

**KLAMATH COUNTY, OREGON**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended**  
**June 30, 2011**



Certified Public Accountants

**Klamath County, Oregon**  
**Annual Financial Report**  
**June 30, 2011**  
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## **INTRODUCTORY SECTION**

**Klamath County, Oregon**  
**Elected and Appointed Officials**  
**June 30, 2011**

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**Board of Commissioners**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Dennis Linthicum	Commissioner	January 5, 2015
Al Switzer	Commissioner	January 3, 2013
Cheryl Hukill	Commissioner	January 3, 2013

**Other Elected Officials**

Rafael Hernandez	Assessor	January 3, 2013
Linda Smith	Clerk	January 5, 2015
Ed Caleb	District Attorney	January 5, 2015
Tim Evinger	Sheriff	January 3, 2013
Michael Markus	Surveyor	January 3, 2013
Michael Long	Treasurer	January 5, 2015
Karen Oakes	Justice of Peace	January 5, 2015

**Appointed Officials**

Jason Link	Chief Financial Officer
Glen Vest	Juvenile Director
George Buckingham	County Emergency Manager
Daneen Dail	Human Resources and Risk Management Director
Dave Groff	County Counsel
Randy Paul	Information Technology Director
Kathy Pierce	Veterans Service Officer
Kim Estes	Commission on Children and Families Director
Marilynn Sutherland	Public Health Director
Stan Strickland	Public Works Director
Sid Mitchell	Community Development Director
Tom Banks	Director of Maintenance
Kiki Parker-Rose	Community Corrections Director
Mike Horton	Animal Control Officer
Amanda Bunger	Mental Health Director
Jerry Golden	Fairgrounds Manager

**Mailing Address**

Klamath County Commissioners  
Government Center  
305 Main Street  
Klamath Falls, Oregon 97601  
Phone: (541) 883-5100 Fax: (541)883-5163  
[www.klamathcounty.org](http://www.klamathcounty.org)



824 Pine Street  
Klamath Falls, OR 97601  
(541) 884-4164  
Fax: (541) 883-1232

Certified Public Accountants

## Independent Auditors' Report

Board of Commissioners  
Klamath County, Oregon  
Klamath Falls, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Klamath County, Oregon (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the County. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has improperly recorded certain capital assets in governmental and business-type activities and, accordingly, the depreciation expense on those assets is misstated. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would change the assets and expenses of the governmental and business-type activities. The amount by which this departure would affect the assets and expenses of the governmental and business-type activities is not reasonably determinable.

In our opinion, except for the effects of improper recording of capital assets on assets, depreciation, and accumulated depreciation as describing in the preceding paragraph the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental, activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2011, the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

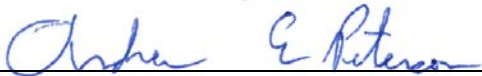
In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Management's discussion and analysis, the budgetary comparison information, and the schedule of finding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is not a required part of the basic financial statements of the County. The combining and individual fund statements, other schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Molatore, Scroggin, Peterson & Co. LLP



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Andrew E. Peterson, Partner

Klamath Falls, Oregon  
July 6, 2012

**Klamath County, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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As management of Klamath County, we offer readers of the Klamath County's financial statements this narrative overview and analysis of the financial activities of Klamath County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

### **Financial Highlights**

- The County's net assets exceeded its liabilities at the close of the most recent fiscal year by \$348,789,657 (net assets). Of this amount, \$6,627,231 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$3,548,414. The decrease is attributable to expenses in excess of revenues. Primarily depreciation expense in excess of capital asset purchases.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$123,828,038, a decrease of \$2,734,126, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,270,499.
- Klamath County's total long-term debt decreased by \$1,522,007 during the current fiscal year. The decrease was the annual retirement of debt issued.
- Klamath County operates two solid waste landfills. The County built a transfer station which has begun shipping the municipal solid waste at the Klamath Falls landfill to a regional site location. The Klamath Falls landfill site is now authorized by the State to continue to receive construction and demolition waste only. The Chemult site is still full service. The County has been recognizing and reserving funds each year to cover cost of closure and replacement.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Klamath County's basic financial statements. Klamath County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, human services, community development, and culture and recreation. The business-type activities of the County include landfill, solid waste, recycling, and weed control. The government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



**Klamath County, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. There is a reconciliation to facilitate this comparison between governmental funds and governmental activities on pages 13 and 15.

The County maintains 36 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, property sales fund, and mental health fund, which are considered to be major funds. Data from the other 33 funds are combined into a single, aggregated presentation. Combining and individual fund data for each of these non-major governmental funds is provided elsewhere in this report.

The County adopts an annual budget for all of its funds except the fiduciary funds. Budgetary comparison statements for the major governmental funds have been provided for in the required supplementary information. There are also individual budgetary statements for non-major governmental funds, enterprise funds and internal service funds to demonstrate compliance with this budget elsewhere in this report.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Proprietary funds:** The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste, recycling, and weed control. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its support service programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for business-type funds and internal service funds. Individual fund data for the funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

**Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 19-21 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-45 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Klamath County, assets exceeded liabilities by \$348,789,657 at the most recent fiscal year.

By far the largest portion of the County's net assets (60.4 percent) reflects its investments in capital assets (e.g., land, building, roads, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since that capital assets themselves cannot be used to liquidate these liabilities.

**Klamath County, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2011**

**Klamath County's Net Assets**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Totals</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 133,597,465	\$ 135,580,489	\$ 11,173,182	\$ 9,110,392	\$ 144,770,647	\$ 144,690,881
Capital assets	219,128,313	219,840,073	1,692,078	2,062,194	220,820,391	221,902,267
Total assets	<u>352,725,778</u>	<u>355,420,562</u>	<u>12,865,260</u>	<u>11,172,586</u>	<u>365,591,038</u>	<u>366,593,148</u>
Long-term liabilities outstanding	740,103	416,156	6,437,399	6,409,628	7,177,502	6,825,784
Other liabilities	9,243,999	11,715,682	379,880	342,666	9,623,879	12,058,348
Total liabilities	<u>9,984,102</u>	<u>12,131,838</u>	<u>6,817,279</u>	<u>6,752,294</u>	<u>16,801,381</u>	<u>18,884,132</u>
Net assets:						
Invested in capital assets, net of related debt	219,063,123	216,200,060	1,692,078	2,062,195	220,755,201	218,262,255
Restricted	121,407,225	125,008,667	-	-	121,407,225	125,008,667
Unrestricted	<u>2,271,328</u>	<u>2,079,997</u>	<u>4,355,903</u>	<u>2,358,097</u>	<u>6,627,231</u>	<u>4,438,094</u>
Total net assets	<u>\$ 342,741,676</u>	<u>343,288,724</u>	<u>\$ 6,047,981</u>	<u>4,420,292</u>	<u>\$ 348,789,657</u>	<u>347,709,016</u>

The County's net assets balance of unrestricted net assets, which amounts to \$2,271,328, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County was able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities: Governmental activities decreased the County's net assets by \$4,746,970. Key elements of this decrease are as follows:

- Decrease in charges for services and investment earnings.
- Increased operating costs for various departments.

*(Note: Please refer to the chart on the following page for detailed breakdown.)*

**Klamath County, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2011**

	Klamath County's Changes in Net Assets					
	Governmental activities		Business-type activities		Totals	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,275,767	\$ 8,972,282	4,453,997	\$ 4,513,010	\$ 11,729,764	\$ 13,485,292
Operating grants & contributions	28,603,494	32,524,562	-	-	28,603,494	32,524,562
General revenues:						
Property taxes	13,163,268	13,121,354	-	-	13,163,268	13,121,354
Other taxes	1,934,387	1,760,535	-	-	1,934,387	1,760,535
Grants & contributions, not restricted to specific programs	3,605,460	3,941,792	-	-	3,605,460	3,941,792
Unrestricted investment earnings	1,176,112	2,157,746	92,930	133,702	1,269,042	2,291,448
Miscellaneous	631,347	1,242,345	71	2,155	631,418	1,244,500
Proceeds on the sale of assets	15,000	23,992	7,361	-	22,361	23,992
Total revenues	<u>56,404,835</u>	<u>63,744,608</u>	<u>4,554,359</u>	<u>4,648,867</u>	<u>60,959,194</u>	<u>68,393,475</u>
<b>Expenses:</b>						
General government	4,805,966	6,443,057	-	-	4,805,966	6,443,057
Public safety	15,114,991	17,002,871	-	-	15,114,991	17,002,871
Public works	18,387,548	19,259,327	-	-	18,387,548	19,259,327
Human services	11,495,102	11,660,985	-	-	11,495,102	11,660,985
Community services	7,212,961	7,403,972	-	-	7,212,961	7,403,972
Community development	2,498,755	4,340,495	-	-	2,498,755	4,340,495
Agriculture	373,264	362,285	-	-	373,264	362,285
Interest on long-term debt	90,673	202,437	-	-	90,673	202,437
Solid waste	-	-	3,744,306	3,786,894	3,744,306	3,786,894
Recycling	-	-	90,825	169,009	90,825	169,009
Weed control	-	-	209,419	218,548	209,419	218,548
Interoperable radio communications	-	-	380,211	371,776	380,211	371,776
Drainage district	-	-	103,587	129,263	103,587	129,263
Total expenses	<u>59,979,260</u>	<u>66,675,429</u>	<u>4,528,348</u>	<u>4,675,490</u>	<u>64,507,608</u>	<u>71,350,919</u>
Increase (decrease) in net assets, before transfers	(3,574,425)	(2,930,821)	26,011	(26,623)	(3,548,414)	(2,957,444)
Transfers	(1,172,545)	(576,750)	1,172,545	402,992	-	(173,758)
Increase (decrease) in net assets	(4,746,970)	(3,507,571)	1,198,556	376,369	(3,548,414)	(3,131,202)
<b>Net Assets:</b>						
Beginning	343,288,724	351,653,288	4,420,292	2,133,069	347,709,016	353,786,357
Restated	347,488,646	346,796,295	4,849,425	4,043,923	352,338,071	350,840,218
Ending	<u>\$ 342,741,676</u>	<u>\$ 343,288,724</u>	<u>\$ 6,047,981</u>	<u>\$ 4,420,292</u>	<u>\$ 348,789,657</u>	<u>\$ 347,709,016</u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, was various grants received in human services showed growth.

Business-type activities: Business-type activities increased Klamath County's net assets by \$1,198,556. The excess of revenues over expenses in the business-type activities led to the increase in net assets.

**Klamath County, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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**Financial Analysis of the Government's Funds**

As noted earlier, Klamath County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Klamath County. The fund balance of the County's general fund was increased by \$415,576 during the current fiscal year. The key factors are as follows:

- Budget measures were implemented in mid fiscal year to cut expenses to conserve funds for the next fiscal year.

The Road Fund Operating Budget covers most of the day to day functions of the Public Works Department, exclusive of the Weed Control Division and the Klamath County Drainage Service District. The Road Reserve Fund is for major capital projects, plus funds that are not anticipated to be expended in the near term. The key factors are as follows:

- Funds spent on major capital projects plus maintenance, repair and operations of County Roads were in excess of receipts from Federal Forest Funds, Oregon's Motor Vehicle Apportionment and other miscellaneous revenue sources.

The property sales fund receives the proceeds from the sale of tax delinquent properties. The fund balance decreased by \$79,080 during the current fiscal year. The key factors are as follows:

- Expenses and distributions to taxing districts were in excess of current year revenues.

The mental health fund accounts for Klamath County's administration of mental health programs. The fund balance increased by \$21,730 during the current fiscal year. The key factors are as follows:

- Revenues were in excess of current year expenses.

Proprietary funds: Unrestricted net assets of the solid waste operations amounted to \$1,590,505. The internal service fund amounts are included in the governmental activities of the County. Factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type and governmental activities.

**Budgetary Highlights**

The County budgets all funds (except for fiduciary funds) in compliance with Oregon budget law. Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

- Increase in revenue/expenditures for various special revenue funds
- Minor transfers of appropriations between line items within funds

All of the budget changes were done by resolution and or a supplemental budget as required by Oregon budget law.

**Capital Asset and Debt Administration**

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$220,820,391 (net of accumulated depreciation). This investment in capital assets includes construction-in-progress, land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- A variety of street construction projects in conjunction with the State of Oregon, widening existing streets, and replacement of bridges.
- A building project is in the process for a new Mental Health facility through insurance claims after the building received extensive fire damage.
- Replacement of vehicles, communication and computer equipment in various departments.

**Klamath County, Oregon**  
**Management's Discussion and Analysis**  
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	Governmental activities		Business-type activities		Totals	
	2011	2010	2011	2010	2011	2010
Land and construction in progress	\$ 12,477,198	\$ 10,760,708	\$ -	\$ -	\$ 12,477,198	\$ 10,760,708
Building and improvements	17,908,939	17,152,118	13,283	16,283	17,922,222	17,168,401
Machinery and equipment	6,096,061	5,835,709	1,650,802	2,174,566	7,746,863	8,010,275
Vehicles	2,302,517	2,543,490	27,993	-	2,330,510	2,543,490
Infrastructure	180,343,598	186,997,438	-	-	180,343,598	186,997,438
<b>Total</b>	<b>\$ 219,128,313</b>	<b>\$ 223,289,463</b>	<b>\$ 1,692,078</b>	<b>\$ 2,190,849</b>	<b>\$ 220,820,391</b>	<b>\$ 225,480,312</b>

Additional information on the County's capital assets can be found in notes to the financial statements.

