



LONG BEACH FINANCES IN DECENT SHAPE

January 2018
truthinaccounting.org

THE FINANCIAL STATE OF LONG BEACH

Truth in Accounting's (TIA) new city report ranks and grades the 75 most populous cities in the United States by their financial health. Long Beach ranks No. 20, earning it a "C" on TIA's grading scale.

Decisions by city officials have left the city with a debt burden of \$214.4 million, according to TIA's analysis of its 2016 financial filings. That burden equates to \$1,500 for every Long Beach taxpayer.

Long Beach's overall debt largely consists of bonds payable and entitlement obligations in the form of pension benefits. The city has \$1.1 billion in unfunded pension promises and \$45.1 million in unfunded retiree healthcare benefits. While Long Beach has promised these benefits, little money has been set aside to fund them.

A new accounting standard implemented last year requires state and local governments to report all of their pension debt on the balance sheet. And in fiscal year 2018, governments will have to disclose unfunded retiree healthcare debt as well. Long Beach should be commended because it isn't hiding any debt from taxpayers in its 2016 annual financial report.

20

Rank

\$214.4
million

Money needed
to pay bills

-\$1,500

Taxpayer
Burden™

C

Financial grade

LONG BEACH FINANCIAL BREAKDOWN

FAST FACTS

- + Long Beach has \$2.7 billion available in assets to pay \$2.9 billion worth of bills.
- + The outcome is a \$214.4 million shortfall and an \$1,500 Taxpayer Burden™.
- + Unlike most cities, Long Beach reports all of its pension and retiree healthcare debt on its balance sheet.

THE CITY'S BILLS EXCEED ITS ASSETS

| | |
|---|------------------|
| Assets | \$9,801,041,000 |
| <i>Minus:</i> Capital assets | -\$6,371,493,000 |
| Restricted assets | -\$717,467,000 |
| Assets available to pay bills | \$2,712,081,000 |
| <i>Minus:</i> Bills | -\$2,926,493,000 |
| Money needed to pay bills | -\$214,412,000 |
| Each taxpayer's share of this debt | -\$1,500 |

BILLS THE CITY HAS ACCUMULATED

| | |
|---|------------------------|
| Bonds | \$2,020,775,000 |
| Other liabilities | \$1,438,686,000 |
| <i>Minus:</i> Debt related to capital assets | -\$1,712,630,000 |
| Unfunded pension benefits | \$1,134,540,000 |
| Unfunded retiree healthcare | \$45,122,000 |
| Bills | \$2,926,493,000 |

GRADE: C

Bottom line: Long Beach's Taxpayer Burden™ is less than \$5,000, so it has received a "C" for its finances from Truth in Accounting. While better off than many other cities, Long Beach still owes more than it owns.

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 truthful and transparent financial information.