

Proposed Budget



2016-2017

Budget Committee Members

Board of Commissioners

Tom Mallams
Kelley Minty Morris
Jim Bellet

Citizen Committee Members

Del Fox
Bill Scally
Andy Swanson

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
2016-2017 Budget Presentation
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BUDGET PRESENTATION

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INTRODUCTORY SECTION

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Klamath County Drainage Service District
 2016-2017 Budget Presentation
 Board of Directors & Appointed Officials

Position	Name	Term Expires
Commissioners	Tom Mallams Kelley Minty Morris Jim Bellet	January 2, 2017 January 7, 2019 January 2, 2017

Position	Name
Managing Agent	Stan Strickland
Fiscal Manager	Jason Link

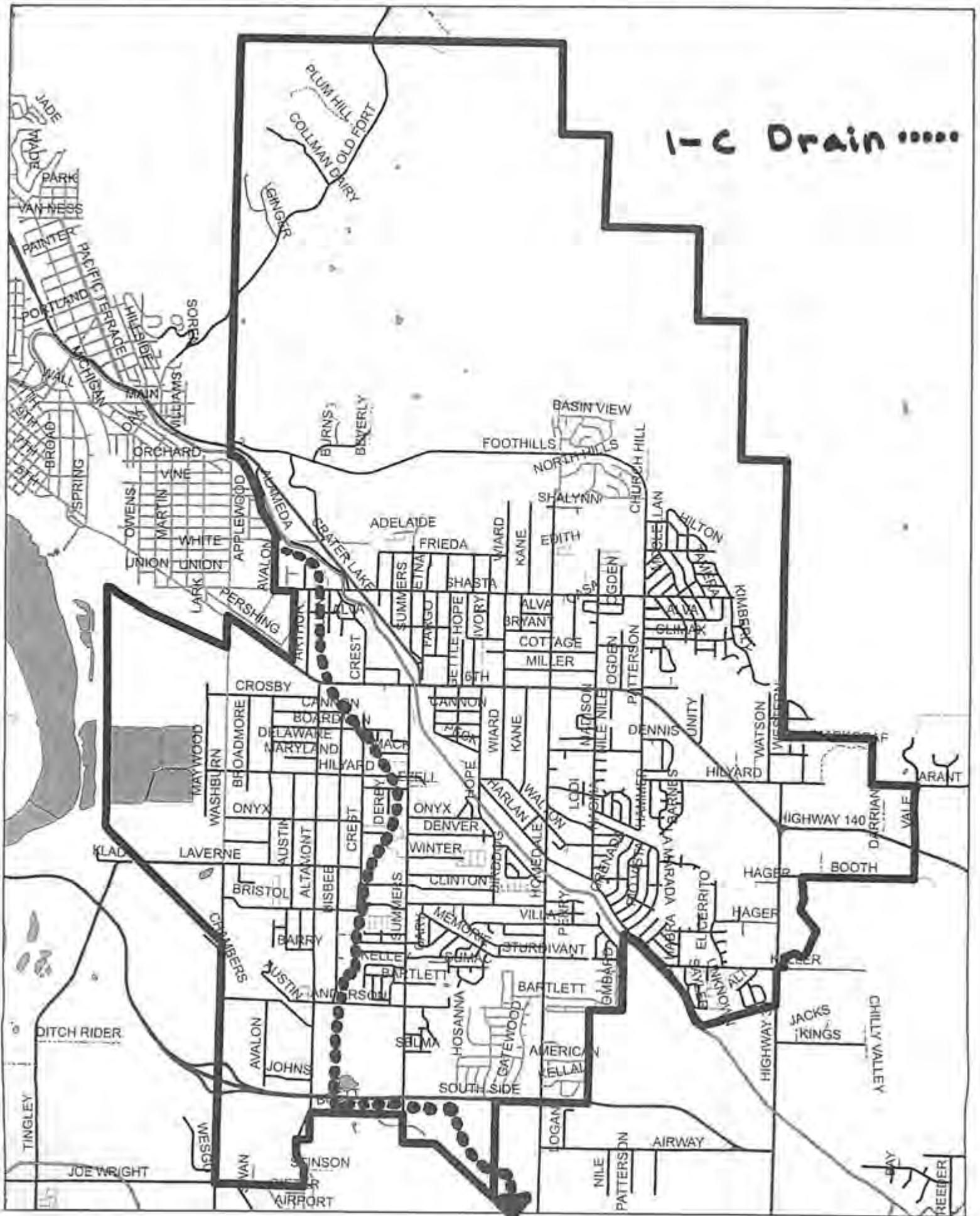
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Klamath County Drainage Service District 2016-2017 Budget Presentation Budget Calendar

