$26,100**

Financial Grade **F**

Ranking **73 out of 75**



Financial State of Honolulu

After the Covid-pandemic, in large part due to unrealized gains in stock market valuation of its pension investments and federal government stimulus money, Honolulu's financial condition appeared to improve. Despite apparent improvements, Honolulu had a Taxpayer Burden™ of \$26,100, earning it an "F" grade from Truth in Accounting.

The city's pension liability is calculated by subtracting earned and promised benefits from the market value of pension assets. Based on an exceptionally good year in the markets in 2021, the pension assets' values were high. The result was a dramatic decrease in Honolulu's pension liability and a corresponding decrease in its money needed to pay bills. Even with inflated pension asset values, the city had set aside only 65 cents for every dollar of promised pension benefits and 29 cents for every dollar of promised retiree health care benefits.

Honolulu's elected officials have repeatedly made financial decisions that left the city with a debt burden of \$3.3 billion. That burden came to \$26,100 for every city taxpayer. Honolulu's financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. In 2022, markets produced negative market returns and federal COVID relief waned. These conditions may increase the per taxpayer Tax Burden. Honolulu could struggle to maintain current levels of government services and benefits without further negative impact on its financial health.

The data included in this report is derived from Honolulu's 2021 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.

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www.truthinaccounting.org
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Honolulu's Financial Breakdown

Fast Facts

- Honolulu needed \$3.3 billion to pay its bills, which was \$565.3 million less than in 2020.
- Mostly due to high, short-lived gains in the value of pension plan assets in 2020, pension debt decreased by \$685.5 million.
- Covid-related funds and improved real property tax revenues contributed to Honolulu's financial condition.

The City's Bills Exceeded Its Assets

| | |
|--------------------------------------|-------------------|
| Total Assets | \$18,175,089,000 |
| Minus: Capital Assets | -\$14,022,133,000 |
| Restricted Assets | -\$1,201,204,000 |
| Assets Available to Pay Bills | \$2,951,752,000 |
| Minus: Total Bills* | -\$6,254,886,000 |
| Money Needed to Pay Bills | \$3,303,134,000 |
| Each Taxpayer's Share of this Burden | \$26,100 |

*Breakdown of Total Bills

| | |
|---------------------------------------|------------------|
| Bonds | \$6,757,091,000 |
| Other Liabilities | \$1,937,218,000 |
| Minus: Debt Related to Capital Assets | -\$6,952,461,000 |
| Unfunded Pension Benefits | \$2,413,006,000 |
| Unfunded Retiree Health Care Benefits | \$2,100,032,000 |
| Total Bills | \$6,254,886,000 |

Grade:

F

Bottom line: Honolulu would need \$26,100 from each of its taxpayers to pay all of its bills, so it has received an "F" for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden greater than \$20,000 receives an "F."