

Financial state of the city

# LAS VEGAS

A circular icon containing illustrations of blue and green banknotes and a green Euro coin.

MONEY  
NEEDED TO PAY  
BILLS: \$247.9  
MILLION

A circular icon containing a grey money bag with a dollar sign and several stacks of gold coins.

-\$1,300  
TAXPAYER  
BURDEN

# THE FINANCIAL STATE OF LAS VEGAS

## Las Vegas reports a pension liability of \$677.8 million

Because of a new accounting rule, Las Vegas now has to report its pension debt on its balance sheet. As a result, the city disclosed a pension liability of \$677.8 million in 2015. However, further research showed the actual amount to be \$449.2 million.

The city has overstated this liability because the financial statements were prepared using an outdated pension valuation.

### The city's bills exceed its assets

Assets	\$5,246,715,000
Minus: Capital assets	-\$4,562,175,000
Restricted assets	-\$141,711,000
Assets available to pay bills	\$542,829,000
Minus: Bills	-\$790,703,000
Money needed to pay bills	-\$247,874,000
<b>Each taxpayer's share of this debt</b>	<b>-\$1,300</b>

Las Vegas has \$5.2 billion in assets, but most of these assets are not available to pay city bills.

The \$4.6 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$141.7 million of the assets is restricted by law or contract.

That leaves \$542.8 million of the city's assets available to pay \$790.7 million of bills as they come due.

The -\$247.9 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those years. Instead these costs have been shifted to future taxpayers.



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

- Las Vegas has only \$542.8 million available to pay \$790.7 million worth of bills. Therefore, the city has a -\$247.9 million financial hole.
- Las Vegas has a taxpayer burden of -\$1,300, which is each taxpayer's share of the city's unfunded debt.
- The city has not hidden any of its retirement liabilities from its financial statements. However, it has overstated its pension liability.

### The bills Las Vegas has accumulated

Bonds	\$632,418,000
Other liabilities	\$205,311,000
Minus: Debt related to capital assets	-\$583,103,000
Unfunded pension benefits	\$449,210,000
Unfunded retiree health care benefits	\$86,867,000
<b>Bills</b>	<b>\$790,703,000</b>

Despite the balanced budget requirement, the city has accumulated bonded debt of \$632.4 million and other liabilities of \$205.3 million. The calculation of assets available to pay bills does not include capital assets, so \$583.1 million of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 68% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$449.2 million of pension benefits and \$86.9 million of retiree health care benefits, but the city has not adequately funded them.

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

Data is derived from the city of Las Vegas' June 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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