Prepare Budget Documents	January through April 10, 2016
Publish First Notice of Budget Committee Meeting (5 to 30 days before meeting)	March 25, 2016
Post Notice of Budget Committee Meeting on website	March 23, 2016
Budget Committee Meeting	April 12, 2016
Prepare Budget Summary	May 3, 2016 through June 12, 2016
Publish Budget Summary and Notice of Budget Hearing (5 to 30 days before hearing)	June 10, 2016
Public Hearing by Board of Directors	June 21, 2016
Board of Directors Adopts Budget, Makes Appropriations, Imposes Fees	June 21, 2016
Certify Fees to County Assessor	July 15, 2016

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Klamath County Drainage Service District Boundary



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BUDGET MESSAGE

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KLAMATH COUNTY

Home of Crater Lake

OREGON

FINANCE & BUDGET OFFICE

April 12, 2016

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

The total proposed Klamath County Drainage Service District budget for fiscal year 2016-2017 is \$2,600,000 compared to the adopted budget for fiscal year 2015-2016 of \$2,505,000. The proposed budget for fiscal year 2016 continues on the principles adopted in fiscal year 2015.

Many tax districts continue to face a serious financial crisis as a result of flattening revenues and increasing costs. 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 lack of recovery in the local the economy is continuing to effect on individuals and families including taxing districts.

The Budget Committee has the opportunity to make any revisions on how the District 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. Not that current operating revenues equal current operating expenditures. All funds including those with debt service are balanced in accordance with Oregon municipal debt law.

This budget message is organized into five 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 Proposed Budget
- Long Term Financial and Other Matters that Impact the Proposed Budget
- Significant Highlights and Issues
- 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 program managers that participated to complete this proposed budget.

Revenue and Expense Overview

The District general fund revenues and expenditures are proposed at \$2,600,000. The majority of the revenue is cash carryover from the 2016 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. The estimated fiscal year 2017 assessment revenue is \$190,000.

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. 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 has an approved Water Quality Implementation Plan to address the Total Maximum Daily Load decisions by the Oregon Department of Environmental Quality. The 2015 TMDL Implementation Plan Annual Report for the Upper Klamath and Lost River Sub-basins was submitted to the Oregon Department of Environmental Quality in February of 2015 and is currently pending their review.

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 2017

The most significant issue affected the comparison from fiscal year 2016 to the 2017 budget is the change in administrative expenses to Klamath County Internal Service Departments.

Processes Used to Develop the Budget and Organization

The Budget Committee hearing on the proposed budget will be held April 12, 2016. 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.

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 the Budget Committee reviews 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 individual line items. After the Budget Committee reviews and make the desired changes to the budget, it will approve the budget. The approved budget will be published for final public hearing on Tuesday, June 21, 2016, 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 Drainage Service District Budget Officer

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**Klamath County Drainage Service District
2016-2017 Budget Presentation
Appendix A – Fiscal Policies, Definitions and 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 - 5140

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 the previous fiscal year.

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.

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.

Klamath County Drainage Service District
2016-2017 Budget Presentation
Appendix A – Fiscal Policies, Definitions and Budget Format

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: personnel services, materials and services, capital outlay, debt service, operating contingencies, and reserve for future expenditures.

BUDGET PRESENTATION

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Department: Klamath County Drainage
Service District (1-C)

FY 2017 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 KCSDSD 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:

Continue to monitor water quality issues.

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 currently have an approved Water Quality Implementation Plan to comply with the Total Maximum Daily Load (TMDL's). The 2015 TMDL Implementation Plan Annual Report for the Upper Klamath and Lost River Sub basins was submitted to DEQ in February 2015 and is currently pending their review.

