



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Approve Revised 2005-06 Budget document pages

**MEETING DATE:** March 1, 2006

**PREPARED BY:** James R. Krueger, Deputy City Manager

**RECOMMENDED ACTION:** That City Council approve Revised 2005-06 Budget document pages

**BACKGROUND INFORMATION:** City Council adopted the 2005-06 Budget in June 2005. The budget document that was prepared to incorporate the approved budget includes a section showing the Changes to fund balances. Within that portion of the budget document are inadvertent mathematical errors. The attached Exhibit A shows the revised amounts that correct the mathematical errors and in addition show the actual Beginning Fund Balance amounts as stated in the Comprehensive Annual Financial Report for June 30, 2005. The pages reflect the corrections for inadvertent mathematical errors on the fund balance pages of the budget document (pages 188-195). These corrections do not change the estimated ending balances, but allow for a correct accounting of all of the elements (beginning balances, net revenues **less** expenditures and ending balances) comprising the changes in fund balance for all City Funds.

Staff would like to schedule a mid-year budget review for the March 15, 2006 City Council agenda. At that time we will discuss all of the proposed adjustments to budget. At this time we do have the following adjustments, which will be proposed to City Council on March 15, 2006:

- 1) **General Fund-** Total budgeted expenditures should be decreased by \$500,000 from the amount stated in the adopted budget to reflect the reduction in the transfer amount from the Electric Utility Fund for services provided. This budget adjustment will not affect the ending fund balance because there are sufficient cost savings to offset the reduced revenues. The expected ending fund balance will be \$1,507,000 (a slight decrease from the amount in the adopted budget of \$1,565,000).
- 2) **Electric Utility Fund-** Budgeted expenditures should be increased by a net amount of \$543,000 from the amount stated in the adopted budget. This is a netting of three different items, which include an estimated bulk power purchase cost increase of \$2,867,000, a reduction of the transfer to the General Fund of \$500,000 and a reduction in other operating costs of \$1,824,000. The increased revenues from the rate increase approved by City Council in November 2005 will provide approximately \$5,000,000 in additional revenues and the net result is that the Fund Balance is expected to be \$3,340,000 (the ending fund balance in the adopted budget is a deficit of \$2,198,000).

APPROVED:   
Blair King, City Manager

- 3) **Water Fund-** Budgeted expenditures should be increased by \$52,800 from the amount stated in the budget to pay for the cost of services transfer from the General Fund Departments (mostly Public Works) that had been originally scheduled to be paid from the Street Fund. This adjustment is a reallocation of the cost of services transfer from the Street Fund to the Water, Wastewater and Capital Outlay funds. This will result in a reduction of the estimated ending fund balance for this fund.
- 4) **Wastewater Fund-** Budgeted expenditures should be increased by \$30,800 to pay for the cost of services transfer from the General Fund Departments (mostly Public Works) that had been originally scheduled to be paid from the Street Fund. This adjustment is a reallocation of the cost of services transfer from the Street Fund to the Water, Wastewater and Capital Outlay funds. This will result in a reduction of the estimated ending fund balance for this fund.
- 5) **Capital Outlay Fund-** Budgeted expenditures should be increased by \$139,100 to pay for the cost of services transfer from the General Fund Departments (mostly Public Works) that had been originally scheduled to be paid from the Street Fund. This adjustment is a reallocation of the cost of services transfer from the Street Fund to the Water, Wastewater and Capital Outlay funds. This will result in a reduction of the estimated ending fund balance for this fund.
- 6) **Street Fund-** Budgeted expenditures should be decreased by \$222,700 to reflect the relocation of the cost of services transfers to the Water, Wastewater and Capital Outlay funds. This will result in an increase in the estimated ending fund balance for this fund.

The analysis and resulting resolution to be presented on March 1 will include other funds and budget items as well as the above. In addition to the correction of the mathematical errors, another column has been added to show the effect of the budget adjustments as per above and to show the actual fund balances from the City of Lodi Comprehensive Annual Financial Report for June 30, 2005.

