



Elaine M. Howle, California State Auditor

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California State Auditor Finds Anaheim, Monterey, and South Lake Tahoe Among Cities Losing Significant Revenue Due to COVID-19

Sacramento, Calif. (November 18, 2020) – Today the California State Auditor published a new analysis that found nearly all California cities are facing some revenue losses related to COVID-19. Cities that rely heavily on tourism- and entertainment-driven taxes for revenue have been hit the hardest.

“Our analysis shows that, for some cities in California, COVID-19 is both a public health and financial health emergency,” said California State Auditor Elaine M. Howle. “The revenue hit that these cities will take will worsen until the downward economic curve is reversed.”

These 11 California cities face significant COVID-19-related revenue decreases and have limited reserves to fill the budget gaps:

- Anaheim
- Avalon
- Burlingame
- Calistoga
- Dana Point
- Healdsburg
- Mammoth Lakes
- Monterey
- Napa
- Ojai
- South Lake Tahoe

“Economic forecasts indicate that, as a result of the impact of COVID-19, these cities will lose general fund revenues exceeding 20 percent of their expenditures through the end of fiscal year 2020-21,” said Howle. “Anaheim is at risk of exhausting its reserves, and the remaining cities may drain reserves below recommended levels.”

To perform this analysis and estimate city revenue reductions, the Auditor’s Office used economic projections developed by the California Economic Forecast. For the full analysis, visit: www.auditor.ca.gov/covid-19-city-analysis.

The Auditor’s Office also updated its online local government high-risk dashboard, which ranks California cities primarily based on audited financial information about their fiscal health through fiscal year 2018-19. The dashboard update shows that prior to the pandemic the economy was improving and cities’ revenue was growing.

“These revenue increases helped some cities improve their fiscal health by the end of fiscal year 2018-19,” said Howle. “However, the economic consequences of COVID-19 could increase the number of cities at risk of fiscal distress.”





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Nine California cities continued to face significant fiscal challenges at the end of fiscal year 2018-19 due to longstanding problems that raise concerns about whether these cities will be able to pay their bills or fund long-term obligations.

1. Compton
2. Blythe
3. Calexico
4. Atwater
5. Richmond
6. El Cerrito
7. San Fernando
8. Lindsay
9. West Covina

The Auditor's Office used various financial indicators to assess the fiscal health of cities including whether a city can pay its bills, the city's level of debt, whether the city has sufficient reserves, how the city's revenue is trending and whether the city can pay retirement benefits. The tool allows users to explore individual city ratings and compare their city to other cities in the State and region. To see the updated dashboard, visit www.auditor.ca.gov/local-high-risk-dashboard.

About the California State Auditor's Office

The California State Auditor's Office is a state entity that is independent of the executive branch and legislative control. The purpose of the California State Auditor is to improve California government by assuring the performance, accountability, and transparency that its citizens deserve. For more information on the California State Auditor, please visit www.auditor.ca.gov.

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