

# Lathrop is among state's financially healthiest cities



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Out of 423 cities surveyed by the California State Auditor's Office, Lathrop nearly cracked the Top 10 list for the most fiscally healthy cities in the entire state.

Using data from the 2019-20 fiscal year, Lathrop ranked 13th in the State of California – aided by robust growth in the residential, commercial, and industrial sectors that have allowed the city to build healthy reserves while maintaining the essential city services that residents demand.

And because of its fiscal position, the Auditor determined that it doesn't appear that Lathrop is in any danger of not meeting its obligations to residents anytime soon.

“Residents may expect that the city will continue to provide essential services, such as fire, police, road maintenance, and parks,” the auditor's dashboard read. “Although this city's overall financial position is relatively strong, all cities must plan for their long-term financial futures.”

According to the auditor's report Lathrop has about 17 months' worth of cash on hand in the event of a fiscal emergency – such as a recession – and its reserves have been growing by an average of 31 percent a year.

The city's long-term debts account for only 21 percent of its overall revenues – about half of the total set forth by the auditor's office to earn the designation of “low risk” – and the city currently has 921 percent of unpaid bills at year end in cash.

It only requires having 150 percent of the total annual bills on hand at the end of the year to be considered “low risk.”

And while other municipalities in the area have massive unfunded pension liabilities looming on the horizon, the auditor determined that Lathrop has a relatively low pension burden – not just currently but moving into the future as well.

The city’s pension plan currently has enough funding to cover 79 percent of retirees benefits – just one point off of the 80 percent target set by the auditor’s office – and has the same amount of funding to cover employee’s post-employment benefits.

As a result of the city’s current financial position, Lathrop is in the process of transitioning to its own police department for the first time in the city’s history. If the current forecasts from both the city and the consultants hired to help manage the transition are the correct, the move will only bolster the city’s finances and save the city millions of dollars when compared to the rising costs of the existing contract with the San Joaquin County Sheriff’s Office.

And residents and travelers have contributed a not-insignificant amount that has allowed Lathrop to find itself in this position.

Residents approved a one-cent sales tax increase nearly a decade ago – Measure C – that has allowed the city to fund public safety and government positions that would otherwise have to be paid for out of the city’s general fund.

Approved as a way to help the city get out of the financial hole caused by the collapse of the housing market, Measure C has only continued to grow along with the city – generating additional revenue that Lathrop can use to help offset its existing expenses.