

Proposed Budget



2011-2012

Budget Committee Members

Board of Commissioners

Al Switzer
Dennis Linthicum
Cheryl Hukill

Citizen Committee Members

Kirk Glick
Allan Craigmiles
Terrie Mumford

Budget Officer: Jason Link

KLAMATH COUNTY DRAINAGE SERVICE DISTRICT
305 MAIN STREET
KLAMATH FALLS, OREGON 97601
(541) 883-4202

Klamath County Drainage Service District
2011-2012 Budget Presentation
Table of Contents

INTRODUCTORY SECTION

Board of directors and appointed officials	i
Budget calendar	ii

BUDGET MESSAGE

Introduction	1
Revenue and Expense Overview	2
Short-Term Financial and Other Initiatives that Impact the Adopted Budget	2
Long-Term Financial and Other Matters that Impact the Adopted Budget	2
Processes Used to Develop the Budget and Organization	2
Conclusion	3
Appendix A: Fiscal Policies, Definitions & Budget Format	4

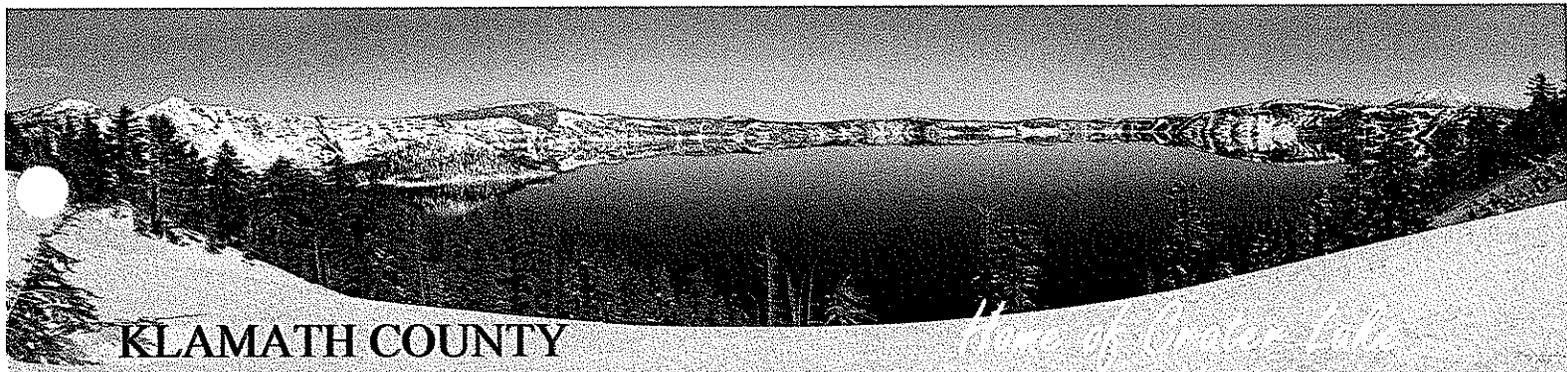
Klamath County Drainage Service District
2011-2012 Budget Presentation
Board of Directors & Appointed Officials

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>
Commissioners	Al Switzer	January 3, 2013
	Dennis Linthicum	January 3, 2015
	Cheryl Hukill	January 3, 2013

<u>Position</u>	<u>Name</u>
Managing Agent	Stan Strickland
Fiscal Manager	Jason Link

Klamath County Drainage Service District
2011-2012 Budget Presentation
Budget Calendar

Prepare Budget Documents	January through April 8, 2011
Publish First Notice of Budget Committee Meeting (5 to 30 days before meeting)	April 7, 2011
Publish Second Notice of Budget Committee Meeting (at least 5 days after first notice)	April 12, 2011
Budget Committee Meetings	April 19, 2011
Prepare Budget Summary	May 2, 2011 through June 20, 2011
Publish Budget Summary and Notice of Budget Hearing (5 to 30 days before hearing)	June 14, 2011
Public Hearing by Board of Directors	June 21, 2011
Board of Directors Adopts Budget, Makes Appropriations, Imposes Fees	June 21, 2011
Certify Fees to County Assessor	July 15, 2011



KLAMATH COUNTY

Home of Crater Lake

OREGON

FINANCE & BUDGET OFFICE

April 12, 2011

Members of the Budget Committee, Board of Commissioners, and Citizens of Klamath County:

The recommended budget for fiscal year 2011-2012 continues on the principles adopted in fiscal year 2010-2011. There are no significant changes.