**FISCAL IMPACT:** The fiscal effect of the adjustments is incorporated within the explanations above.

**FUNDING:** None required.

  
James R. Krueger, Deputy City Manager

EXHIBIT A

Budget and Financial Plan 2005-06

Changes In Fond Balance-REVISED 2-15-06

Fund	Account	2002-03 Actual	2003-04 Actual
General	<b>Beginning Fund Balance Unreserved</b>	2,133,753	639,652
	Beginning Fund Balance (Reserved/Designated)		292,350
	Revenues	34,622,979	36,022,164
	Expenditures	~6,171,174	(36,360,624)
	Year-end Audit Adjustments/Other	346,442	229,940
	Net Difference	(1,201,753)	(108,520)
	Fund Balances (Net Assets) for 6/30/03 & 6/30/04 Stated on GAAP BASIS	Ending Fund Balance (Reserved/Designated)	292,350
	Ending Fund Balance Unreserved	639,652	156,650
<hr/>			
Electric	Beginning Fund Balance (Cash) <b>Unreserved</b>	2,423,175	771,588
	Beginning Fund Balance (Reserved/Designated)		
	Revenues	55,847,482	56,347,148
	Expenditures	(56,378,751)	(58,081,094)
	Year-end Audit Adjustments/Other	(1,120,318)	7,309,445
	Net Difference	(1,651,587)	5,575,499
	Fund Balance is not stated in accordance with GAAP, which would be on a net asset basis rather than on a cash basis	Ending Fund Balance (Reserved/Designated)	
	Ending Fond Balance (Cash) Unreserved	771,588	6,347,087
<hr/>			
Wastewater	Beginning Fund Balance (Cash) Unreserved	0	769,770
	Beginning Fund Balance (Reserved/Designated)		
	Revenues	7,516,956	7,273,756
	Expenditures	(6,534,310)	(13,528,529)
	Year-end Audit Adjustments/Other	(212,876)	10,053,928
	Net Difference	769,770	3,799,155
	Fund Balance is not stated in accordance with GAAP, which would be on a net asset basis rather than on a cash basis	Ending Fund Balance (Reserved/Designated)	
	Ending Fund Balance (Cash) Unreserved	769,770	4,568,923
<hr/>			
Water	Beginning Fund Balance (Cash) Unreserved	133,848	292,301
	Beginning Fund Balance (Reserved/Designated)		
	Revenues	9,147,257	7,436,511
	Expenditures	(10,604,441)	(7,658,574)
	Year-end Audit Adjustments/Other	1,615,637	1,371,993
	Net Difference	158,453	1,149,930
	Fond Balance is not stated in accordance with GAAP, which would be on a net asset basis rather than on a cash basis	Ending Fund Balance (Reserved/Designated)	
	Ending Fund Balance (Cash) Unreserved	292,301	1,442,231

**EXHIBIT A**

Budget and Financial Plan 2005-06  
Changes In Fund Balance-REVISED 2-15-06

Updated with  
Actual  
Beginning  
Balances

<b>Fund</b>	<b>Account</b>	<b>2004-05 Budget</b>	<b>2005-06 Budget</b>	<b>2005-06 Budget</b>	
<b>General</b>	Beginning Fund Balance Unreserved	1,771,903	1,565,087	1,506,926	
	Beginning Fund Balance (Reserved/Designated)		353,578	488,246	
	<b>Revenues</b>	38,312,734	43,824,372	43,824,372	
	<b>Expenditures</b>	(39,338,957)	(43,824,372)	(43,824,372)	
	Year-end Audit Adjustments/Other	1,444,340	0	0	
	Net Difference	418,117	0	0	
	Fund Balances (Net Assets) for 6/30/03 & 6/30/04 Stated on GAAP BASIS	Ending Fund Balance (Reserved/Designated)		353,578	488,246
		Ending Fund Balance Unreserved	2,190,020	1,565,087	1,506,926
	<hr/>				
	<b>Electric</b>	Beginning Fund Balance (Cash) Unreserved	2,721,119	3,698,483	4,896,603
Beginning Fund Balance (Reserved/Designated)			2,400,000	2,572,434	
<b>Revenues</b>		53,831,275	56,754,253	56,754,253	
<b>Expenditures</b>		(62,283,101)	(65,040,494)	(65,040,494)	
Year-end Audit Adjustments/Other		8,088,756			
Net Difference		(363,070)	(8,286,241)	(8,286,241)	
Fund Balance is not stated in accordance with GAAP, which would be on a net asset basis rather than on a cash basis	Ending Fund Balance (Reserved/Designated)			2,572,434	
	Ending Fund Balance (Cash) Unreserved	2,358,049	(2,187,758)	(3,389,638)	
<hr/>					
<b>Wastewater</b>	Beginning Fund Balance (Cash) Unreserved	4,428,215	2,105,679	584,922	
	Beginning Fund Balance (Reserved/Designated)		758,660	1,688,947	
	<b>Revenues</b>	9,425,360	15,242,150	15,242,150	
	<b>Expenditures</b>	(22,196,564)	(17,057,771)	(17,057,771)	
	Year-end Audit Adjustments/Other	11,115,564	0		
	Net Difference	(1,655,640)	(1,815,621)	(1,815,621)	
	Fund Balance is not stated in accordance with GAAP, which would be on a net asset basis rather than on a cash basis	Ending Fund Balance (Reserved/Designated)	2,169,850	605,160	1,688,947
		Ending Fund Balance (Cash) Unreserved	602,725	443,558	(1,230,699)
	<hr/>				
	<b>Water</b>	Beginning Fund Balance (Cash) Unreserved	755,040	760,107	1,300,001
Beginning Fund Balance (Reserved/Designated)			1,196,307	0	
<b>Revenues</b>		8,446,385	8,888,019	8,888,019	
<b>Expenditures</b>		(9,273,895)	(8,068,069)	(8,068,069)	
Year-end Audit Adjustments/Other		81,667			
Net Difference		(745,843)	819,950	819,950	
Fund Balance is not stated in accordance with GAAP, which would be on a net asset basis rather than on a cash basis		Ending Fund Balance (Reserved/Designated)		1,165,807	1,165,807
		Ending Fund Balance (Cash) Unreserved	9,397	1,119,947	1,954,234