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Klamath County Drainage Service District
2016-2017 Budget Financial Presentation

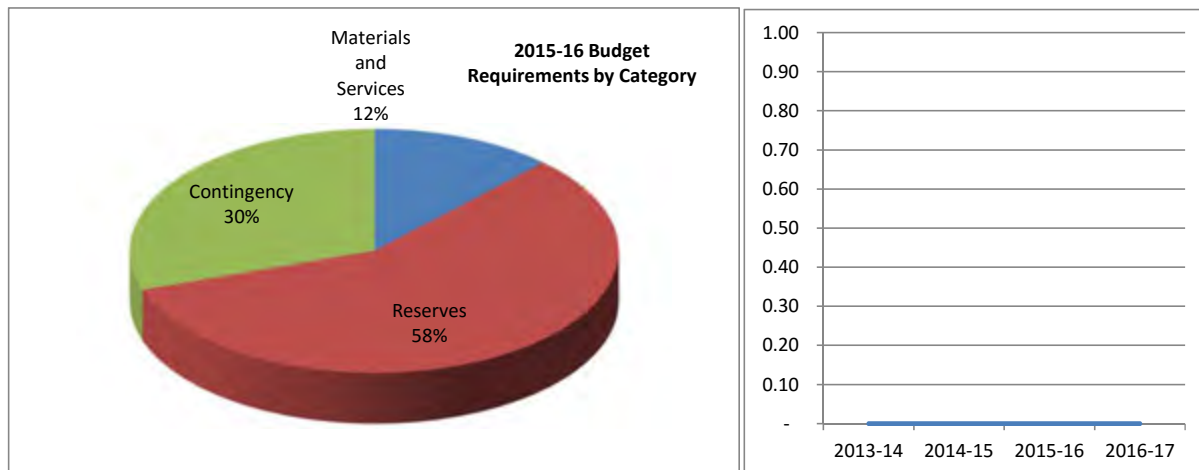
	2013-14 Actual	2014-15 Actual	2015-16 Budget	2016-17 Budget
Requirements by Budgetary Category				
Materials and Services	92,595	93,457	310,209	314,704
Subtotal Current Expenditures	92,595	93,457	310,209	314,704
Reserves	-	-	1,300,000	1,500,000
Contingency	-	-	894,791	785,296
Unappropriated Fund Balance	2,158,858	2,294,661	-	-
Subtotal Noncurrent Expenditures	2,158,858	2,294,661	2,194,791	2,285,296
Total Requirements by Budgetary Category	2,251,453	2,388,118	2,505,000	2,600,000

Requirements by Fund				
General Fund (9140)	2,251,453	2,388,118	2,505,000	2,600,000
Total Requirements by Fund	2,251,453	2,388,118	2,505,000	2,600,000

Resources by Budgetary Category				
Taxes	219,442	222,529	195,000	195,000
Investment Earnings	8,326	6,376	10,000	5,000
Miscellaneous	-	355	-	-
Beginning Fund Balance	2,023,685	2,158,858	2,300,000	2,400,000
Total Resources by Budgetary Category	2,251,453	2,388,118	2,505,000	2,600,000

Full-Time Employee Equivalents	-	-	-	-
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Mandate	Total Cost	Personnel Services	FTE
Maintenance	2,600,000	-	-
Total Mandates	2,600,000	-	-



