



No. **57**

San Jose Finances Earn 'D' Grade

January 2019
truthinaccounting.org

The Financial State of San Jose

A new analysis of the latest available audited financial report found San Jose has a Taxpayer Burden™ of \$10,200, earning it a "D" grade based on Truth in Accounting's grading scale.

San Jose's elected officials have made repeated financial decisions that have left the city with a debt burden of \$3.4 billion, according to the analysis. That equates to a \$10,200 burden for every city taxpayer.

San Jose's financial problems stem mostly from unfunded retirement obligations that have accumulated over many years. Of the \$9.9 billion in retirement benefits promised, the city has not funded \$3.2 billion in pension and \$1.1 billion in retiree health care benefits.

Here's the truth:



Data included in this report is derived from the city of San Jose 2017 audited Comprehensive Annual Financial Report and retirement plans' reports.

SAN JOSE

FINANCIAL BREAKDOWN

FAST FACTS

- + San Jose has \$1.6 billion available in assets to pay \$5 billion worth of bills.
- + The outcome is a \$3.4 billion shortfall and a \$10,200 Taxpayer Burden.
- + San Jose's reported net position is overstated by \$1.1 billion, largely because the city delays recognizing losses incurred when the net pension liability increases.

THE CITY'S BILLS EXCEED ITS ASSETS

Assets	\$10,193,690,000
Minus: Capital assets	-\$7,501,556,000
Restricted assets	-\$1,058,113,000
Assets available to pay bills	\$1,634,021,000
Minus: Bills	-\$5,046,630,000
Money needed to pay bills	-\$3,412,609,000
Each taxpayer's share of this debt	-\$10,200

BILLS THE CITY HAS ACCUMULATED

Bonds	\$2,499,171,000
Other liabilities	\$580,008,000
Minus: Debt related to capital assets	-\$2,296,014,000
Unfunded pension benefits	\$3,192,199,000
Unfunded retiree health care	\$1,071,266,000
Bills	\$5,046,630,000

GRADE: D

Bottom line: San Jose does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to cities with a Taxpayer Burden between \$5,000 and \$20,000.