Long-Term Debt: At the end of the current fiscal year, the County's debt represents notes payable and other long-term liabilities that are detailed in the notes to the financial statements.

**Klamath County's Outstanding Debt**  
**General Obligation Bonds & Notes Payable**

	Governmental activities		Business-type activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds - 1997A series	\$ -	\$ 1,515,000	\$ -	\$ -	\$ -	\$ 1,515,000
Series 1999	-	-	-	-	-	-
Notes payable	65,190	72,197	-	-	65,190	72,197
<b>Total</b>	<b>\$ 65,190</b>	<b>\$ 1,587,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,190</b>	<b>\$ 1,587,197</b>

The County's total debt decreased by retirement of principal and interest payments made during current fiscal year. The County has not refinanced any bonds at this time even though there are favorable interest rates the overall costs of refinancing would not be advantageous at this time.

The County operates two solid waste landfills and has recorded a liability for the costs that would be incurred to comply with state and federal regulations that require a final cover on the landfills and maintenance and care at the sites for up to thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The County is required by state and federal laws and regulations to make annual contributions to a trust (reserve) to finance closure and post-closure care. The County is in compliance with these requirements, and as of June 30, 2011, \$5,333,175 is part of the investment pool and is held for these purposes. The fund is reported as restricted assets on the balance sheet. The total liability to date is recorded in the business-type fund; Landfill site reserve. This reserve fund is restricted for the purpose of closure/post-closure maintenance. This amount represents a portion of the total cost of closure and post-closure based on the percent of the estimated capacity used and the portion/part of post-closure care that has been completed for the closed part of the Klamath Falls MSW LF portion of the site. Each year an estimated amount of expense is recognized based on the capacity filled and any changes to the expected costs so that at the present time, total cost has been recognized. The County has now begun shipping the municipal solid waste at the Klamath Falls to a regional site location. The Klamath Falls landfill site is now authorized by the State to continue to receive construction and demolition waste only. A transfer station was built to ship waste to a contracted regional landfill. The Chemult landfill site continues to be authorized for full service.

**Klamath County, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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**Economic Factors and Next Year's Budgets**

- The layoff by the State of Oregon for law enforcement officers in the Klamath Basin will affect the safety of the area, which the County will try to cover with the law enforcement from the Sheriff's Office.
- The State unemployment rate is raising including the basin, along with the rest of the state.
- Inflationary trends in the region compare favorably to national indices.
- The economy at the state level is declining, which will affect the local economy. The State of Oregon is estimating that they will have to reduce their current budget. This will affect a number of human service and public safety programs.
- Settlement of the union contract with our largest represented staff will reduce the amount of unreserved funds in general fund available as a resource.

All of these factors were considered in preparation of the County's budgets for 2010-11 and 2011-12 fiscal years.

The County will have to adjust the amount of spending available in the 2011-12 fiscal year depending on the federal state budgets. Program services will have to be adjusted or eliminated to balance the budget. No taxes can be increased, other than the allowable 3 percent increase on property taxes allowed by state law.

**General Information**

County Seat: Klamath Falls, Oregon	E-mail: <a href="mailto:bocc@co.klamath.or.us">bocc@co.klamath.or.us</a>	Web: <a href="http://www.klamathcounty.org">www.klamathcounty.org</a>
Incorporated: Oct. 17, 1882	Elevation at Klamath Falls: 4,105'	Area: 6,135 sq. miles
Average Temp: January 29.8 July 68.0	Assessed Value: \$4,869,847,107	Real Market Value: \$9,592,511,828
Annual Precipitation: 13.57"	Economy: Forest products, agriculture, tourism, and recreation	
College: Oregon Institute of Technology (OIT)		County Population: 70,000

**Request for Information**

This financial report is designed to provide a general overview of Klamath County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Klamath County, 305 Main Street, Klamath Falls, Oregon 97601.

## **BASIC FINANCIAL STATEMENTS**

**Klamath County, Oregon**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Assets</b>				
Cash and investments	\$ 126,343,756	\$ 10,639,985	\$ 136,983,741	\$ 395,484
Accounts receivable, net	2,101,955	369,332	2,471,287	-
Taxes receivable, net	1,913,020	32,472	1,945,492	-
Other receivables	485,163	-	485,163	-
Internal balances	(1,942)	1,942	-	-
Inventories	1,713,498	15,820	1,729,318	-
Prepaid expenses	-	113,631	113,631	-
Other assets	1,042,015	-	1,042,015	-
Capital assets				
Land	1,105,236	-	1,105,236	-
Construction in progress	11,371,962	-	11,371,962	-
Buildings and improvements, net	17,908,939	13,283	17,922,222	-
Machinery and equipment, net	6,096,061	1,650,802	7,746,863	-
Vehicles, net	2,302,517	27,993	2,330,510	-
Infrastructure, net	180,343,598	-	180,343,598	-
Total Assets	<u>352,725,778</u>	<u>12,865,260</u>	<u>365,591,038</u>	<u>395,484</u>
<b>Liabilities</b>				
Accounts payable	2,617,016	266,830	2,883,846	-
Accrued expenses	1,255,729	-	1,255,729	-
Deferred revenues	1,015,683	-	1,015,683	-
Long-term liabilities:				
Due within one year				
Bonds, capital leases and contracts	7,662	-	7,662	-
Compensated absences	2,649,500	113,050	2,762,550	-
Claims and judgments	1,698,409	-	1,698,409	-
Due in more than one year				
Bonds, capital leases and contracts	57,528	-	57,528	-
OPEB liability	25,327	1,419	26,746	-
Pension liability	657,248	36,406	693,654	-
Accrued landfill closure/postclosure care costs	-	6,399,574	6,399,574	-
Total Liabilities	<u>9,984,102</u>	<u>6,817,279</u>	<u>16,801,381</u>	<u>-</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	219,063,123	1,692,078	220,755,201	-
Restricted for:				
Debt service	1,973,226	-	1,973,226	-
Inventory	1,693,510	-	1,693,510	-
Other purposes	117,740,489	-	117,740,489	395,484
Unrestricted	2,271,328	4,355,903	6,627,231	-
Total Net Assets	<u>\$ 342,741,676</u>	<u>\$ 6,047,981</u>	<u>\$ 348,789,657</u>	<u>\$ 395,484</u>

The accompanying notes are an integral part of this statement.



**Klamath County, Oregon**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
<b>Governmental Activities</b>								
General government	\$ 4,805,966	\$ 912,206	\$ -	\$ -	\$ (3,893,760)		\$ (3,893,760)	
Public safety	15,114,991	2,265,095	4,101,492	-	(8,748,404)		(8,748,404)	
Public works	18,387,548	140,628	12,481,443	-	(5,765,477)		(5,765,477)	
Human services	11,495,102	2,097,479	8,476,211	-	(921,412)		(921,412)	
Community services	7,212,961	709,743	3,333,615	-	(3,169,603)		(3,169,603)	
Community development	2,498,755	1,137,236	206,262	-	(1,155,257)		(1,155,257)	
Agriculture	373,264	13,380	4,471	-	(355,413)		(355,413)	
Interest on long-term debt	90,673	-	-	-	(90,673)		(90,673)	
Total governmental activities	59,979,260	7,275,767	28,603,494	-	(24,099,999)		(24,099,999)	
<b>Business-type activities</b>								
Solid waste	3,744,306	3,843,993	-	-		99,687	99,687	
Recycling	90,825	99,575	-	-		8,750	8,750	
Weed control	209,419	200,962	-	-		(8,457)	(8,457)	
Interoperable radio communications	380,211	95,077	-	-		(285,134)	(285,134)	
Drainage district	103,587	214,390	-	-		110,803	110,803	
Total business-type activities	4,528,348	4,453,997	-	-		(74,351)	(74,351)	
County Totals	64,507,608	11,729,764	28,603,494	-	(24,099,999)	(74,351)	(24,174,350)	
<b>Component Units</b>								
Museum foundation	15,325	-	-	-				(15,325)
Total component units	15,325	-	-	-				(15,325)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					11,465,523	-	11,465,523	-
Property taxes, levied for debt service					1,697,745	-	1,697,745	-
Other taxes					1,934,387	-	1,934,387	-
Grants and contributions not restricted to specific programs					3,605,460	-	3,605,460	-
Unrestricted investment earnings					1,176,112	92,930	1,269,042	26,187
Miscellaneous					631,347	71	631,418	16,078
Special item - gain on sale of asset					15,000	7,361	22,361	-
Transfers					(1,172,545)	1,172,545	-	-
Total general revenues and transfers					19,353,029	1,272,907	20,625,936	42,265
Change in net assets					(4,746,970)	1,198,556	(3,548,414)	26,940
Net assets - beginning, as originally stated					343,288,724	4,420,292	347,709,016	368,544
Prior period adjustment					4,199,922	429,133	4,629,055	-
Net assets - beginning, as restated					347,488,646	4,849,425	352,338,071	368,544
Net assets - ending					\$ 342,741,676	\$ 6,047,981	\$ 348,789,657	\$ 395,484

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<b>Major Special Revenue Funds</b>						<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Road Fund</b>	<b>Property Sales Fund</b>	<b>Mental Health Fund</b>	<b>Library Service District Funds</b>	<b>Other Funds</b>	
<b>Assets</b>							
Pooled cash and investments	\$ 2,377,582	\$ 105,770,142	\$ 267,543	\$ 1,282,470	\$ 1,821,660	\$ 10,838,681	\$ 122,358,078
Accounts receivable	464,331	424,096	1,667	131,084	81	1,015,515	2,036,774
Taxes receivable, net	1,225,835	-	-	-	353,778	333,407	1,913,020
Due from other funds	-	-	-	-	-	1,631,136	1,631,136
Assessments receivable	-	13,901	-	-	-	25,000	38,901
Notes receivable	-	-	446,262	-	-	-	446,262
Inventories	44,253	1,640,079	-	-	-	9,178	1,693,510
Other assets	-	-	1,042,015	-	-	-	1,042,015
<b>Total assets</b>	<b>4,112,001</b>	<b>107,848,218</b>	<b>1,757,487</b>	<b>1,413,554</b>	<b>2,175,519</b>	<b>13,852,917</b>	<b>131,159,696</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	74,623	663,252	3,717	65,932	27,723	1,480,954	2,316,201
Due to other funds	204,103	-	-	522,033	-	651,825	1,377,961
Deferred revenue	1,080,313	13,901	446,262	-	302,811	538,479	2,381,766
Other accrued expenses	1,253,773	-	-	-	-	1,957	1,255,730
<b>Total liabilities</b>	<b>2,612,812</b>	<b>677,153</b>	<b>449,979</b>	<b>587,965</b>	<b>330,534</b>	<b>2,673,215</b>	<b>7,331,658</b>
<b>Fund balances:</b>							
Nonspendable	44,253	1,640,079	1,042,015	-	-	9,178	2,735,525
Restricted	-	105,530,986	-	811,946	1,844,985	11,050,916	119,238,833
Committed	184,437	-	265,493	13,643	-	677,224	1,140,797
Unassigned	1,270,499	-	-	-	-	(557,616)	712,883
<b>Total fund balances</b>	<b>1,499,189</b>	<b>107,171,065</b>	<b>1,307,508</b>	<b>825,589</b>	<b>1,844,985</b>	<b>11,179,702</b>	<b>123,828,038</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,112,001</b>	<b>\$ 107,848,218</b>	<b>\$ 1,757,487</b>	<b>\$ 1,413,554</b>	<b>\$ 2,175,519</b>	<b>\$ 13,852,917</b>	<b>\$ 131,159,696</b>

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets**  
**June 30, 2011**

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Total fund balance, governmental funds \$ 123,828,038

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 219,128,303

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. 2,008,600

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. (2,223,265)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 342,741,676

