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

Truth in Accounting’s detailed analysis discovered a total of $366 million of retirement benefits are owed, but not funded. Because of the confusing way the city does its accounting, only $48 million of these liabilities are reported on Saginaw’s balance sheet. If this debt is included, Saginaw has a $314 million shortfall, which effectively represents compensation and other costs that have been pushed into the future.
Saginaw has $237 million in assets, but most of these assets are not available to pay city bills.

The $163 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $5 million of the assets is restricted by law or contract.

That leaves $70 million of city’s assets available to pay $383 million of bills as they come due.

The $314 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 $20,500.

Despite the balanced budget requirement, the city has accumulated bonds of $44 million and other liabilities of $18 million. The calculation of assets available to pay bills does not include capital assets, so $44 million of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 95% of city bills. These unfunded liabilities have accumulated because city employees have been promised $146 million of pension benefits and $220 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 Saginaw's actuaries' schedules found retirement benefits totaling $366 million have been promised, but not funded. A review of the city's balance sheet determined only $48 million of these liabilities are reported. This means the city does not report $318 million of retirement liabilities on its balance sheet.

Data is derived from the city of Saginaw'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.