



April 15, 2013

Re; Summary of FY 2012-2013 Supplemental Budget

Community Members of Oakridge
City of Oakridge City Council
City of Oakridge Staff

I would like to take this opportunity to present the FY 2012-2013 Supplemental Budget. When Interim City Administrator Robert DeLong completed the FY 2012-2013 Budget, it was completed without completed audits. It is difficult to complete a budget without accurate historical data needed to make reasonable projections. The CDBG Grant for the Oakridge Library and some donations for the Library had not been included in the FY 12-13 Budget. As we all know appropriated funds must be approved.

The Auditor and the Forensic Auditor both identified that there were funds that had negative fund balances when the budget was adopted. There was evidence of comingling of funds without proper authorization. I cannot fully determine if general fund was supporting the enterprise funds or the enterprise funds carrying the general fund. Money was spent without proper authorization.

The Forensic Auditor Tiffany Couch discovered a number of irregularities as she reviewed the City's finances:

- The City's operating budget for (2012) appeared to falsely inflate expected City revenue.
- The City's operating budget planned for the expenditure of 100% of the City's resources.
- Prior year budgets falsely inflated beginning fund balances, giving the impression that the City had more resources than actual.
- There had been no analysis or review of budget to actual reports to ensure that City funds were being properly managed.
- As a result of expenditures exceeding revenues, the City Administrator approved the transfer of 100% of the City's reserve cash balance (i.e. "rainy day fund") to cover current year operating expenditures.

As stated previously, without the audits the City continued to spend blindly. The 2009 Audit was received in 2011. The Auditors were not able to render an opinion due to the City's inability to provide the documentation needed to perform an audit. Due to the lack of information the Auditors would not render an opinion. Resolutions required to spend general fund money on non-general fund expenditures were never presented to the City Council.

After the collapse of the Cities Financial System, it was necessary to pay out large sums of vacation and retirement liability. We also had to pay exorbitant amounts of money to complete multiple audits. All of these activities continued to aggravate the negative fund balances that were not discovered until all the audits were completed from previous years.

Administrative Overhead adjustments were made at an average rate of 16 to 18 percent as we were attempting to mitigate the negative fund balances. Additional administrative overhead was required to close the gap and help mitigate the expenditures of comingled funds. This supplemental budget can be the catalyst needed for the City to rebound and thrive again. Discussion with the council was to mitigate the debt as soon as possible. In June 2011, the city was near bankruptcy. We were not solvent. The City's Department heads have been watching their spending and only spending on needs versus wants. It is our goal to continue to watch our spending and to be good stewards of the community's funds.

The City had to expend an extremely large amount of money approximately \$175,000 plus that was not allocated, to bring in consultants and other professionals to account for the cities financial position. The expenditure of these funds was drastic but necessary in an attempt to balance the cities budget. Now is our opportunity to work through the negative fund balances and put the city on the path to solvency.

Due to the gross mismanagement of the Cities funds by the previous administration, this conduct placed us in the same position as if we had been struck by a natural disaster crippling city operations. These events have forced us to fight our way out of a dire situation. This would necessitate an unorthodox methodology towards achieving self reliance and the growth of the city financially.

The City Recorder with the help of a consultant CPA, have been able to fix our software issues and we are able to track our funds more effectively/efficiently. Each day our internal controls and systems for managing the City's funds are improving. The staff has direct involvement with the elected officials in regards to financial management of the City. We are able to reconcile our bank accounts with our financial software and produce an accurate report in regards to cash on hand on a daily basis.

This supplemental budget would allow the city to construct its FY 13-14 budget without any outstanding negative fund balances. I know that my course of action is unusual but imperative if the city is to heal financially. I want to thank everyone on the behalf of the City for all your support.

