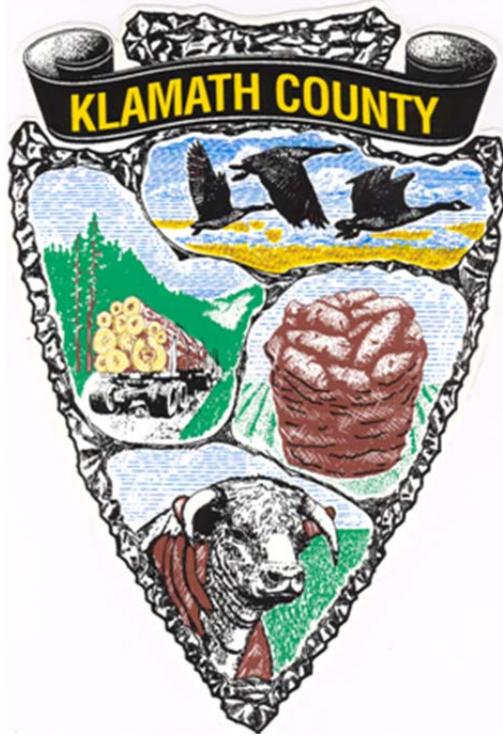


Proposed Budget



2012-2013

Budget Committee Members

Board of Commissioners

Dennis Linthicum
Cheryl Hukill
Al Switzer

Citizen Committee Members

Kirk Glick
Terrie Mumford
Allan Craigmiles

Budget Officer: Jason Link

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

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Klamath County Drainage Service District 2012-2013 Budget Presentation Table of Contents

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BUDGET MESSAGE

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GENERAL FUND

Summary Discussion
Summary Financial Information
Detail Financial Information

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Klamath County Drainage Service District
 2012-2013 Budget Presentation
 Board of Directors & Appointed Officials

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

Position	Name
Managing Agent	Stan Strickland
Fiscal Manager	Jason Link

Klamath County Drainage Service District 2012-2013 Budget Presentation Budget Calendar

Prepare Budget Documents	January through April 11, 2012
Publish First Notice of Budget Committee Meeting (5 to 30 days before meeting)	April 3, 2012
Post Notice of Budget Committee Meeting on website	April 5, 2012
Budget Committee Meetings	April 17, 2012
Prepare Budget Summary	May 2, 2012 through June 22, 2012
Publish Budget Summary and Notice of Budget Hearing (5 to 30 days before hearing)	June 12, 2012
Public Hearing by Board of Directors	June 19, 2012
Board of Directors Adopts Budget, Makes Appropriations, Imposes Fees	June 19, 2012
Certify Fees to County Assessor	July 16, 2012



KLAMATH COUNTY

Home of Crater Lake

OREGON

FINANCE & BUDGET OFFICE

April 17, 2012

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

The recommended budget for fiscal year 2012-2013 continues on the principles adopted in fiscal year 2011-2012.

Many taxing 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 counties to borrow money. The State is considering legislation that is affecting the resources that come to counties 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 county will utilize resources to provide programs to the residents of Klamath County as demographics vary and change. All funds are required to be balanced per ORS 294.331. A balanced budget means that revenues and expenditures match. All funds including those with debt service are balanced in accordance with Oregon municipal debt law.

This budget message is organized into six major categories designed to give the reader an overview of County 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
- Significant Highlights and Issues for 2012-2013
- Processes Used to Develop the Budget and Organization

The preparation of a budget this complex would not be possible without the hard work and contributions of many. I would like to acknowledge the efforts of each of the department heads and program managers that participated to complete this recommendation.

Revenue and Expense Overview

The District general fund revenues and expenditures are proposed at \$2,215,000. The majority of the revenue is cash carryover from the 2011-2012 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 2012-2013 assessment revenue is \$200,000.

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

We are in a time of low interest rates, which translates into a lower growth rate on our reserve funds. And those investment earnings that we have relied on in the past to supplement programs are not available this year.

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.