Many tax districts are facing a serious financial crisis not seen in many years as a result of shrinking revenues, record-high gas and energy prices, and more recently a municipal credit crunch which is making it extremely difficult and more expensive for municipal entities to borrow money. The State is considering legislation that is affecting the resources that come to local municipal entities to provide the services that the State and Federal Government mandates. The slowdown in the economy is having a major effect on individuals and families including taxing districts.

You have the opportunity to make any revisions on how the district will utilize resources to provide programs to the residents of Klamath County. All funds are required to be balanced per ORS 294.331. A balanced budget means that revenues and expenditures match. All funds are balanced in accordance with Oregon municipal debt law.

This budget message is organized into four major categories designed to give the reader an overview of District issues, priorities, and finances. They are:

- Revenue and Expense Overview
- Short Term Financial and Other Initiatives that Impact the Recommended Budget
- Long Term Financial and Other Matters that Impact the Recommended Budget
- Processes Used to Develop the Budget and Organization

The preparation of a budget would not be possible without the hard work and contributions of many. I would like to acknowledge the efforts of the managing agent and his program manager that participated to complete this recommendation.

Revenue and Expense Overview

The District general fund revenues and expenditures are proposed at \$2,332,367. The majority of the revenue is cash carryover from the 2010-11 fiscal year dedicated dollars earmarked for system improvements generated from prior year assessments.

The District's current assessment rate is \$24 per tax lot per year. Our estimated 2011-2012 assessment revenue is \$200,000.

Short-Term Financial and Other Initiatives that Impact the Recommended Budget

The most significant issue affect the recommend budget is the replace of a 42" pipe behind Sterns Elementary School with an 84" pipe. This project is expected to cost several hundred thousand dollars. However, they are presented here as factors with a direct impact on this recommended budget.

Long-Term Financial and Other Matters that Impact the Recommended Budget

The District is in the process of developing a Water Quality Implementation Plan to address the Total Maximum Daily Load decisions by the Oregon Department of Environmental Quality. These requirements if implemented may require the District to treat water flowing through the drainage system before being released into the Klamath River.

Fiscal Policies, Definitions & Budget Format

A complete list of adopted fiscal policies that have been applied to this budget are found in Appendix A. Every effort is being made to find less expensive ways to provide quality services. The budget format is also discussed in Appendix A.

Processes Used to Develop the Budget and Organization

The Budget Committee hearing on the recommended budget will be held April 19, 2011. During the presentation and review, there will be scheduled an opportunities for public input. Budget deliberations are also scheduled for this day. All Budget Committee meetings are open to the public and public testimony is always welcome.

Following approval and publication of the Budget Committee's recommended budget, the Board of Directors is tentatively scheduled to adopt the budget on June 21, 2011. The Board of Directors also meets in public session and encourages public input. The Board of Directors is authorized to amend expenditures in the Budget Committee's approved budget up to 10 percent of any fund without reconvening the Budget Committee.

Included this material is an overview of the District, significant accomplishments in the prior year, as well as information on programs. For each program, the budget reflects a statement of purpose, mandated services,

self-imposed services, measures of effectiveness, and significant issues facing the department. Additionally, financial information is included.

The budget is adopted in an expense category budget format, although the State of Oregon requires retention of a line-item budget format.

Conclusion

As you review the budget with the managing agent, ask the Director what kind of service will be provided to the community with the funds provided, understanding there are limited resources (funds) available. Ask questions about programs and spend less time looking at individual line items. The budget is appropriated by expense category, not line items. After you review and make the desired changes to the budget, you will approve the budget. The approved budget will be published for final public hearing on Tuesday, June 21, 2011, where the Board of Directors will meet in a public session to adopt the budget. The Board of Directors are authorized to amend expenditures in the Budget Committee's approved budget, up to 10 percent of any fund, without reconvening the Budget Committee. The Board of Directors always encourages public input.