Respectfully



Louis Gomez

City Administrator

A public hearing on a proposed supplemental budget for the City of Oakridge for the fiscal year July 1, 2012 to June 30, 2013 will be held at the Oakridge City Hall Council Chambers, 48318 E. 1st St Oakridge, Oregon. The hearing will take place on Thursday, April 25, 2013 at 7:00 pm. The purpose of the hearing is to discuss the supplemental budget with interested persons. A copy of the supplemental budget document may be inspected on or after April 16, 2013 at the Oakridge City Hall office (address above) between the hours of 8:00 am and 5:00 pm. The proposed budget can also be viewed on the Cities Web Site at WWW.CI.OAKRIDGE.OR.US

The City of Oakridge did not appropriate the funds needed to complete the Oakridge City Library. Further due to the FY 12-13 budget being completed with incomplete Audits and financials there were numerous changes that needed to be made to the FY 12-13 budget. The Street fund and the Water Fund each picked up a beginning fund balance that had not been appropriated. The original FY 12-13 Budget total was \$5,333,537. The FY 12-13 Supplemental Budget total is \$6,972,453.

General Fund FY 12-13 \$1,986,730	General Fund FY 12-13 Supplemental Budget \$2,916,911
Street Fund FY 12-13 \$324,000	Street Fund FY 12-13 Supplemental Budget \$727,262
EMS Fund FY 12-13 \$912,000	EMS Fund FY 12-13 Supplemental Budget \$1,086,651
EMS Fund Equip/Pers Fund FY 12-13 Supplemental Budget \$66,000	
Agency Fund FY 12-13 \$2,000	Agency Fund FY 12-13 Supplemental Budget \$97,420
Water Bond Fund FY 12-13 \$10.00	Water Bond Fund FY 12-13 Supplemental Budget \$120,693
Oakridge Ind Park FY 12-13 \$251,050	Oakridge Ind Park FY 12-13 Supplemental Budget \$87,373
Fire Station Bond FY 12-13 \$65,200	Fire Station Bond FY 12-13 Supplemental Budget \$84,530
Water Fund FY 12-13 \$798,904	Water Fund 12-13 Supplemental Budget \$1,102,309
Storm Water Fund FY 12-13 \$24,000	Storm Water Fund FT 12-13 Supplemental Budget \$38,795

This is a summary of the funds that are required to be adjusted for the FY 12-13 Supplemental Budget.

City of Oakridge, Oregon
 Supplemental Budget: FY12-13

	General Fund	
	revised FY12-13	original FY12-13
Beginning Fund Balance (Deficit)	(165,629)	-
Current Resources:		
General	2,791,703	1,986,730
Parks*	290,837	-
Total Current Resources	3,082,540	1,986,730
Total Resources	2,916,911	1,986,730
Requirements:		
Administrative	1,309,774	1,074,711
Agency Programs	58,000	59,000
Police	662,869	705,883
Parks*	290,837	-
Library	492,981	49,773
WAC	28,450	23,200
Muni Court	74,000	74,163
Non-departmental		-
Total Requirements	2,916,911	1,986,730
Budgeted Ending Fund Balance (Deficit)	-	(0)

* budgeted as separate fund; consolidated to General Fund on 7/1/12

BUDGET SUMMARY

General Fund	2,916,911
Street Fund	727,262
Emergency Services Fund	1,086,651
Public Safety Equipment Res	16,000
Fourth Paramedic Donor Fund	50,000
911 Fund Closed Out	-
Woodstove Replacement Fund	8,696
Agency Fund	97,420
Parks Project Fund Closed Out	-
Water Bond Fund	120,693
OIP Fund	83,733
Waste Water Bond Fund	104,131
Fire Station Bond Fund	84,530
Unemp. Fund Closed Out	-
Water Fund	1,102,309
Waste Water Fund	535,322
Stormwater Fund	38,795
Total City Requirements	6,972,453

City of Oakridge, Oregon
 Reconciliation - Budgeted Transfers In/Out
 Supplemental Budget: FY12-13

	In	Out
General Fund	35,308	(527,874)
Street Fund	-	(2,000)
Emergency Services Fund	420,128	-
9-1-1 Fund	25,285	-
Agency Fund	2,000	(85,308)
Parks Projects Fund (separate fund)	57,690	-
WW Bond Fund	88,275	-
Unemployment Fund	74,771	-
Wastewater Fund	-	(88,275)
	<u>703,457</u>	<u>(703,457)</u>