**EXHIBIT A**

**Budget and Financial Plan 2005-06**

**Changes In Fond Balance-REVISED 2-15-06**

<b>Fund</b>	<b>Account</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>
<b>Library</b>			
	<b>Beginning Fund Balance Unreserved</b>	527,244	634,706
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	<b>Revenues</b>	1,487,447	1,567,113
	<b>Expenditures</b>	(1,216,098)	(1,301,598)
	<b>Year-end Audit Adjustments/Other</b>	(163,887)	(270,715)
	<b>Net Difference</b>	107,462	(5,200)
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>		
	<b>Ending Fond Balance Unreserved</b>	634,706	629,506
<b>Capital Outlay</b>			
	<b>Beginning Fund Balance Unreserved</b>	19,281,498	6,928,836
	<b>Beginning Fund Balance (Reserved/Designated)</b>		5,244,919
	<b>Revenues</b>	4,904,218	3,803,029
	<b>Expenditures</b>	(13,509,012)	(9,285,877)
	<b>Year-end Audit Adjustments/Other</b>	1,497,051	(575,765)
	<b>Net Difference</b>	(7,107,743)	(6,058,613)
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>	5,244,919	1,187,448
	<b>Ending Fond Balance Unreserved</b>	6,928,836	4,927,694
<b>Communnity Development Nor fund created as part of 2005-06 proposed budget</b>			
	<b>Beginning Fund Balance Unreserved</b>		
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	<b>Revenues</b>	1,239,699	1,617,041
	<b>Expenditures</b>	(1,447,381)	(1,471,460)
	<b>Year-end Audit Adjustments/Other</b>	207,682	
	<b>Net Difference</b>	0	0
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fond Balance (Reserved/Designated)</b>		
	<b>Ending Fund Balance Unreserved</b>	0	0
<b>Community Development Block Grant</b>			
	<b>Beginning Fund Balance Unreserved</b>	0	0
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	<b>Revenues</b>	849,671	1,077,190
	<b>Expenditures</b>	(849,671)	(815,617)
	<b>Year-end Audit Adjustments/Other</b>	0	(261,573)
	<b>Net Difference</b>	0	0
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>		
	<b>Ending Fund Balance Unreserved</b>	0	0

**EXHIBIT A**

Budget and Financial Plan 2005-06

Changes In Fund Balance-REVISED 2-15-06

Updated with  
**Actual**  
**Beginning**  
**Balances**

<b>Fund</b>	<b>Account</b>	<b>2004-05 Budget</b>	<b>2005-06 Budget</b>	<b>2005-06 Budget</b>
Library	Beginning Fund Balance Unreserved	667,281	757,574	697,158
	Beginning Fund Balance (Reserved/Designated)			0
	Revenues	1,483,695	1,455,565	1,455,565
	Expenditures	(1,484,540)	(1,594,596)	(1,594,596)
	Year-end Audit Adjustments/Other	43,051	0	0
	Net Difference	42,206	(139,031)	(139,031)
Fund Balances (Net Assets) for 6/30/03 & 6/30/04 Stated on GAAPBASIS	Ending Fund Balance (Reserved/Designated)			
	Ending Fund Balance Unreserved	709,487	618,543	558,127
Capital Outlay	Beginning Fund Balance Unreserved	12,120,221	3,059,161	5,649,770
	Beginning Fund Balance (Reserved/Designated)		1,679,480	974,842
	Revenues	3,523,880	1,443,568	1,443,568
	Expenditures	(3,408,101)	(1,182,836)	(1,182,836)
	Year-end Audit Adjustments/Other	(671,375)	0	0
	Net Difference	(555,596)	260,732	260,732
Fund Balances (Net Assets) for 6/30/03 & 6/30/04 Stated on GAAP BASIS	Ending Fund Balance (Reserved/Designated)	1,679,480	1,679,480	974,842
	Ending Fund Balance Unreserved	9,885,145	3,319,893	5,910,502
Community Development New fund created as part of 200566 proposed bndgst	Beginning Fund Balance Unreserved			
	Beginning Fund Balance (Reserved/Designated)			
	Revenues	1,121,230	1,964,680	1,964,680
	Expenditures	(1,809,713)	(1,964,680)	(1,964,680)
	Year-end Audit Adjustments/Other	688,483	0	0
	Net Difference	0	0	0
Fund Balances (Net Assets) for 6/30/03 & 6/30/04 Stated on GAAP BASIS	Ending Fund Balance (Reserved/Designated)			
	Ending Fund Balance Unreserved	0	0	0
Community Development Block Grant	Beginning Fund Balance Unreserved	0	0	0
	Beginning Fund Balance (Reserved/Designated)			
	Revenues	1,089,110	815,000	815,000
	Expenditures	(2,241,573)	(150,000)	(150,000)
	Year-end Audit Adjustments/Other	1,152,463	0	0
	Net Difference	0	665,000	665,000
Fund Balances (Net Assets) for 6/30/03 & 6/30/04 Stated on GAAPBASIS	Ending Fund Balance (Reserved/Designated)			
	Ending Fund Balance Unreserved	0	665,000	665,000

