

2020 Financial Soundness Rankings for California's 58 Counties

Edition: November 30, 2020

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1) Executive Summary: County CAFR Rankings Shift Over the Past Decade

It's been nearly a decade since I began publishing my analyses of the finances of California's 58 counties. What a difference 10 years can make. In 2015, pension liabilities were added to the balance sheets due to long overdue changes mandated by the Government Accounting Standards Board (GASB). In 2017, other post-employment benefit liabilities were finally added to these reports.

The first chart below shows the rankings of the 58 counties on a per capita basis of their Unrestricted Net Positions (UNPs) and their change in position after 10 years. The data come from each county's Comprehensive Annual Financial Report (CAFR), the most accurate source for financial data on governments. The numbers reflect the changes this most unique "GASB" decade has had on California's 58 counties.

The most dramatic change was in the position of Alpine County, going from the top position a decade ago, with a robust \$5,022 per capita Unrestricted Net Position, to last place in 2019, with a per capita UNP of (\$11,928). That's a drop of 57 places and a shift of \$16,950 in the wrong direction.

As recently as 2017, Alpine's per capita UNP was much more reasonable, although still negative, at (\$1,414). That's what happens when a small county, population 1,101, finally comes to a reckoning with its true unfunded liabilities.

Other small counties suffered a similar drop, although not as drastic. Colusa dropped 19 places; Amador 15 places; Lassen and Shasta 14; Humboldt 13; Glenn 12; and El Dorado and Imperial 11.

Finally, revealing the true financial positions of municipalities in this last decade has had a profound impact. It's unfortunate GASB took this long to require governments to report what the private sector has been doing for decades.

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I may have been a little too harsh on Modoc County back in 2012, but this county moved up 17 places. The larger counties may have moved up because their higher populations helped to reduce their per capita positions. The smaller counties may have benefited from having lower populations in 2010, but with the additional liabilities, it is now working against them.

Nearly 40% of the counties did not move more than 10 places, suggesting the accounting changes did not greatly affect the stability of the rankings in their cases and the listings are reflective of these observed two unique characteristic alterations.

The data show the need for pension and Other Post-Employment Benefit (OPEB) reform. And when the CAFRs start coming out soon for the fiscal year ending June 30, 2020, they will show the impact of the coronavirus lockdown on county balance sheets.

Rank	County	2010 Per Cap	Rank	2019 Per Cap	Change
1	Alpine	\$5,022	58	(\$11,928)	-57
2	Inyo	\$1,198	53	(\$3,877)	-51
3	Plumas	\$1,065	5	(\$1,834)	-39
4	San Luis Obispo	\$757	18	(\$785)	-14
5	Napa	\$717	5	(\$237)	0
6	San Mateo	\$714	1	\$1,884	5
7	Mono	\$668	50	(\$2,932)	-43
8	San Benito	\$664	3	\$87	5
9	Riverside	\$652	19	(\$857)	-10
10	Placer	\$614	21	(\$972)	11
11	Amador	\$533	26	(\$1,157)	-15
12	Solano	\$487	14	(\$690)	-2
13	Lake	\$479	13	(\$637)	0
14	Tehama	\$479	22	(\$1,031)	-8
15	Ventura	\$476	4	(\$43)	11
16	Lassen	\$419	30	(\$1,242)	-14

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17	Sierra	\$415	57	(\$6,643)	-40
18	Shasta	\$350	32	(\$6,643)	-14
19	Marin	\$303	16	(\$695)	3
20	Mariposa	\$282	55	(\$4,870)	-35
21	Fresno	\$259	9	(\$427)	12
22	Kings	\$234	17	(\$730)	5
23	Humboldt	\$213	36	(\$730)	-13
24	Alameda	\$209	2	\$157	22
25	Sutter	\$203	29	(\$1,219)	-4
26	Merced	\$200	20	(\$951)	6
27	Nevada	\$193	35	(\$1,576)	-8
28	Imperial	\$188	39	(\$1,725)	-11
29	Colusa	\$175	48	(\$2,577)	-19
30	Sonoma	\$174	28	(\$1,188)	2
31	San Diego	\$166	8	(\$412)	23
32	Butte	\$160	31	(\$1,258)	1
33	Tulare	\$142	10	(\$456)	23
34	Madera	\$140	44	(\$2,199)	-10
35	Santa Cruz	\$136	38	(\$1,714)	-3
36	Stanislaus	\$102	11	(\$542)	25
37	Santa Clara	\$96	25	(\$1,129)	12
38	San Joaquin	\$88	33	(\$1,469)	5
39	San Bernardino	\$87	6	(\$326)	33
40	Glenn	\$67	52	(\$3,841)	-12
41	Monterey	\$63	7	(\$358)	34

