

# Montebello balances its 2012-13 budget, will end this year with \$560,000 surplus

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MONTEBELLO - After being on the brink of fiscal insolvency this time last year, city officials have turned things around in Montebello by producing a balanced budget with a small surplus.

The City Council on Tuesday held a 2012-13 fiscal year budget workshop, where several department heads described the cuts they've made to achieve a balanced budget that will result in a modest \$75,000 surplus.

"This is not an ideal budget," said Interim City Administrator and Finance Director Francesca Tucker-Schuyler said. "Is it adequate? It probably isn't. But is it a balanced budget? Absolutely ... and we will be pressing forward."

The 2012-13 fiscal year, which begins July 1, includes \$44,494,000 in projected revenues and \$44,420,000 in expenditures.

Montebello is expected to begin the fiscal year with a cash balance of \$10.14 million - which includes \$8.4 million borrowed from its self-insurance fund that is used to pay for lawsuits and other liability issues - and end it with \$10.2 million.

Financial estimates show that the current fiscal year will end with a nearly \$560,000 surplus.

"This was done without layoffs and furloughs and hopefully that will continue in the year," Councilman Bill Molinari said. "It's not where we'd like to be, but it's certainly a very competent achievement given the circumstances."

Last year it was revealed that Montebello had no reserves and had been deficit-spending since 2008. The city's financial practices led to investigations from multiple agencies, including from the state Controller's Office and the U.S. Department of Housing.

Montebello's general fund at one point was so short on cash that city staff had to resort to borrowing money from the city's self-insurance fund to make payroll.

The city's financial recovery plan calls for officials to balance the budget every year.

At a budget review session last month, officials projected that the next fiscal year would have a \$3 million shortfall.

To help narrow the gap, several departments, but especially the Parks and Recreation Department, have made cuts to some services.

Norma Salinas, director of Municipal Services, is proposing to cut several outside contracts and vendors that provide class instruction and other services; eliminate recreational activities at the skate park and most teen programs. She also proposed cutting the youth commission because the assigned members rarely attend.

Cuts will not drastically affect either the Montebello Police or Fire Departments, officials said.

To contain costs, the Montebello Police Department is keeping vacant spots unfilled, using \$350,000 in asset forfeiture funds to pay for overtime costs and has negotiated new contracts with personnel.

But also helping to increase revenues were increased tax revenue, including sales and property taxes, compared to previous years. License fees and permits revenue also increased.

Molinari said other revenue-generators, like new big box businesses and retailers, are also essential.

"There's reason to be optimistic that the city has good bones and a solid economic base," Molinari said. "It's important to maintain a positive outlook and positive image for our city as a good place to invest."

Tucker-Schuyler said she plans on analyzing revenues and expenditures every quarter with department heads "so that we can conserve as much as we can to the extent that we can so we can anticipate the fiscal year 2012-13 as well as 2013-14."

The final fiscal package will go before the council for approval on June 13.

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