

Los Angeles

The Truth



Money Needed to Pay Bills
\$2 billion



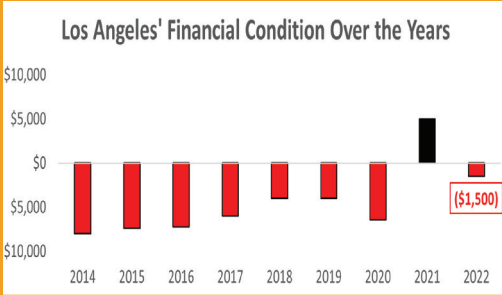
Taxpayer Burden™
\$1,500



Financial Grade
C



Ranking
30 out of 75



Financial State of Los Angeles

Los Angeles' financial condition deteriorated, switching it from having a Taxpayer Surplus™ to a Taxpayer Burden™. Despite increased tax collections and federal COVID relief funds, the city's pension investment values decreased. This created a Taxpayer Burden of \$1,500, earning it a "C" grade from Truth in Accounting.

According to the city's 2022 financial report, Los Angeles continued to spend large amounts of federal COVID-19 relief funds, and as the U.S. economy reopened the city took in additional tax revenue. Such economic gains were offset by significant decreases in the value of the city's pension investments. Over the past few years investment market values have swung dramatically. In 2022 this volatility negatively impacted the city's pension liability and financial condition, which demonstrates the risk to taxpayers when their city offers defined pension benefits to its employees.

Los Angeles had set aside only 88 cents for every dollar of promised pension benefits and 90 cents for every dollar of promised retiree health care benefits.

The combination of factors mentioned above created a Taxpayer Burden of \$1,500. It is important to note that continued market fluctuations, changing investment values, decreased COVID relief funds, and a stabilizing economy that may slow tax collections, could continue to worsen the government's financial health. We advise city officials to follow the recommendations in our 2024 Financial State of the Cities report which would bring greater transparency and accountability to its finances.

Los Angeles' Financial Breakdown

Fast Facts

- Los Angeles had \$19.8 billion available to pay \$21.8 billion worth of bills.
- The outcome was a \$2 billion shortfall and a burden of \$1,500 per taxpayer. Last year the city had a surplus of \$6.3 billion.
- Despite receiving almost \$2 billion in grant funds and \$5.6 billion in tax revenue, its unfunded pension promises increased significantly due to declines in the value of pension investments.

The City's Bills Exceeded Its Assets

Total Assets	\$82,568,772,000
Minus: Capital Assets	-\$56,722,353,000
Restricted Assets	-\$6,094,304,000
Assets Available to Pay Bills	\$19,752,115,000
Minus: Total Bills*	\$21,754,964,000
Money needed to pay bills	\$2,002,849,000
Each taxpayer's share of this burden	\$1,500

*Breakdown of Total Bills

Bonds	\$36,981,151,000
Other Liabilities	\$9,795,206,000
Minus: Debt Related to Capital Assets	-\$34,381,940,000
Unfunded Pension Benefits	\$8,330,611,000
Unfunded Retiree Health Care Benefits	\$1,029,936,000
Total Bills	\$21,754,964,000

Grade:

C

Bottom line: Los Angeles would need \$1,500 from each of its taxpayers to pay all of its outstanding bills and received a "C" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$0 and \$4,999 is given a "C" grade.

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