Admin Overhead Reconciliation
 FY12-13

	In	Out
General Fund	263,849	-
Street Fund		(55,000)
Emergency Services Fund		-
OIP Fund		-
Water Fund		(153,849)
Wastewater Fund		(55,000)
Stormwater Fund		-
	<u>263,849</u>	<u>(263,849)</u>

Summary of FY 12-13 Supplemental Budget

General Fund Resources Page 1 and 2

FY 12-13 Budget GF FY 12-13 Supplemental Budget GF

1,986,730 2,916,911

The primary increases to the resources were from the increase of Franchise Fees Line 16. I doubled the amount of revenues from 144,000 to 285,000. At the time that I was typing this there has already been \$205,000 collected in this line. I believe this to be reasonable.

There was also an increase in line 19 of \$5,000.00 changing the library donation line from \$6,500 to \$11,500.

Line 33 OCDBG Library Grant was added due to not being originally budgeted during the FY 12-13 Budget Process in the amount of \$440,000.

I would like everyone to remember that I am also trying to mitigate the deficit of a total of three audits, which brought forward a large negative fund balance. I want the Community to start FY 13-14 without a negative fund balance and this budget can do that for us. We will continue to insure that we only spend what is necessary. At present the General Fund appears as if it will have an ending fund balance of between \$200,000 and \$300,000, which is imperative if we are going to make it until the City receives its Property Taxes.

GF Administration Page 3 & 4

Line 5 I reduced the Administrator salary down to actual between now and June 30, 2013.

Line 6 I reduced the City Recorder salary down to actual between now and June 30, 2013.

Line 10 is a onetime payment to resolve the revocation of the water benefit that was given to department heads in lieu of salary increases. The benefit was terminated in September 2011. This onetime payment covers the period of September 11 through April 2013. You will see a similar payment in the Police Budget and the Water Budget. You will also see a \$75.00 to \$100.00 increase in salary for the Administrator, Public Works Superintendent and the Police Communications Sergeant to stay in keeping of the original agreement.

Line 14I added an Overtime Line with \$500.00 for office staff

Line 21 I am adding an additional \$52,000 to cover the additional audits and the CPA assistance from Summer Sears. I am doing this by using contingency funds and LGIP funds one time only.

Line 30 I increased the City Attorney Line by \$4,000 due to the ongoing litigation

Line 33 I reduced the Election Line Item to \$1,000

Line 41 through 45

These lines consist of fund transfers due to deficits and to make some of the funds whole. As you can see this is another area that has strained the General Fund. By relieving the debt from the General Fund as soon as we can this gives us an opportunity, to actually get into a position where the City can start saving money for Capital Projects, Rolling Stock and Personnel. I did not list every change in this part of the budget. I outlined the major changes.

GF Agency Funds Page 5

Line 4 I increased the RTMP line by \$2,000

Line 5 I decreased the Professional Services Line by \$3,000

Any changes that have been made is for the purpose of balancing the GF

GF Police Page 6,7,8

Page 6

Line 6 Employee Allowance. Onetime payment as explained previously.

Line 7 I reduced the Deputy Chief salary down to actual between now and June 30, 2013

Page 7

No significant changes made on page 7

Page 8

Line 7 Public Safety Assessment reduced to \$4,000 and moved to Line 22 page 7

Line 8 Transfer Unemployment Fund moved from line 8 page 8 to line 41 page 4

GF Parks Page 9

The parks fund was its own fund through FY 11-12. In FY 12-13 it became part of the General Fund.

GF Library Page 10

Line 26 New Library line was increased to \$440,000 due to not being on the original budget

Line 27 Donations acquisitions was increased by 11,000 from original budget. I only highlighted the major changes.

