

ANNUAL REPORT

OF

FINANCIAL TRANSACTION

OF

MUNICIPALITIES AND COUNTIES OF CALIFORNIA

FOR THE YEAR 1912

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A. B. NYE, State Controller



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## INTRODUCTION.

This second annual compilation of financial statistics of municipalities and counties, made under the act of 1911, is more complete than its predecessor, especially in the presentation of the county data. It is believed that the thoroughness with which information upon a municipality's valuations, tax rates, receipts and expenditures have been prepared leaves little room for criticism of the county statistics, which have before been collected and published in such detail. The municipal statistics are given in the same general form as before, though the arrangement is different, the cities now being classified according to population.

### DILATORINESS IN REPORTING.

The report is issued at a date later than was intended, principally because a number of the municipalities were unreasonably dilatory in making their reports, and a few of the county reports also were longer than they should have been. On behalf of both the municipalities and the city clerks and auditors it ought to be said that the report imposes on them a very considerable amount of labor, and that they have not been following forms of accounting corresponding to the classifications of this report. In the large majority of instances the county and city officers have displayed an interest and a conscientiousness in rendering a ready obedience to the law, which only makes more apparent the failure of the minority to respond with ordinary promptness.

This difficulty in securing uniform reporting by the officers of municipalities is the same obstacle which has been encountered in other states where the same plan of collecting statistics has been attempted, and, judging from the printed reports of other leading states, it is not be entirely overcome until the state department responsible for the work sends its own agents into the field to perform, or at least to supervise, the work in every county and city. This is the practice followed by the Census Department of the United States Government in its collection of statistics of cities of more than 30,000 population, as well as in its other statistical investigations. The smallness of the appropriation made to the Controller's office for this work—not very much more than the cost of printing—has rendered it out of the question to do field work, although visits were made to the cities and towns, and work done in, a number of cities and towns from which reports would not otherwise have been obtained.

### FORM OF THE REPORT.

The advantages and disadvantages of the particular form of report adopted by this department were discussed at the last annual meeting of the League of California Municipalities, resulting finally in the adoption of a resolution requesting that the Census Bureau form be substituted for those heretofore used. This would be more convenient for the seven cities of more than 30,000 population, in which reports are compiled for the Census Department, and which are required to

work necessary to be done by the city clerks of the small cities and towns, and many of them, doubtless, would be unable to report at all in accordance with such a complicated schedule as that of the Census Bureau.

At the time when the action was taken by the League of Municipalities many of the reports for 1912 had already been rendered and it was obviously impossible to make a change in season for this report, but the reorganization of the report form for the following year will be given due consideration. At the same time the fact cannot be ignored that many of the smaller cities and towns have modified their accounting to make it correspond with the requirements of this report, and to introduce radical alterations in the report blanks would occasion them serious inconvenience as well as cause considerable expense. It is possible that before the Controller's blanks for next year are issued a way may be found so to harmonize the forms that the seven larger cities can report according to the census schedules, while the smaller cities can use simplified schedules, and yet report substantially the same reformation as the others.

#### REPORTS OF THE COUNTY AUDITORS.

Through the exchange of information with county auditors which this report has brought about it has been made very clear that a proper appreciation of the importance of the auditor's office is generally lacking. In most counties the auditor is one of the lowest-salaried of the county officials, and in the smaller counties, not to mention many of the larger ones, he is not given the assistance which is really necessary for the proper performance of his duties. In some cases where the sheriff of a small county is paid a salary of \$5,000, with fees added, and the assessor is compensated on a scale of equal liberality, the auditor is given a salary of not more than \$1,500 and is denied even a single deputy. Yet the auditor's office is of steadily growing importance, and his duties tend every year to become more onerous. These conditions become still worse, of course, when the auditor's office is combined with one or two others, as is sometimes done in small counties, and occasionally in larger ones. Suggestions have sometimes been made looking to special compensation by the State of the auditors, as well as of other county officers, for making reports which the laws require them to render, but this ought not to be necessary, and, moreover, it conflicts with the growing practice of providing in county government acts that county officers shall not retain for their own benefit any of the fees which the laws already give them. It is the duty of the people of each county to see to it that the auditor receives such support in the work of his office that he can comply with all of the requirements of the statutes and can furnish necessary statistical and other information.