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42	Sacramento	\$53	37	(\$1,668)	5
43	Santa Barbara	\$38	27	(\$1,176)	16
44	Calaveras	\$28	12	(\$544)	32
45	El Dorado	\$23	56	(\$1,502)	-11
46	Orange	(\$3)	24	(\$1,112)	22
47	Del Norte	(\$103)	54	(\$4,578)	-7
48	Yolo	(\$125)	23	(\$1,043)	25
49	Kern	(\$146)	40	(\$1,729)	9
50	Tuolumne	(\$191)	46	(\$2,347)	4
51	Contra Costa	(\$195)	15	(\$691)	36
52	Los Angeles	(\$204)	49	(\$2,864)	3
53	Siskiyou	(\$271)	47	(\$2,566)	6
54	Mendocino	(\$557)	43	(\$1,995)	11
55	Trinity	(\$573)	56	(\$6,593)	-1
56	Yuba	(\$963)	45	(\$2,213)	11
57	San Francisco	(\$1,241)	51	(\$3,173)	6
58	Modoc	(\$1,432)	41	(\$1,810)	17

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2) Changes in 58 County CAFRs Between 2018 and 2019

Last year, only two of 58 counties scored in the black financially, San Mateo and Alameda. They stayed in that exemplary position this year, with San Mateo again on top with a \$1,844 UNP per capita, up from \$1,242 in 2018; and Alameda at \$157, up from \$99. Joining them in the positive range this year was a third county, San Benito at \$87, up from (\$108) in 2018.

However, three counties out of 58 means just 5 percent were in the black, 95 percent in the red. By contrast, for cities, 43 percent were positive and 57 percent negative.

The total combined negative UNPs for the 58 counties stayed about the same, at \$54.5 billion, a slight improvement from the \$55.1 billion in 2018; but much higher than the \$41.5 billion in 2017. That's what finally reporting OPEBs can do. And although the 2019 number is slightly better, it reflects the current upward trend in real estate values and the annual 2% increase in real property tax rates.

Note: As detailed above, for Modoc County, I used the extrapolated Unrestricted Net Position (UNP) from last year's rankings and kept it the same for this year's rankings. For Humboldt County, I used their June 30, 2018 UNP for this report.

Rank	County	Population	Fiscal 2019 UNP	UNP Per Capita	Fiscal 2018 UNP	Fiscal 2018 UNP/Cap	Fiscal 2018 Rank	Rank Chg
1	San Mateo	774,485	\$1,428,187,000	\$1,844	\$969,478,000	\$1,252	1	0
2	Alameda	1,669,301	\$261,646,000	\$157	\$163,925,000	\$99	2	0
3	San Benito	62,296	\$5,437,714	\$87	(\$2,901,358)	(\$51)	3	0
4	Ventura	856,598	(\$36,943,000)	(\$43)	(\$167,704,000)	(\$195)	4	0
5	Napa	140,779	(\$33,396,847)	(\$237)	(\$45,421,748)	(\$321)	5	0
6	San Bernardino	2,192,203	(\$715,197,000)	(\$326)	(\$887,566,000)	(\$375)	9	3
7	Monterey	445,414	(\$159,315,477)	(\$358)	(\$180,147,335)	(\$406)	8	1
8	San Diego	3,351,786	(\$1,380,605,000)	(\$412)	(\$1,250,068,000)	(\$406)	6	-2
9	Fresno	1,018,241	(\$434,745,000)	(\$427)	(\$735,368,000)	(\$408)	13	4
10	Tulare	479,112	(\$218,677,000)	(\$456)	(\$193,115,000)	(\$555)	7	-3
11	Stanislaus	558,972	(\$303,101,007)	(\$542)	(\$308,359,785)	(\$673)	10	-1
12	Calaveras	45,117	(\$24,560,229)	(\$544)	(\$38,290,054)	(\$719)	19	7

