

Sacramento

The Truth



Money Available to Pay Bills
\$53.8 million



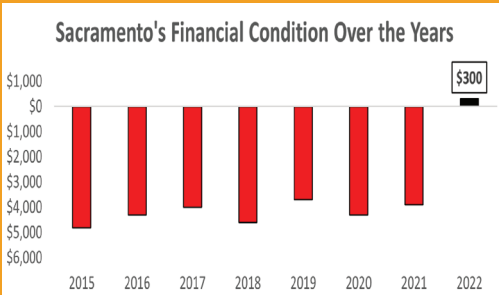
Taxpayer Surplus™
\$300



Financial Grade
B



Ranking
20 out of 75



Financial State of Sacramento

Sacramento's financial condition appeared to improve, switching it from having a Taxpayer Burden™ to a Taxpayer Surplus™ of \$300, earning it a “B” grade from Truth in Accounting. But the improvement is deceiving because the city used outdated pension data.

According to the city's 2022 financial report, Sacramento continued to spend federal COVID-19 relief funds, and as the U.S. economy reopened, the city took in additional tax revenue. The city's pension liability is calculated by subtracting earned and promised benefits from the market value of pension investments. Unfortunately, the city used 2021 data when determining its pension debt. Because 2021 was an exceptionally good market year, pension investment values were high. The result was a dramatic decrease in the city's pension liability and a corresponding decrease in the money needed to pay bills.

Over the past few years, investment market values have swung dramatically. If the city experienced the same major decrease in the value of its pension investments that most other cities experienced in 2022, Sacramento had even less money available to pay promised benefits. This volatility demonstrates the risk to taxpayers when their city offers defined pension benefits to its employees.

As of 2021, Sacramento had set aside only 82 cents for every dollar of promised pension benefits and 28 cents for every dollar of promised retiree health care benefits.

It is important to note that continued market fluctuations, changing investment values, decreased COVID relief funds, and a stabilizing economy may slow tax collections and, once again, worsen the government's financial health. City officials should continue to try to reduce the Taxpayer Burden by following the recommendations in our 2024 Financial State of the Cities report which would bring greater transparency and accountability to city finances.

Sacramento's Financial Breakdown

Fast Facts

- Sacramento had \$1.43 billion available to pay \$1.37 billion worth of bills.
- The outcome was a \$53.8 million surplus, which breaks down to \$300 per taxpayer.
- While this report indicates the city's financial condition improved due in part to COVID relief funds and increased taxes, this might be overly optimistic because the city used outdated pension data.

The City's Assets Exceeded Its Bills

Total Assets	\$5,596,218,000
Minus: Capital Assets	(\$3,725,183,000)
Restricted Assets	(\$442,155,000)
Assets Available to Pay Bills	\$1,428,880,000
Minus: Total Bills*	\$1,375,043,000
Money available to pay bills	\$53,837,000
Each taxpayer's share of this surplus	\$300

*Breakdown of Total Bills

Bonds	\$1,254,208,000
Other Liabilities	\$600,341,000
Minus: Debt Related to Capital Assets	(\$1,416,902,000)
Unfunded Pension Benefits	\$740,591,000
Unfunded Retiree Health Care Benefits	\$196,805,000
Total Bills	\$1,375,043,000

Grade:

B

Bottom line: Sacramento had more than enough money to pay its outstanding bills and received a “B” grade for its finances. According to Truth in Accounting’s grading scale, any government with a Taxpayer Surplus between \$1 and \$9,999 is given a “B” grade.

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