GF Willamette Activity Center Page 11

Line 11M&S added \$800.00

Line 13Tvl & Tng added \$800.00

Line 14 Bldg Maint added \$4,000.00

Line 16 Reduced Property taxes by \$350.00

Line 18 New total Expenditure \$28,450.00

GF Municipal Court Page 11

Line 2 reduced Payroll Taxes by \$3.00

Line 21 reduced transfer to unemployment account by \$160.00

Line 28 New total Expenditure \$74,000

Street Fund Resources Page 12

Line 2 Added \$438,132 as a beginning fund balance in the Street Fund

Line 8 Reduced Lane Electric Franchise Fee line from \$40,000 to \$5,000

Line 49 New total Resources is \$727,262

Street Fund Expenditures Page 13

Personnel Services

Line 2 Health Insurance increased from \$4534 to \$7458 for addition of Utility Worker 1

Line 3 Payroll taxes increased from \$869 to \$1344 for addition of Utility Worker 1

Line 4 PERS of \$1334 added for addition of Utility Worker 1

Line 5 Workers Comp increased from \$674 to \$1174 for addition of Utility Worker 1

Line 10 1/3 Salary for Utility Worker 1 \$6278 added in

Line 14 VEBA increased from \$578 to \$ 953 for Utility Worker 1

Line 15 Long Term Disability increased from \$83 to \$103

Line 17 Previous Total \$26,949 New Total \$38,855

Material and Services

Line 20 M&S Reduced M&S form \$40,000 to \$35,000

Line 26 Professional Services Reduced from \$10,000 to \$7,500

Line 28 Street Repair Reduced from \$40,000 to \$35,594

Line 31 Administrative Overhead increased from \$35,190 to \$55,000

Line 32 Previous Total \$220,190 New Total \$228,094

Capital Outlay

Line 36 Street Improvements increased from \$67,000 to \$97,000

Contingency Page 14

Line 49 Contingency increased from \$7,991 to \$361,313

Total Expenditures SF \$727,262

Resources EMS Fund Page 15

Line 1 Available Cash on hand (253,937) Negative Beginning Balance

Line 4 Ambulance Service Charge increased from \$325,000 to \$350,000

Line 6 Miscellaneous Income increased from \$54,000 to \$77,460

Line 8 Added Donor Fund Line with an allocation of \$100,000 to pay down debt per City Attorney

Line 10 Fire Equipment added \$160,000 to pay for ambulance

Total Resources Previous was \$612,000 increased to \$920,460

Transfers

Line 12 Transfer from General Fund increased from \$300,000 to \$370,128

Line 13 Transfer from Agency Fund \$50,000

Total Transfers Previously \$300,000 now \$420,128

Line 15 Total Resources Previously \$912,000 now \$1,086,651

Due to the beginning negative fund balance, it was necessary to transfer funds from different areas to close the negative fund balance in the EMS fund. These funds are usually funneled through the General fund and then transferred to the EMS fund.

EMS Personal Services Page 16

Line 8 Increased the ambulance volunteer line from \$32,000 to \$42,000 due to the volunteers earning some money from the U.S. Forest Service earlier in the year.

Line 15 Increased the overtime from \$56,394 to \$66,394 to offset the cost of a temp employee, when an EMT was on sick leave.

Line 23 Previous Total \$653,977 New Total \$673,797

EMS M&S Page 17

Line 2 Tvl & Tng increased from \$5,000 to \$6,971 due to additional training for OFD between now and the end of the Fiscal Year.

Line 7 Radio Maintenance and Repairs increased from \$5,220 to \$8,680

Line 9 Building Maintenance increased from \$3,000 to \$5,000 to repair a water heater and to put in a manual switch for generator.