**EXHIBIT A**

Budget and Financial Plan 2005-06

Change in Fund Balance-REVISED 2-15-06

<b>Fund</b>	<b>Account</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>
<b>Employee Benefits</b>	<b>Beginning Fund Balance Unreserved</b>		
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	Revenues	4,305,895	4,192,434
	Expenditures	(3,907,191)	(4,491,086)
	Year-end Audit Adjustments/Other	(398,704)	298,652
	<b>Net Difference</b>	<u>0</u>	<u>0</u>
	<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 are consolidated with all other funds and are not presented in GAAP basis reports</b>	<b>Ending Fund Balance (Reserved/Designated)</b>	<b>0</b>
	<b>Ending Fund Balance Unreserved</b>	<b>0</b>	<b>0</b>
<hr/>			
<b>Vehicle and Equipment Replacement</b>	<b>Beginning Fund Balance Unreserved</b>	<b>724,862</b>	<b>75,947</b>
	<b>Beginning Fund Balance (Reserved/Designated)</b>		94,074
	Revenues	50,710	44,203
	Expenditures	(605,551)	(172,156)
	Year-end Audit Adjustments/Other	0	330,000
	<b>Net Difference</b>	<u>(554,841)</u>	<u>202,047</u>
	<b>Food Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>	<b>94,074</b>
	<b>Ending Fund Balance Unreserved</b>	<b>75,947</b>	<b>370,784</b>
<hr/>			
<b>Self Insurance</b>	<b>Beginning Fund Balance Unreserved</b>	<b>978,977</b>	<b>761,114</b>
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	Revenues	1,858,019	3,192,065
	Expenditures	(2,194,384)	(2,496,898)
	Year-end Audit Adjustments/Other	118,502	107,701
	<b>Net Difference</b>	<u>(217,863)</u>	<u>802,868</u>
		<b>Ending Fund Balance (Reserved/Designated)</b>	<b>761,114</b>
	<b>Ending Fund Balance Unreserved</b>	<b>761,114</b>	<b>1,563,982</b>
<hr/>			
<b>Public Safety Special Revenue</b>	<b>Beginning Fund Balance Unreserved</b>	<b>368,890</b>	<b>388,567</b>
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	Revenues	370,143	189,537
	Expenditures	(360,358)	(227,304)
	Year-end Audit Adjustments/Other	9,892	0
	<b>Net Difference</b>	<u>19,677</u>	<u>(38,767)</u>
	<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>	<b>388,567</b>
	<b>Ending Fund Balance Unreserved</b>	<b>388,567</b>	<b>349,800</b>
<hr/>			
<b>Streets</b>	<b>Beginning Fund Balance Unreserved</b>	<b>2,430,962</b>	<b>1,927,136</b>
	<b>Beginning Fund Balance (Reserved/Designated)</b>		1,084,660
	Revenues	4,869,205	5,063,653
	Expenditures	(4,384,267)	(5,447,143)
	Year-end Audit Adjustments/Other	95,896	91,667
	<b>Net Difference</b>	<u>580,834</u>	<u>(291,823)</u>
	<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>	<b>1,084,660</b>
	<b>Ending Fund Balance Unreserved</b>	<b>1,927,136</b>	<b>161,126</b>

