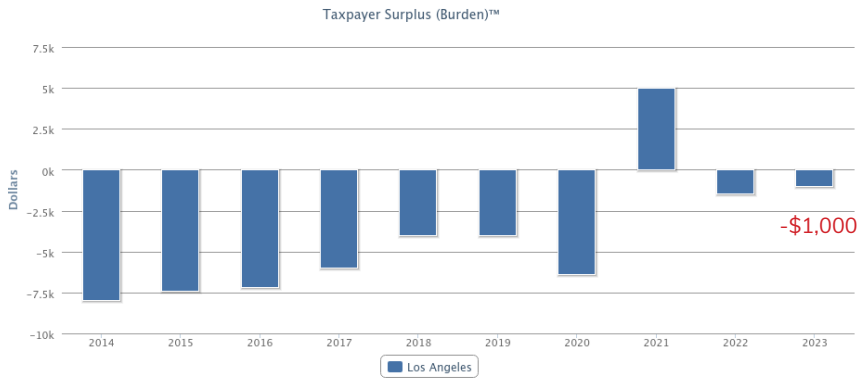




**\$1.5 billion**  
MONEY NEEDED TO PAY BILLS

**\$1,000**  
TAXPAYER BURDEN™

Los Angeles’ financial condition showed some improvement. But based on our analysis of its audited financial report for fiscal year 2023, the city still needed \$1.5 billion to cover its bills, resulting in a Taxpayer Burden™ of \$1,000. This earned the city a “C” grade from Truth in Accounting, marking it as a Sinkhole City.



Although Los Angeles still faces a \$1.5 billion shortfall to cover its obligations, the city’s financial health has shown improvement, largely due to a reduction in the liabilities of its funded retiree healthcare benefit plans. What distinguishes Los Angeles from many other municipalities is its commitment to pre-funding these plans, a rare practice that helps ensure long-term financial stability. This proactive approach has strengthened the city’s funding status, making it better equipped to manage future liabilities.

Additionally, unrealized investment gains have played a critical role in addressing the city’s unfunded retiree healthcare liabilities. These gains have helped reduce the gap between the city’s obligations and available resources, providing some financial relief. While the city still faces significant challenges, its strategic planning and commitment to funding retiree benefits have placed it in a better position to tackle its financial hurdles in the future.

**C**  
FINANCIAL GRADE

**28 out of 75**  
RANKING

## FINANCIAL FACTS

- Los Angeles had \$20.3 billion available to pay \$21.8 billion worth of bills.
- The outcome was a \$1.5 billion shortfall, which breaks down to a burden of \$1,000 per taxpayer.
- Its retiree healthcare plan reported unrealized investment gains, improving Los Angeles’ financial health, but the city still faces a \$1.5 billion shortfall.

## The City’s Bills Exceeded Its Assets

|                                      |                   |
|--------------------------------------|-------------------|
| Total Assets                         | \$86,862,336,000  |
| Minus: Capital Assets                | -\$59,643,430,000 |
| Restricted Assets                    | -\$6,873,875,000  |
| Assets Available to Pay Bills        | \$20,345,031,000  |
| Minus: Total Bills*                  | -\$21,839,033,000 |
| Money needed to pay bills            | \$1,494,002,000   |
| Each taxpayer’s share of this burden | \$1,000           |

## \*Breakdown of Total Bills

|                                       |                   |
|---------------------------------------|-------------------|
| Bonds                                 | \$38,757,050,000  |
| Other Liabilities                     | \$11,215,580,000  |
| Minus: Debt Related to Capital Assets | -\$36,901,386,000 |
| Unfunded Pension Benefits             | \$8,291,940,000   |
| Unfunded Retiree Health Care Benefits | \$475,849,000     |
| Total Bills                           | \$21,839,033,000  |

|               |  |
|---------------|--|
| <b>Grade:</b> | <b>Bottom line:</b>  |
| <b>C</b>      | Los Angeles would need \$1,000 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. |