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General Ledger

Budget Analysis

User: jlink
 Printed: 03/18/2016 - 10:29AM
 Fiscal Year: 2017



2014 Actual	2015 Actual	2016 Adopted	2016 Estimated	Account	Description	FTE	2017 Requested	2017 Proposed	2017 Approved	2017 Adopted
				5140	Klamath Cty Drainage Serv Dist					
				3020	Drainage Service District					
				R10	Property Taxes					
0.00	0.00	0.00	0.00	3021-3000-4001	Property Taxes - Current	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-4001	Property Taxes - Prior	0.00	0.00	0.00	0.00	0.00
200,013.43	209,452.15	190,000.00	0.00	3021-3000-4002	Drainage Fees - Current	0.00	190,000.00	190,000.00	0.00	0.00
19,427.99	12,331.75	5,000.00	0.00	3021-3000-4002	Drainage Fees - Prior	0.00	5,000.00	5,000.00	0.00	0.00
219,441.42	221,783.90	195,000.00	0.00		Property Taxes Totals:	0.00	195,000.00	195,000.00	0.00	0.00
				R11	Other Taxes					
0.00	745.15	0.00	0.00	3021-3000-4010	Tax Offsets	0.00	0.00	0.00	0.00	0.00
0.00	745.15	0.00	0.00		Other Taxes Totals:	0.00	0.00	0.00	0.00	0.00
				R30	Charges for Service					
0.00	0.00	0.00	0.00	3021-3000-4300	Charges for Service	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00		Charges for Service Totals:	0.00	0.00	0.00	0.00	0.00
				R40	Other Local Revenue					
0.00	0.00	0.00	0.00	0000-3000-4400	Miscellaneous	0.00	0.00	0.00	0.00	0.00
0.00	354.50	0.00	0.00	3021-3000-4400	Miscellaneous	0.00	0.00	0.00	0.00	0.00
0.00	354.50	0.00	0.00		Other Local Revenue Totals:	0.00	0.00	0.00	0.00	0.00
				R41	Interest					
8,326.10	6,375.69	10,000.00	0.00	3021-3000-4495	Investments - Interest On	0.00	5,000.00	5,000.00	0.00	0.00
8,326.10	6,375.69	10,000.00	0.00		Interest Totals:	0.00	5,000.00	5,000.00	0.00	0.00
				R90	Fund Balances					
0.00	0.00	0.00	0.00	0000-3000-4995	Beginning Fund Balance	0.00	0.00	0.00	0.00	0.00
2,023,685.17	2,158,858.23	2,300,000.00	0.00	3021-3000-4995	Beginning Fund Balance	0.00	2,400,000.00	2,400,000.00	0.00	0.00

2014 Actual	2015 Actual	2016 Adopted	2016 Estimated	Account	Description	FTE	2017 Requested	2017 Proposed	2017 Approved	2017 Adopted
2,023,685.17	2,158,858.23	2,300,000.00	0.00		Fund Balances Totals:	0.00	2,400,000.00	2,400,000.00	0.00	0.00
2,251,452.69	2,388,117.47	2,505,000.00	0.00		REVENUES TOTALS:	0.00	2,600,000.00	2,600,000.00	0.00	0.00
				E20	Material and Services					
2,470.50	2,719.00	6,000.00	0.00	3021-3000-6100	Insurance	0.00	6,000.00	6,000.00	0.00	0.00
0.00	0.00	23,000.00	0.00	3021-3000-6101	Insurance - Pollution Liability	0.00	23,000.00	23,000.00	0.00	0.00
0.00	51,500.00	125,000.00	0.00	3021-3000-6200	Contract Services	0.00	125,000.00	125,000.00	0.00	0.00
467.27	490.42	500.00	0.00	3021-3000-6203	Legal Notice Publish	0.00	500.00	500.00	0.00	0.00
0.00	5,800.00	6,000.00	0.00	3021-3000-6231	Audit Fees	0.00	6,000.00	6,000.00	0.00	0.00
0.00	0.00	20,000.00	0.00	3021-3000-6252	Stormwater Monitoring	0.00	20,000.00	20,000.00	0.00	0.00
6,084.65	477.68	6,000.00	0.00	3021-3000-6310	Dues & Fees	0.00	6,000.00	6,000.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-6333	Vehicle Fuel	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-6501	Operating Expenses	0.00	0.00	0.00	0.00	0.00
4,779.92	4,470.60	5,000.00	0.00	3021-3000-6510	BMP Public Education	0.00	5,000.00	5,000.00	0.00	0.00
0.00	0.00	100.00	0.00	3021-3000-6531	Supplies Equipment Rent	0.00	100.00	100.00	0.00	0.00
0.00	0.00	100.00	0.00	3021-3000-6600	Supplies - Office	0.00	100.00	100.00	0.00	0.00
0.00	0.00	100.00	0.00	3021-3000-6603	Postage	0.00	100.00	100.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-6700	Travel & Training	0.00	0.00	0.00	0.00	0.00
13,802.34	65,457.70	191,800.00	0.00		Material and Services Totals:	0.00	191,800.00	191,800.00	0.00	0.00
				E21	Interdepartmental Charges					
11,991.00	9,517.00	12,409.00	0.00	3021-3000-6990	Internal Services	0.00	15,338.00	16,904.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-6995	Insurance Liability	0.00	0.00	0.00	0.00	0.00
5,000.00	5,000.00	5,000.00	0.00	3021-3000-6998	Intradepartmental Admin Chgs	0.00	5,000.00	5,000.00	0.00	0.00
61,762.71	13,482.34	100,000.00	0.00	3021-3000-6998	Drainage Maintenance	0.00	100,000.00	100,000.00	0.00	0.00
38.41	0.00	1,000.00	0.00	3021-3000-6998	Weed Control - Internal	0.00	1,000.00	1,000.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-6998	Fees - Internal	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-6999	Contract Services - Internal	0.00	0.00	0.00	0.00	0.00
78,792.12	27,999.34	118,409.00	0.00		Interdepartmental Charges Totals:	0.00	121,338.00	122,904.00	0.00	0.00
				E30	Capital Outlay					
0.00	0.00	0.00	0.00	3021-3000-7030	Land Acquisitions	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-7037	Drainage Improvements	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00		Capital Outlay Totals:	0.00	0.00	0.00	0.00	0.00