Respectfully submitted,



Jason Link, CPA
Klamath County Drainage Service District Budget Officer

Klamath County Drainage Service District
2011-2012 Budget Presentation
Appendix A – Fiscal Policies, Definitions & Budget Format

Fund Accounting

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Klamath County Drainage Service District has the following types of funds:

Proprietary Funds – These funds are used to account for a government’s business-type activities. The funds use the accrual basis of accounting. Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by an enterprise. The essential elements of the accrual accounting method include the (1) deferral of expenditures and the subsequent amortization of the deferred costs, (2) deferral of revenues until they are earned, (3) capitalization of certain expenditures and the subsequent depreciation of the capitalized costs, (4) accrual of revenues that have been earned and expenses that have been incurred. Proprietary funds applicable to the District consist of:

Enterprise Funds – An enterprise fund is established to finance and account for acquiring, operating, and maintaining facilities and services which are primarily self-supporting from external user charges and fees. It is required when one of the following criteria is satisfied: (1) the activity is financed with debt that is secured solely by the pledge of net revenues from fees and charges of the activity; (2) laws or regulations require that the activity’s costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

General Fund - 9140

This fund is the general operating fund of the District. Its largest source of revenue is assessment fees collected from property owners within the District’s boundaries.

Definitions

Beginning Fund Balance - This is a revenue classification indicating those financial resources which, because they were not expended in one fiscal year, are available in the following year. Included in this total are projects known as carry-forwards. Also included are the unappropriated ending fund balances, contingencies, reserves, and any excess revenue or under expenditures from fiscal year 2010-2011.

Capital Outlay - This is an expenditure category. This includes all material and equipment purchases costing more than \$5,000, as well as lands and buildings.

Change in Fund Balance - This is the difference between the anticipated beginning fund balance and the anticipated ending fund balance.

Debt Service - This is the payment of interest and principal on an obligation resulting from the issuance of bonds, loans or capital leases.

Ending Fund Balance - This amount represents the funds’ total unappropriated ending fund balance, reserves, and contingencies.

Expenditures - A fund liability incurred for operation, capital outlay, or their requirements, during a budgetary period.

Klamath County Drainage Service District
2011-2012 Budget Presentation
Appendix A – Fiscal Policies, Definitions & Budget Format

Materials and Services - This includes transportation, operating expenses, minor equipment purchases, data processing, maintenance and repairs, contracted services, and direct funding to non-County agencies.

Personal Services - This includes total compensation paid to employees including salaries, benefits, and payroll taxes.

Revenues - This is income for the fiscal year and includes transfers and proceeds from the sale of bonds and notes.

Unappropriated Ending Fund Balance - This is the amount set aside in the budget to be used as a cash carryover to the next year's budget. It provides the local government with cash until tax money is received from the County Treasurer in November. This amount cannot generally be transferred by resolution or used through a Supplement Budget unless there is a qualifying emergency (ORS 294.371).

Budget Format

The Klamath County Drainage Service District budget is composed of object classifications: personal services, materials and services, capital outlay, debt service, operating contingencies, and reserve for future expenditures.

Department: Klamath County
Drainage Service District

FY 2012 Proposed Budget

Department Mission:

Provide drainage of surface and storm water situated in the boundaries of the District. See attached map.

Mandated Services:

- Responsibility for the water, including the water quality, entering the 1-C drain

Department Overview:

- The Klamath County Drainage Service District (KCDS) was established in 1980 pursuant to an election held in December of 1979. This was in response to concerns expressed by the Klamath Irrigation District (KID) and the Bureau of Reclamation (BOR) regarding the quantity and quality of drainage in the suburban area. The District was activated in its present form in the early 1990's with a series of Intergovernmental Agreements (IGA's) with BOR, KID, Enterprise Irrigation District (EID) and the City of Klamath Falls.
- The KCDS has no employees. It utilizes the services of the County Road Department and EID for routine annual maintenance of drains serving the District

Successes and Challenges:

- Negotiated an Amendment to the 1992 Agreement with EID, increasing the annual payment for ditch maintenance from \$34,000 to \$51,500.

