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## City of Blythe

### *Inadequate Planning and Other Ineffective Management Practices Hinder Its Ability to Provide Needed Services to Its Residents*

#### Summary

Our audit of the city of Blythe revealed that the city continues to face significant risks related to its financial and operational management. Despite having sustained budget cuts and some increased revenue over the past several fiscal years to improve its financial condition, years of operating at a deficit have left it with insufficient reserves to carry the city through an economic downturn. Further, it has a number of significant funding needs but does not have a long-term financial plan, and its management practices have created operational risks.



- 2019 Population: Over 19,000
- 2019 Median Income: \$45,000
- 2019 Unemployment Rate: 4%

#### Key Risks

Blythe has not sufficiently resolved its continued financial weakness and must address deficiencies.

- Its reserve balance has improved over the years but is still half of recommended levels. Despite a recent local sales tax approved by voters, a sustained weak economy could easily wipe out the small reserve.
- Although it regularly produces a balanced budget, it has no clear plan for guiding its long-term decision-making and will likely need additional resources for its pension burden and to cover future public safety needs.
- It has a high residential vacancy rate and numerous vacant commercial buildings, which not only reduce potential tax revenue but create public safety risks related to crime and fires.

Blythe's planning deficiencies and other inadequate city management and oversight practices have created operational risks.

- It has long supported financially struggling city services that should be self-supporting, such as its golf course and trash collection, by subsidizing those services with general funds.
- Until recently, its fees had not been sufficient to cover the cost of providing city services and certain utilities. For example, the city's water utility experienced significant multiyear deficits before adjusting rates to cover the costs of services.
- City management relies heavily on a long-standing staff member and institutional knowledge rather than sufficient contract management protocols, which puts it at risk of fraud and waste.

#### Key Recommendations | *Blythe should do the following:*

- Develop a five-year strategic plan to address long-term financial and operational challenges by taking steps to build its reserves, pay debt, and reduce public safety risks.
- Require staff to update the city's rates and fees periodically to ensure that it is recovering the cost of providing services.
- Address the risks associated with its high vacancy rate and seek grants to support its efforts.
- Ensure stability in administrative oversight by immediately taking steps to hire a permanent city manager.
- Develop a system for tracking and monitoring contracts to reduce the susceptibility to waste, fraud, and improper payments.