**EXHIBIT A**

Budget and Financial Plan 2005-06

**Changes In Fund Balance-REVISED 2-15-06**

Updated with  
Actual  
Beginning  
Balances

<b>Fund</b>	<b>Account</b>	<b>2004-05 Budget</b>	<b>2005-06 Budget</b>	<b>2005-06 Budget</b>
<b>Employee Benefits</b>	<b>Beginning Fund Balance Unreserved</b>	(127,313)	0	0
	<b>Beginning Fund Balance (Reserved/Designated)</b>			
	Revenues	5,286,463	6,241,794	6,241,794
	Expenditures	(5,159,150)	(5,993,099)	(5,993,099)
	Year-end Audit Adjustments/Other	0		
	<b>Net Difference</b>	<b>127,313</b>	<b>248,695</b>	<b>248,695</b>
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 are consolidated with all other funds and are not presented in GAAP basis reports</b>	<b>Ending Fund Balance (Reserved/Designated)</b>			
	<b>Ending Fund Balance Unreserved</b>	<b>0</b>	<b>248,695</b>	<b>248,695</b>
<hr/>				
<b>Vehicle and Equipment Replacement</b>	<b>Beginning Fund Balance Unreserved</b>	220,637	50,000	150,175
	<b>Beginning Fund Balance (Reserved/Designated)</b>			2,141
	Revenues	375,000	193,500	193,500
	Expenditures	(376,614)	(145,000)	(145,000)
	Year-end Audit Adjustments/Other	21,114	0	0
	<b>Net Difference</b>	<b>19,500</b>	<b>48,500</b>	<b>48,500</b>
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>			2,141
	<b>Ending Fund Balance Unreserved</b>	<b>240,137</b>	<b>98,500</b>	<b>198,675</b>
<hr/>				
<b>Self Insurance</b>	<b>Beginning Fund Balance Unreserved</b>			0
	<b>Beginning Fund Balance (Reserved/Designated)</b>	1,565,784	2,920,165	3,261,419
	Revenues	2,781,480	2,565,905	2,565,905
	Expenditures	(2,732,000)	(2,921,137)	(2,921,137)
	Year-end Audit Adjustments/Other	0	0	0
	<b>Net Difference</b>	<b>49,480</b>	<b>(355,232)</b>	<b>(355,232)</b>
<b>Ending Fund Balance (Reserved/Designated)</b>	<b>1,615,264</b>	<b>2,564,933</b>	<b>2,906,187</b>	
	<b>Ending Fund Balance Unreserved</b>	<b>0</b>	<b>0</b>	<b>0</b>
<hr/>				
<b>Public Safety Special Revenue</b>	<b>Beginning Fund Balance Unreserved</b>	388,566	276,876	283,516
	<b>Beginning Fund Balance (Reserved/Designated)</b>			
	Revenues			
	Expenditures			
	Year-end Audit Adjustments/Other	(388,566)	(276,876)	(276,876)
	<b>Net Difference</b>	<b>(388,566)</b>	<b>(276,876)</b>	<b>(276,876)</b>
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>			6,640
	<b>Ending Fund Balance Unreserved</b>	<b>0</b>	<b>0</b>	<b>0</b>
<hr/>				
<b>Streets</b>	<b>Beginning Fund Balance Unreserved</b>	2,576,187	3,712,746	1,009,182
	<b>Beginning Fund Balance (Reserved/Designated)</b>			3,965,554
	Revenues	10,723,155	8,087,000	8,087,000
	Expenditures	(14,267,002)	(5,545,036)	(5,545,036)
	Year-end Audit Adjustments/Other	3,058,845	0	0
	<b>Net Difference</b>	<b>(485,002)</b>	<b>2,541,964</b>	<b>2,541,964</b>
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>			3,965,554
	<b>Ending Fund Balance Unreserved</b>	<b>2,091,185</b>	<b>6,254,710</b>	<b>3,531,146</b>

**EXHIBIT A**

Budget and Financial Plan 2005-06

Changes In Fund Balance-REVISED 2-15-06

Fund	Account	2002-03 Actual	2003-04 Actual
<hr/>			
Transit	<b>Beginning Fund Balance (Cash) Unreserved</b>	0	0
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	<b>Revenues</b>	3,866,006	4,176,016
	<b>Expenditures</b>	(7,565,346)	14,001,583
	<b>Year-end Audit Adjustments/Other</b>	3,699,340	(174,433)
	<b>Net Difference</b>	<u>0</u>	<u>0</u>
	<b>Ending Fund Balance (Reserved/Designated)</b>		
<b>Ending Fund Balance (Cash) Unreserved</b>	0	0	
<hr/>			
Transportation Development Act	<b>Beginning Fund Balance Unreserved</b>	372,897	6,384
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	<b>Revenues</b>	38,911	39,865
	<b>Expenditures</b>	(405,424)	(6,451)
	<b>Year-end Audit Adjustments/Other</b>	0	0
	<b>Net Difference</b>	<u>(366,513)</u>	<u>33,414</u>
	<b>Ending Fund Balance (Reserved/Designated)</b>		
<b>Ending Fund Balance Unreserved</b>	6,384	39,798	
<hr/>			
Fund Balances (Net Assets) for 6/30/03 & 6/30/04 Stated on GAAP BASIS	<b>Ending Fund Balance (Reserved/Designated)</b>		
	<b>Ending Fund Balance Unreserved</b>	6,384	39,798
<hr/>			
Trust and Agency	<b>Beginning Fund Balance Unreserved</b>	1,061,574	628,840
	<b>Beginning Fund Balance (Reserved/Designated)</b>		545,772
	<b>Revenues</b>	210,579	239,664
	<b>Expenditures</b>	(274,770)	(388,610)
	<b>Year-end Audit Adjustments/Other</b>	177,229	(123,347)
	<b>Net Difference</b>	<u>113,038</u>	<u>(272,293)</u>
	<b>Ending Fund Balance (Reserved/Designated)</b>		557,866
<b>Ending Fund Balance Unreserved</b>	628,840	344,453	
<hr/>			
Debt Service	<b>Beginning Fund Balance Unreserved</b>		
	<b>Beginning Fund Balance (Reserved/Designated)</b>		
	<b>Revenues</b>	1,950,040	1,775,837
	<b>Expenditures</b>	(1,950,040)	(1,775,837)
	<b>Year-end Audit Adjustments/Other</b>	0	0
	<b>Net Difference</b>	<u>0</u>	<u>0</u>
	<b>Ending Fund Balance (Reserved/Designated)</b>		
<b>Ending Fund Balance Unreserved</b>	0	0	
<hr/>			
Total all Revenues			
Total all Expenditures			
Net Difference			