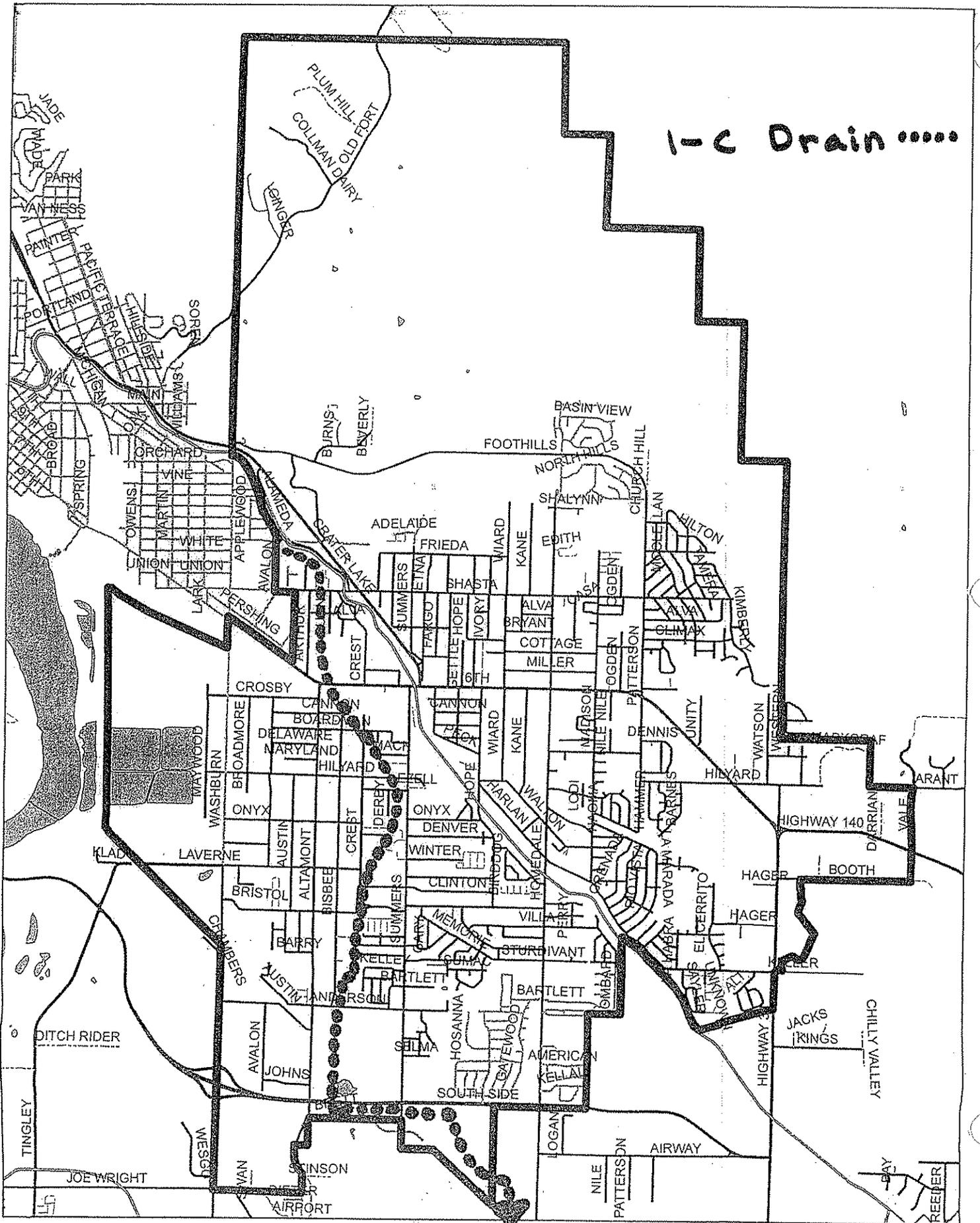
Budget Overview:

- Major Revenue: \$2 per month from each tax lot in the District
- Major Expenditures: Reimbursement to EID and the Road Department for annual maintenance

Key issues:

- Replacement of the 42" pipe behind Stearns School which carries the main stem of the 1-C Drain with an 84" pipe. We expect to start this fall after the irrigation season, and is expected to cost several hundred thousand dollars.
- The KCDS is in the process of developing a Water Quality Implementation Plan (WQIP) in accordance with the Upper Klamath and Lost River Sub-basins Total Maximum Daily Load (TMDL) as described in the Water Quality Management Plan (WQMP). The WQIP is to be submitted to the Oregon Department of Environmental Quality (DEQ) by 21 June, 2012.
- The KCDS has also submitted a Petition for Reconsideration of the TMDL to the DEQ. Cable Huston, a Portland law firm, has been retained to assist in this effort.