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<b>Major Special Revenue Funds</b>						<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Road Fund</b>	<b>Property Sales Fund</b>	<b>Mental Health Fund</b>	<b>Library Service District Funds</b>	<b>Other Funds</b>	
<b>Revenues</b>							
Property Taxes	\$ 8,023,113	\$ -	\$ -	\$ -	\$ 2,318,957	\$ 1,891,930	\$ 12,234,000
Sales and miscellaneous taxes	31	-	-	-	-	1,810,920	1,810,951
Fines and forfeitures	328,926	-	-	-	-	158,890	487,816
Licenses, fees, and permits	768,421	-	13,902	-	-	543,963	1,326,286
Intergovernmental	4,206,398	12,441,006	-	7,470,744	14,290	8,277,143	32,409,581
Charges for services	874,352	140,535	404,550	726,216	31,868	3,312,236	5,489,757
Investment earnings	6,710	975,775	4,365	11,326	20,756	128,584	1,147,516
Miscellaneous	159,320	31,119	-	(27,280)	326,676	180,472	670,307
Total revenues	<u>14,367,271</u>	<u>13,588,435</u>	<u>422,817</u>	<u>8,181,006</u>	<u>2,712,547</u>	<u>16,304,138</u>	<u>55,576,214</u>
<b>Expenditures</b>							
<b>Current:</b>							
General government	3,086,936	-	616,893	-	-	976,948	4,680,777
Public safety	9,765,609	-	-	-	-	5,508,030	15,273,639
Public works	-	9,987,330	-	-	-	734,325	10,721,655
Human services	-	-	-	8,015,874	-	3,392,543	11,408,417
Community services	-	-	-	-	2,782,971	4,291,410	7,074,381
Community development	-	-	-	-	-	2,536,868	2,536,868
Agriculture	365,063	-	-	-	-	6,223	371,286
<b>Debt Service:</b>							
Principal	-	-	-	7,007	-	1,515,000	1,522,007
Interest and other charges	1,419	-	-	8,105	-	81,148	90,672
Capital Outlay	3,644	2,756,089	-	65,589	122,444	815,846	3,763,612
Total Expenditures	<u>13,222,671</u>	<u>12,743,419</u>	<u>616,893</u>	<u>8,096,575</u>	<u>2,905,415</u>	<u>19,858,341</u>	<u>57,443,314</u>
Excess (deficiency) of revenues over expenditures	<u>1,144,600</u>	<u>845,016</u>	<u>(194,076)</u>	<u>84,431</u>	<u>(192,868)</u>	<u>(3,554,203)</u>	<u>(1,867,100)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers in	10,588,096	2,000	-	-	849,591	3,805,048	15,244,735
Transfers out	(11,317,120)	(1,063,840)	(7,021)	(62,701)	(807,995)	(2,990,101)	(16,248,778)
Total other financing sources and uses	<u>(729,024)</u>	<u>(1,061,840)</u>	<u>(7,021)</u>	<u>(62,701)</u>	<u>41,596</u>	<u>814,947</u>	<u>(1,004,043)</u>
<b>SPECIAL ITEM</b>							
Proceeds from sale of assets	-	15,000	122,017	-	-	-	137,017
Net change in fund balances	<u>415,576</u>	<u>(201,824)</u>	<u>(79,080)</u>	<u>21,730</u>	<u>(151,272)</u>	<u>(2,739,256)</u>	<u>(2,734,126)</u>
Fund balances - beginning	1,075,645	107,759,822	344,573	803,859	1,996,257	14,072,125	126,052,281
Prior period adjustments	-	-	-	-	-	(132,049)	(132,049)
Fund balances - beginning, as restated	<u>1,075,645</u>	<u>107,759,822</u>	<u>344,573</u>	<u>803,859</u>	<u>1,996,257</u>	<u>13,940,076</u>	<u>125,920,232</u>
Fund balances - change in inventory	7,968	(386,933)	-	-	-	(21,118)	(400,083)
Fund balances - change in other assets	-	-	1,042,015	-	-	-	1,042,015
Fund balances - ending	<u>\$ 1,499,189</u>	<u>\$ 107,171,065</u>	<u>\$ 1,307,508</u>	<u>\$ 825,589</u>	<u>\$ 1,844,985</u>	<u>\$ 11,179,702</u>	<u>\$ 123,828,038</u>

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2011**

Net change in fund balances - total governmental funds:	\$ (2,734,126)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>	
This is the amount by which capital outlays \$3,763,612 exceeded depreciation \$8,199,786 in the current period.	(4,436,174)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.</p>	
	636,943
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.</p>	
	1,522,007
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.</p>	
	(209,318)
<p>Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>	
	473,698
Change in net assets of governmental activities	\$ (4,746,970)

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<u>Solid Waste Fund</u>	<u>Drainage Service District Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 8,085,929	\$ 2,154,185	\$ 399,871	\$ 10,639,985	\$ 3,985,679
Accounts receivable, net	299,690	-	69,642	369,332	65,183
Assessmenets receivables	-	32,472	-	32,472	-
Inventories	-	-	15,820	15,820	19,990
Prepaid expenses	-	113,631	-	113,631	-
Total current assets	<u>8,385,619</u>	<u>2,300,288</u>	<u>485,333</u>	<u>11,171,240</u>	<u>4,070,852</u>
Non-current assets:					
Capital Assets:					
Vehicles	566,185	-	142,909	709,094	165,354
Buildings	62,645	-	29,011	91,656	11,122
Machinery and equipment	2,402,692	-	2,641,203	5,043,895	895,360
Less Accumulated depreciation	(2,990,356)	-	(1,162,211)	(4,152,567)	(640,764)
Total non-current assets	<u>41,166</u>	<u>-</u>	<u>1,650,912</u>	<u>1,692,078</u>	<u>431,072</u>
Total assets	<u><u>8,426,785</u></u>	<u><u>2,300,288</u></u>	<u><u>2,136,245</u></u>	<u><u>12,863,318</u></u>	<u><u>4,501,924</u></u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	255,475	4,717	6,638	266,830	300,815
Due to other funds	-	-	-	-	253,175
Compensated absences	106,367	-	6,683	113,050	179,560
Claims and judgments	-	-	-	-	1,698,409
Total current liabilities	<u>361,842</u>	<u>4,717</u>	<u>13,321</u>	<u>379,880</u>	<u>2,431,959</u>
Non-current liabilities:					
Net OPEB liability	1,256	-	163	1,419	1,646
Post-closure liabilities	6,399,574	-	-	6,399,574	-
Pension liability	32,442	-	3,964	36,406	59,719
Total non-current liabilities	<u>6,433,272</u>	<u>-</u>	<u>4,127</u>	<u>6,437,399</u>	<u>61,365</u>
Total liabilities	<u><u>6,795,114</u></u>	<u><u>4,717</u></u>	<u><u>17,448</u></u>	<u><u>6,817,279</u></u>	<u><u>2,493,324</u></u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	41,166	-	1,650,912	1,692,078	431,072
Restricted	-	2,295,571	-	2,295,571	19,083
Unrestricted	1,590,505	-	467,885	2,058,390	1,558,445
Total net assets	<u><u>\$ 1,631,671</u></u>	<u><u>\$ 2,295,571</u></u>	<u><u>\$ 2,118,797</u></u>	<u><u>6,046,039</u></u>	<u><u>\$ 2,008,600</u></u>
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business Activities of the Statement of Net Assets.				1,942	
Total net assets per Government-Wide financial statements				<u><u>\$ 6,047,981</u></u>	

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Solid Waste Fund</b>	<b>Drainage Service District Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>Revenues</b>					
Fines and forfeitures	\$ -	\$ -	\$ 920	\$ 920	\$ -
Licenses, fees, and permits	46,705	214,390	73,871	334,966	-
Intergovernmental	-	-	-	-	86,889
Charges for services	3,797,288	-	320,823	4,118,111	6,595,025
Total operating revenues	<u>3,843,993</u>	<u>214,390</u>	<u>395,614</u>	<u>4,453,997</u>	<u>6,681,914</u>
<b>Operating Expenses</b>					
Personal services	1,182,081	-	175,690	1,357,771	2,004,824
Materials and services	2,403,290	103,587	134,995	2,641,872	3,895,741
Depreciation	157,184	-	373,463	530,647	39,261
Total Operating Expenses	<u>3,742,555</u>	<u>103,587</u>	<u>684,148</u>	<u>4,530,290</u>	<u>5,939,826</u>
Operating income (loss)	<u>101,438</u>	<u>110,803</u>	<u>(288,534)</u>	<u>(76,293)</u>	<u>742,088</u>
<b>Non-Operating Revenues (Expenses)</b>					
Interest and investment revenue	64,745	24,726	3,459	92,930	28,788
Miscellaneous revenue	-	-	71	71	16,582
Proceeds from the sale of capital assets	-	-	7,361	7,361	-
Interest expense	-	-	-	-	(1,791)
Total non-operating revenue (expenses)	<u>64,745</u>	<u>24,726</u>	<u>10,891</u>	<u>100,362</u>	<u>43,579</u>
Income (loss) before contributions and transfers	166,183	135,529	(277,643)	24,069	785,667
Transfers in	1,648,751	-	89,199	1,737,950	2,312,047
Transfers out	(464,488)	-	(100,917)	(565,405)	(2,623,828)
Change in net assets	<u>1,350,446</u>	<u>135,529</u>	<u>(289,361)</u>	<u>1,196,614</u>	<u>473,886</u>
Total net assets - beginning	(76,817)	2,155,500	2,322,528	4,401,211	1,531,555
Prior period adjustments	358,042	4,542	85,630	448,214	3,159
Net assets - beginning, as restated	<u>281,225</u>	<u>2,160,042</u>	<u>2,408,158</u>	<u>4,849,425</u>	<u>1,534,714</u>
Total net assets - ending	<u>\$ 1,631,671</u>	<u>\$ 2,295,571</u>	<u>\$ 2,118,797</u>	<u>\$ 6,046,039</u>	<u>\$ 2,008,600</u>
Change in net assets, per above				1,196,614	

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.

Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements

1,942  
\$ 1,198,556

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Solid Waste Fund</b>	<b>Drainage Service District Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users	\$ 4,686,344	\$ 216,006	\$ 369,610	\$ 5,271,960	\$ 6,704,441
Payment to suppliers	(2,311,078)	(248,692)	(130,303)	(2,690,073)	(3,445,272)
Payments to employees	(1,181,625)	-	(172,963)	(1,354,588)	(2,010,611)
Net Cash Flows Provided (Used) by Operating Activities	<u>1,193,641</u>	<u>(32,686)</u>	<u>66,344</u>	<u>1,227,299</u>	<u>1,248,558</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Advances from other funds	-	-	-	-	(52,014)
Transfers from (to) other funds	1,184,263	-	(11,718)	1,172,545	(311,781)
Other income	-	-	71	71	16,582
Interest paid on interfund loans	-	-	-	-	(1,791)
Net Cash Provided (Used) by Noncapital Financing	<u>1,184,263</u>	<u>-</u>	<u>(11,647)</u>	<u>1,172,616</u>	<u>(349,004)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchase and construction of depreciable assets	(3,883)	-	(27,995)	(31,878)	(18,233)
Proceeds from disposal of depreciable assets	-	-	7,361	7,361	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(3,883)</u>	<u>-</u>	<u>(20,634)</u>	<u>(24,517)</u>	<u>(18,233)</u>
<b>Cash Flows From Investing Activities</b>					
Investment interest	64,746	24,726	3,459	92,931	28,788
Net Cash Flows Provided by Investing Activities	<u>64,746</u>	<u>24,726</u>	<u>3,459</u>	<u>92,931</u>	<u>28,788</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,438,767	(7,960)	37,522	2,468,329	910,109
Cash and Cash Equivalents, Beginning of Year	<u>5,647,162</u>	<u>2,162,145</u>	<u>362,349</u>	<u>8,171,656</u>	<u>3,075,570</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,085,929</u>	<u>\$ 2,154,185</u>	<u>\$ 399,871</u>	<u>\$ 10,639,985</u>	<u>\$ 3,985,679</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 101,438	\$ 110,803	\$ (288,534)	\$ (76,293)	\$ 742,088
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities					
Depreciation expense	157,184	-	373,463	530,647	39,261
(Increase) decrease in assets					
Accounts receivable	842,350	3,202	(26,004)	819,548	22,528
Assessments receivable	-	(1,584)	-	(1,584)	-
Inventory	-	-	2,099	2,099	809
Prepaid expenses	-	(113,630)	-	(113,630)	-
Increase (decrease) in liabilities					
Accounts payable	66,429	(31,477)	2,055	37,007	137,681
Landfill closure liability	8,985	-	-	8,985	306,191
Accrued employee benefits	17,255	-	3,265	20,520	-
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 1,193,641</u>	<u>\$ (32,686)</u>	<u>\$ 66,344</u>	<u>\$ 1,227,299</u>	<u>\$ 1,248,558</u>

The accompanying notes are an integral part of this statement.