**EXHIBIT A**

**Budget and Financial Plan 2005-06**  
**Changes In Fund Balance-REVISED 2-15-06**

Updated with  
Actual  
Beginning  
Balances

<b>Fund</b>	<b>Account</b>	<b>2004-05 Budget</b>	<b>2005-06 Budget</b>	<b>2005-06 Budget</b>
<b>Transit</b>	<b>Beginning Fund Balance (Cash) Unreserved</b>	<b>(109,625)</b>	<b>0</b>	<b>230,355</b>
	<b>Beginning Fund Balance (Reserved/Designated)</b>			<b>0</b>
	<b>Revenues</b>	3,270,169	3,880,360	3,880,360
	<b>Expenditures</b>	(3,340,625)	(3,873,892)	(3,873,892)
	<b>Year-end Audit Adjustments/Other</b>	180,081		
	<b>Net Difference</b>	<b>109,625</b>	6,468	6,468
<b>Fund Balance is not stated in accordance with GAAP, which would be on a net asset basis rather than on a cash basis</b>	<b>Ending Fund Balance (Reserved/Designated)</b>			
	<b>Ending Fund Balance (Cash) Unreserved</b>	<b>0</b>	<b>6,468</b>	<b>236,823</b>
<b>Transportation Development Art</b>	<b>Beginning Fund Balance Unreserved</b>	<b>187,390</b>	<b>35,399</b>	<b>107,229</b>
	<b>Beginning Fund Balance (Reserved/Designated)</b>			<b>1,680</b>
	<b>Revenues</b>	39,367	39,900	39,900
	<b>Expenditures</b>	(66,156)	0	0
	<b>Year-end Audit Adjustments/Other</b>	26,789	0	0
	<b>Net Difference</b>	<b>0</b>	<b>39,900</b>	<b>39,900</b>
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>			<b>1,680</b>
	<b>Ending Fund Balance Unreserved</b>	<b>187,390</b>	<b>75,299</b>	<b>147,129</b>
<b>Trust and Agency</b>	<b>Beginning Fund Balance Unreserved</b>	<b>937,372</b>	<b>350,000</b>	<b>448,588</b>
	<b>Beginning Fund Balance (Reserved/Designated)</b>		<b>550,000</b>	<b>694,327</b>
	<b>Revenues</b>	231,784	331,086	331,086
	<b>Expenditures</b>	(196,005)	0	0
	<b>Year-end Audit Adjustments/Other</b>	(64,784)		
	<b>Net Difference</b>	<b>(29,005)</b>	<b>331,086</b>	<b>331,086</b>
<b>Fund Balances (Net Assets) for 6/30/03 &amp; 6/30/04 Stated on GAAP BASIS</b>	<b>Ending Fund Balance (Reserved/Designated)</b>			<b>694,327</b>
	<b>Ending Fund Balance Unreserved</b>	<b>908,367</b>	<b>1,231,086</b>	<b>779,674</b>
<b>Debt Service</b>	<b>Beginning Fund Balance Unreserved</b>			
	<b>Beginning Fund Balance (Reserved/Designated)</b>			
	<b>Revenues</b>	1,776,094	1,772,478	1,772,478
	<b>Expenditures</b>	(1,776,094)	(1,772,478)	(1,772,478)
	<b>Year-end Audit Adjustments/Other</b>	<b>0</b>		
	<b>Net Difference</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Ending Fund Balance (Reserved/Designated)</b>			
	<b>Ending Fund Balance Unreserved</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total all Revenues</b>		<b>153,499,630</b>	<b>153,499,630</b>
	<b>Total all Expenditures</b>		<b>(159,133,460)</b>	<b>(159,133,460)</b>
	<b>Net Difference</b>		<b>(5,633,830)</b>	<b>(5,633,830)</b>

K-1

**Susan Blackston**

**From:** Jim Reeves [reevesgen@yahoo.com]  
**Sent:** Wednesday, March 01, 2006 2:38 PM  
**To:** JoAnne Mounce - External; andrewa@lodinews.com  
**Cc:** Jerry Adams; John Beckman; Blair King; Susan Blackston; Jennifer Bonnet; dflynn@inreach.com; Richard Hanner; Larry Hansen; Susan Hitchcock; Jeff Hood; Emily Howard - External; Jason; Bob Johnson; Jim Kruger; Keith Land; JoAnne Mounce; Richard Prima; Steve Schwabauer; Alan Vallow; Bob Wheeler  
**Subject:** Re: The Financial Reports March 1 Council Meeting

JoAnne

If this were complicated I would be glad to meet with you but it is very simple. Go to pages 148 and 151 of the budget you approved in June. Look at the columns under 2004-05 in the Accounting Services of the Finance Department and the Revenue Services of the Finance Department. The numbers do not add. For instance in the Accounting Services it shows a total of 8. If you add the numbers it is 7. What is the correct number. There are lots of errors like this throughout the budget. Who's checking? Your Finance Director, Jim Kruger.

