

STATE AUDITOR FISCAL HEALTH OF CALIFORNIA CITIES
CITY OF WEST COVINA RANKINGS 2016 TO 2021 ¹

Compiled by Jerri Potras, November 2022

This chart shows the State Auditor's ranking for the City of West Covina from 2016 to 2021. Rankings reflect the city council leadership and management.

- West Covina experienced a major change in city council and governing philosophy with the 2018 election. A council majority took over in 2019. Major staff changes occurred. Rankings dropped (worsened) from the previous council's 17 and 20 to 10, 13, and 14 under the new city council's leadership.
- In 2020 when the city sold lease revenue bonds, pension funding became secured by those bonds. The State does not view that sale "high risk" because it is not "their" money. It is a risk for the city because the money must be paid back and the bond holders must be paid. ⁵

FISCAL YEAR	OVERALL RISK	CITY RANKING	FINANCIAL RISK INDICATOR									
		RANK ² (POINTS) ³	GENERAL FUND RESERVES	DEBT BURDEN	LIQUIDITY	REVENUE TRENDS	PENSION OBLIGATIONS	PENSION FUNDING	PENSION COSTS	FUTURE PENSION COSTS	OPEB ⁴ OBLIGATIONS	OPEB ⁴ FUNDING
2016-17	High	17 (41.21)										
2017-18	Moderate	20 (43.91)										
2018-19	High	10 (39.51)										
2019-20 ⁵	High	13 ⁶ (41.6)										
2020-21 ⁵	Moderate	14 (47.35)										

¹ State of California. State Auditor. *Fiscal Health of California Cities*. www.auditor.ca.gov/local_high_risk/dashboard-csa. The methodology used is found at www.auditor.ca.gov/local_high_risk/process_methodology.

² The number shown is the city's statewide rank. There are more than 420 cities on the State Auditor's "dashboard". The lower the number, the greater the financial risk. A city's overall rank can change from one year to the next based on steps the city takes to improve its finances and the ranking of the other California cities.

³ A range of points is assigned to each Financial Risk Indicator. 100 points are possible. Risk Indicator designations are:

Risk	Range of Points Assigned	Designation Means
High	0 to 41.76	A city has significant risk of experiencing fiscal distress.
Moderate	41.77 to 71.23	A city has some risk of experiencing fiscal distress.
Low	71.24 to 100	A city has low risk of experiencing fiscal distress.

⁴ OPEB = Other Postemployment Benefits, the benefits an employee begins to receive at the start of their retirement.

⁵ Pension costs are an on-going expense. In July 2020, West Covina reduced its pension costs when the city council approved the sale of lease revenue bonds in an amount not to exceed \$205 million (Resolution 2020-72). City streets were used as collateral. Lease-revenue bonds allowed the City to reduce the CalPERS pension payment amount and the interest rate it pays. Not all proceeds were used for pensions. \$10 million was used for general fund day-to-day operations and to "pump up" the reserves. Borrowed money must be paid back.

⁶ Originally posted on State Auditor website as Rank 12 (41.6 points).