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RANKING OF  
10 LARGEST  
CITIES

# LOS ANGELES

## WHAT IS LOS ANGELES HIDING?

\$10.5 BILLION IN HIDDEN  
RETIREMENT DEBT



\$9 BILLION  
NEEDED  
TO PAY BILLS

\$8,000  
TAXPAYER  
BURDEN

# THE FINANCIAL STATE OF LOS ANGELES

## The City's Bills Exceed Its Assets

Assets	\$52,339,119,000
Minus: Capital Assets	\$37,428,886,000
Restricted Assets	\$5,315,181,000
Assets Available to Pay Bills	\$9,595,052,000
Minus: Bills	\$18,641,441,000
Money Needed to Pay Bills	-\$9,046,389,000
<b>Each Taxpayer's Share of This Debt</b>	<b>-\$8,000</b>

Los Angeles has \$52.3 billion in assets, but most of these assets are not available to pay city bills.

The \$37.4 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$5.3 billion of the assets is restricted by law or contract.

That leaves \$9.6 billion of city's assets available to pay \$18.6 billion of bills as they come due.

The -\$9 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

**Each Taxpayer's Share of Los Angeles' Debt:**  
**-\$8,000**



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

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## The Bills Los Angeles Has Accumulated

Bonds	\$23,576,769,000
Other Liabilities	\$6,268,626,000
Minus: Debt Related to Capital Assets	\$21,668,577,000
Unfunded Pension Benefits	\$7,697,814,000
Unfunded Retirees' Health Care Benefits	\$2,766,809,000
<b>Bills</b>	<b>\$18,641,441,000</b>

Despite the balanced budget requirement, the city has accumulated bonds of \$23.6 billion and other liabilities of \$6.3 billion. The calculation of assets available to pay bills does not include capital assets, so \$21.7 billion of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 56% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$7.7 billion of pension benefits and \$2.8 billion of retirees' health care benefits, but the city has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

## None of the City's Retirement Liabilities Are Reported

**Unreported Retirement Liabilities**      **\$10,464,623,000**

A detailed study of Los Angeles' actuaries' schedules found retirement benefits totaling \$10.5 billion have been promised, but not funded. Instead of reporting this debt on the city's balance sheet, Los Angeles reports \$706 million of net retirement assets. This means the city balance sheet assets are overstated by \$706 million and the balance sheet liabilities are understated by \$10.5 billion.

Data is derived from the city of Los Angeles' June 30, 2014 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.