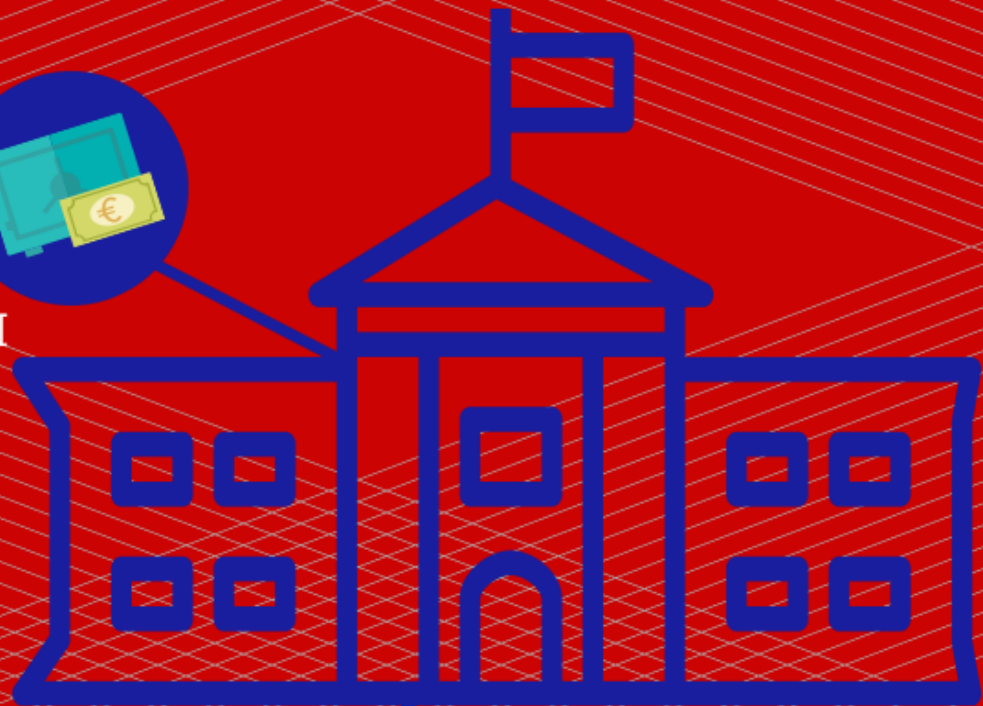


Financial state of the city

WASHINGTON, D.C.

MONEY
NEEDED TO
PAY BILLS:
\$705.2 MILLION



-\$2,800
TAXPAYER
BURDEN



THE FINANCIAL STATE OF WASHINGTON, D.C.

Why did Washington, D.C.'s reported pension debt increase by \$201.6 million this year?

Because of a new accounting rule, Washington, D.C. now has to report its pension debt on its balance sheet. As a result, the district's reported pension debt grew from \$0 in 2014 to \$201.6 million in 2015.

For years, Truth in Accounting has called for this financial reporting change, and we welcome the shift towards more transparent accounting.

The district's bills exceed its assets

Assets	\$19,781,883,000
Minus: Capital assets	-\$12,785,697,000
Restricted assets	-\$2,088,018,000
Assets available to pay bills	\$4,908,168,000
Minus: Bills	-\$5,613,360,000
Money needed to pay bills	-\$705,192,000
Each taxpayer's share of this debt	-\$2,800

Washington, D.C. has \$19.8 billion in assets, but most of these assets are not available to pay bills.

The \$12.8 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$2.1 billion of the assets is restricted by law or contract.

That leaves \$4.9 billion of the district's assets available to pay \$5.6 billion of bills as they come due.

The -\$705.2 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those years. Instead these costs have been shifted to future taxpayers.



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

Key findings

- Washington, D.C. has only \$4.9 billion available to pay \$5.6 billion worth of bills. Therefore, the district has a -\$705.2 million financial hole.
- Washington, D.C. has a taxpayer burden of -\$2,800, which is each taxpayer's share of the district's unfunded debt.
- Despite reporting all of its pension debt, the district still continues to hide most of its retiree health care debt. The district's total hidden debt is \$141.7 million.

The bills Washington, D.C. has accumulated

Bonds	\$11,652,007,000
Other liabilities	\$3,289,246,000
Minus: Debt related to capital assets	-\$9,681,181,000
Unfunded pension benefits	\$201,588,000
Unfunded retiree health care benefits	\$151,700,000
Bills	\$5,613,360,000

Despite the balanced budget requirement, the district has accumulated bonded debt of \$11.7 billion and other liabilities of \$3.3 billion. The calculation of assets available to pay bills does not include capital assets, so \$9.7 billion of related debt is removed from the calculation of district bills.

Unfunded employees' retirement benefits represent 6% of district bills. These unfunded liabilities have accumulated because district employees have been promised \$201.6 million of pension benefits and \$151.7 million of retiree health care benefits, but the district has not adequately funded them.

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

Data is derived from the Washington, D.C. September 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

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

www.TruthInAccounting.org

www.StateDataLab.org