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13	Lake	65,071	(\$41,461,223)	(\$637)	(\$43,801,385)	(\$730)	11	-2
14	Solano	441,307	(\$304,332,682)	(\$690)	(\$316,265,304)	(\$761)	12	-2
15	Contra Costa	1,155,879	(\$799,045,000)	(\$691)	(\$939,047,000)	(\$777)	18	3
16	Marin	262,879	(\$182,787,397)	(\$695)	(\$244,489,974)	(\$806)	21	5
17	Kings	153,710	(\$112,279,481)	(\$730)	(\$115,419,194)	(\$813)	14	-3
18	San Luis Obispo	280,393	(\$220,206,000)	(\$785)	(\$217,606,000)	(\$817)	15	-3
19	Riverside	2,440,124	(\$2,092,164,000)	(\$857)	(\$1,947,282,000)	(\$848)	16	-3
20	Merced	282,928	(\$269,119,082)	(\$951)	(\$285,353,575)	(\$862)	24	4
21	Placer	396,691	(\$385,446,000)	(\$972)	(\$383,463,000)	(\$926)	23	2
22	Tehama	64,387	(\$66,409,812)	(\$1,031)	(\$55,231,805)	(\$933)	20	-2
23	Yolo	222,581	(\$232,116,475)	(\$1,043)	(\$206,494,891)	(\$984)	22	-1
24	Orange	3,222,498	(\$3,582,580,000)	(\$1,112)	(\$3,312,306,000)	(\$1,019)	25	1
25	Santa Clara	1,954,286	(\$2,206,937,000)	(\$1,129)	(\$2,277,610,000)	(\$1,028)	28	3
26	Amador	38,294	(\$44,320,630)	(\$1,157)	(\$30,960,943)	(\$1,037)	17	-9
27	Santa Barbara	454,593	(\$534,700,000)	(\$1,176)	(\$562,947,000)	(\$1,070)	31	4
28	Sonoma	500,675	(\$594,644,000)	(\$1,188)	(\$649,958,000)	(\$1,164)	32	4
29	Sutter	97,490	(\$118,795,636)	(\$1,219)	(\$115,810,680)	(\$1,191)	29	0
30	Lassen	30,150	(\$37,436,339)	(\$1,242)	(\$32,044,808)	(\$1,226)	26	-4
31	Butte	226,466	(\$284,917,542)	(\$1,258)	(\$279,061,376)	(\$1,241)	30	-1
32	Shasta	178,773	(\$245,407,112)	(\$1,373)	(\$250,319,261)	(\$1,291)	34	2
33	San Joaquin	770,385	(\$1,131,425,466)	(\$1,469)	(\$811,650,698)	(\$1,319)	27	-6
34	El Dorado	191,848	(\$288,072,807)	(\$1,502)	(\$276,994,712)	(\$1,404)	35	1
35	Nevada	98,904	(\$155,906,202)	(\$1,576)	(\$130,832,826)	(\$1,470)	33	-2
36	Humboldt	135,333	(\$221,987,842)	(\$1,640)	(\$221,987,842)	(\$1,536)	37	1
37	Sacramento	1,546,174	(\$2,579,412,000)	(\$1,668)	(\$2,531,677,000)	(\$1,632)	38	1
38	Santa Cruz	274,871	(\$471,053,679)	(\$1,714)	(\$425,382,137)	(\$1,655)	36	-2
39	Imperial	190,266	(\$328,258,000)	(\$1,725)	(\$378,258,000)	(\$1,736)	44	5
40	Kern	916,464	(\$1,584,143,000)	(\$1,729)	(\$1,689,857,000)	(\$1,808)	41	1
41	Modoc	9,602	(\$17,378,222)	(\$1,810)	(\$17,378,222)	(\$1,866)	40	-1
42	Plumas	19,779	(\$36,277,705)	(\$1,834)	(\$34,330,857)	(\$1,980)	39	-3
43	Mendocino	89,009	(\$177,546,233)	(\$1,995)	(\$177,033,033)	(\$1,982)	43	0
44	Madera	159,536	(\$350,741,359)	(\$2,199)	(\$314,570,478)	(\$1,984)	42	-2
45	Yuba	77,916	(\$172,445,602)	(\$2,213)	(\$173,947,680)	(\$2,224)	46	1
46	Tuolumne	54,590	(\$128,107,650)	(\$2,347)	(\$121,719,478)	(\$2,328)	45	-1
47	Siskiyou	44,584	(\$114,390,588)	(\$2,566)	(\$113,592,214)	(\$2,535)	48	1

