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Houston Finances Earn 'D' Grade

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The Financial State of Houston

A new analysis of the latest available audited financial report found Houston has a Taxpayer Burden™ of \$11,300, earning it a "D" grade based on Truth in Accounting's grading scale.

Houston's elected officials have made repeated financial decisions that have left the city with a debt burden of \$7.4 billion, according to the analysis. That equates to a \$11,300 burden for every city taxpayer.

Houston's financial problems stem mostly from unfunded retirement obligations that have accumulated over many years. Of the \$18.3 billion in retirement benefits promised, the city has not funded \$5.1 billion in pension and \$2.2 billion in retiree health care benefits.

Here's the truth:

\$7.4
billion
Money needed to
pay bills

-\$11,300
Taxpayer
Burden

D
Financial grade

Data included in this report is derived from the city of Houston 2017 audited Comprehensive Annual Financial Report and retirement plans' reports.

HOUSTON

FINANCIAL BREAKDOWN

FAST FACTS

- + Houston has \$4.1 billion available in assets to pay \$11.5 billion worth of bills.
- + The outcome is a \$7.4 billion shortfall and a \$11,300 Taxpayer Burden.
- + Houston's reported net position is overstated by \$2.2 billion, largely because the city delays recognizing losses incurred when the net pension liability increases.

THE CITY'S BILLS EXCEED ITS ASSETS

Assets	\$23,694,531,000
Minus: Capital assets	-\$18,054,001,000
Restricted assets	-\$1,548,638,000
Assets available to pay bills	\$4,091,892,000
Minus: Bills	-\$11,522,177,000
Money needed to pay bills	-\$7,430,285,000
Each taxpayer's share of this debt	-\$11,300

BILLS THE CITY HAS ACCUMULATED

Bonds	\$12,938,173,000
Other liabilities	\$3,835,641,000
Minus: Debt related to capital assets	-\$12,466,184,000
Unfunded pension benefits	\$5,056,380,000
Unfunded retiree health care	\$2,158,167,000
Bills	\$11,522,177,000

GRADE: D

Bottom line: Houston does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to cities with a Taxpayer Burden between \$5,000 and \$20,000.