

OFFICE OF THE CITY TRESURER

Treasurer Report

July 14, 2020

Wanda M. Brown, City Treasurer

July 07, & July 14, 2020 City Council Meetings

SUBJECTS:

1. Negative Unrestricted Fund balance keeps on growing!
2. Total Liabilities Exceeds Total Assets!
3. All Departments ordered to take a 10% Budget Cut!
4. Terminations are happening and Furloughs scheduled?!
5. 7. State Controller Betty Yee's Internal Control Report is devastating!

DISCUSSION: 1. GROWING NEGATIVE UNRESTRICTIVE FUND BALANCE

The negative unrestrictive fund balance grows **(\$475,568,070)** An increase of **(\$25.4)** million. Basically, a good indicator of a healthy budget is unrestricted net assets or FREE fund dollars after the bills are paid off. Inglewood, essentially don't have any, due to pension benefits, retired employees medical care, the life time medical care for certain elected council members whose has been out of office for over 15 years, and Mayor Butts continued over spending, giving excessive underserved salaries, and executive bonuses.

2. TOTAL LIABILITIES EXCEEDS TOTAL ASSETS

Total Assets are \$446,980,477, Total Liabilities are \$612,454,373. The net position is Negative **(\$153,158,547)**. FY 2018/19 CAFR (Comprehensive Annual Financial Report) Basically, Inglewood OWES far more than it owns by **(\$163,158,547)**

3. 10% DEPARTMENTAL BUDGET CUT ORDERED

The City needs to hold on to CASH! Things are not as rosy as Mayor Butts keep saying! Watch and see if Mayor Butts and the City Council takes a cut!

4. TERMINATIONS and FURLOUGHS TALKS ARE OCCURING NOW!

Mayor Butts is trying to keep it quiet, BUT, furlough talks has leaked. Four employees are gone within the last four months. However, not for Mayor Butts buddies like Brian Walker, \$1.4 Million dollar budget for Office of Emergency Preparedness. The Mayor authorized 4 employees for him. According to LAX Assoc. President Marshall McClain, "The running joke is you have to get your 3rd strike before you get your 3rd stripe, meaning making sergeant." One of Walker's employees got the home in Inglewood's First Time Home Buyer Program! Brian Walker, former LAX Police Official who resigned amid Accusations of Corruption, Tax Fraud, Rule bending, Favoritism in September 2016. Mayor Butts new friend from the Chamber Shalanda Stringer, was hired at \$68,000 annually answering the telephone, and new duties putting claims review agenda together and making copies.

As City Treasurer I have suggested to each and every city manager, finance director, and mayor the need for an Internal Audit Staff. Sadly to no avail. After the election of Mayor Butts, I suggested the city need to hire a competent Controller. Mayor Butts appointed Asst. City Mgr/CFO, David Esparza over **ALL** financial operations of the city. He is void of accounting and finance education and work experience. He will sign any document Mayor Butts ask of him! He is a former cop from San Jose. His most recent municipal work experience is with the City of Los Angeles Housing Agency that was under investigation!

I **URGE** Inglewood residents to down load the State Treasurer Betty Yee's Internal Control System report for the city. The conclusion page provides the essence of the report for the city. Controller Yee's report SUPPORTS in its entirety the financial information I have been providing to residents and council for the past six months. I provided the same information to Mayor Butts, council, City Attorney Kenneth Campos, and City Manager Artie Fields. It simply feel on death ears for the past two and half years. I met with Council members Dotson and Franklin in December 2019 to bring to their attention my financial concerns and to discuss the city's CAFR and Budget. Councilmen Morales and Padilla didn't met with me.

I also **URGE** Inglewood Residents to Read the following articles that provides additional SUPPORT of what your City Treasurer is saying about the true health of our city.

1. State Senator John Moorlach, former Orange County Supervisor. When he ran for Orange County Supervisor, he predicted the bankruptcy of Orange County's \$1.7 Billion portfolio!
Article: Daily Breeze 05/27/2019. 10 cities were identified as poor debt managers. INGLEWOOD IS ONE OF THEM!

2. City Manager Rick Cole quits Santa Monica telling the city to get REAL
April 22, 2020 Pasadena Star News. Rick Cole is one of the most knowledgeable, experienced, and capable city managers in the country.

5. **NEGATIVE INTERNAL CONTROL EVALUATION BY STATE CONTROLLER BETTY YEE**

California State Controller Betty Yee conclusions were as follows regarding the financial internal controls for the City of Inglewood:

1. Mayor and City Council expenditures substantially higher than comparable cities.
2. Lack of individualized justification for executives bonuses.
3. Lack of proper and accurate accounting for fixed assets.
4. Outdated administrative policies and procedures manuals.
5. Lack of active oversight of city vehicles usage.
6. Failure to comply with policies for General Fund minimum balance.

Yvonne Horton, City Clerk, please include this Treasurer Report as part of your documents for July 7th and 14th city council meetings. Mayor Butts has barred me from speaking as Treasurer, has removed bench seating for the Treasurer, and deactivated my badge to get to the 9th floor council chambers. He is fearful of my telling the financial truth about the city.

Wanda M. Brown
Inglewood City Treasurer

Treasurer Report July 7 & 14

