

Financial state of the city

LONG BEACH



MONEY
AVAILABLE TO
PAY BILLS:
\$79.3 MILLION



\$600
TAXPAYER
SURPLUS



THE FINANCIAL STATE OF LONG BEACH

Why did Long Beach's reported pension debt increase by \$890.2 million this year?

Because of a new accounting rule, Long Beach now has to report its pension debt on its balance sheet. As a result, the city's reported pension debt grew from \$0 in 2014 to \$890.2 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 city's assets exceed its bills

Assets	\$9,622,802,000
Minus: Capital assets	-\$6,033,356,000
Restricted assets	-\$845,725,000
Assets available to pay bills	\$2,743,721,000
Minus: Bills	-\$2,664,393,000
Money available to pay future bills	\$79,328,000
Each taxpayer's share of surplus	\$600

Long Beach has \$9.6 billion in assets, but most of these assets are not available to pay city bills.

The \$6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$845.7 million of the assets is restricted by law or contract.

That leaves \$2.7 billion of the city's assets available to pay \$2.7 billion of bills as they come due.



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

- Long Beach has \$2.74 billion available to pay \$2.66 billion worth of bills. Therefore, the city has a \$79.3 million surplus.
- Long Beach has a taxpayer surplus of \$600, which is each taxpayer's share of the city's excess funds.
- The city is one of few that doesn't hide any of its debt. All pension and retiree health care liabilities are reported on its balance sheet.

The bills Long Beach has accumulated

Bonds	\$2,104,733,000
Other liabilities	\$1,283,541,000
Minus: Debt related to capital assets	-\$1,767,461,000
Unfunded pension benefits	\$890,194,000
Unfunded retiree health care benefits	\$153,386,000
Bills	\$2,664,393,000

The city has accumulated bonds of \$2.1 billion and other liabilities of \$1.3 billion. The calculation of assets available to pay bills does not include capital assets, so \$1.8 billion of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 39% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$890.2 million of pension benefits and \$153.4 million of retiree health care benefits. Unlike most states, Long Beach has the assets needed to pay these liabilities.

Long Beach's elected officials seem to promise only the amount of benefits they can afford to pay.

Data is derived from the city of Long Beach's September 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

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

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