Klamath County Drainage Service District Boundary



Klamath County Drainage Service District
2011-2012 Budget Financial Presentation

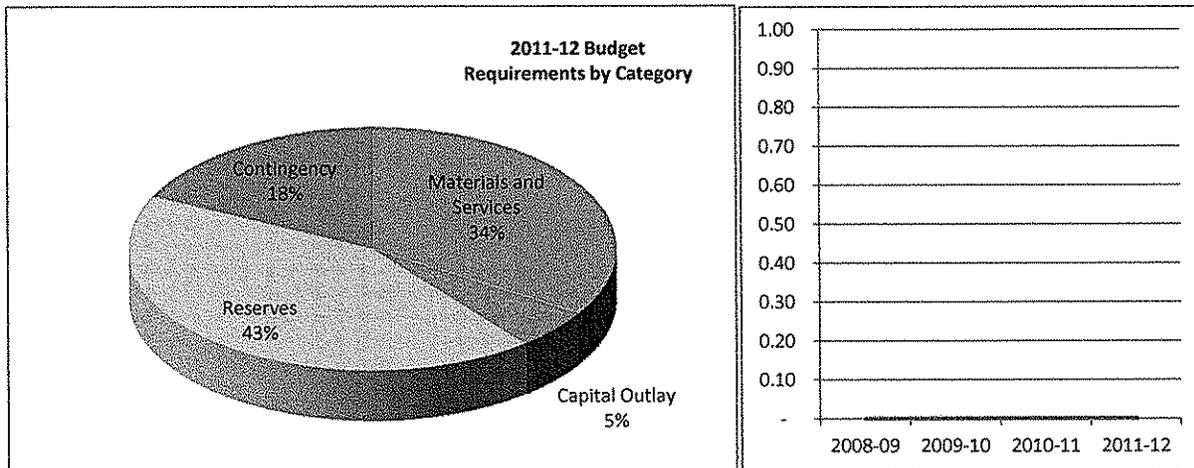
	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Budget
Requirements by Budgetary Category				
Materials and Services	-	129,263	602,000	791,500
Capital Outlay	-	-	125,000	125,000
Subtotal Current Expenditures	-	129,263	727,000	916,500
Reserves	-	-	1,005,500	1,000,000
Contingency	-	-	499,000	415,867
Unappropriated Fund Balance	-	2,138,329	-	-
Subtotal Noncurrent Expenditures	-	2,138,329	1,504,500	1,415,867
Total Requirements by Budgetary Category	-	2,267,592	2,231,500	2,332,367

Requirements by Fund				
General Fund (9140)	-	2,267,592	2,231,500	2,332,367
Total Requirements by Fund	-	2,267,592	2,231,500	2,332,367

Resources by Budgetary Category				
Licenses, Fees and Permits	-	214,906	205,000	215,567
Investment Earnings	-	33,893	16,500	16,800
Beginning Fund Balance	-	2,016,638	2,010,000	2,100,000
Total Resources by Budgetary Category	-	2,265,437	2,231,500	2,332,367

Full-Time Employee Equivalents	-	-	-	-
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Mandate	Total Cost	Personal Services	FTE
Maintenance	2,332,367	-	-
Total Mandates	2,332,367	-	-