2014 Actual	2015 Actual	2016 Adopted	2016 Estimated	Account	Description	FTE	2017 Requested	2017 Proposed	2017 Approved	2017 Adopted
0.00	0.00	0.00	0.00	E70	Interfund Transfers					
				3021-3000-9152	Trans - Finance	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	3021-3000-9301	Trans - Road Fund	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00		Interfund Transfers Totals:	0.00	0.00	0.00	0.00	0.00
				E80	Contingencies					
0.00	0.00	894,791.00	0.00	3021-3000-9800	Operating Contingency	0.00	786,862.00	785,296.00	0.00	0.00
0.00	0.00	894,791.00	0.00		Contingencies Totals:	0.00	786,862.00	785,296.00	0.00	0.00
				E81	Fund Balance & Reserves					
0.00	0.00	1,300,000.00	0.00	3021-3000-9900	Reserve Future Expenditures	0.00	1,500,000.00	1,500,000.00	0.00	0.00
0.00	0.00	1,300,000.00	0.00		Fund Balance & Reserves Totals:	0.00	1,500,000.00	1,500,000.00	0.00	0.00
				E90	Unappropriated Fund Balance					
2,158,858.23	2,294,660.43	0.00	0.00	3021-3000-9990	Unappropriated Fund Balance	0.00	0.00	0.00	0.00	0.00
2,158,858.23	2,294,660.43	0.00	0.00		Unappropriated Fund Balance Total	0.00	0.00	0.00	0.00	0.00
2,251,452.69	2,388,117.47	2,505,000.00	0.00		EXPENDITURES TOTALS:	0.00	2,600,000.00	2,600,000.00	0.00	0.00
2,251,452.69	2,388,117.47	2,505,000.00	0.00		DEPARTMENT REVENUES	0.00	2,600,000.00	2,600,000.00	0.00	0.00
2,251,452.69	2,388,117.47	2,505,000.00	0.00		DEPARTMENT EXPENSES	0.00	2,600,000.00	2,600,000.00	0.00	0.00
0.00	0.00	0.00	0.00		Drainage Service District Totals:	0.00	0.00	0.00	0.00	0.00
2,251,452.69	2,388,117.47	2,505,000.00	0.00		FUND REVENUES	0.00	2,600,000.00	2,600,000.00	0.00	0.00
2,251,452.69	2,388,117.47	2,505,000.00	0.00		FUND EXPENSES	0.00	2,600,000.00	2,600,000.00	0.00	0.00
0.00	0.00	0.00	0.00		Klamath Cty Drainage Serv Dist To	0.00	0.00	0.00	0.00	0.00

2014 Actual	2015 Actual	2016 Adopted	2016 Estimated	Account	Description	FTE	2017 Requested	2017 Proposed	2017 Approved	2017 Adopted
2,251,452.69	2,388,117.47	2,505,000.00	0.00		REPORT REVENUES	0.00	2,600,000.00	2,600,000.00	0.00	0.00
2,251,452.69	2,388,117.47	2,505,000.00	0.00		REPORT EXPENSES	0.00	2,600,000.00	2,600,000.00	0.00	0.00
0.00	0.00	0.00	0.00		REPORT TOTALS:	0.00	0.00	0.00	0.00	0.00