**Klamath County, Oregon**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<u>Investment Trust Fund</u>	<u>Pension Trust Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 23,285,321	\$ 3,252,819
Receivables:		
Interest and dividends	-	120,352
Accounts receivable	247,070	105,748
Total receivables	<u>247,070</u>	<u>226,100</u>
Investments:		
U.S. Government obligations	-	1,456,432
Corporate bonds	-	6,995,892
Corporate stocks	-	13,761,126
Other investments	-	8,328,545
Total Investments	<u>-</u>	<u>30,541,995</u>
Total assets	<u>23,532,391</u>	<u>34,020,914</u>
<b>Liabilities</b>		
Accounts payable	<u>-</u>	<u>36,366</u>
Total liabilities	<u>-</u>	<u>36,366</u>
<b>Net Assets</b>		
Held in trust for benefits and other purposes	<u>23,532,391</u>	<u>33,984,548</u>
	<u>\$ 23,532,391</u>	<u>\$ 33,984,548</u>

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2011**

	<b>Investment Trust Fund</b>	<b>Pension Trust Fund</b>
<b>Additions</b>		
Contributions:		
Districts	\$ 47,013,294	\$ -
Employer	-	1,680,057
Plan Members	-	1,036,844
Total contributions	<u>47,013,294</u>	<u>2,716,901</u>
Investment earnings	248,809	5,994,373
Total additions	<u>47,262,103</u>	<u>8,711,274</u>
<b>Deductions</b>		
Distribution to district	46,781,093	-
Benefits	-	2,118,812
Administrative	-	227,060
Total deductions	<u>46,781,093</u>	<u>2,345,872</u>
Change in net assets	481,010	6,365,402
Net assets - beginning	<u>23,051,381</u>	<u>27,619,146</u>
Net assets - ending	<u>\$ 23,532,391</u>	<u>\$ 33,984,548</u>

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

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	<u>Agency Funds</u>
<b>Assets</b>	
Pooled cash and investments	\$ 1,175,528
Receivables:	
Interest and Dividends	
Receivables from sale of investments	
Other receivables	5,674
Property taxes receivables	6,667,902
Total receivables	<u>6,673,576</u>
Total assets	<u>\$ 7,849,104</u>
<b>Liabilities</b>	
Accounts payable	60,809
Amounts held for others	7,788,295
Total liabilities	<u>\$ 7,849,104</u>

The accompanying notes are an integral part of this statement.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 1 – Summary of Significant Accounting Policies**

**Organization**

Klamath County (County) was created by enactment of the 12<sup>th</sup> Regular Session of the Legislative Assembly of the State of Oregon on October 7, 1882, and now operates under Oregon Revised Statutes (ORS) Title 20, Chapters 201 to 215 inclusive. A three-member Board of County Commissioners directs the services of the County with legal and technical assistance as needed. These members are elected for four-year terms. There are other elected officials of the County whose general duties and requirements are covered by various ORS Chapters. These elected officials include: Sheriff, Clerk, Assessor, Treasurer, Surveyor, District Attorney, and Justice of the Peace. The County is the primary government.

The following is a summary of significant accounting policies utilized by the County in the preparation of the accompanying financial statements.

**Reporting Entity**

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

**Blended Component Units**

The Klamath County Library Service District (Library District) serves all the citizens of the County and is governed by a board comprised of the County's board of commissioners. The Library District's annual property tax levy is approved by the County commissioners. The Library District and its component units are reported as one major governmental fund.

The Klamath County Drainage Service District (Drainage District) serves citizens in a special district encompassing part of the Klamath Falls Urban Growth Boundary and is governed by a board comprised of the County's board of commissioners. The Drainage District is reported as one major proprietary fund.

Any persons with an interest in the Library District or the Drainage District's separately issued financial statements should send a request to the Chief Financial Officer, Klamath County, 305 Main Street, Klamath Falls, OR 97601.

**Discretely Presented Component Units**

The Museum Fund has a discretely presented component unit. The Klamath County Museum Foundation is a not-for-profit organization with a separate board. However, it exists for the sole purpose of raising funds for the support of the Klamath County Museums.

**Government-wide and Fund Financial Statements**

The statement of net assets and the statement of activities report information on all of the activities of the primary government and its component units. Eliminations have been made in the financial activities of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes presented as general revenues.

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented, even though the fiduciary funds are excluded from the government-wide statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 1 – Summary of Significant Accounting Policies** *(continued)*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Under this method, revenues are recognized when they are both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected with sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County reports the following major governmental funds:

- The general fund is the principal fund of the County and is used to account for all activities not required to be accounted for in another fund.
- The road fund accounts for the road building and maintenance by the County that is supported by intergovernmental grants and allocations.
- The property sales fund receives the proceeds from the sale of tax delinquent properties. A portion of the revenues are used for administration of the foreclosure and sales activities. The remainder is transferred to all taxing districts.
- The mental health fund accounts for the administration of County Mental Health programs that are supported by intergovernmental revenues and charges for service.
- The Library Service District fund accounts for the operations of the Library District and its component units.

The County reports the following major proprietary funds:

- The solid waste fund accounts for solid waste disposal and the landfill site resources set aside for future use for landfill closure and post-closure care costs. Revenues are from charges for services.
- The Drainage Service District fund accounts for the operations of the Drainage District and its component units.

Additionally the County reports the following fund types:

- Special Revenue Funds are primarily operating funds that account for resources derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities.
- Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities. Primary resources are transfer in from other funds.
- Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 1 – Summary of Significant Accounting Policies** *(continued)*

- Proprietary Funds include Enterprise and Internal Service Funds. Enterprise Funds account for activities which are intended to be self-supporting or where periodic determination of net income is appropriate for management control and accountability. Internal Service Funds are used to account for activities and services provided by one County organizational unit to another, financed through cost reimbursement or charges for services
- Fiduciary Funds account for assets held by the County for other parties (either as a trustee or as an agent) and that cannot be used to finance the County's own operating programs. Fiduciary Funds include (a) Pension Trust Funds, (b) Investment Trust Funds, (c) Private Trust Funds, and (d) Agency Funds.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges incurred from various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**Deposits and Investments**

The County maintains a cash and investment pool that is available for use by all funds. Oregon Statutes authorize the County to invest in obligations of the U.S. Government and its agencies, the State Local Government Investment Pool, certificates of deposit, savings, and money market accounts, bankers' acceptances, commercial paper and repurchase agreements.

For purposes of the statement of cash flows, cash and cash equivalents include all assets in the County considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County participates in the Oregon State Treasurer's Local Government Investment Pool (LGIP), an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Short-Term Bond Fund Board. The Oregon State Treasurer's Office has calculated the fair value of the underlying investments of the LGIP and the County's share of fair value is the same as the reported value.

Investments are stated at fair value. Investment income is allocated to the funds based on the balance of each fund in the cash and investment pool. The investment income includes; interest, dividends, realized gains and losses and changes in fair value.

**Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Property tax receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. All other receivables are shown net of an allowance for uncollectible accounts.

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15<sup>th</sup> of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15<sup>th</sup>, the second one-third on February 15<sup>th</sup>, and the remaining one-third on May 15<sup>th</sup>. A three percent discount is allowed if full payment is made by November 15<sup>th</sup> and a two percent discount is allowed if two-thirds payment is made by November 15<sup>th</sup>. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date.

Property taxes were levied at the permanent rate of \$1.7326 per \$1,000 of assessed value within the County. Measure 50 established the permanent rate and allows for an increase of the assessed value of 3% per year.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 1 – Summary of Significant Accounting Policies** *(continued)*

**Inventories and Prepaid Items**

Inventories are valued at cost, using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed, and are offset on the balance sheet with a reserve for inventory account.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Capital Assets**

Capital assets, which includes property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 for equipment and \$10,000 for infrastructure with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the County incurred no interest expense for capital assets for business-type activities.

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>		<u>Years</u>
Building & Improvements	20~50	Motor Vehicles	5
Roads & Bridges	50	Equipment	5
System Infrastructure	30	Software	5

**Deferred Revenues**

Unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in the governmental fund financial statements represent unearned revenues or revenues which are measurable but not available. In accordance with the modified accrual basis of accounting, these items are reported as deferred revenues.

**Compensated Absences**

It is County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. The County has a policy that employees hired after December 31, 1997 that are separated do not get paid for unpaid accumulated sick leave. Employees employed before December 31, 1997 are paid half of their unpaid accumulated sick leave. All vacation pay and compensatory time is accrued when incurred in the government-wide statements and proprietary funds statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, a result of employee resignations and retirements at June 30. Liabilities for compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

**Other Postemployment Benefits Obligation**

The County's net Other Postemployment Benefit Obligation (OPEB) obligation is recognized as a long-term liability in the government-wide financial statements and in the proprietary fund statements, the amount of which is actuarially determined.

**Long-term Obligations**

In the government-wide financial statements and for proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. When incurred, bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies** *(continued)*

bond premium or discount. The difference between the reacquisition price (funds required to refund the old debt) and the net carrying value of the refunded debt is an economic gain or loss, and is treated as a deferred charge on refunding. This deferred charge is reported as a reduction to the bonds payable on that Statement of Net Assets and is being amortized as a component of interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Fund Equity**

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus used in the reporting fund.

On the Balance Sheet – Governmental Funds, in accordance with Government Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, are classified as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The County’s highest formal action is an ordinance approved by the County Commissioners.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Finance Director.
- Unassigned includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

	General Fund	Major Special Revenue Funds				Other Funds	Total
		Road Fund	Property Sales Fund	Mental Health Fund	Library Service District Fund		
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Inventory	\$ 44,253	\$ 1,640,079	\$ -	\$ -	\$ -	\$ 9,178	\$ 1,693,510
Long term assets	-	-	1,042,015	-	-	-	1,042,015
<b>Restricted for:</b>							
Public safety	-	-	-	-	-	328,955	328,955
Public works	-	105,530,986	-	-	-	2,627,987	108,158,973
Human services	-	-	-	811,946	-	200,012	1,011,958
Community services	-	-	-	-	1,844,985	1,132,768	2,977,753
Community development	-	-	-	-	-	3,636,032	3,636,032
Agriculture	-	-	-	-	-	1	1
Capital projects	-	-	-	-	-	2,783,071	2,783,071
Debt service	-	-	-	-	-	342,090	342,090
<b>Committed to:</b>							
General government	184,437	-	265,493	-	-	92,627	542,557
Public safety	-	-	-	-	-	3,796	3,796
Human services	-	-	-	13,643	-	-	13,643
Community services	-	-	-	-	-	348,883	348,883
Community development	-	-	-	-	-	200,365	200,365
Agriculture	-	-	-	-	-	31,553	31,553
<b>Unassigned:</b>	1,270,499	-	-	-	-	(557,616)	712,883
Total fund balances	<u>\$ 1,499,189</u>	<u>\$ 107,171,065</u>	<u>\$ 1,307,508</u>	<u>\$ 825,589</u>	<u>\$ 1,844,985</u>	<u>\$ 11,179,702</u>	<u>\$ 123,828,038</u>



**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 1 – Summary of Significant Accounting Policies** *(continued)*

On the Government-wide Statement of Net Assets, the Proprietary Funds' Statement of Net Assets, and the Fiduciary Funds' Statement of Fiduciary Net Assets, net assets are segregated into restricted and unrestricted balances. Restrictions are limitations on how the net assets may be used. Restrictions may be placed on net assets by an external party that provided the resources, by enabling legislation or by the nature of the asset.

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include intergovernmental grants, and charges for services which are legally restricted to finance particular functions or activities. In addition, proceeds from general obligation bonds, revenue bonds, and full faith and credit bonds are restricted to support the specific purpose for which the debt was issued. Such net assets are reported as restricted on the Statement of Net Assets and are recorded in separate funds supporting the specific function or operation.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Note 2 – Stewardship, Compliance, and Accountability**

**Budgetary Information**

The County budgets all funds. On or before June 30 of each year, the County enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members the Board of Commissioners and a like number of interested citizens. The budget committee presents the budget to the Board of Commissioners for budget hearings prior to enactment of the resolution approving the budget, appropriating the expenditures, and levying property taxes. All annual appropriations lapse at fiscal year end.

The budget is prepared by fund, department, activity, and line, and includes information of the past year, current year estimates, and requested appropriations for the next fiscal year. Expenditures may not exceed legally budgeted appropriations at the level of materials and services, personal services, capital outlay, debt services, transfers out, and other requirements/expenditures for each fund or for each department of the General Fund.

Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the Board of County Commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passing a Commissioner's resolution authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes Chapters 294.305 through 294.565 (Oregon Budget Law). Supplemental appropriations, permitted by Oregon Budget Law, were authorized by the Commissioners during the fiscal year. The County does not use encumbrances.

Annual budgets are adopted generally following the modified accrual basis of accounting with the following exception: Interfund loans and repayments are budgeted similar to other debt transactions. The nature and amount of all significant adjustments necessary are noted on the budget to actual statements included in the financial statements.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 2 – Stewardship, Compliance, and Accountability** *(continued)*

For the year ending June 30, 2011, actual expenditures on a budgetary basis exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
<b>General Fund</b>		
General Government	Commissioners	\$ 3,088
	Clerk	27,705
Public Safety	Juvenile	350
Agriculture	OSU Extension	4,402
	Watermaster	937
Debt Service	Debt Service Principal	32,005
	Debt Service Interest	1,419
<b>Road Reserve</b>		
	Materials and Services	42,014
<b>County Public Works - LGIP Fund</b>		
	Materials and Services	120
<b>Property Sales</b>		
	Personal Services	636
<b>Mental Health</b>		
	Debt Service Interest	8,105
<b>Mental Health Reserve Fund</b>		
	Materials and Services	17,115
<b>Sheriff Special Revenue</b>		
	Materials and Services	300,944
	Debt Service Principal	72,908
<b>Sheriff Marine</b>		
	Debt Service Principal	84,215
<b>Court Facility Security</b>		
	Personal Services	13,772
<b>Klamath Falls Streets</b>		
	Materials and Services	734,325
<b>Parks</b>		
	Materials and Services	119,550
<b>Economic Development</b>		
	Materials and Services	31,727
	Debt Service Principal	15,987
<b>Community Corrections</b>		
	Debt Service Principal	41,947
	Debt Service Interest	853
<b>County Schools</b>		
	Materials and Services	2,668,726
<b>Search and Rescue</b>		
	Debt Service Principal	8,099

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 2 – Stewardship, Compliance, and Accountability** *(continued)*

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
<b>Animal Control</b>	Materials and Services	1,342
<b>Public Health Services</b>	Debt Service Principal	153,331
<b>911 Excise Tax</b>	Materials and Services	357,531
<b>Transient Room Tax</b>	Materials and Services	816,491
<b>Clerk Overpayments</b>	Miscellaneous	805
<b>Equipment Reserve</b>	Materials and Services	60,077
	Debt Service Principal	776,108
<b>Landfill Site Reserve</b>	Materials and Services	116,964
<b>Weed Control</b>	Capital Outlay	27,993
<b>Interoperable Radio Fund</b>	Materials and Services	31,748
<b>Administrative Services</b>	Debt Service Principal	52,005
	Debt Service Interest	1,791
<b>Space Rent</b>	Personal Services	1,981
<b>Risk Management</b>	Capital Outlay	86,337

**Note 3 – Deposits and Investments**

**Cash and Investments**

The County pools all funds for investment purposes. All appropriate funds are allocated investment income based on the average daily cash balance of the fund and the average monthly yield of the County's investment pool. Each fund's portion of this pool is displayed as "Cash and Investments".

