



NEW ORLEANS FINANCES IN TROUBLE

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THE FINANCIAL STATE OF NEW ORLEANS

Truth in Accounting's (TIA) new city report ranks and grades the 75 most populous cities in the United States by their financial health. New Orleans ranks No. 68, earning it a "D" on TIA's grading scale.

Repeated decisions by city officials have left the city with a debt burden of \$1.9 billion, according to TIA's analysis of its 2016 financial filings. That burden equates to \$17,800 for every New Orleans taxpayer.

New Orleans' financial problems are largely driven by long-term debt and runaway entitlement obligations in the form of pension benefits. The city has \$1 billion in unfunded pension promises and \$362.8 million in unfunded retiree healthcare benefits. While New Orleans has promised these benefits, little money has been set aside to fund them.

In 2015, government officials increased financial transparency by including the city's pension debt on its balance sheet. Unfortunately, more than half of New Orleans' unfunded retiree healthcare debt is still not reported. With additional changes to accounting standards being implemented in fiscal year 2018, hopefully all retirement debt will be reported.

68

Rank

**\$1.9
billion**

Money needed
to pay bills

-\$17,800

Taxpayer
Burden™

D

Financial grade

NEW ORLEANS FINANCIAL BREAKDOWN

FAST FACTS

- + New Orleans has \$1.2 billion available in assets to pay \$3.1 billion worth of bills.
- + The outcome is a \$1.9 billion shortfall and a \$17,800 Taxpayer Burden™.
- + Despite reporting all of its pension debt, the city hides most of its retiree healthcare debt. The city's total hidden debt amounts to \$199.4 million.

THE CITY'S BILLS EXCEED ITS ASSETS

Assets	\$7,193,995,000
<i>Minus:</i> Capital assets	-\$5,464,178,000
Restricted assets	-\$548,286,000
Assets available to pay bills	\$1,181,531,000
<i>Minus:</i> Bills	-\$3,078,240,000
Money needed to pay bills	-\$1,896,709,000
Each taxpayer's share of this debt	-\$17,800

BILLS THE CITY HAS ACCUMULATED

Bonds	\$2,298,748,000
Other liabilities	\$1,145,760,000
<i>Minus:</i> Debt related to capital assets	-\$1,748,350,000
Unfunded pension benefits	\$1,019,284,000
Unfunded retiree healthcare	\$362,798,000
Bills	\$3,078,240,000

GRADE: D

Bottom line: New Orleans does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to cities with a Taxpayer Burden™ between \$5,000 and \$20,000.

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 truthful and transparent financial information.