Significant Highlights and Issues for 2012-2013

The most significant issue affected the comparison from 2011-2012 to the 2012-2013 recommend budget is the replace of a 42" pipe behind Sterns Elementary School with an 84" pipe. This project was completed in the 2011-2012 fiscal year.

Processes Used to Develop the Budget and Organization

The Budget Committee hearing on the recommended budget will be held April 17, 2012. During the presentation and review, there will be scheduled opportunities for public input. Budget deliberations are 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 19, 2012. 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 budgets 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 individual 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 19, 2012, 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.

I would like to extend my personal thanks to the citizen members of the Budget Committee for their time, concern, and constructive insights. I wish also to acknowledge the Board of Directors' support and leadership.

Respectfully submitted,



Jason Link, CPA
Klamath County Budget Officer

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Klamath County Drainage Service District 2012-2013 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 equipment purchases costing more than \$5,000, all vehicle purchases regardless of cost, as well as land, buildings and infrastructure improvements in excess of \$10,000.

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
2012-2013 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 (1-C)

FY 2013 Proposed Budget

Department Mission:

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

Mandated Services:

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

Department Overview:

The KCDSD has no employees. It utilizes the services of the County Road Department and Enterprise Irrigation District for routine annual maintenance of drains serving the District.

Successes and Challenges:

Replaced a 42" pipe behind Stearns School which carries the main stem of the 1-C Drain with an 84" pipe.

Budget Overview:

Major Revenue is \$2 per month from each tax lot in the District

Major Expenditures are reimbursement to Enterprise Irrigation District and the Road Department for annual maintenance.

Key issues:

We are currently reviewing the draft Water Quality Implementation Plan to comply with the Total Maximum Daily Load (TMDL's).

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Klamath County Drainage Service District
2012-2013 Budget Financial Presentation

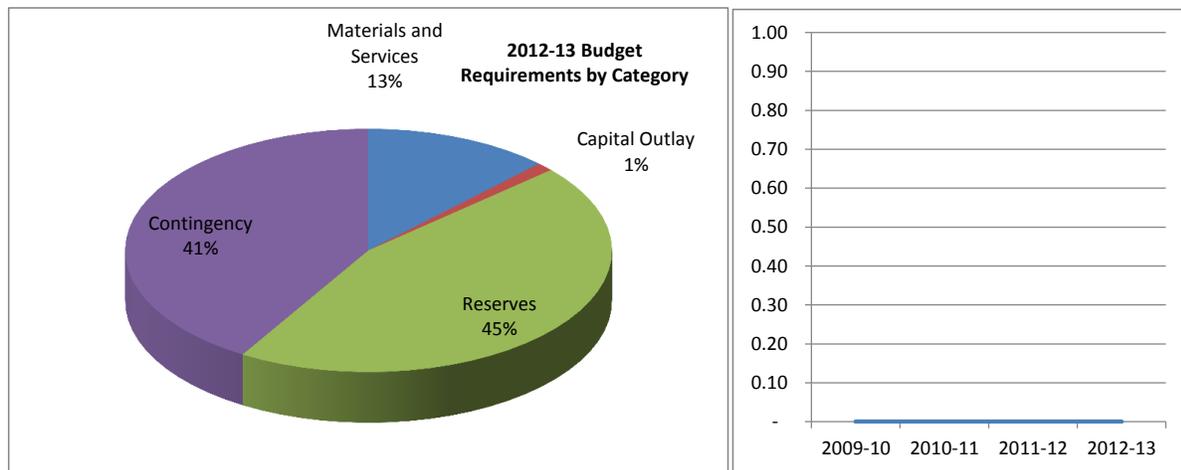
	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Budget
Requirements by Budgetary Category				
Materials and Services	129,263	103,587	791,500	274,000
Capital Outlay	-	-	125,000	25,000
Subtotal Current Expenditures	129,263	103,587	916,500	299,000
Reserves	-	-	1,000,000	1,000,000
Contingency	-	-	415,867	916,000
Unappropriated Fund Balance	2,155,500	2,290,507	-	-
Subtotal Noncurrent Expenditures	2,155,500	2,290,507	1,415,867	1,916,000
Total Requirements by Budgetary Category	2,284,763	2,394,093	2,332,367	2,215,000