#### GROWTH OF MUNICIPAL REVENUES, EXPENDITURES AND BOND DEBTS.

The most positive value possessed by statistical compilations like the present one is the means they furnish for measuring, and, if necessary, checking the growth of public expenditures, tax rates and bond debts, of which the tendency is always to go forward. The rate of increase may be either greater or less than the rate of increase in population and in wealth, and not until all of these comparisons have been fairly made can it be said whether or not the increase of public expenditures constitutes a dangerous extravagance.

There are two kinds of comparisons, both more or less profitable,

which may be made in an annual publication of municipal statistics: first, a comparison of the expenditures year by year of a city; and, secondly, a comparison of one city with other cities. True there are many necessary qualifications to be made in conclusions, and all of the statistics must be considered in connection with the general tendency of the times to demand more and more of our municipal governments, which, of course, can only come these demands by levying a heavier toll in the form of taxation.

#### GROWTH OF URBAN POPULATION.

In last year's report the 1910 census figures were taken for a comparison of cities and towns in 1911, and all per capita computations, assessments, receipts, expenditures and bond debts were based on them. But since a majority of the cities and larger towns are so fast, the census figures cannot any longer be fairly used in connection with the 1912 population which could be done was to obtain estimates for 1912 population and use those numbers in figuring the per capita figures. Although it was recognized that in the nature of things the estimates would be no better than rather crude approximations, and that they are cases exaggerations of the actual population. Nevertheless, a comparison of effort has been spent in trying to have the estimates made and it is believed that in a majority of instances the increase in population is reasonable, although others are unquestionably in excess of truth, and the total increase of city population shown, which is 350,000 for the two years, is probably 75,000 in excess of the actual numbers. Between 1900 and 1910 the urban population of the United States grew at the rate of 81 per cent, and a continuance of the same growth for the two years since the census of 1910 would increase of about 140,000 a year, or 280,000 for the two years.

The total estimated population of the 210 cities and towns included in this report for 1912 is 2,003,424, as compared with a census of 1,624,125, not including an estimated population of several towns which were not incorporated at the time the census was taken.

The following figures show the estimated population for the seven largest cities with the 1910 census population for the seven largest cities.

Cities:	1910.
San Francisco	416,911
Los Angeles	319,111
Oakland	156,111
Sacramento	44,611
San Diego	39,511
Berkeley	40,411
Pasadena	30,211

• Three additional cities, San Jose, Stockton and Fresno, claim to have a population of 30,000 or more, and these appear reasonable. San Jose, which had 28,946 inhabitants in 1910, furnishes an estimate of 33,500 for 1912. It should be explained that several annexations play a considerable part in the population increase of these cities.

In all cases the estimates of population were made by city clerks, or, at least, were made in cooperation with the

**ASSESSABLE WEALTH OF THE CITIES.**

Comparison of assessed valuations shows that between 1911 and 1912 there has been a gain of about \$250,000,000 in assessable wealth, the aggregate of which for the 210 cities and towns included in the 1912 report is \$1,892,139,439. This is a slightly larger number of towns than was included in the 1911 report, but the towns which have been added to the table have such small valuation that for the purposes of this comparison they are negligible. As might be expected, a very large portion of the increase in assessed valuation is in the larger cities, the following being the figures for the fifteen largest:

Cities.	Assessed valuation in 1911.	Assessed valuation in 1912.
San Francisco	\$545,064,347	\$604,813,249
Los Angeles	374,604,160	458,939,129
Oakland	129,220,575	144,682,838
Sacramento	44,912,750	68,360,765
Berkeley	38,540,765	40,787,837
San Diego	46,222,084	51,620,718
Pasadena	46,884,500	52,107,635
San Jose	23,595,523	23,465,810
Fresno	14,562,845	17,204,883
Alameda	19,393,490	20,224,566
Stockton	22,530,401	24,068,810
Long Beach	23,407,518	23,811,388
Riverside	9,888,875	10,304,355
San Bernardino	5,595,778	5,839,709
Bakersfield	7,927,390	7,934,455
	\$1,352,929,951	\$1,554,091,222

In other words, of a total increase of \$250,000,000 in assessed valuations of cities made in one year, approximately \$200,000,000 was gained in these fifteen cities and only about \$50,000,000 in the other 195 municipalities.