Now if you look at the annual financial report which you adopted last month. I hope it is correct Your auditor's looked at it. In the statistical section of the report start on page 93. Divide the 2004-05 number (\$54,755) by the 1995-96 number (\$28,606). The answer is 1.914. Which means that revenues increased 91% in the last 10 years. Do the same for pages 94, 95 and 112. You can interpret the results yourself.

JoAnne Mounce <jmounce@lodicitycouncil.com> wrote:

Jim,

I really believe that the first step to resolving your concerns is for you to be willing to meet with the City's Accounting Manager, the City Manager, and myself to address the issues you continue to email me regarding. It makes it very hard for me to help you strictly via the Internet. Please call me on my cell # at 747-0381, so that I can make arrangements to meet you.

I look forward to hearing from you.

Jo Anne

Jim Reeves <reevesgen@yahoo.com> wrote:

The City Council has a problem and has not figured it out. They approved a budget in June, they are changing it in March and it is still wrong. Item K-1 on the agenda for tonight says: "correct the mathematical errors". This budget is full of math errors. Go page pages 148 and 151 of the budget. Look at the section titled: "Staffing Summary". Look at the column 2004-05. Add the numbers. Both are wrong and this is in the Finance Department. Kruger's won Department and he can't get it right. So what do you think the rest of the budget looks like?

Now go to item K-2 and the Annual Financial Report for the year ending June 30, 2005 just approved by the City Council. It shows on page 93 that General Government revenues rose 91% from 1996 to 2005.

It shows on page 94 that General Government Expenditures rose 83%. Is that right? Revenue increased faster than expenditures. Yes taxes did not keep up but that is not all the revenue the city receives for general government. Look at "Inter-Government Revenues on page 93. They rose 343%. Part of this is from the State for the City's property tax.

Yes the City of Lodi has a problem. And the problem is the ability to solve problems and prepare accurate financial reports

---

From: Jim Reeves [reevesgen@yahoo.com]

Sent: Wednesday, March 01, 2006 2:40 PM

To: JoAnne Mounce - External; andrewa@lodinews.com

Cc: Jerry Adams; John Beckman; Blair King; Susan Blackston; Jennifer Bonnet; dflynn@inreach.com; Richard Hanner; Larry Hansen; Susan Hitchcock; Jeff Hood; Emily Howard - External; Jason; Bob Johnson; Jim Kruger; Keith Land; JoAnne Mounce; Richard Prima; Steve Schwabauer; Alan Vallow; Bob Wheeler

Subject: Re: The Financial Reports March 1 Council Meeting

My point on item K-1 is, if the Finance Director can't add up the numbers for his own department correctly how can you expect him to get anything else correct?

And his fund balance projections are still wrong. I'll give you the errors on that one step at a time.

---

From: Jim Reeves [reevesgen@yahoo.com]

Sent: Wednesday, March 01, 2006 2:46 PM

To: JoAnne Mounce - External; andrewa@lodinews.com

Cc: Jerry Adams; John Beckman; Blair King; Susan Blackston; Jennifer Bonnet; dflynn@inreach.com; Richard Hanner; Larry Hansen; Susan Hitchcock; Jeff Hood; Emily Howard - External; Jason; Bob Johnson; Jim Kruger; Keith Land; JoAnne Mounce; Richard Prima; Steve Schwabauer; Alan Vallow; Bob Wheeler

Subject: Re: The Financial Reports March 1 Council Meeting

One last point. Your Finance Director did not even put a personnel summary in the budget so there is no way to check out the numbers in item K-2. The city has always included a personnel summary. So this is a fact: Your Finance Department and your Personnel Department have two different sets of numbers and they don't agree. That is why Kruger left it out. When they fired Narloch, they lost the institutional knowledge to pull it together. **THIS IS A REAL MESS. SO HANG IN THERE.**

---

From: Jim Reeves [reevesgen@yahoo.com]

Sent: Wednesday, March 01, 2006 2:51 PM

To: JoAnne Mounce - External; andrewa@lodinews.com

Cc: Jerry Adams; John Beckman; Blair King; Susan Blackston; Jennifer Bonnet; dflynn@inreach.com; Richard Hanner; Larry Hansen; Susan Hitchcock; Jeff Hood; Emily Howard - External; Jason; Bob Johnson; Jim Kruger; Keith Land; JoAnne Mounce; Richard Prima; Steve Schwabauer; Alan Vallow; Bob Wheeler

Subject: Re: The Financial Reports March 1 Council Meeting

And this may not be important to you and you can blow it off. But let me assure you that the rating agencies will not blow it off and your rating which continues to go down will get down to the **JUNK BOND** level. I intend to bring this to their attention, if you can't get this budget and reports correct.