Line 23 Previous total \$245,423 New Total \$252,854

EMS Capital Outlay Page 18

Line 1 Ambulance an appropriation of \$160,000 for new ambulance

Line 4 New Equipment Line deducted \$2,600 from this line

EMS Fund Transfers Page 18

Line 6 Unemployment Transfer of \$10,000 was transferred to GF and taken out of the EMS Fund

Line 17 Previous Total \$912,000 New Total \$1,086,651

Equipment Reserve Fund Page 19

Line 1 Cash on Hand \$16,000 for New Ambulance future major repairs (New Reserve Fund)

Fourth Paramedic Donor fund Page 20

Line 1 Cash on Hand \$50,000 for future funding of a Paramedic (New Reserve Fund)

911 Fund Page 21

Line 1 (\$25,285) Negative Fund Balance, transferred to GF

Line 2 \$25,285 To offset negative fund balance in 911 Fund

Due to the city no longer being a PSAP this fund is being closed

Woodstove Replacement Fund Page 22

Line1 In the original budget there was nothing budgeted in this fund, due to the lack of accurate numbers. After the audits were completed there was \$8,696.00 placed in this fund.

Agency Fund Page 23

Line 1 due to not having accurate numbers or completed audits we started with a zero balance. Upon receipt of the completed audits they showed that there was a beginning fund balance of \$95,420. There was originally a \$2,000 transfer from the street fund. Total resources is \$97,420

Transfers

Line 20 \$50,000 transfer to the EMS Fund to help mitigate debt in that fund.

Line 21 \$35,308 transfer to GF with ultimate allocation to EMS to mitigate the debt in the fund

Line 24 \$12,112 Contingency for Ped and Bike paths Gas Tax funds

Total requirements is \$97,420

Parks Projects Fund Page 24 (Moved to General Fund)

Line 1 (\$57,690) Negative Fund Balance transferred to GF

Line 11 \$57,690 Transfer from General fund to offset negative fund balance

Water Bond Fund Page 25

Line 1 \$120,683 Water Bond Fund. This was not budgeted in the original budget due to inaccurate numbers and the lack of three audits. Once we received the audits we were able to account for the money in this fund. There was \$10.00 originally budgeted in this fund.

Line 9 Resources \$120,693

Line 21 \$120,693 Contingency. This money is held as part of the Water Loan Agreement.

Oakridge Industrial Park Page 26

Line 1 Reduced from Original Budget of \$200,000 to \$17, 134 Beginning Fund Balance. Once we received the audits, prior period adjustments were made and this reduced this fund to the current amount of \$17,134.

Line 5 was increased from \$1,000 to \$1,075

Line 6 Sale of Property line was increased to \$3,640.00. The money was actually going to another fund.

Line 8 OIP/DEQ Grant \$15,474 that line increased after the audits were completed. This money is to plant trees in the ponds that were recently mitigated.

Line 15 Resources Previous Total \$251,050 New Total \$87,373

OIP Expenditures Page 26 &27

Line 33 City Marketing increased to \$75.00

Line 36 OIP/DEQ Grant increased to \$15,474

Line 50 reduced from \$45,000 to 0

Line 53 Contingency reduced from \$35,000 to \$7,824

Line 55 Ending Fund Balance of \$107,050 reduced to 0. Due to AOH prior period adjustments and previous negative fund balance this line was depleted. Without good numbers and being behind three audits this is what happens.

Wastewater Bond Page 28

Line 1 Beginning Fund Balance was zero in original budget. Once we received the audits there was a beginning fund balance of \$12,216 for the FY 12-13 Supplemental Budget

Line 4 had \$3,640 dollars reduced and transferred to the OIP fund where it belonged.

Line 28 Contingency changed from \$3,640 to \$12,216

Total requirements changed from \$91,915 to \$100,491

Fire Station Bond Fund Page 29

Line 1 Beginning Fund Balance was zero in original budget. Once we received the audits there was a beginning fund balance of \$19,330 for the FY 12-13 Supplemental Budget

Line 25 No contingency was budgeted in the original budget. The \$19,330 was placed into contingency

Total Requirements changed from \$65,200 to \$84,530

Unemployment Fund Page 30

Line 1 Beginning fund Balance on Supplemental Budget is (\$74,771)

Line 2 Transfer from General fund of \$74,771 to make whole and moved to General Fund. Transfers used to be made from all city funds to the Unemployment Fund. In the supplemental budget you will see a lump sum unemployment line in the general fund.