These assessment figures cover both non-operative and operative property assessments. The non-operative amounts to \$1,647,116,236 and the operative to \$245,023,203. The fifteen largest cities, those named in the preceding table, account for \$225,128,206 of the operative property, leaving less than \$20,000,000 for all the other cities and towns.

**MUNICIPAL GOVERNMENT RECEIPTS.**

The total receipts of municipal governments from all sources for the last two years compare as follows:

	1911.	1912.
Property taxes	\$21,476,152 57	\$24,711,883 63
Licenses	3,757,972 77	3,797,185 78
Fees and fines	1,059,660 47	1,327,796 52
Franchises	1,170,761 35	308,859 86
Miscellaneous	2,527,563 87	2,317,788 16
Municipal industries	2,757,375 50	3,547,649 84
Sale of bonds	10,490,243 80	21,635,812 28
Special deposits	4,538,073 28	2,910,322 27
Total	\$46,777,803 61	\$60,557,300 34
Less bond sales	10,490,243 80	21,635,812 28
Total not including bond sales	\$36,287,559 81	\$38,921,488 06

This shows a substantial increase in every important department of the municipal revenues, the increase in receipts from taxes being approximately 15 per cent, and in receipts from municipal industries 25 per cent. The decrease in "special deposits" is not significant because such receipts can hardly be said to constitute revenue in any sense, and, moreover, by far the greater portion of the receipts so classified are reported by a single city, San Francisco. More thorough classification accounts for the smaller amount reported under "miscellaneous."

The large increase in receipts from bond sales, from \$10,490,000 \$21,635,000, is notable, but here again the greater part of the increase is confined to the larger cities. Los Angeles alone sold bonds to the extent of \$11,750,000, as against sales of less than half of that amount the year before. Forty-four cities in all out of the 210 report bond sales of greater or less amount; last year the number was 35.

**COMPARISON OF DISBURSEMENTS.**

Total disbursements for the two years compare as follows:

	1911.	1912.
For general government	\$4,415,145 86	\$6,054,451
For protection of life and property	6,483,321 08	8,076,96
For health conservation and sanitation	2,224,538 21	3,277 81
For education	2,597,866 86	2,666,10
For charities and corrections	941,632 36	833 51
For recreation (parks and playgrounds)	1,294,841 39	1,562 31
For streets (maintenance and lighting)	4,149,388 38	3,472 8
For public works (new construction)	8,316,657 02	9,707 5
For public industries and utilities	7,642,319 79	11,528 1
For bond industries and redemption	4,729,781 65	4,886 9
For miscellaneous (including refund of deposits)	1,013,472 53	1,224 1
	\$43,808,965 13	\$53,251 0

This increase of nearly nine and a half million dollars in a year reflects, on the expenditure side, the more liberal supply of money. Los Angeles alone expended \$7,470,000 upon public industries and utilities and \$1,053,000 upon other public works, and San Francisco expended \$5,125,000 upon public works, most of these amounts doubt, being derived from bond funds.

Again, without an understanding of the peculiar double role of San Francisco plays, by being both a city and a county, a part of statistics would be unintelligible. In the municipal tables San Francisco is necessarily classed as a city, but a large portion of the expenditure is not properly city expenditures. Of a total of \$2,666,105.64 expended for education, according to the preceding table, no less than \$1,947,800 is credited to San Francisco, and this is a distinctively county expenditure. Again, of the \$833,000 expended for charities and corrections another county outlay, \$729,000 is credited to San Francisco.

But, with the exception of disbursements for street lighting maintenance, there is a general growth of expenditures all along the

**BOND DEBTS AND BOND TAXES.**

The aggregate bond debts reported for the two years compare as follows:

1912	\$83,297,510 96
1911	65,573,033 00
Increase	\$17,724,477 96

The increase or decrease of the debt of each of the seven larger cities is exhibited by these figures:

Cities.	Bond debt, 1911.	Bond debt, 1912.
San Francisco	\$18,301,069 00	\$22,179,300 00
Los Angeles	23,983,950 00	35,427,537 50
Oakland	4,907,350 00	4,781,990 00
Sacramento	1,030,500 00	1,036,000 00
Berkeley	345,790 00	333,337 50
San Diego	2,516,062 00	2,510,062 71
Pasadena	770,550 00	803,850 00
	\$51,865,271 00	\$67,072,077 71

In other words, of a total increase in bond debts of \$17,724,477.96, the seven largest cities account for \$15,206,806.71.

