

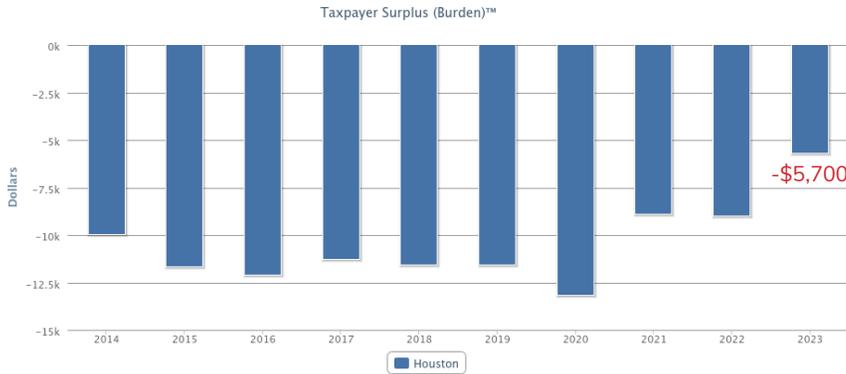
# FINANCIAL STATE OF HOUSTON



**\$4.5 billion**  
MONEY NEEDED TO PAY BILLS

**\$5,700**  
TAXPAYER BURDEN™

Houston’s financial condition showed some improvement. But based on our analysis of its audited financial report for fiscal year 2023, the city still needed \$4.5 billion to cover its bills, resulting in a Taxpayer Burden™ of \$5,700. This earned the city a “D” grade from Truth in Accounting, marking it as a Sinkhole City.



Houston’s financial position improved by \$1.6 billion, with reported revenues exceeding expenses for the year. A significant contributor to this positive change was a surge in investment income, which increased by \$15.4 million, or 219.8%. This growth was driven by higher interest earnings on deposits and investments, as well as lower fair value adjustments and reduced losses on investments, boosting the city’s overall financial standing.

Houston’s \$577.5 million reduction in retiree healthcare liability was driven by favorable changes in interest rates used by actuaries to estimate future benefit payments’ value. However, the city still faces a need for additional funds to cover incurred expenses, highlighting the importance of strong financial management. This includes balancing promised retirement benefits with risks associated with pension investment market volatility and changing actuarial assumptions.

The data included in this report is derived from Houston’s 2023 audited Annual Comprehensive Financial Report and retirement plans’ reports. To compare prior years and other states’ and cities’ financial, demographic, and economic information, go to Data-Z.org.

# FINANCIAL STATE OF HOUSTON

**D**  
FINANCIAL GRADE

**52 out of 75**  
RANKING

## FINANCIAL FACTS

- Houston had \$6.5 billion available to pay \$11 billion worth of bills.
- The outcome was a \$4.5 billion shortfall, which breaks down to a burden of \$5,700 per taxpayer.
- Houston’s financial position improved by \$1.6 billion, driven by increased investment income and a \$577.5 million reduction in healthcare liability.

## The City’s Bills Exceeded Its Assets

Total Assets	\$32,451,667,000
Minus: Capital Assets	-\$23,025,101,000
Restricted Assets	-\$2,935,773,000
Assets Available to Pay Bills	\$6,490,793,000
Minus: Total Bills*	-\$10,997,135,000
Money needed to pay bills	\$4,506,342,000
Each taxpayer’s share of this burden	\$5,700

## \*Breakdown of Total Bills

Bonds	\$13,950,818,000
Other Liabilities	\$5,537,997,000
Minus: Debt Related to Capital Assets	-\$12,629,116,000
Unfunded Pension Benefits	\$2,368,559,000
Unfunded Retiree Health Care Benefits	\$1,768,877,000
Total Bills	\$10,997,135,000

<b>Grade:</b>	<b>Bottom line:</b>
<b>D</b>	Houston would need \$5,700 from each of its taxpayers to pay all of its outstanding bills and received a “D” grade for its finances. According to Truth in Accounting’s grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a “D” grade.

Truth in Accounting is a 501(c)(3) nonprofit committed to educating and empowering you with understandable, reliable, and transparent government financial information so you can be a knowledgeable participant in your government and its budget process.