Cash and investments area comprised of the following:

Demand deposits	\$ 10,873,884
Investments:	
Money market	12,020,454
Certificate of deposit	8,000,000
Local government investment pool	32,352,737
U.S. government agency obligation	70,352,000
Corporate indebtedness	26,241,000
Pension trust fund	33,794,814
State/County Loans & Bonds	2,000,000
	<u>\$ 195,634,889</u>

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 3 – Deposits and Investments** *(continued)*

Cash and investments are reflected on the Statement of Net Assets as follows:

Cash and investments - governmental activities	\$ 126,343,756
Cash and investments - business-type activities	10,639,985
Cash and investments - component units	395,484
Statement of fiduciary net assets	<u>58,255,663</u>
	<u>\$ 195,634,889</u>

**Deposits**

Deposits with financial institutions are comprised of bank demand deposits. Deposits are covered by Federal Depository Insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Oregon State Treasurer. Total bank balances, as shown on the bank's records at year-end were \$9,024,356.

**Custodial Credit Risk**

In the case of deposits this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's deposit policy is in accordance with ORS 295. All deposits are collateralized with eligible securities in amounts determined by the Office of the State Treasurer.

**Investments**

The County's investments include U.S. Government securities, commercial paper, State Local Government Investment Pool (LGIP), money market accounts and overnight funds. LGIP is managed by the State Treasurer in accordance with the "prudent person rule" and administrative rules that may be subject to change. The investments that make up the State Local Government Investment Pool are those allowed by Oregon Statute and the reported fair value of the investment is the same as the value of the pool shares. The County maintains an external investment pool for the use of taxing districts in the County. Fair values of all investments in the external pool of the County are based on published market prices. The County's investments are internally pooled. A separate audit of the County Investment Pool is performed. That audit report is available by contacting the Treasurer, Klamath County, 305 Main Street, Klamath Falls, OR 97601.

Concentration of credit risk: With exception of U.S. Securities or U.S. Agency Securities and authorized pools, no more than 33% of the total portfolio of Klamath County is allowed to be invested in a single security type or with a single financial institution.

Credit risk: State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2011, the County's investments in the U.S. government agencies and securities were rated Aaa/AAA by Standards & Poor's and Moody's investors' services. Other investments held by the County remain unrated.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover that value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy limits the percentage of the investment portfolio that may be kept held in safekeeping or the trust department of any financial institution, regardless of the dealer from whom the investment was purchased to 33% of the portfolio. At year-end no institutions held more than 25% of the County's portfolio in its safekeeping or trust departments. All investments were held by the County in its own name.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Oregon Short-Term Fund (OSTF) manages this risk by limiting the maturity of the investments held by fund. Portfolio Rules for OSTF indicate 50% of the portfolio must mature 93 days; a maximum of 25% of the portfolio may mature over one year; and no investment may mature in over 3 years as measured from settlement dates.

In accordance with its investment policy, the County maintains its investments to conform to federal, state and other legal requirements; to preserve capital and protect investment principal; to maintain sufficient liquidity to meet operating requirements; and, to diversify and attain market rates of return throughout budgetary and economic cycles.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 3 – Deposits and Investments** *(continued)*

At June 30, 2011, the County's investments consisted of:

<u>Security Description</u>	<u>Par Value (X \$1,000)</u>	<u>% of total portfolio</u>
Money markets	\$ 12,020	7%
Certificates of deposit	8,000	4%
U.S. government agencies	70,352	38%
Corporate indebtedness	26,241	14%
Local government investment pool	32,353	18%
Pension trust fund	33,795	18%
State & County Loans & Bonds	2,000	1%
Total investments	<u>\$ 184,761</u>	<u>100%</u>

At June 30, 2011, maturities for the County's investments are as follows:

<u>Maturities</u>	<u>Amounts (X \$1,000)</u>	<u>% of total portfolio</u>
01 to 30 days	\$ 67,510	37%
31 to 60 days	4,581	2%
61 to 93 days	4,500	2%
94 to 360 days	46,145	25%
12 to 18 months	20,355	11%
19 to 36 months	32,494	18%
Over three years	9,176	5%
Total investments	<u>\$ 184,761</u>	<u>100%</u>

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 4 – Receivables**

Receivables include uncollected interest, property taxes, accounts, and intergovernmental grants. County management believes that the amount of any uncollectible accounts included in receivables is immaterial. Therefore no provision for uncollectible accounts has been made.

Receivables as of June 30, 2011, were as follows:

	<b>Property Taxes</b>	<b>Accounts</b>	<b>Other</b>	<b>Total</b>
<b>Governmental activities</b>				
General fund	1,225,835	\$ 464,331	\$ -	\$ 1,690,166
Road fund	-	424,096	13,901	437,997
Property sales	-	1,667	446,262	447,929
Mental health fund	-	131,084	-	131,084
Library service district fund	353,778	81	-	353,859
Nonmajor funds	333,407	1,015,515	25,000	1,373,922
Internal service funds	-	65,183	-	65,183
	<u>1,913,020</u>	<u>2,101,957</u>	<u>485,163</u>	<u>4,500,140</u>
<b>Business-type activities</b>				
Drainage district fund	-	-	32,472	32,472
Solid waste fund	-	299,690	-	299,690
Nonmajor funds	-	69,642	-	69,642
	<u>-</u>	<u>369,332</u>	<u>32,472</u>	<u>401,804</u>
<b>Fiduciary funds</b>				
Agency fund	6,667,902	5,674	-	6,673,576
Investment trust fund	-	247,070	-	247,070
Pension fund	-	105,748	120,352	226,100
	<u>6,667,902</u>	<u>358,492</u>	<u>120,352</u>	<u>7,146,745</u>
Total receivables	<u>\$8,580,922</u>	<u>\$2,829,781</u>	<u>\$ 637,987</u>	<u>\$ 12,048,690</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<b>Unavailable</b>	<b>Unearned</b>
Governmental activities:		
Assessment receivable	\$ -	\$ 13,901
Foreclosure assets	-	446,262
Property sale contracts	-	313,587
Baby smiles	-	8,173
State marine board	-	208,760
Sportsman Park note	25,000	-
	<u>25,000</u>	<u>-</u>
Total governmental activities:	<u>\$ 25,000</u>	<u>\$ 990,683</u>

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 5 – Other Assets**

The County holds, for the benefit of taxing districts within the County, various real properties that have been acquired through foreclosure and abandonment. These assets are held until sold and the proceeds are then turned over to the taxing districts. At June 30, 2011, the estimated market value of these assets at the time of receipt by the County was \$6,967,290. These assets are recorded at the amount of outstanding property taxes and interest thereon of \$1,402,262. Foreclosed properties sold on the installment basis have outstanding balances of \$446,262 at June 30, 2011, which is recorded in the Property Sales Fund as notes receivable.

**Note 6 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<b>Beginning Balance</b>	<b>Prior Period Adjustment</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities</b>					
<b>Capital assets, not being depreciated</b>					
Land	\$ 502,618	\$ 380,018	\$ -	\$ -	\$ 882,636
Construction in progress	9,283,013	372,459	2,273,816	557,326	11,371,962
Total	9,785,631	752,477	2,273,816	557,326	12,254,598
<b>Capital assets, being depreciated:</b>					
Building and improvements	28,386,394	(2,049,774)	1,042,917	36,361	27,343,176
Machinery and equipment	12,576,643	1,844,207	780,289	-	15,201,139
Vehicles	8,925,464	287,577	132,596	27,993	9,317,644
Infrastructure	327,935,068	475,108	144,694	-	328,554,870
Subtotal	377,823,568	557,118	2,100,496	64,354	380,416,828
<b>Less accumulated depreciation:</b>					
Building and improvements	11,812,769	(463,870)	463,784	-	11,812,683
Machinery and equipment	9,821,017	(1,203,495)	530,264	-	9,147,786
Vehicles	7,141,973	(472,422)	345,576	-	7,015,127
Infrastructure	141,412,737	-	6,834,486	35,951	148,211,272
Subtotal	170,188,496	(2,139,787)	8,174,110	35,951	176,186,868
Total	207,635,072	2,696,905	(6,073,614)	28,403	204,229,960
Governmental activities, net	<u>\$ 217,420,703</u>	<u>\$ 3,449,382</u>	<u>\$ (3,799,798)</u>	<u>\$ 585,729</u>	<u>\$ 216,484,558</u>
<b>Business-type activities</b>					
<b>Capital assets, being depreciated:</b>					
Building and improvements	75,373	16,282	-	-	91,655
Machinery and equipment	4,927,640	112,372	3,883	-	5,043,895
Vehicles	681,101	-	27,993	-	709,094
Subtotal	5,684,114	128,654	31,876	-	5,844,644
<b>Less accumulated depreciation:</b>					
Building and improvements	75,373	-	3,000	-	78,373
Machinery and equipment	2,865,446	-	527,647	-	3,393,093
Vehicles	681,101	-	-	-	681,101
Subtotal	3,621,920	-	530,647	-	4,152,567
Total	2,062,194	128,654	(498,771)	-	1,692,077
Business-type activities, net	<u>\$ 2,062,194</u>	<u>\$ 128,654</u>	<u>\$ (498,771)</u>	<u>\$ -</u>	<u>\$ 1,692,077</u>

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 6 – Capital Assets** *(continued)*

Depreciation expense was charged to functions / programs as follows:

**Governmental activities:**

Agriculture	\$ 12,911
Community development	22,931
Community services	147,361
General	209,626
Human services	87,032
Interanal support	39,261
Public safety	264,293
Public works	7,390,695
	<u>\$ 8,174,110</u>

**Business-type activities:**

Solid waste	\$ 157,184
Recycling	10,000
Weed control	15,000
Interoperable radio communications	348,463
	<u>\$ 530,647</u>

**Component Unit – Library District**

Capital assets activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 222,600	\$ -	\$ -	\$ 222,600
Capital assets, being depreciated				
Building and improvements	2,900,162	277,570	-	3,177,732
Equipment and furniture	70,845	11,741	-	82,586
Vehicle	55,674	-	-	55,674
	<u>3,026,681</u>	<u>289,311</u>	<u>-</u>	<u>3,315,992</u>
Less accumulated depreciaton:				
Building and improvements	735,763	63,523	-	799,286
Equipment and furniture	38,474	1,414	-	39,888
Vehicle	55,674	-	-	55,674
	<u>829,911</u>	<u>64,937</u>	<u>-</u>	<u>894,848</u>
Total being depreciated, net	<u>2,196,770</u>	<u>224,374</u>	<u>-</u>	<u>2,421,144</u>
Total capital assets	<u>\$ 2,419,370</u>	<u>\$ 224,374</u>	<u>\$ -</u>	<u>\$ 2,643,744</u>

Depreciation expense for the year was charged to the following programs:

Library services	\$ 64,937
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**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 7 – Interfund Receivables, Payables and Transfers**

Advances to\from other funds:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General fund	-	204,687
Mental health fund	-	522,305
Nonmajor funds	1,631,136	652,911
Internal service funds	-	253,175
	<u>1,631,136</u>	<u>1,633,078</u>
Proprietary funds:		
Solid waste fund	-	1,752
Nonmajor funds	3,694	-
	<u>3,694</u>	<u>1,752</u>
	<u>\$ 1,634,830</u>	<u>\$ 1,634,830</u>

These balances resulted from interfund loans made for working capital to funds which had negative fund balances. All balances are scheduled to be collected in the subsequent year.

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	<u>Transfer In:</u>							
	<u>General Fund</u>	<u>Road Fund</u>	<u>Library Service District</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Business Funds</u>	<u>Total</u>
Transfer out:								
General fund	\$ 10,323,881	\$ -	\$ -	\$ 993,239	\$ -	\$ -	\$ -	\$ 11,317,120
Road fund	-	-	-	1,063,840	-	-	-	1,063,840
Property sales fund	-	-	-	7,021	-	-	-	7,021
Mental health fund	-	-	-	32,701	-	30,000	-	62,701
Library service district	-	-	807,995	-	-	-	-	807,995
Nonmajor governmental funds	35,412	-	41,596	1,445,665	145,105	1,253,487	68,838	2,990,103
Internal service funds	228,803	-	-	84,802	2,310,223	-	-	2,623,828
Landfill reserve fund	-	-	-	-	-	-	-	-
Solid waste fund	-	-	-	167,224	-	297,264	-	464,488
Nonmajor business funds	-	2,000	-	10,556	-	68,000	20,361	100,917
Total transfers out	<u>\$ 10,588,096</u>	<u>\$ 2,000</u>	<u>\$ 849,591</u>	<u>\$ 3,805,048</u>	<u>\$ 2,455,328</u>	<u>\$ 1,648,751</u>	<u>\$ 89,199</u>	<u>\$ 19,438,013</u>

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 7 – Interfund Receivables, Payables and Transfers** *(continued)*

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the County must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 4) move amounts from various departments to reserve accounts to fund budgeted reserves.

**Note 8 – Leases**

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$122,521 for the year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2012	\$ 128,735
2013	126,228
2014	106,584
2015	71,615
2016	33,158
Thereafter	<u>16,160</u>
	<u>\$ 482,480</u>

**Note 9 – Long-term Liabilities**

**General Obligation Bonds**

In November of 1996 voters approved a \$17,000,000 bond issue to construct a new courthouse. These general obligation bonds were issued on March 31, 1997, in denominations of \$5,000 each. Bonds mature on June 1 of each year through 2011, with interest paid at rates ranging from 3.70% to 5.30%. The bonds are not subject to redemption prior to maturity.

During the year ended June 30, 2000, the County issued \$4,500,00 series 1999 general obligation bonds for the construction of the Fairgrounds Event Center. The annual interest rate ranges from 4.0% to 4.20%. These bonds were paid off in fiscal year 2010.

**Notes Payable**

On August 26, 1988, the County obtained a mortgage loan for \$80,394 from Siuslaw Valley Bank, with an interest rate of 8.97%, and due in monthly installments of \$650 for 350 months (maturity date: October 2017). This note is recorded in the mental health fund.

On February 2, 1989, the County obtained a mortgage loan for \$55,690 from Siuslaw Valley Bank, with an interest rate of 8.97%, and due in monthly installments of \$450 for 352 months (maturity date: June 2018). This note is recorded in the mental health fund.

Loans payable currently outstanding are as follows:

Mortgage loans	
Principal	<u>\$ 65,190</u>
Total	<u>\$ 65,190</u>

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 9 – Long-term Liabilities** *(continued)*

Annual debt service requirements to maturity for notes payable are as follows:

June 30,	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2012	\$ 7,662	\$ 5,538
2013	8,379	4,821
2014	9,162	4,038
2015	10,018	3,182
2016	10,955	2,245
2017	11,979	1,221
2018	7,035	272
<b>Total</b>	<b>\$ 65,190</b>	<b>\$ 21,317</b>

**Landfill Closure and Post-closure Care**

State and federal laws and regulations require the County to place a final cover on its Klamath Falls and Chemult Landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for up to thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$6,399,574 as of June 30, 2011, which is based on 70 percent usage (filled) of the Klamath Falls Landfill and 25 percent usage (filled) of the Chemult Landfill. It is estimated that an additional \$9,300,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the Klamath Falls Landfill is expected to be filled to capacity (2030), and the Chemult Landfill to be filled to capacity (2031). The estimated total current cost of both landfills' closure and postclosure care (\$15,700,000), is based on the amount that would be paid of all equipment, facilities, and services required to close, monitor, and maintain the landfills as of June 30, 2011. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by State and federal laws and regulations to make annual contributions to finance closure and postclosure care. The County is in compliance with the requirements, and at June 30, 2011, investments of \$5,333,175, are held for these purposes. These investments are held and managed by Klamath County. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the trustee. The remaining portion of anticipated future inflation costs (including inadequate earnings in investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, and or proceeds from prospective timber harvesting at the Chemult Landfill.

Financial Assurance: Each year the County demonstrates financial assurance in connection with the closure and post-closure care activities for the Klamath Falls and Chemult Landfills by using the local government financial assurance test described in Title 40 of the Code of Federal regulations, paragraph 258.74. As of June 30, 2011(the most recent analysis), the County is in compliance with the local government financial assurance test as required by Oregon Administrative Rule 340-94-0140.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 9 – Long-term Liabilities** *(continued)*

**Changes in General Long-term Debt**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,515,000	\$ -	\$ (1,515,000)	\$ -	\$ -
Loans payable	72,197	-	(7,007)	65,190	7,662
Claims and judgements	1,416,100	1,027,903	(745,594)	1,698,409	1,698,409
Compensated absences	2,988,583	105,540	(444,623)	2,649,500	2,649,500
OPEB liability	12,669	12,658	-	25,327	-
Net pension obligation	338,297	318,951	-	657,248	-
Governmental total	<u>\$ 6,342,846</u>	<u>\$ 1,465,052</u>	<u>\$ (2,712,224)</u>	<u>\$ 5,095,674</u>	<u>\$ 4,355,571</u>
<b>Business-type activities:</b>					
Landfill closure	\$ 6,390,589	\$ 8,985	\$ -	\$ 6,399,574	\$ -
Compensated absences	111,318	2,260	(528)	113,050	113,050
OPEB liability	690	729	-	1,419	-
Net pension obligation	18,349	18,058	-	36,407	-
Total business-type	<u>\$ 6,520,946</u>	<u>\$ 30,032</u>	<u>\$ (528)</u>	<u>\$ 6,550,450</u>	<u>\$ 113,050</u>

**Note 10 – Contingent Liabilities**

Management and legal counsel of the County believe the total amount of liability, if any, which may arise from claims and lawsuits beyond that which is covered by insurance would not have a material effect of the County's financial condition.

Amount received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed amounts could become a liability of the General Fund or other applicable funds. The amount, if any of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

There are currently six labor agreements in effect between the County and its employees.

**Note 11 – Defined Benefit Pension Plans**

Klamath County has two pension plans covering substantially all employees. Police officers in Sheriff's office and certain community corrections employees are participants in the State of Oregon Public Employees Retirement System (PERS). All other County employees are participants in the Klamath County Employees' Pension Plan, administered by the County with U.S. Bank of Oregon as the trustee.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 11 – Defined Benefit Pension Plans (continued)**

**Oregon Public Employees Retirement System (PERS)**

**Plan Description**

The County contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the County's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying government employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

**Funding Policy**

Members of PERS are required to contribute 6.00% of their salary covered under the plan but the employer is allowed to pay any and all of the employee's contribution, which is invested in the OPSRP Individual Account Program. The County has elected to contribute the 6.00% "pickup" or \$114,559 for the year ended June 30, 2011. The County is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2011 were 6.10% and 0.00% respectively. The OPSRP rate in effect for the year ended June 30, 2011, for public safety employees was 1.57%.

**Actuarial Methods and Assumptions**

Projections of benefits for financial accounting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions, from the December 31, 2007, projected unit credit method were used. The actuarial evaluation include an investment return of 8.00% on system assets, consumer price inflation of 2.75% per year, future general wage inflation of 3.75% per year, health care cost inflation of 8.00% in 2008, grading down by 0.60% per year to 5.00% in 2013.

**Annual Pension Cost**

The County's contributions to PERS for the years ending June 30, 2008, 2009, and 2010 were \$344,980, \$343,753 and \$286,462 respectively, which equaled the required contribution for the year.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 11 – Defined Benefit Pension Plans (continued)**

**Klamath County Employees’ Pension Plan**  
**Plan Description**

All County employees’ not participants of PERS are participants in the Klamath County Employees’ Pension Plan. This plan is a single employer defined benefit pension plan to which the County makes contributions. The latest actuarial valuation of the plan was made as of January 1, 2010. The plan is a stand-alone plan and covered under the Internal Revenue Code 401(a) and the subsequent trust document/restatement.

All qualified county employees who work 20 hours or more per week and are not considered temporary are eligible for participation after the first of the month following the date of employment.

The benefits for participants vest at 0% for less than five years of service and 100% for five years or more of service.

Normal retirement is allowed at age 62, otherwise age 65. For members of the Oregon Nurses Association retirement is at age 62 (age 60 for benefit starting dates before January 1, 2009) if the participant is a Qualified Employee on or after May 1, 2002. Early retirement is allowed at age 55 with reduced benefits until age 62. At age 62, retirement is allowed at an unreduced benefit level. Retirement benefits are based on salary and length of service; is calculated using a formula and are payable monthly using several payment options. The plan also provides death and disability benefits. A lump sum or rollover distribution can be made if the participant is under the age of 55.

A complete copy of the detailed Plan Summary can be inspected at the County office at 305 Main Street, Klamath Falls, Oregon 97601 or by calling 541-883-5100.

**Funding Policy**

The amount of employer contribution is calculated by an actuary and recommended to the County. The amount is expressed as a percentage of the covered salary of each participating employee. Because the County’s funding policy is to make contributions as a percentage of actual payrolls, the following summarizes the contribution information as a percentage of payrolls.

In Fiscal Year 2010-11, Klamath County budgeted and contributed 10%. Currently 10% is budgeted in Fiscal Year 2011-12. The actuarially computed Annual Required Contribution (ARC) is 12.12% for 2011.

**Annual Pension Cost**

Employer contributions are calculated in conformance with the provisions of GASB Statement No. 27 as a percentage of covered payrolls.

For the year ended June 30, 2011, the annual pension cost was equal to the required and actual contributions of the County. The required contribution was determined as part of the January 1, 2010, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.25% per year, and (b) projected salary increases of 5.00% per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and service.

	<b>July 2010 to June 2011</b>
Annual required contribution (ARC)	\$ 2,058,158
Interest on net pension obligation	25,857
ARC adjustments	<u>(48,856)</u>
Annual pension cost	2,035,159
Contributions made	<u>(1,698,150)</u>
Increase in net pension obligation	337,009
Net pension obligation, beginning of year	<u>356,646</u>
Net pension obligation, end of year	693,655
Interest rate	7.25%
Amortization factor	7.30%

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 11 – Defined Benefit Pension Plans** *(continued)*

**Actuarial Methods and Assumptions**

Projections of benefits and financial accounting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions, from the December 31, 2010, projected unit credit method were used. The actuarial evaluation include an investment return of 7.25% on system assets, consumer price inflation of 2.75% per year, future general wage inflation of 3.75% per year, health care cost inflation of 8.0% in 2008, grading down by .06% per year to 5.0% in 2013.

**Three-year Trend Information**

Three-year trend information for the County is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/2011	\$ 2,058,158	\$ 1,698,150	83%
6/30/2010	2,038,937	1,682,291	83%
6/30/2009	1,086,422	1,086,422	100%

**Note 12 – Post-employment Healthcare Plan**

**Plan Description**

The County is required by Oregon Revised Statute (ORS) 243.303 to allow retirees to continue health insurance coverage for themselves and their qualified dependents at the same rates as active employees from the time of their retirement to age 65. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for other postemployment benefits (OPEB). Government Accounting Standards Board Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, is applicable to the County due to the resulting implicit rate subsidy. The County administers single-employer defined benefit healthcare plan that cover both active and retired participants. These are not stand-alone plans and there are no separately issued financial statements.

**Funding Policy**

Retirees pay the entire premium in order to maintain coverage under the County's health plans. The County does not directly contribute to the cost of premiums for retirees. However, premiums paid by retirees do not represent the full cost of providing health insurance to retirees because the County's rates are based on claims experienced for both active and retired employees; medical coverage would be more expensive for retirees in a separately rated health plan. The additional cost of allowing purchasing under the County's health insurance plans is considered an implicit rate subsidy and is financed on a pay-as-you-go basis. Contribution requirements are established and may be amended by the County Board of Commissioners in conjunction with the applicable collective bargaining agreements.

**Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is provided to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 12 – Post-employment Healthcare Plan** *(continued)*

The following table shows the components of the County’s annual OPEB cost, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation to the plan.

	<b>July 2010 to June 2011</b>
Annual required contribution (ARC)	\$ 19,709
Interest on net OPEB obligation	501
ARC adjustments	(445)
Annual OPEB cost	19,765
Contributions made	(6,378)
Increase in net OPEB obligation	13,387
Net pension OPEB, beginning of year	13,359
Net pension OPEB, end of year	26,746
Interest rate	3.75%
Amortization factor	30

**Annual OPEB Cost**

Annual OPEB cost requirements as of June 30, 2009, 2010, and 2011 are as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2011	19,765	32%	26,746
2010	13,858	56%	13,359
2009	13,597	47%	7,212

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the actuarially accrued liability was \$129,286, all of which is unfunded because the County has not set aside any assets to pre-fund the OPEB based on the implicit rate subsidy.

Since the County implemented GASB 45 in the current year, the information reflects current available information only.

**Actuarial Funding Methods and Assumptions**

In the actuarial valuation as of July 1, 2010, the projected unit credit method of funding was used. The objective under this method is to fund each participant’s employment benefits. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by plan assets, there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

The actuarial assumptions included (a) a discount rate 3.75% per annum, and payroll growth 3.75% per annum (b) an annual retiree health care cost trend increase rate of 8.0% initially, grading down by 0.5% per year to 5.0% by the year 2021.