Tax rates for bond debt purposes have increased from .305 to .37 per \$100 in San Francisco, from .58 to .64 in Los Angeles, and from .48 to .58 in San Diego, but have decreased or remained stationary in the other cities of the first group.

The totals of bond debts given above include only the bonds actually outstanding at the date of this report. Several of the cities have voted larger amounts which are not yet issued and sold.

Of the 210 cities and towns only about 50 are entirely free from bond debts. Every city of more than 10,000 population has a bond indebtedness, with the single exception of Richmond. Of 64 towns or cities having less than 5,000 population but over 2,000, only seven are debt free.

**STATISTICS OF MUNICIPAL INDUSTRIES.**

The tables in which is presented the showing of results from operation of municipal water works, electric light and gas plants and public wharves contain nothing very different from the statistics of last year. There has been an increase from 54 to 62 in the number of water plants reported; the number of municipal electric light plants for which report is made is 15, the same as last year; Santa Clara is still the only municipality operating a gas plant, and seven municipalities report the operation of wharves, as compared with nine in 1911.

There has been a normal growth in the business done by both the water and the electric lighting plants. The total of ordinary receipts of the water plants (62 plants as compared with 54) has grown from \$2,142,777.36 to \$2,636,252.88, while the ordinary disbursements, including bond interest and redemption, but not new construction, and with no allowance made for depreciation, appear to have gone down from \$2,028,011.49 to \$1,546,899.39. This result is due almost entirely to a reported reduction in expenditures by Los Angeles, amounting to more than half a million. There has been a very large increase of construction expenses for both water and lighting plants. Los Angeles has

issued \$3,500,000 of bonds to meet the expense of installing a electric power plant in connection with the Owens River aqueduct. The ordinary receipts of the fifteen municipalities reporting lighting plants have increased from \$541,219.81 to \$604,185.59, the disbursements classed as ordinary expenditures have grown \$375,663.70 to \$536,571.96.

These statistics of municipal industries are still far from being complete as they should be or as it is hoped to make them. An attempt was made this year to ascertain the cost as well as the estimated of the water and lighting plants, but the data are very incomplete.

**FINANCIAL STATISTICS OF THE COUNTIES.**

Tables 12 to 16, both inclusive, in this report, are given up, financial statistics of counties, which are presented in great detail owing to the meagerness of the report made last year it is noticable to make the same comparisons which have been made in the of the municipalities.

Including San Francisco, which in these tables appears as a county the total receipts and disbursements for the fiscal year ending June 30, 1912, were as follows:

RECEIPTS.	
County revenues (fiscal year 1911-12) from general property tax	\$30,215
County receipts from licenses	1,414
County receipts from fees	2
County receipts from fines	10,418
County receipts from special services	6,363
District taxes collected	12,666
Miscellaneous receipts	1,816
Received from the state	12,666
Receipts from sales of bonds	6,666
Special receipts not available for county purposes	---
<b>Total receipts by counties</b>	<b>\$71,569</b>
DISBURSEMENTS.	
General government	\$6,642
Protection of life, health and property	1,114
Judicial expense	34
Public buildings (maintenance)	19,434
Education	3,818
Charities and corrections	8,818
Highways, bridges, ferries, etc. (maintenance and repairs)	11,418
Public works (construction)	3,718
Bond interest and redemption	2,418
Miscellaneous for county purposes	2,418
Amount paid state in settlements	---
Miscellaneous (not for county use)	---
<b>Total disbursements</b>	<b>\$69,118</b>

There is a steady growth in county receipts and disbursements proceeds at a rate which approaches the rate of increase in revenues and expenditures. The total of county taxes charged the year 1912-13 (a year later than that covered by the details in the tables which follow) is \$34,678,183.84, which exceeds the amount charged up in 1911-12 by nearly \$3,500,000. In the county of Los Angeles there was an increase of \$2,300,000, an increase of 40 per cent in one year, while in San Francisco the increase was at the rate of 13.28 per cent, and in the State as a whole the increase of 11.20 per cent. In this connection the following from the regular biennial report of the State Controller is pertinent: