



Five largest U.S. cities did not have enough money to pay their bills

New report from Truth in Accounting based on the cities' most recent audited Annual Comprehensive Financial Report (ACFRs)

CHICAGO, IL, UNITED STATES, February 5, 2026 /EINPresswire.com/ -- Truth in Accounting (TIA), a nonpartisan nonprofit dedicated to promoting government financial transparency, today released its [Financial State of the Cities](#) 2026 report, an analysis of the fiscal condition of the five largest U.S. cities based on their most recent audited Annual Comprehensive Financial Reports (ACFRs) for fiscal year 2024.

The report examines the fiscal health of America's five largest cities—Los Angeles, Houston, Philadelphia, Chicago, and New York City—focusing on whether each city had enough money at the end of fiscal year 2024 to cover its bills, including long-term obligations such as pensions and retiree health care benefits. Using a standardized methodology, Truth in Accounting calculates a "Taxpayer Burden™," which represents the share of unfunded obligations each taxpayer would need to cover.

According to the report, all five cities were not able to pay all of their bills at the end of fiscal year 2024, resulting in a combined shortfall of approximately \$240 billion.

City-by-city findings include:

- Los Angeles, California, ranked first among the five cities with the smallest shortfall. The city reported a \$1.8 billion gap between assets available to pay bills and total obligations, resulting in a Taxpayer Burden™ of \$1,300 per taxpayer. Los Angeles received a "C" grade, reflecting relatively strong pension and retiree health care prefunding compared with other large cities.
- Houston, Texas, ranked second, with a \$3.5 billion shortfall and a Taxpayer Burden™ of \$4,800 per taxpayer, also earning a "C" grade. While Houston's financial condition improved in 2024, the report notes that unrealized investment gains and largely unfunded retiree health care benefits present ongoing long-term risks.
- Philadelphia, Pennsylvania, ranked third, with a \$9.4 billion shortfall and a Taxpayer Burden™ of \$17,000 per taxpayer. The city received a "D" grade. Although Philadelphia exceeded its actuarially determined pension contribution in 2024, retiree health benefits remain significantly underfunded.

- Chicago, Illinois, ranked fourth, reporting a \$41.1 billion shortfall and a Taxpayer Burden™ of \$42,600 per taxpayer, resulting in an “F” grade. The report highlights severely underfunded pension systems and recurring budget shortfalls as key contributors to the city's financial challenges.

- New York City, New York, ranked fifth with the largest shortfall. The city reported a \$184.6 billion gap between available assets and total obligations, translating into a Taxpayer Burden™ of \$61,700 per taxpayer and an “F” grade. While New York City fully funds its pension contributions, the report identifies retiree health care liabilities as a significant and growing long-term obligation.

All of these cities have a balanced budget requirement, yet long-term obligations are excluded from budget calculations, leaving the cities with billions of dollars in debt. Truth in Accounting's analysis is intended to provide taxpayers, policymakers, and journalists with a clearer, more comprehensive view of municipal finances.

Founded in 2002, Truth in Accounting is dedicated to educating and empowering citizens with understandable, reliable, and transparent government financial information. Sheila Weinberg is a Certified Public Accountant with more than 40 years of experience in the field.

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