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48	Colusa	22,117	(\$56,997,238)	(\$2,577)	(\$56,012,370)	(\$2,546)	47	-1
49	Los Angeles	10,253,716	(\$29,366,455,000)	(\$2,864)	(\$29,158,786,000)	(\$2,835)	49	0
50	Mono	13,616	(\$39,923,345)	(\$2,932)	(\$40,825,597)	(\$2,954)	50	0
51	San Francisco	883,869	(\$2,804,237,000)	(\$3,173)	(\$2,950,722,000)	(\$3,338)	51	0
52	Glenn	29,132	(\$111,902,289)	(\$3,841)	(\$102,630,299)	(\$3,564)	52	0
53	Inyo	18,593	(\$72,085,620)	(\$3,877)	(\$71,371,486)	(\$3,842)	53	0
54	Del Norte	27,401	(\$125,443,229)	(\$4,578)	(\$127,409,084)	(\$4,418)	55	1
55	Mariposa	18,068	(\$87,993,488)	(\$4,870)	(\$80,099,278)	(\$4,681)	54	-1
56	Trinity	13,688	(\$90,238,276)	(\$6,593)	(\$92,606,153)	(\$6,466)	57	1
57	Sierra	3,213	(\$21,344,642)	(\$6,643)	(\$20,736,868)	(\$6,792)	56	-1
58	Alpine	1,162	(\$13,860,769)	(\$11,928)	(\$11,678,443)	(\$10,120)	58	0

3) Looking toward 2020 CAFRs

Up for next year’s CAFRs: As of December 15, 2019, GASB requires governments to report leases as liabilities with reciprocal intangible assets, with GASB authorized time extensions. [According](#) to GASB, these assets “include easements, computer software, water rights, timber rights, patents, and trademarks.” That means unrestricted net deficits were on track to increase even further the next two to three years – even before the coronavirus struck.

It will take a couple of years for governments to sort out the convoluted details, so draw conclusions with caution because the data are in flux. Nonetheless, the data here and in the individual financial reports already provide valuable information for questions to county financial officials and supervisors.

4) Orange County CAFR Analyses

Orange County the Past Decade

In 2010, Orange County was near the bottom, in 46th place. Fifteen years after the filing of Chapter 9 bankruptcy protection, it was still critical to make dealing with the fiscal realities a top priority. It is amazing what a \$1.7 billion investment loss could do to Orange County’s financial status.

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Tough decisions were made during my second term as a County Supervisor, 2011-15. As a result, it is encouraging to see that Orange County is now in 24th place, a little above the middle of the pack.

Orange County from 2018 to 2019

The per capita UNP of Orange County, for which I have served as treasurer, supervisor and state senator for 25 years, worsened to (\$1,112) in 2019 from (\$1,028) in 2018; or down 8.2% in a year. Counties are slowly slipping in the wrong direction en masse. Some more than others. Fortunately, Orange County’s per capita net deficit did not grow faster than that of Amador County, allowing OC to move up one position. And the failure to push the UNP in the right direction will hit the county hard as it deals with the coronavirus fallout.

On the overall list of 58 counties, it clocked in at 24th on the 2019 list, slightly better than last year’s 25th rank. And the O.C. ranking also is up from its 28th ranking of 2017, and way up from the 46th ranking of 2010.