Cumulative Law Fund Page 31 Closed

Water Fund Resources Page 32

Line 1 There was no beginning fund balance in the FY 12-13 Budget. After we received the audits there actually is a beginning fund balance of \$303,405

Line 32 Original resources for FY 12-13 Original Budget was \$798,904. New Resources on the FY 12-13 Supplemental budget is \$1,102,309

Personnel Services Page 33

Line 2 Health Insurance increased from \$56,866 to \$59,790 for addition of Utility Worker 1

Line 3 Payroll taxes increased from \$10,993 to \$11,510 for addition of Utility Worker 1

Line 4 PERS of \$25,776 increased to \$27,110 added for addition of Utility Worker 1

Line 5 Workers Comp increased from \$6,917 to \$7,417 for addition of Utility Worker 1

Line 6 Employee allowance increased for onetime payment to Public Works Superintendent

Line 10 Salary increase to make Superintendent whole

Line 14 Utility Worker 1 \$6,280 added for salary of Utility Worker 1

Line 19 Veba increased from \$7,008 to \$7,385 for Utility Worker 1

Line 20 Long Term Disability increased from \$635 to \$655

Line 21 Previous Total \$291,355 New Total \$305,158

Material and Services

Line 24 M&S Reduced from \$50,000 to \$44,868

Line 27 Office Expense reduced from \$7,000 to \$6,500

Line 36 Administrative Overhead was \$75,000 increased to \$153, 849 to help cover all the additional staff time, need of consultants and the cost of three audits. This will not be a normal occurrence.

Line 37 Payment in Lieu of Franchise fee increased from \$39,580 to \$42,000

Page 34 Water Fund

Line 42 Increased Well Field Improvements from \$5,000.00 to \$20,000 to rehab Well # 6

Line 48 Reduced the unemployment line and moved unemployment liabilities to GF

Line 56 Contingency Line increased from \$56,274 to \$263,991

Line 60 Total Requirements increased from \$798,904 to \$1,102,309

Page 35 Wastewater Fund

Line 1 Wastewater had no beginning fund balance on the original FY 12-13 Budget. Once we received the audits it showed that there was a negative fund balance of (\$14,128) in the Waste Water Fund.

Total requirements reduced from \$549,450 to \$535,322

Personnel Services Page 36

Line 2 Health Insurance increased from \$25,228 to \$28,212 for addition of Utility Worker 1

Line 3 Payroll taxes increased from \$4,777 to \$5,252 for addition of Utility Worker 1

Line 4 PERS of \$10,030 increased to \$11,364 added for addition of Utility Worker 1

Line 5 Workers Comp increased from \$2,806 to \$3,306 for addition of Utility Worker 1

Line 14 Utility Worker 1 \$6,287 added for salary of Utility Worker 1

Line 18 Veba increased from \$3,166 to \$3,541 for Utility Worker 1

Line 20 Long Term Disability increased from \$283 to \$303

Line 21 Previous total \$130,996 Increased to \$142,902

Material and Services

Line 24 M&S Reduced from \$30,000 to \$22,610

Line 26 Travel and Training reduced from \$4,000 to \$3,698

Line 30 Professional Services reduced from \$7,000 to \$5,500

Line 35 Administrative Overhead was \$43,610 increased to \$55,000 to help cover all the additional staff time, need of consultants and the cost of three audits. This will not be a normal occurrence.

Line 36 Payment in Lieu of Franchise fee increased from \$27,370 to \$30,000

Line 37 Previous Total \$202,180 increased to \$207,008

Waste Water Fund Page 37

Line 48 Unemployment fund taken out of Waste Water Fund and put under the General Fund

Line 56 Contingency reduced from \$29,104 to \$6,994

Line 60 Previous total \$549,450 decreased to \$535,322

Storm Water Fund Page 38

Line 1 There was no beginning fund balance in this fund. After we got the audits back we had a beginning fund balance of \$14,795.

Line 29 Contingency was \$1,000 and it was increased to \$15,795

Line 33 Previous Total \$24,000 increased to \$38,795

Business Development Revolving Loan Fund Page 39

Closed Out