**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**Note 13 – Retirement Health Insurance Account (RHIA)**

**Plan Description**

As a member of Oregon Public Employees Retirement System (OPERS) the government contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

**Funding Policy**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating counties are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. A portion of the actuarially determined rate under the OPERF plan and the OPSRP plan goes to fund the retiree health insurance account, RHIA. Of the 6.10%, 0.19% goes to RHIA, of the 0.00%, 0.00% goes to RHIA, and of the 1.57%, 0.19% goes to the RHIA. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

The government's contributions to RHIA for the years ending June 30, 2009, 2010, and 2011 were \$653, \$544 and \$432, which equaled the required contribution for the year.

**Note 14 – Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability workers' compensation and unemployment, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2011, interfund premiums exceeded reimbursable expenditures.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess liability coverage insurance policy covers claims in excess of \$750 for workers' compensation and \$1,000 for all other claims. Settlements have not exceeded coverage for each of the past three fiscal years. The County anticipates the balance in the claims liability account at year-end will be paid within the next fiscal year.

**Klamath County, Oregon**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 15 – Prior Period Adjustments**

Beginning net assets on the statement of activities have been restated for the following prior period adjustments:

	<b>Prior Period Adjustments</b>						<b>Total</b>
	<b>Capital Projects Funds</b>	<b>Non-major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Solid Waste Fund</b>	<b>Drainage Service District Fund</b>	<b>Non-major Enterprise Funds</b>	
Cash	\$ (18,257)	\$ (2,619)	\$ (67,248)	\$ 227,113	\$ -	\$ 84,106	\$ 223,095
Accounts receivable	-	(110,786)	65,295	2,275	-	-	(43,216)
Interest Receivable on Property Taxes	-	-	-	-	4,542	-	4,542
Fixed assets	-	-	(13,194)	128,654	-	-	115,460
Book overdraft	-	-	-	-	-	1,524	1,524
Accounts payable	-	(387)	14,026	-	-	-	13,639
Due to other funds	-	-	4,280	-	-	-	4,280
Prior period adjustment	<u>\$ (18,257)</u>	<u>\$ (113,792)</u>	<u>\$ 3,159</u>	<u>\$ 358,042</u>	<u>\$ 4,542</u>	<u>\$ 85,630</u>	<u>\$ 319,324</u>

**Note 16 – Subsequent Events**

Subsequent events were evaluated through July 6, 2012, which is the date the financial statements were available to be issued.

**Note 17 – New Pronouncements**

The Governmental Accounting Standards Board issued statement No. 62, Codification of Accounting and Financial Reporting Guidance in Pre-November 30 1989 FASB and AICPA, which incorporates certain pre-November 30, 1989 FASB and AICPA Pronouncements into the GASB literature. The benefits are that the applicable literature is easier to locate and contradictory literature should be eliminated. Accounting changes adopted to conform to the provisions of the Statement should be applied retroactively by restating financial statements, if practical, for all prior periods presented. The requirements of this standard will be implemented by the County in the fiscal year ending June 30, 2012. The County has not yet determined the impact of the implementation of this statement on its financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 8,379,734	\$ 8,379,734	\$ 8,023,113	\$ (356,621)
Other taxes	-	-	31	31
Licenses and permits	742,740	742,740	768,421	25,681
Intergovernmental	3,859,301	3,864,746	4,206,398	341,652
Charges for services	911,007	911,007	874,352	(36,655)
Fines and forfeitures	459,000	459,000	328,926	(130,074)
Investment earnings	-	-	6,629	6,629
Miscellaneous	52,500	113,800	159,320	45,520
Total revenues	<u>14,404,282</u>	<u>14,471,027</u>	<u>14,367,190</u>	<u>(103,837)</u>
<b>Expenditures</b>				
General government				
Treasurer	61,537	58,437	52,452	5,985
Assessor	960,105	926,925	920,115	6,810
Tax collector	308,682	303,682	297,823	5,859
Commissioners	323,432	315,432	318,520	(3,088)
Clerk	547,596	528,645	556,350	(27,705)
General operations	954,653	1,614,770	941,676	673,094
Total general government	<u>3,156,005</u>	<u>3,747,891</u>	<u>3,086,936</u>	<u>660,955</u>
Public safety				
Justice court	224,213	212,881	208,828	4,053
District attorney	1,471,737	1,404,078	1,370,117	33,961
Sheriff	7,140,011	6,841,778	6,623,921	217,857
Juvenile	1,544,626	1,466,686	1,467,036	(350)
Emergency management	110,550	96,138	95,707	431
Total public safety	<u>10,491,137</u>	<u>10,021,561</u>	<u>9,765,609</u>	<u>255,952</u>
Agriculture				
OSU extension	241,727	229,482	233,884	(4,402)
Experiment station	95,729	90,930	60,844	30,086
Watermaster	73,076	69,398	70,335	(937)
Total agriculture	<u>410,532</u>	<u>389,810</u>	<u>365,063</u>	<u>24,747</u>
Capital outlay	-	3,644	3,644	-
Debt Service				
Principal	-	-	32,005	(32,005)
Interest and other charges	-	-	1,419	(1,419)
Total Expenditures	<u>14,057,674</u>	<u>14,162,906</u>	<u>13,254,676</u>	<u>908,230</u>
Excess (deficiency) of revenues over expenditures	<u>346,608</u>	<u>308,121</u>	<u>1,112,514</u>	<u>804,393</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	220,534	309,440	10,403,740	10,094,300
Transfers out	(972,628)	(1,019,406)	(11,317,120)	(10,297,714)
Total other financing sources and uses	<u>(752,094)</u>	<u>(709,966)</u>	<u>(913,380)</u>	<u>(203,414)</u>
Net change in fund balances	(405,486)	(401,845)	199,134	600,979
Fund balances - beginning	405,521	405,521	1,039,360	633,839
Fund balances - ending	<u>\$ 35</u>	<u>\$ 3,676</u>	<u>1,238,494</u>	<u>\$ 1,234,818</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			1,238,494	
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			44,253	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			32,005	
Net Assets, Ending (GAAP)			<u>\$ 1,314,752</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**PERS Holding Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 80	\$ 80
Total revenues	-	-	80	80
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	184,357	(184,357)
Total other financing sources and uses	-	-	184,357	(184,357)
Net change in fund balances	-	-	184,437	184,437
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 184,437	\$ 184,437

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Road Operating Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 10,937,800	\$ 10,937,800	\$ 12,441,006	\$ 1,503,206
Charges for services	125,250	125,250	140,535	15,285
Investment earnings	750,000	750,000	335,269	(414,731)
Miscellaneous	100	100	31,119	31,019
Total revenues	<u>11,813,150</u>	<u>11,813,150</u>	<u>12,947,929</u>	<u>1,134,779</u>
<b>Expenditures</b>				
Public Works				
Personal services	4,413,493	4,413,493	3,854,206	559,287
Materials and services	10,559,471	10,414,777	5,340,990	5,073,787
Capital outlay	995,000	1,139,694	650,518	489,176
Contingencies	593,346	593,346	-	593,346
Total Expenditures	<u>16,561,310</u>	<u>16,561,310</u>	<u>9,845,714</u>	<u>6,715,596</u>
Excess (deficiency) of revenues over expenditures	<u>(4,748,160)</u>	<u>(4,748,160)</u>	<u>3,102,215</u>	<u>7,850,375</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,000	2,000	2,000	-
Transfers out	(1,063,840)	(1,063,840)	(1,063,840)	-
Total other financing sources and uses	<u>(1,061,840)</u>	<u>(1,061,840)</u>	<u>(1,061,840)</u>	<u>-</u>
<b>Special Item</b>				
Proceeds from sale of capital assets	<u>10,000</u>	<u>10,000</u>	<u>15,000</u>	<u>5,000</u>
Net change in fund balances	(5,800,000)	(5,800,000)	2,055,375	7,855,375
Fund balances - beginning	31,800,000	31,800,000	35,513,957	3,713,957
Fund balances - ending	<u>\$ 26,000,000</u>	<u>\$ 26,000,000</u>	<u>37,569,332</u>	<u>\$ 11,569,332</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			37,569,332	
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			<u>1,640,079</u>	
Net Assets, Ending (GAAP)			<u>\$ 39,209,411</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Road Reserve Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 1,400,000	\$ 1,400,000	\$ 623,936	\$ (776,064)
Total revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>623,936</u>	<u>(776,064)</u>
<b>Expenditures</b>				
Public Works				
Materials and services	-	750,000	792,014	(42,014)
Capital outlay	61,400,000	57,650,000	2,105,571	55,544,429
Total Expenditures	<u>61,400,000</u>	<u>58,400,000</u>	<u>2,897,585</u>	<u>55,502,415</u>
Excess (deficiency) of revenues over expenditures	<u>(60,000,000)</u>	<u>(57,000,000)</u>	<u>(2,273,649)</u>	<u>54,726,351</u>
Net change in fund balances	(60,000,000)	(57,000,000)	(2,273,649)	54,726,351
Fund balances - beginning	70,000,000	67,000,000	67,017,009	17,009
Fund balances - ending	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 64,743,360</u>	<u>\$ 54,743,360</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Klamath County Public Works - LGIP Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 16,570	\$ 16,570
Total revenues	-	-	16,570	16,570
<b>Expenditures</b>				
Public Works				
Materials and services	-	-	120	(120)
Total Expenditures	-	-	120	(120)
Excess (deficiency) of revenues over expenditures	-	-	16,450	16,450
Net change in fund balances	-	-	16,450	16,450
Fund balances - beginning	-	-	3,201,844	3,201,844
Fund balances - ending	\$ -	\$ -	\$ 3,218,294	\$ 3,218,294



**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Property Sales Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 27,500	\$ 27,500	\$ 13,902	\$ (13,598)
Charges for services	260,500	260,500	404,550	144,050
Investment earnings	6,000	6,000	4,365	(1,635)
Miscellaneous	150	150	-	(150)
Total revenues	<u>294,150</u>	<u>294,150</u>	<u>422,817</u>	<u>128,667</u>
<b>Expenditures</b>				
General government				
Personal services	78,534	78,534	79,170	(636)
Materials and services	778,595	778,595	537,723	240,872
Contingencies	30,000	30,000	-	30,000
Total Expenditures	<u>887,129</u>	<u>887,129</u>	<u>616,893</u>	<u>270,236</u>
Excess (deficiency) of revenues over expenditures	<u>(592,979)</u>	<u>(592,979)</u>	<u>(194,076)</u>	<u>398,903</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(7,021)</u>	<u>(7,021)</u>	<u>(7,021)</u>	<u>-</u>
Total other financing sources and uses	<u>(7,021)</u>	<u>(7,021)</u>	<u>(7,021)</u>	<u>-</u>
<b>Special Item</b>				
Proceeds from sale of capital assets	<u>300,000</u>	<u>300,000</u>	<u>122,017</u>	<u>(177,983)</u>
Net change in fund balances	<u>(300,000)</u>	<u>(300,000)</u>	<u>(79,080)</u>	<u>220,920</u>
Fund balances - beginning	<u>300,000</u>	<u>300,000</u>	<u>344,573</u>	<u>44,573</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>265,493</u>	<u>\$ 265,493</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			265,493	
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			<u>1,042,015</u>	
Net Assets, Ending (GAAP)			<u>\$ 1,307,508</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Mental Health Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 6,552,917	\$ 6,552,917	\$ 7,470,745	\$ 917,828
Charges for services	4,127,850	4,127,850	711,917	(3,415,933)
Investment earnings	30,000	30,000	10,321	(19,679)
Miscellaneous	4,000	4,000	(27,280)	(31,280)
Total revenues	<u>10,714,767</u>	<u>10,714,767</u>	<u>8,165,703</u>	<u>(2,549,064)</u>
<b>Expenditures</b>				
Human services				
Personal services	5,260,215	5,260,215	4,714,024	546,191
Materials and services	6,846,876	6,846,876	3,284,736	3,562,140
Capital outlay	22,500	66,500	65,589	911
Contingencies	223,775	426,775	-	426,775
Debt Service				
Principal	103,200	103,200	95,095	8,105
Interest and other charges	-	-	8,105	(8,105)
Total Expenditures	<u>12,456,566</u>	<u>12,703,566</u>	<u>8,167,549</u>	<u>4,536,017</u>
Excess (deficiency) of revenues over expenditures	<u>(1,741,799)</u>	<u>(1,988,799)</u>	<u>(1,846)</u>	<u>1,986,953</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,500	4,500	-	(4,500)
Transfers out	(62,701)	(62,701)	(62,701)	-
Interfund loan proceeds	-	247,000	247,000	-
Total other financing sources and uses	<u>(58,201)</u>	<u>188,799</u>	<u>184,299</u>	<u>(4,500)</u>
Net change in fund balances	(1,800,000)	(1,800,000)	182,453	1,982,453
Fund balances - beginning	<u>1,800,000</u>	<u>1,800,000</u>	<u>788,406</u>	<u>(1,011,594)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>970,859</u>	<u>\$ 970,859</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			970,859	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(247,000)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>88,087</u>	
Net Assets, Ending (GAAP)			<u>\$ 811,946</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Mental Health - Reserve Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 14,299	\$ 14,299
Investment earnings	-	-	1,006	1,006
Total revenues	-	-	15,305	15,305
<b>Expenditures</b>				
Human services				
Materials and services	-	-	17,115	(17,115)
Total Expenditures	-	-	17,115	(17,115)
Excess (deficiency) of revenues over expenditures	-	-	(1,810)	(1,810)
Net change in fund balances	-	-	(1,810)	(1,810)
Fund balances - beginning	-	-	15,453	15,453
Fund balances - ending	\$ -	\$ -	\$ 13,643	\$ 13,643

**Klamath County, Oregon**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2011**

**Klamath County Employees' Pension Plan**  
**Schedule of Funding Progress**  
(in thousands)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b- a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
1/1/2008	31,523	37,481	5,958	84%	15,532	38%
1/1/2009	29,158	40,678	11,520	72%	16,576	69%
1/1/2010	32,241	42,992	10,751	75%	16,715	64%

**Klamath County Employees' Other Postemployment Benefit Plan**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b- a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
6/30/2008	-	79,568	79,568	0%	17,375,060	0.5%
6/30/2010	-	129,286	129,286	0%	17,244,740	0.7%

## **OTHER SUPPLEMENTARY INFORMATION**

## **COMBINING AND INDIVIDUAL FUND STATEMENTS**

**Klamath County, Oregon**  
**Non-Major Governmental Funds**  
**June 30, 2011**

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**Non-Major Governmental Funds**

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. The Special Revenue Funds consist of the following:

Domestic Violence

The Domestic Violence Fund was created to account for the federal grant from the Department of Justice to assist the county in dealing with domestic violence throughout the communities of Klamath County.

