

# San Francisco, CA

## Second Best in the Nation for Finances

### The Truth

Money Available to Pay Future Bills **\$2.1 billion**

Taxpayer Surplus™ **\$7,700**

Financial Grade **B**

Ranking **2 out of 75**



## Financial State of San Francisco

While it appeared that San Francisco bettered its standing from 2020, the data can be deceiving. Based upon the city's latest audited financial report for fiscal year 2021, San Francisco had \$2.1 billion available to pay future bills. The resulting surplus of \$7,700 for each San Francisco taxpayer, earning it a "B" grade from Truth in Accounting. Importantly, the improvement including increases in the market value of pension assets, which are not considered spendable except to pay pension benefits.

The \$2.1 billion available to pay San Francisco's bills is an upgrade over last year's report. The city's fiscal improvement occurred primarily due to a temporary decrease in its pension liability. San Francisco's pension liability is calculated by subtracting earned and promised benefits from the market value of pension assets. Based on an exceptionally good year in the markets in 2021, the pension assets' values were high. The result was a dramatic decrease in San Francisco's pension liability and a corresponding increase in money available to pay future bills.

In 2022, markets turned negative with declines reaching high points of more than 14%. It is expected this report will look different next year because those market declines will decrease the value of pension assets, resulting in an increase of San Francisco's pension liability. The situation could worsen further if San Francisco's elected officials assume extra funds exist based on transitory market increases and spend the money. Such actions are not advisable because of future downturns in the markets, as happened in 2022.

The data included in this report is derived from San Francisco's 2021 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other cities' financial, demographic, and economic information, go to [Data-Z.org](http://Data-Z.org).

February 2023

[www.truthinaccounting.org](http://www.truthinaccounting.org)  
[www.data-z.org](http://www.data-z.org)



**Daniels College of Business**  
UNIVERSITY OF DENVER  
School of Accountancy

# San Francisco's Financial Breakdown

## Fast Facts

- San Francisco had \$2.1 billion available to pay future bills, which was a significant improvement from 2020.
- This improvement was because of short-lived gains in the value of the investments of pension plans, which appear to be overfunded.
- An overfunded status is advisable during an upturn in the markets and helped the plans weather the 2022 market downturns.

## The City's Assets Exceeded Its Bills

Total Assets	\$45,594,292,000
Minus: Capital Assets	-\$30,279,783,000
Restricted Assets	-\$3,899,691,000
Assets Available to Pay Bills	\$11,414,818,000
Minus: Total Bills*	-\$9,354,977,000
Money Available to Pay Future Bills	\$2,059,841,000
Each Taxpayer's Share of this Surplus	\$7,700

## \*Breakdown of Total Bills

Bonds	\$20,653,408,000
Other Liabilities	\$6,450,098,000
Minus: Debt Related to Capital Assets	-\$19,679,290,000
Overfunded Pension Benefits	-\$1,894,331,000
Unfunded Retiree Health Care Benefits	\$3,825,092,000
Total Bills	\$9,354,977,000

**Grade:**

**B**

Bottom line: San Francisco had more than enough money to pay its bills, so it received a "B" for its finances from Truth in Accounting. A "B" grade is given to governments with a Taxpayer Surplus between \$1 and \$9,999.