



Investment Gains Improve Los Angeles' Financial Condition

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The Financial State of Los Angeles

A new analysis of the latest available audited financial report found Los Angeles has a Taxpayer Burden™ of \$6,000, earning it a "D" grade based on Truth in Accounting's grading scale. This burden decreased by \$1,200 since last year, largely because of favorable investment returns on pension plan assets.

Los Angeles' elected officials have made repeated financial decisions that have left the city with a debt burden of \$7.7 billion, according to the analysis. That equates to a \$6,000 burden for every city taxpayer.

Los Angeles' financial problems stem mostly from unfunded retirement obligations that have accumulated over many years. Of the \$60.6 billion in retirement benefits promised, the city has not funded \$8.4 billion in pension and \$2.7 billion in retiree health care benefits.

Here's the truth:

\$7.7
billion
Money needed to
pay bills

-\$6,000
Taxpayer
Burden

D
Financial grade

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

LOS ANGELES

FINANCIAL BREAKDOWN

FAST FACTS

- + Los Angeles has \$12.7 billion available in assets to pay \$20.4 billion worth of bills.
- + The outcome is a \$7.7 billion shortfall and a \$6,000 Taxpayer Burden.
- + Los Angeles' reported net position is overstated by \$2.9 billion, largely because the city delays recognizing losses incurred when the net pension liability increases.

THE CITY'S BILLS EXCEED ITS ASSETS

Assets	\$61,975,312,000
Minus: Capital assets	-\$43,371,110,000
Restricted assets	-\$5,892,890,000
Assets available to pay bills	\$12,711,312,000
Minus: Bills	-\$20,370,335,000
Money needed to pay bills	-\$7,659,023,000
Each taxpayer's share of this debt	-\$6,000

BILLS THE CITY HAS ACCUMULATED

Bonds	\$27,340,558,000
Other liabilities	\$7,084,210,000
Minus: Debt related to capital assets	-\$25,187,328,000
Unfunded pension benefits	\$8,438,206,000
Unfunded retiree health care	\$2,694,689,000
Bills	\$20,370,335,000

GRADE: D

Bottom line: Los Angeles 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.