Budget Worksheet Report

Account Number	Description	2009 Actual Amount	2010 Actual Amount	2011 Amended Budget	2012 Proposed
Fund: 9140 - Klamath Drainage (1-C)					
Revenue					
Department: 320 - Drainage					
Account Classification: LP - Licenses, Fees and Permits					
32001	Drainage Fees - Current	\$0.00	\$207,889.41	\$200,000.00	\$210,567.00
32002	Drainage Fees - Prior	\$0.00	\$7,016.59	\$5,000.00	\$5,000.00
	Account Classification Total: Licenses, Fees and Pe	\$0.00	\$214,906.00	\$205,000.00	\$215,567.00
Account Classification: IN - Interest					
39150	Investments - Interest On	\$0.00	\$33,892.73	\$16,500.00	\$16,800.00
	Account Classification Total: Interest	\$0.00	\$33,892.73	\$16,500.00	\$16,800.00
Account Classification: OT - Other					
36100	Miscellaneous	\$0.00	\$2,154.95	\$0.00	\$0.00
	Account Classification Total: Other	\$0.00	\$2,154.95	\$0.00	\$0.00
Account Classification: FB - Fund Balances					
31001	Beginning Fund Balance	\$0.00	\$2,016,637.93	\$2,010,000.00	\$2,100,000.00
	Account Classification Total: Fund Balances	\$0.00	\$2,016,637.93	\$2,010,000.00	\$2,100,000.00
	Department Total: Drainage	\$0.00	\$2,267,591.61	\$2,231,500.00	\$2,332,367.00
	Revenue Totals	\$0.00	\$2,267,591.61	\$2,231,500.00	\$2,332,367.00
	Expenses				
Department: 320 - Drainage					
Account Classification: MS - Material and Services					
44000	Travel	\$0.00	\$0.00	\$100.00	\$100.00
44055	BMP Public Education	\$0.00	\$4,996.93	\$5,000.00	\$5,000.00
44100	Supplies - Office	\$0.00	\$0.00	\$100.00	\$100.00
44200	Dues / Fees	\$0.00	\$292.44	\$4,000.00	\$4,000.00
44250	Vehicle Fuel	\$0.00	\$0.00	\$100.00	\$100.00
44285	Drainage Maintenance	\$0.00	\$98,330.50	\$345,000.00	\$100,000.00
44700	Postage	\$0.00	\$0.00	\$100.00	\$100.00
44720	Legal Notice Publish	\$0.00	\$356.02	\$500.00	\$500.00
45000	Equipment Rental / Lease	\$0.00	\$0.00	\$100.00	\$100.00
45015	Administration Fees	\$0.00	\$16,000.00	\$17,000.00	\$17,000.00
45020	Contract Services	\$0.00	\$8,897.00	\$100,000.00	\$626,500.00
45560	Weed Control Services	\$0.00	\$389.82	\$10,000.00	\$10,000.00
45570	Stormwater Monitoring	\$0.00	\$0.00	\$20,000.00	\$20,000.00

Budget Worksheet Report

Account Number	Description	2009 Actual Amount	2010 Actual Amount	2011 Amended Budget	2012 Proposed
Fund: 9140 - Klamath Drainage (1-C)					
99760	Insurance/Liability	\$0.00	\$0.00	\$100,000.00	\$8,000.00
	Account Classification Total: Material and Services	\$0.00	\$129,262.71	\$602,000.00	\$791,500.00
Account Classification: CO - Capital Outlay					
88100	Land Acquisitions	\$0.00	\$0.00	\$100,000.00	\$100,000.00
88150	Drainage Improvements	\$0.00	\$0.00	\$25,000.00	\$25,000.00
	Account Classification Total: Capital Outlay	\$0.00	\$0.00	\$125,000.00	\$125,000.00
Account Classification: IF - Interfund Transfers					
99170	Trans - Road Fund	\$0.00	\$0.00	\$0.00	\$0.00
99391	Trans - Finance	\$0.00	\$0.00	\$0.00	\$0.00
	Account Classification Total: Interfund Transfers	\$0.00	\$0.00	\$0.00	\$0.00
Account Classification: CR - Contingencies and Reserves					
99750	Operating Contingency	\$0.00	\$0.00	\$499,000.00	\$415,867.00
99980	Reserve Future Expenditures	\$0.00	\$0.00	\$1,005,500.00	\$1,000,000.00
	Account Classification Total: Contingencies and Rese	\$0.00	\$0.00	\$1,504,500.00	\$1,415,867.00
	Department Total: Drainage	\$0.00	\$0.00	\$2,231,500.00	\$2,332,367.00
Revenue Totals:					
		\$0.00	\$2,267,591.61	\$2,231,500.00	\$2,332,367.00
Expense Totals					
		\$0.00	\$129,262.71	\$2,231,500.00	\$2,332,367.00
	Fund Total: Klamath Drainage (1-C)	\$0.00	\$0.00	\$0.00	\$0.00
Revenue Grand Totals:					
		\$0.00	\$2,267,591.61	\$2,231,500.00	\$2,332,367.00
Expense Grand Totals:					
		\$0.00	\$129,262.71	\$2,231,500.00	\$2,332,367.00
Net Grand Totals:					
		\$0.00	\$0.00	\$0.00	\$0.00