**NOTE: The following blue sheet items were presented at the meeting of 2/15/06, at which this subject matter was subsequently pulled from the agenda.**

K-4

**Susan Blackston**

---

**From:** Susan Blackston  
**Sent:** Tuesday, February 14, 2006 5:02 PM  
**To:** 'Jim Reeves'  
**cc:** City Council; Blair King  
**Subject:** RE: The Budget Is Still Wrong  
Dear Mr. Reeves:

This reply is to confirm that your message was received by the City Clerks Office and each member of the City Council. In addition, by copy of this e-mail, we have forwarded your message to the City Manager for informational purposes.

s/ Susan J. Blackston, City Clerk

-----Original Message-----

**From:** Jim Reeves [mailto:reevesgen@yahoo.com]  
**Sent:** Tuesday, February 14, 2006 4:57 PM  
**To:** John Beckman; Larry Hansen; Susan Hitchcock; JoAnne Mounce  
**Cc:** Jerry Adams; [andrewa@lodinews.com](mailto:andrewa@lodinews.com); Susan Blackston; Jennifer Bonnet; [dflynn@inreach.com](mailto:dflynn@inreach.com); Richard Hanner; Jeff Hood; Emily Howard - External; Jason; Jim Kruger; Keith Land; Richard Prima; Steve Schwabauer; Alan Vallow; Bob Wheeler  
**Subject:** The Budget Is Still Wrong

Your Finance Director just can't seem to get it right. Are you sure he is qualified. I don't believe there has been as bad a budget since Jerry Glen prepared the budget. Look at the agenda report he has given you for February 15th.

Now look at each fund and look at the balance at the bottom for each year. The ending balance for one year should be the beginning balance for the next year. Just simple accounting. Let's get it straight guys. You look like a bunch of idiots. As I said earlier, maybe you should turn finances over to Roseville or Tracy. They seem to get it. You stick to the social issues, wine and entertainment. You know...cultural affairs. I believe Hitchcock understands that.

---

Brings words and photos together (easily) with  
PhotoMail - it's free and works with Yahoo! Mail.

K-4

**Susan Blackston**

---

**From:** Susan Blackston  
**Sent:** Wednesday, February 15, 2006 2:15 PM  
**To:** 'Jim Reeves'  
**Cc:** City Council  
**Subject:** RE: Agenda - Budget Item K-4  
Dear Mr. Reeves.

This reply is to confirm that your message was received by the City Clerks Office and each member of the City Council

/s/ Susan J. Blackston, City Clerk

-----Original Message-----

**From:** Jim Reeves [mailto:reevesgen@yahoo.com]  
**Sent:** Wednesday, February 15, 2006 2:11 PM  
**To:** andrewa@lodinews.com; Jennifer Bonnet; Richard Hanner; Susan Hitchcock; Jim Kruger; JoAnne Mounce; Blair King  
**Cc:** John Beckman; Susan Blackston; dflynn@inreach.com; Larry Hansen; Jeff Hood; Emily Howard - External; Jason; Bob Johnson; Keith Land; Richard Prima; Steve Schwabauer; Alan Vallow; Bob Wheeler  
**Subject:** Agenda - Budget Item K-4

Just in case you did not understand what I tried to convey last night. Go to item K-4 on the agenda for the City Council Meeting Wednesday night February 15, 2006.

Kruger starts out saying: "The attached Exhibit A shows the revised amounts that correct the mathematical errors and in addition show the actual Beginning Fund Balance amounts as stated in the Comprehensive Annual Financial for June 30, 2003"

Kruger does not know what he is doing and the City Council appear to be incapable of checking the report. I believe I can demonstrate that he has manipulated the numbers to confirm the story that the city has a financial problem.

So go to page 352 in Exhibit A. It also shows the page number in the budget as page 188. In the Electric Fund the Beginning Fund Balance for 2002-03 is \$2,423,175 and the Ending Fund Balance is \$771,588. In 2003 it shows the Beginning Fund Balance as \$771,588 and the ending fund balance as \$6,347,087. So far, so good. Now look at the Beginning Fund Balance in 2004-05. It says it is \$2,721,119. Wrong! It must be the same balance as the ending fund balance from the prior year of \$6,347,087. This means that \$3,625,968 is missing. What did Kruger do with the money? What did Hitchcock do with the money.

Now if you check all funds you will see that Kruger is consistent in making this mistake in every fund and that there is some missing money. Hitchcock with a degree in Finance from Sac State and years of working experience in a bank should have caught this the first time. And Joanne Mounce who is the "Controller" for a CPA firm should have caught this.

Now let's look at the second issue. Look at the Electric Fund under Year End Audit Adjustments. In 2002-03, Kruger subtracts \$1,120,318, in 2003-04 he adds \$7,309,445, and 2004-05 he adds \$8,088,756. I think he is trying to show the difference in the budget from year to year. Wrong, the difference is automatically corrected when you report actual revenues and actual expenditures. When he became Finance Director he probably went back to check prior year history. Prior year numbers are normally shown as actual and not budget. He doesn't seem to know this. Check with any other City. They will tell you the same thing.

However, he is consistent in applying this practice to each fund.

There are some additional errors in his numbers but I am going to save them for June 30,2006 when they will become super obvious and then let the voters of Lodi know what a great job the City Council is doing in overseeing their money.

---

Yahoo! Mail

Use Photomail to share photos without annoying attachments.