WHAT IS HOUSTON HIDING?
$3.4 BILLION IN HIDDEN RETIREMENT DEBT

$6 BILLION NEEDED TO PAY BILLS
$10,000 TAXPAYER BURDEN
<table>
<thead>
<tr>
<th>The City's Bills Exceed Its Assets</th>
<th>The Bills Houston Has Accumulated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td><strong>Bonds</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$12,176,927,000</strong></td>
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<tr>
<td><strong>Minus: Capital Assets</strong></td>
<td><strong>Other Liabilities</strong></td>
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<td><strong>$3,028,156,000</strong></td>
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<tr>
<td><strong>Restricted Assets</strong></td>
<td><strong>Minus: Debt Related to Capital Assets</strong></td>
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<td><strong>$12,086,190,000</strong></td>
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<tr>
<td><strong>Assets Available to Pay Bills</strong></td>
<td><strong>Unfunded Pension Benefits</strong></td>
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<tr>
<td></td>
<td><strong>$3,895,960,000</strong></td>
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<tr>
<td><strong>Minus: Bills</strong></td>
<td><strong>Unfunded Retirees' Health Care Benefits</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$2,090,000,000</strong></td>
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<tr>
<td><strong>Money Needed to Pay Bills</strong></td>
<td><strong>Bills</strong></td>
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<tr>
<td></td>
<td><strong>$9,104,853,000</strong></td>
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<tr>
<td><strong>Each Taxpayer's Share of This Debt</strong></td>
<td><strong>-</strong></td>
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<tr>
<td></td>
<td><strong>-$10,000</strong></td>
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Houston has $21.2 billion in assets, but most of these assets are not available to pay city bills.

The $16.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of $1.5 billion of the assets is restricted by law or contract.

That leaves $3.1 billion of city's assets available to pay $9.1 billion of bills as they come due.

The -$6 billion 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 Houston's Debt:**

**-$10,000**

Despite the balanced budget requirement, the city has accumulated bonds of $12.2 billion and other liabilities of $3 billion. The calculation of assets available to pay bills does not include capital assets, so $12.1 billion of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 66% of city bills. These unfunded liabilities have accumulated because city employees have been promised $3.9 billion of pension benefits and $2.1 billion 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 Houston's actuaries' schedules found retirement benefits totaling $6 billion have been promised, but not funded. A review of the city's balance sheet determined only $2.6 billion of these liabilities are reported. This means the city does not report $3.4 billion of retirement liabilities on its balance sheet.

Data is derived from the city of Houston's June 30, 2014 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.