



# Media Statement

For Immediate Release

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## Statement Regarding California State Auditor's Updated Dashboard

**Montebello, CA** – City of Montebello is disappointed by the recent update published by the California State Auditor to its financial information posted online in its California cities dashboard report. The financial data contained in this dashboard report is highly selective and dates from two fiscal years ago. The information does not reflect the substantial changes in Montebello's current financial health and budget turnaround.

There is significant financial detail and context missing from this dashboard summary and it does not accurately reflect the fact the City of Montebello has achieved a balanced budget, has received substantial COVID-19 financial assistance from federal funding, and has alleviated its pension fund burden and increased local sales tax revenue through the adoption of Measure H. It is unfortunate that this out-of-date dashboard creates a disservice to the public due to its negative context – and in some instances - erroneous financial data.

Of the ten red areas contained in the [State Auditors dashboard](#), the following specifically require additional context and understanding:

- **General Fund Reserves** – The City has and maintains adequate General Fund reserves, exceeding the level recommended by the Government Finance Officers Association (GFOA). The FY 2019-20 General Fund balance of \$9.448 million was 17% of expenditures. This amount includes all reserves, not just “unrestricted,” as categorized on the State Auditor's Dashboard. The City's reserves have averaged 22% of expenditures over the last ten years – exceeding GFOA's recommended 15% level.
- **Debt Burden** – The City has various outstanding debt issues that were used historically for projects including: rehabilitation of our downtown area, municipal golf course improvements, creation of affordable housing, constructing a new Police Headquarters, Paving the Way street improvements, and rehabilitation of historic Taylor Ranch Park. The City pays its annual debt service on time and has sufficient revenue to continue paying its debt obligations. Montebello's debt is backed by former redevelopment area property tax revenues and other similar secure revenue streams.



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- **Liquidity** – The City has strong liquidity, which is misrepresented in the State Auditor dashboard. As of June 30, 2021, the City had access to \$59.061 million in cash – all having immediate liquidity. This amount represents thirty times (30x) the amount necessary to pay the City’s weekly payroll and bills.
- **Pension Obligations** – The City completely extinguished its unfunded liability by issuing \$153.4 million in pension obligation bonds (POBs) in May, 2020. The City’s voter approved pension override property tax provides more than enough revenue to address all ongoing and long-term pension obligations. The State Auditor’s dashboard omitted the fact this dedicated source of revenue exists. Furthermore, this property tax override can only be used to address pension related costs.
- **Pension Costs** – The State Auditors data in this section is inaccurate. The amounts referenced date back two fiscal years and do not account for the elimination of the City’s unfunded liability by the issuance of pension obligation bonds. The City’s actual pension contributions – according to data from CalPERS – amount is \$4.4 million, \$10 million less than the number presented by the State Auditor.
- **OPEB Funding** – The City is exploring the establishment of a trust which would address its long-term OPEB liability. The higher priority was addressing pension liabilities, which was accomplished in June of 2020.

Montebello has made tremendous progress to achieve a balanced budget and implement cost efficiencies, issued \$152 million in pension obligation bonds which eliminated our unfunded liabilities thereby reducing future expenditures to CalPERS with no impact to the City’s general fund, had its outlook rating from the S&P Global Ratings report improved from “negative” to “stable” and its A+ credit rating affirmed, and was awarded a Distinguished Budget Presentation recognition by the Government Finance Officers Association this past July.

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