Requirements by Fund				
General Fund (9140)	2,284,763	2,394,093	2,332,367	2,215,000
Total Requirements by Fund	2,284,763	2,394,093	2,332,367	2,215,000

Resources by Budgetary Category				
Licenses, Fees and Permits	214,906	213,868	215,567	205,000
Investment Earnings	33,893	24,726	16,800	10,000
Miscellaneous	2,155	-	-	-
Beginning Fund Balance	2,033,809	2,155,500	2,100,000	2,000,000
Total Resources by Budgetary Category	2,284,763	2,394,093	2,332,367	2,215,000

Full-Time Employee Equivalents	-	-	-	-
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Mandate	Total Cost	Personnel Services	FTE
Maintenance	2,215,000	-	-
Total Mandates	2,215,000	-	-



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Budget Worksheet Report

Account Number	Description	2010 Actual Amount	2011 Actual Amount	2012 Amended Budget	2013 Proposed	Change from 2012 Amended	Percentage Change
Fund	9140	Klamath Drainage (1-C)					
Revenue							
Department	320	Drainage					
<u>Taxes</u>							
31100	Property Taxes - Current	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
31200	Property Taxes - Prior	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	<u>Total: Taxes</u>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++
<u>Licenses, Fees and Permits</u>							
32001	Drainage Fees - Current	\$207,889.41	\$205,726.64	\$210,567.00	\$200,000.00	(\$10,567.00)	-5%
32002	Drainage Fees - Prior	\$7,016.59	\$8,140.92	\$5,000.00	\$5,000.00	\$0.00	0%
	<u>Total: Licenses, Fees and Permits</u>	\$214,906.00	\$213,867.56	\$215,567.00	\$205,000.00	(\$10,567.00)	-5%
<u>Charges for Service</u>							
34035	Fees - For Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	<u>Total: Charges for Service</u>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++
<u>Interest</u>							
39150	Investments - Interest On	\$33,892.73	\$24,725.72	\$16,800.00	\$10,000.00	(\$6,800.00)	-40%
	<u>Total: Interest</u>	\$33,892.73	\$24,725.72	\$16,800.00	\$10,000.00	(\$6,800.00)	-40%
<u>Other</u>							
36100	Miscellaneous	\$2,154.95	\$0.00	\$0.00	\$0.00	\$0.00	
	<u>Total: Other</u>	\$2,154.95	\$0.00	\$0.00	\$0.00	\$0.00	+++
<u>Fund Balances</u>							
31001	Beginning Fund Balance	\$2,033,808.93	\$2,155,499.90	\$2,100,000.00	\$2,000,000.00	(\$100,000.00)	-5%
	<u>Total: Fund Balances</u>	\$2,033,808.93	\$2,155,499.90	\$2,100,000.00	\$2,000,000.00	(\$100,000.00)	-5%
Department Total: Drainage		\$2,284,762.61	\$2,394,093.18	\$2,332,367.00	\$2,215,000.00	(\$117,367.00)	-5%
Revenue Totals		\$2,284,762.61	\$2,394,093.18	\$2,332,367.00	\$2,215,000.00	(\$117,367.00)	-5%
Expenses							
Department	320	Drainage					
<u>Material and Services</u>							
44000	Travel	\$0.00	\$0.00	\$100.00	\$0.00	(\$100.00)	-100%
44055	BMP Public Education	\$4,996.93	\$3,975.83	\$5,000.00	\$5,000.00	\$0.00	0%