This improvement more than a decade ago is probably due to successful negotiations I engaged in as a Supervisor-Elect in 2006 to address retiree medical liabilities. The unfunded actuarial assumed liabilities were reduced by \$1 billion, and the annual required contribution to the trust was reduced by some \$100 million per year. The byproduct of that compromise continues to pay dividends more than a decade later.

5) County Analyses

Counties Getting Better

County	2019 UNP	2018 UNP	Change 2018 to 19
San Mateo	\$1,428,187,000	\$969,478,000	\$458,709,000
San Francisco	(\$2,804,237,000)	(\$2,950,722,000)	\$146,485,000
Sonoma	(\$594,644,000)	(\$735,368,000)	\$140,724,000
Santa Barbara	(\$534,700,000)	(\$649,958,000)	\$115,258,000
Kern	(\$1,584,143,000)	(\$1,689,857,000)	\$105,714,000
Alameda	\$261,646,000	\$163,925,000	\$97,721,000
San Bernardino	(\$715,197,000)	(\$811,650,698)	\$96,453,698

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Santa Cruz	(\$471,053,679)	(\$562,947,000)	\$91,893,321
Contra Costa	(\$799,045,000)	(\$887,566,000)	\$88,521,000

Counties Getting Worse

County	2019 UNP	2018 UNP	Change 2018 to 19
Orange	(\$3,582,580,000)	(\$3,312,306,000)	\$(270,274,000)
Los Angeles	(\$29,366,455,000)	(\$29,158,786,000)	\$(207,669,000)
San Joaquin	(\$1,131,425,466)	(\$939,047,000)	\$(192,378,466)
Riverside	(\$2,092,164,000)	(\$1,947,282,000)	\$(144,882,000)
San Diego	(\$1,380,605,000)	(\$1,250,068,000)	\$(130,537,000)
Sacramento	(\$2,579,412,000)	(\$2,531,677,000)	\$(47,735,000)
Tulare	(\$218,677,000)	(\$206,494,891)	\$(12,182,109)
Imperial	(\$328,258,000)	(\$316,265,304)	\$(11,992,696)
Fresno	(\$434,745,000)	(\$425,382,137)	\$(9,362,863)

6) Definitions and Methodology

What Is a CAFR?

All government entities in California must publish and send to the state their audited financial statements so public officials, private watchdog groups, journalists and private citizens can review them. The most common name for these statements is an Annual Financial Report.

Counties – as well as the state and most cities and school districts – send the state a Comprehensive Annual Financial Report (CAFR). The Governmental Accounting Standards Board, which establishes requirements for these reports, explained, “A CAFR is more robust. Cities and counties will prepare CAFRs because they are in the bond markets more than school districts are. Unless there is a CAFR, they’ll get dinged a little bit on the interest rate.”

According to “An Analyst’s Guide to Government Financial Statements-3rd Edition,” from April 2018, by GASB’s Dean Michael Mead, “Some governments, especially larger ones, include their financial statements in a Comprehensive Annual Financial Report, which contains additional

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statements and schedules that contain relevant financial, economic, and demographic information, often for multiple years. The CAFR has three sections,” introductory, financial and statistical.

Audited financial statements include the number I use most often in this report, the Unrestricted Net Position. GASB said the UNP numbers are “just as solid” on an Annual Financial Report as on a CAFR.

How to Analyze a Financial Statement

A simple measurement ratio or metric is to divide the UNP by the municipality’s population.

The process:

1. First, find the “Statement of Net Position” in the “Basic Financial Statements” for each financial statement.
2. Then find “Governmental Activities” in the top row.
3. Look down the column to “Net Position,” then “Unrestricted.”
4. “Unrestricted” is the number wanted: The Unrestricted Net Position, or UNP, for governmental activities.
 - a. It either will be a positive number, or, if there are brackets around it, a negative number. (Note: if it says at the top “in thousands”; then add three more zeroes to the number.)
 - b. This number is the key because it is about purely governmental activities. For example, it does not include concessions from “business-type activities,” such as charging fees to external users running a service.
5. Next, divide the UNP by the county’s population, giving the UNP per capita.
 - a. This is the amount affecting individual residents.
 - b. If it is a positive number, especially a high one, that is good.
 - c. If it is a negative number, there may be problems.