

OFFICE OF THE CITY TREASURER

Treasurer Report

December 31, 2020

SUBJECTS - (1) State of City Address - Self Promoting Victory Lap
(2) Important Financial Information not given in State of City Address

DISCUSSION:

I received several calls asking if I watched the virtual State of City Address. I replied I was out of town. The caller stated that there was little financial information regarding the City's current financial health not provided, other than a RESERVE balance of \$57 million.

I listened to the address and the caller was correct. Other than \$57 million-dollar reserve, COVID 19 information, City bond ratings, and City history and development from 1922 to 2020, no information was provided by the mayor pertaining to current financial health of the City. The RESERVE balance of \$57 million includes LAIF (Local Agency Investment Fund) balances, investment accounts balances managed by the Treasurer, and other fund sources. The RESERVED fund must be retained for sick pay, vacation pay, workers compensation, and general liability payments. The mayor failed to mention this is NOT a savings account that can be spent at will! RESERVE balance must legally be maintained to meet specific needs mentioned. The general fund must also comply with policy requirements for policy minimal balance. The City violated that requirement according to State Controller Betty Yee in their May 2020 Internal Control System evaluation for the City. The report was unfavorable.

FINANCIAL HEALTH OF THE CITY 2020 - NOT ADDRESSED:

Total General Liability Claims paid by the City exceeds \$10,000,000, and Workers Compensation claims exceeds, \$3,700,000, and Insurance Premiums Paid for FY19/20 and 3 months into FY 20/21 exceeds \$7,000,000! The City issued \$102,000,000 of new Pension Obligations Bonds (POB) bringing the total bond indebtedness that exceeds \$531,000,000. An article entitled Pension Obligation Bonds Won't Solve the Pension Crisis, November 2020, stated "POB helped put Stockton and San Bernardino into BANKRUPTCY. The fuse on the pension bomb is always longer than the term of the politicians who set the flame to it." State Controller, Betty Yee, released their report regarding Internal Control System evaluation, May 2020, for Inglewood cited 8 deficiencies. The first deficiency cited was, the mayor and city council expenditures were substantially higher than those of comparable cities. Second deficiency, executives' bonuses that exceeded \$263,000 approved by the mayor and council were unjustified. A plan to reduce long term debt that exceeds \$531,000,000 and the negative unrestricted fund balance that exceeds \$475,000,000 composed of pension benefits retired employee medical costs was not addressed. When the two numbers are added the amount exceeds \$1,000,000,000, yes one billion dollars! A plan to reduce General Liability and Workers Compensation Claims was not addressed. \$53,000 paid for Moody's rating.

TEN BILLION DOLLARS BY 2024?!

The mayor didn't address the source of 10 billion dollars he predicted "will pump 10 billion worth of revenue into the City by 2024" in an interview with Tony Saavedra, January 17, 2020 regarding his article, why these 4 Southern California cities were called out for Debt Management Troubles. Inglewood was listed as the 5th city with Debt Management Problems by State Senator John Moorlach, who predicted the bankruptcy of Orange County when he was a candidate for Orange County Treasurer. According to Moody's the new NFL stadium will generate between \$18 and \$25 million per year over the next 25 to 30 years. If \$25 million is multiplied by 100 years, that equals \$2.5 billion. The \$10 billion dollars predicted by Mayor Butts to be pumped into the City by 2024 is Pure Pie in The Sky Fantasy!

DECLINING REVENUES... BUT INCREASE SPENDING:

The financial health of the City has been deteriorating for the past 10 years. The mayor objected to my reporting and said the information I was provided was not accurate. The mayor had to finally admit that my reporting was factual after meeting with various unions. The City is in fact operating in deficit positions This Fiscal Year and in the Current Budget for **\$15,000,000** and **\$12,000,000**, with projected Deficits for the next Five years! The deficits may be larger and the projected deficits may be longer. In my last report. 12-8-2020, the negative unrestricted fund balance exceeds **\$475,000,000** and the total bond debt issued exceeds **\$531,000,000**, and when both numbers are added, the total exceeds one billion dollars, **\$1,000,000,000!**

STATE OF CITY ADDRESS - SELF PROMOTING VICTORY LAP

A number of callers agreed that the historical information, sports addition to the City, Youth Philharmonic, etc information provided by the mayor was his way of taking credit for how he saved Inglewood, with a follow up front page article in the Sentinel weekly newspaper that was paid to be distributed throughout parts of the City with high voter turnout. The paper is seldom distributed throughout the City, and a large stack of the Sentinel are left at City Hall along with other local free papers for anyone to take a copy. The City has expended more than \$270,000 in advertising support to Inglewood Today that has provided financial support that has kept that local throw away free newspaper from going belly up. None other than Mayor Butts appear on its front paper with many complimentary articles one might easily conclude were written by him about himself.

COVID 19 TEST RESULTS:

According to Bill Gates who predicted 51 years ago, the next attack would not be a war, but some kind of virus. He has also said the current mass provided COVID 19 testing are "completely garbage" in August 2020, and "truly a sad thing" in October 2020. I've had COVID 19 tests performed by hospital professionals and by my personal physician. The test when properly done is very uncomfortable and somewhat painful to get a reliable sample for test analysis. Thousands of residents and others have taken the self administered COVID 19 test at the Forum where they were handed a kit to perform their own test, were possibly provided with false negative results, if the test stick in the kit provided was not extended far enough in their nostril to get a valid sample for testing to determine if positive or negative. Inglewood has 7,834 cases and 130 deaths per L.A. County Public Health Agency, as of 12/28.

THE CITY IS FACING THESE CLAIMS AND OTHERS:

The City is still faced with cost of automobile accident where Mayor Butts ran a **RED** light, totaled the vehicle a young mother and her young child occupied, knocked a policeman in a pool of water whereby the helmet he was wearing saved his life, and of course, the City own vehicle the mayor was driving was totaled. The City has paid **\$7,500** for the female driver car totaled by the mayor. That part of the claim was quietly paid through claims review committee where the public would not be informed. The injured police officer claim for injuries sustained in the accident cause by Mayor Butts must be added. Then too, the **\$12,000,000** claim filed by Mayor Butts former Executive Assistant Melanie Mc Dade for wrongful termination, stalking, harassment, and an array of other charges remains open. Unfortunately, there are other claims.

The City is blessed with new fabulous NFL Stadium, Youth Philharmonic, Girls Scouts of America, and Clippers proposed new stadium and move to the City, and the upcoming sports events, and the Olympics. 30 acres of the land that the NFL Stadium venue sits was acquired by Wal-Mart during the administration of former Mayor Roosevelt Dorn greatly facilitated the new NFL Stadium becoming a reality for the City!

I WANT TO WISH EVERY ONE A HAPPY AND PROSPEROUS NEW YEAR, USE ALL MEASURES TO BE SAFE, AND A SPECIAL THANK YOU FOR ALL YOUR PRAYERS FOR MY RECOVERY FROM BREAST CANCER! GOD IS TRULY GOOD!!!

Wanda M. Brown
Inglewood City Treasurer