Budget Worksheet Report

Account Number	Description	2010 Actual Amount	2011 Actual Amount	2012 Amended Budget	2013 Proposed	Change from 2012 Amended	Percentage Change
Fund	9140	Klamath Drainage (1-C)					
Department	320	Drainage					
44100	Supplies - Office	\$0.00	\$0.00	\$100.00	\$100.00	\$0.00	0%
44200	Dues / Fees	\$292.44	\$2,467.15	\$4,000.00	\$6,000.00	\$2,000.00	50%
44250	Vehicle Fuel	\$0.00	\$0.00	\$100.00	\$0.00	(\$100.00)	-100%
44285	Drainage Maintenance	\$98,330.50	\$25,674.38	\$100,000.00	\$100,000.00	\$0.00	0%
44700	Postage	\$0.00	\$0.00	\$100.00	\$100.00	\$0.00	0%
44720	Legal Notice Publish	\$356.02	\$274.92	\$500.00	\$500.00	\$0.00	0%
45000	Equipment Rental / Lease	\$0.00	\$0.00	\$100.00	\$100.00	\$0.00	0%
45015	Administration Fees	\$16,000.00	\$17,000.00	\$17,000.00	\$13,000.00	(\$4,000.00)	-24%
45020	Contract Services	\$8,897.00	\$47,806.07	\$626,500.00	\$100,000.00	(\$526,500.00)	-84%
45560	Weed Control Services	\$389.82	\$145.32	\$10,000.00	\$200.00	(\$9,800.00)	-98%
45570	Stormwater Monitoring	\$0.00	\$0.00	\$20,000.00	\$20,000.00	\$0.00	0%
46700	Insurance	\$0.00	\$0.00	\$0.00	\$6,000.00	\$6,000.00	
46701	Insurance - Pollution Liability	\$0.00	\$6,242.92	\$0.00	\$23,000.00	\$23,000.00	
99760	Insurance/Liability	\$0.00	\$0.00	\$8,000.00	\$0.00	(\$8,000.00)	-100%
<u>Total: Material and Services</u>		\$129,262.71	\$103,586.59	\$791,500.00	\$274,000.00	(\$517,500.00)	-65%
<u>Capital Outlay</u>							
88100	Land Acquisitions	\$0.00	\$0.00	\$100,000.00	\$0.00	(\$100,000.00)	-100%
88150	Drainage Improvements	\$0.00	\$0.00	\$25,000.00	\$25,000.00	\$0.00	0%
89150	GW Budget Adjustment - Depreciation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
<u>Total: Capital Outlay</u>		\$0.00	\$0.00	\$125,000.00	\$25,000.00	(\$100,000.00)	-80%
<u>Interfund Transfers</u>							
99170	Trans - Road Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
99301	Trans - Finance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
<u>Total: Interfund Transfers</u>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++
<u>Contigencies and Reserves</u>							
99750	Operating Contingency	\$0.00	\$0.00	\$415,867.00	\$916,000.00	\$500,133.00	120%
99980	Reserve Future Expenditures	\$0.00	\$0.00	\$1,000,000.00	\$1,000,000.00	\$0.00	0%
99981	Unappropriated Fund Balance	\$2,155,499.90	\$2,290,506.59	\$0.00	\$0.00	\$0.00	

Budget Worksheet Report

Account Number	Description	2010 Actual Amount	2011 Actual Amount	2012 Amended Budget	2013 Proposed	Change from 2012 Amended	Percentage Change
Fund	9140	Klamath Drainage (1-C)					
Department	320	Drainage					
	<u>Total: Contingencies and Reserves</u>	\$2,155,499.90	\$2,290,506.59	\$1,415,867.00	\$1,916,000.00	\$500,133.00	35%
	Department Total: Drainage	\$2,284,762.61	\$2,394,093.18	\$2,332,367.00	\$2,215,000.00	(\$117,367.00)	-5%
	Revenue Totals:	\$2,284,762.61	\$2,394,093.18	\$2,332,367.00	\$2,215,000.00	(\$117,367.00)	-5%
	Expense Totals	\$2,284,762.61	\$2,394,093.18	\$2,332,367.00	\$2,215,000.00	(\$117,367.00)	-5%
	Fund Total: Klamath Drainage (1-C)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++
	Revenue Grand Totals:	\$2,284,762.61	\$2,394,093.18	\$2,332,367.00	\$2,215,000.00	(\$117,367.00)	-5%
	Expense Grand Totals:	\$2,284,762.61	\$2,394,093.18	\$2,332,367.00	\$2,215,000.00	(\$117,367.00)	-5%
	Net Grand Totals:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++

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