

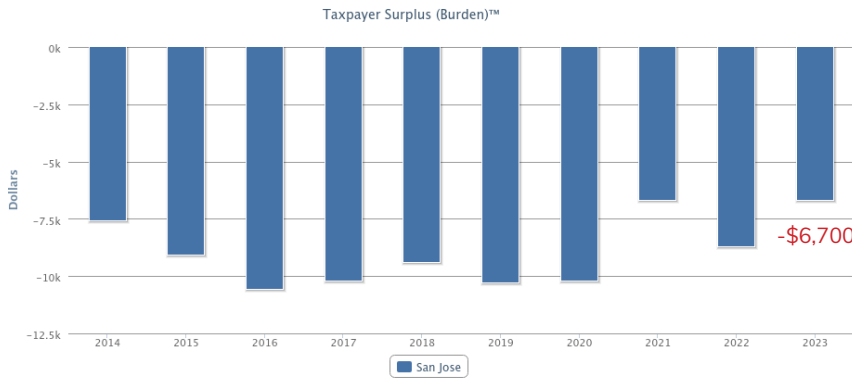
FINANCIAL STATE OF SAN JOSE



\$2.5 billion
MONEY NEEDED TO PAY
BILLS

\$6,700
TAXPAYER BURDEN™

San Jose’s financial condition showed some improvement. But based on our analysis of its audited financial report for fiscal year 2023, the city still needed \$2.5 billion to cover its bills, resulting in a Taxpayer Burden™ of \$6,700. This earned the city a “D” grade from Truth in Accounting, marking it as a Sinkhole City.



San Jose’s pension plan debt decreased by \$111.8 million, primarily due to unrealized investment gains of 7.94%. Despite this reduction, the city continued to face challenges related to its primary revenue sources. Property tax revenue remained the largest contributor to the city’s general fund, accounting for 27% of governmental activities revenue.

The local real estate market has slowed, with homes staying on the market longer—an average of 24 days in 2022-2023 compared to 14 days in 2021-2022. Property sales also dropped 33.4% over eight consecutive months. This decline could negatively impact property tax revenue, highlighting the need for the city to diversify its revenue sources for fiscal stability.

FINANCIAL STATE OF SAN JOSE

D
FINANCIAL GRADE

54 out of 75
RANKING

FINANCIAL FACTS

- San Jose had \$2.5 billion available to pay \$5 billion worth of bills.
- The outcome was a \$2.5 billion shortfall, which breaks down to a burden of \$6,700 per taxpayer.
- San Jose’s pension debt decreased by \$111.8 million, while the decline in property sales may affect future revenue stability

The City’s Bills Exceeded Its Assets

Total Assets	\$11,312,497,000
Minus: Capital Assets	-\$7,386,343,000
Restricted Assets	-\$1,422,061,000
Assets Available to Pay Bills	\$2,504,093,000
Minus: Total Bills*	-\$4,989,030,000
Money needed to pay bills	\$2,484,937,000
Each taxpayer’s share of this burden	\$6,700

*Breakdown of Total Bills

Bonds	\$2,753,147,000
Other Liabilities	\$877,604,000
Minus: Debt Related to Capital Assets	-\$2,510,525,000
Unfunded Pension Benefits	\$3,096,365,000
Unfunded Retiree Health Care Benefits	\$772,439,000
Total Bills	\$4,989,030,000

Grade:	Bottom line:
D	San Jose would need \$6,700 from each of its taxpayers to pay all of its outstanding bills and received a “D” grade for its finances. According to Truth in Accounting’s grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a “D” grade.