Once these hidden debts are counted, Flint’s balance sheet doesn’t look so great. In fact, the city is sinking in debt. One of the reasons Flint is in this precarious financial position is city officials use antiquated budgeting and accounting rules to report Flint’s financial condition.

Truth in Accounting’s detailed analysis discovered a total of $705 million of retirement benefits are owed, but not funded. Because of the confusing way the city does its accounting, only $166 million of these liabilities are reported on Flint’s balance sheet. If this debt is included, Flint has a $627 million shortfall, which effectively represents compensation and other costs that have been pushed into the future.

FLINT’S BILLS EXCEED ITS ASSETS

$539 Million in Hidden Debt

77% of Flint’s retirement debt is not clearly disclosed on its balance sheet.

$869 Million BILLS

$242 Million ASSETS

$627 Million NEEDED TO PAY BILLS
Flint has $674 million in assets, but most of these assets are not available to pay city bills.

The $388 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $44 million of the assets is restricted by law or contract.

That leaves $242 million of city's assets available to pay $869 million of bills as they come due.

The $627 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Each Taxpayer's share of the city's debt is $20,600.

Despite the balanced budget requirement, the city has accumulated bonds of $162 million and other liabilities of $122 million. The calculation of assets available to pay bills does not include capital assets, so $119 million of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 81% of city bills. These unfunded liabilities have accumulated because city employees have been promised $323 million of pension benefits and $382 million of retirees' health care benefits, but the city has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

A detailed study of Flint's actuaries' schedules found retirement benefits totaling $705 million have been promised, but not funded. A review of the city's balance sheet determined only $166 million of these liabilities are reported. This means the city does not report $539 million of retirement liabilities on its balance sheet.

Data is derived from the city of Flint's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the city's population with a federal tax liability.