



# PHILADELPHIA RECEIVES 'F' GRADE FOR ITS FISCAL HEALTH

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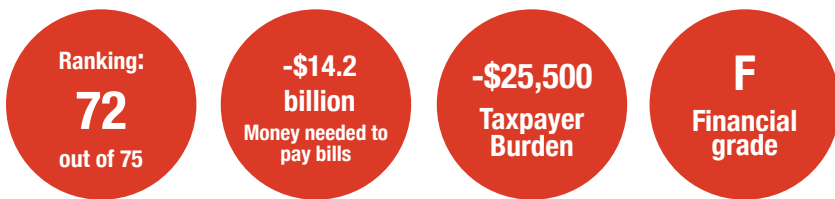
## THE FINANCIAL STATE OF PHILADELPHIA

A new analysis of the audited financial reports found Philadelphia has a Taxpayer Burden™ of \$25,500, earning it an “F” grade from Truth in Accounting. Philadelphia is one of four cities to receive an “F” grade for its financial condition.

Philadelphia’s elected officials have made repeated financial decisions that have left the city with a debt burden of \$14.2 billion. That burden equates to \$25,500 for every city taxpayer. Philadelphia’s financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. Of the \$22.7 billion in retirement benefits promised, the city has not funded \$9.9 billion in pension and \$2.6 billion in retiree health care benefits.

Philadelphia 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:



Data included in this report is derived from the city of Philadelphia’s 2018 audited Comprehensive Annual Financial Report and retirement plans’ reports.

# PHILADELPHIA FINANCIAL BREAKDOWN

## FAST FACTS

- Philadelphia has \$5.7 billion available to pay \$19.9 billion worth of bills.
- The outcome is a \$14.2 billion shortfall, which breaks down to a burden of \$25,500 per taxpayer.
- If retirement benefits or other costs are not reduced, then taxpayers could have to pay \$25,500 in future taxes without receiving any related services or benefits.

### THE CITY’S BILLS EXCEED ITS ASSETS

Total assets	\$19,410,941,000
<i>Minus:</i> Capital assets	-\$11,777,073,000
Restricted assets	-\$1,927,939,000
Assets available to pay bills	\$5,705,929,000
<i>Minus:</i> Total bills	-\$19,889,514,000
Money available (needed) to pay bills	-\$14,183,585,000
Each taxpayer’s share of this debt	-\$25,500

### BILLS THE CITY HAS ACCUMULATED

Bonds	\$9,271,000,000
Other liabilities	\$7,173,201,000
<i>Minus:</i> Debt related to capital assets	-\$9,072,369,000
Unfunded pension benefits	\$9,905,320,000
Unfunded retiree health care benefits	\$2,612,362,000
Total bills	\$19,889,514,000

## GRADE: F

Bottom line: Philadelphia would need \$25,500 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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