Veterans

The Veterans Fund was established to use a percentage of the county's permanent tax base to stabilize funding to support services to veterans.

Commission on Children & Families

The Commission on Children & Families Fund receives grants from the state Commission on Children and Families. A portion is used to fund administration of the program with the remainder of grant funds being used to fund youth programs and services in the community.

District Attorney Enforcement

The District Attorney Enforcement Fund has two major functions: liquor law enforcement and drug enforcement. The liquor law enforcement program is for liquor law enforcement under ORS 471.670. Revenues from fines imposed in the enforcement of the liquor control act and administered by the District Attorney. The enforcement is funded from drug arrests and is for the specific purpose of increasing drug enforcement efforts in Klamath County. Once the fund reaches \$100,000 the surplus will accrue to the general fund.

Tourism

The Tourism Fund was established to account for revenue received from the transient room tax, which the Klamath County Code directs to be used for the promotion of tourism within Klamath County.

Community Grants

The Community Grants Fund was established for grant funds for woodstove replacement.

Sheriff Special Revenue

The Sheriff Special Revenue Fund was established to account for private contribution received for the D.A.R.E. program to provide drug prevention awareness and education. The fund renamed as it is now also includes forfeiture revenues used for drugs operation expenses and homeland security grant funds.

Bicycle Trails

The Bicycle Trails Fund is used to account for the 1% of the state motor vehicle registration on all vehicles registered in Klamath County for the purpose of constructing and maintaining bike paths in the community. A joint city/county board administers the fund in the Klamath Falls area.

Marine Board (Sheriff)

The Marine Board (Sheriff) Fund provides the accounting of the State and County partnership of the parole and safety on the waterways of the County

Taylor Grazing

The Taylor Grazing Fund is for range improvements under ORS 294.070. Monies are federal monies passed through the State Executive Department to counties and expended through written offer of the Grazing Advisory Board. There are three such boards in Klamath County.

Federal Forest Title III

The Federal Forest Title III Fund was established to account for the special revenues from the federal rural school funds law for use on federal forest lands.

**Klamath County, Oregon**  
**Non-Major Governmental Funds**  
**June 30, 2011**

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Court Facilities Security

The Court Facilities Security Fund is to account for funds received under ORS 137.308(2) and maintained by the county treasurer per ORS 1.182 to provide court security for the courts.

O&C Title III

The O&C Title III Fund was established to account for the special revenues from the federal rural school funds law for use on bureau of land management lands.

Klamath Falls Streets

The Klamath Falls Streets Fund was established to account for the federal forest receipts assigned to the City of Klamath Falls per the contract regarding city street projects.

Surveyor

The Surveyor Fund was established to receive monies from all land transactions recorded in Klamath County for the purpose of re-establishing the major section corners in the county and for accounting for the cost of the surveyor program. The county surveyor is coordinating the efforts through a cross section of private and public survey teams.

Parks Reserves

The Parks Reserve Fund was established to reserve funds from sales of timber on park lands to improve future county parks. This fund is reported on a combined basis with the Parks Fund for financial reporting purposes.

Parks

The Parks Fund was established to account for the dedicated resources that come from RV licenses and revenues derived from the RV parks.

Juvenile Special Projects

The Juvenile Special Projects Fund was established to receive and expend the proceeds from juvenile projects.

Experiment Station Field Research Project

The Experiment Station Field Research Project Fund was established to receive and expend the proceeds of the sales of agriculture products produced by the Klamath County/OSU Agriculture Research Station.

Community Development Department

The Community Development Department Fund was established to receive and expend planning, building and electrical permit fees, in providing inspection and compliance to building and electrical codes, including code and violation enforcement. This is a dedicated fund.

Museum

The Museum Fund was established for the museum complex and for purchases and sales at the museum store. Additionally, it receives funds from grants and donations for items such as displays, etc.

Economic Development

The Economic Development Fund was established to receive Economic Development monies, such as state lottery funding for regional strategies and video poker revenues, for the purpose of retention and development of Klamath County business and industry.

Community Corrections

The Community Corrections Fund was established to account for funding from the State of Oregon for Community Corrections Services. The county has chosen to go with the Option II level of administration for Community Corrections Services. This entails having the state provide adult parole and probation services, while the county provides for utilization of enhancement grant funds. Klamath County provides management services to Lake County and this fund provides for all of Lake County's funds as well as Klamath County.



**Klamath County, Oregon**  
**Non-Major Governmental Funds**  
**June 30, 2011**

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County School

The County School Fund was established under ORS 328.005 and is the recipient of federal forest reserve apportionments under ORS 294.060, other intergovernmental revenues, and interest of investments. Expenditures are apportionments to the two school districts within the county and to the state agencies for special education costs.

Search and Rescue

The Search and Rescue Fund was established to provide operation funds for search and rescue.

Animal Control

The Animal Control Fund operates under the provisions of ORS chapter 609 for control of dogs in the county. Revenues are from license fees and fines.

Public Health

The Public Health Fund was established to better track State funding and the General Fund subsidy. The fund receives intergovernmental (primarily state) revenues, client fees, and a General Fund subsidy. Expenditures are to provide the community with public health services and are recorded on a departmental basis to facilitate reporting to the various state and federal agencies.

Fairgrounds

The Fairgrounds Fund operates as a function of Klamath County, Oregon under ORS 565.210 to 565.990 inclusive. The affairs of the fairgrounds are managed by a five member Board of Directors who serve without salary. These directors are appointed for three year terms by the Klamath County Board of Commissioners. Primary revenues for the year are the county's transient room tax and user fees. Expenditures are for the maintenance, operation, and improvement of the fairgrounds.

Law Library

The Law Library Fund operates the county Law Library. Revenues are primarily from an allocation of court fees. An amount is also transferred from the General fund for the cost of the Law Library Jail Branch.

Emergency Telephone Excise Tax

The Emergency Telephone Excise Tax Fund is created under ORS 403.240(9), which requires the County to recognize the amounts distributed by the Oregon Emergency Management to the Klamath Emergency Communications District on its behalf.

Clerk Storage

The Clerk Storage Fund is used to account for fees eligible to be collected and retained by the County Clerk under ORS 294.320 to 294.400.

Ambulance Advisory Training

The Ambulance Advisory Training Fund is used to account for monies raised by the Ambulance Advisory Training Committee to support training of committee members.

Clerk Overpayment

The Clerk Overpayment Fund is used to account for overpayment of clerk fees that by County policy maybe retained and used to support the operation of the County Clerk's office.

Transient Room Tax

The Transient Room Tax Fund accounts for the collection and distribution of County's transient room tax as established by Klamath County Code Section 603.

**Klamath County, Oregon**  
**Non-Major Governmental Funds**  
**June 30, 2011**

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**Debt Service Funds**

Debt Service Funds are used for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Courthouse Bond

The Courthouse Bond Fund was established to receive the proceeds from property tax serial levy and expenditures for the retirement of the County's general obligation bond issue for construction of the new courthouse and administrative buildings. The annual levy of about \$1.7 million will continue until the 2010-11 fiscal year.

Fairground Bond

The Fairgrounds Bond Fund was established to receive the proceeds from property tax serial levy and expenditures for the retirement of the County's general obligation bond issue for construction of an event center at the fairgrounds. The annual levy of about \$500 thousand will continue until the 2009-2010 fiscal year.

**Capital Projects Funds**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Equipment Reserve

The Equipment Reserve Fund was established to account for vehicle and major equipment, maintenance and replacement. Also included are two other programs; telephone equipment reserve and technology reserve funded by all departments.

Capital Projects

The Capital Projects Fund was established to account for major infrastructure improvements to county owned facilities.

**Klamath County, Oregon**  
**Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Special Revenue Funds</u>	<u>Courthouse Bond Fund</u>	<u>Fairgrounds Bond Fund</u>	<u>Equipment Reserve Fund</u>	<u>Capital Projects Fund</u>	
<b>Assets</b>						
Pooled cash and investments	\$ 9,333,067	\$ 260,298	\$ 47,901	\$ 1,122,517	\$ 74,898	\$ 10,838,681
Accounts receivable	1,015,515	-	-	-	-	1,015,515
Taxes receivable, net	25,017	259,898	48,492	-	-	333,407
Due from other funds	-	-	-	1,631,136	-	1,631,136
Assessments receivable	25,000	-	-	-	-	25,000
Inventories	9,178	-	-	-	-	9,178
Total assets	<u>10,407,777</u>	<u>520,196</u>	<u>96,393</u>	<u>2,753,653</u>	<u>74,898</u>	<u>13,852,917</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	1,435,474	-	-	45,480	-	1,480,954
Due to other funds	651,825	-	-	-	-	651,825
Deferred revenue	263,980	229,428	45,071	-	-	538,479
Other accrued expenses	1,957	-	-	-	-	1,957
Total liabilities	<u>2,353,236</u>	<u>229,428</u>	<u>45,071</u>	<u>45,480</u>	<u>-</u>	<u>2,673,215</u>
<b>Fund balances:</b>						
Nonspendable	9,178	-	-	-	-	9,178
Restricted	7,925,755	290,768	51,322	2,708,173	74,898	11,050,916
Committed	677,224	-	-	-	-	677,224
Unassigned	(557,616)	-	-	-	-	(557,616)
Total fund balances	<u>8,054,541</u>	<u>290,768</u>	<u>51,322</u>	<u>2,708,173</u>	<u>74,898</u>	<u>11,179,702</u>
Total liabilities and fund balances	<u>\$ 10,407,777</u>	<u>\$ 520,196</u>	<u>\$ 96,393</u>	<u>\$ 2,753,653</u>	<u>\$ 74,898</u>	<u>\$ 13,852,917</u>

**Klamath County, Oregon**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2011**

	Debt Service Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Special Revenue Funds	Courthouse Bond Fund	Fairgrounds Bond Fund	Equipment Reserve Fund	Capital Projects Fund	
<b>Revenues</b>						
Property Taxes	\$ 194,185	\$ 1,676,232	\$ 21,513	\$ -	\$ -	\$ 1,891,930
Sales and miscellaneous taxes	1,810,920	-	-	-	-	1,810,920
Fines and forfeitures	158,890	-	-	-	-	158,890
Licenses, fees, and permits	543,963	-	-	-	-	543,963
Intergovernmental	8,277,143	-	-	-	-	8,277,143
Charges for services	3,306,260	-	-	5,976	-	3,312,236
Investment earnings	96,591	5,474	292	26,107	120	128,584
Miscellaneous	180,472	-	-	-	-	180,472
Total revenues	<u>14,568,424</u>	<u>1,681,706</u>	<u>21,805</u>	<u>32,083</u>	<u>120</u>	<u>16,304,138</u>
<b>Expenditures</b>						
Current:						
General government	817,297	2,574	-	157,077	-	976,948
Public safety	5,508,030	-	-	-	-	5,508,030
Public works	734,325	-	-	-	-	734,325
Human services	3,392,543	-	-	-	-	3,392,543
Community services	4,291,410	-	-	-	-	4,291,410
Community development	2,536,868	-	-	-	-	2,536,868
Agriculture	6,223	-	-	-	-	6,223
Debt Service						
Principal	-	1,515,000	-	-	-	1,515,000
Interest and other charges	853	80,295	-	-	-	81,148
Capital Outlay	643,410	-	-	172,436	-	815,846
Total Expenditures	<u>17,930,959</u>	<u>1,597,869</u>	<u>-</u>	<u>329,513</u>	<u>-</u>	<u>19,858,341</u>
Excess (deficiency) of revenues over expenditures	<u>(3,362,535)</u>	<u>83,837</u>	<u>21,805</u>	<u>(297,430)</u>	<u>120</u>	<u>(3,554,203)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	2,878,146	-	-	852,124	74,778	3,805,048
Transfers out	(1,319,125)	-	-	(1,670,976)	-	(2,990,101)
Total other financing sources and uses	<u>1,559,021</u>	<u>-</u>	<u>-</u>	<u>(818,852)</u>	<u>74,778</u>	<u>814,947</u>
Net change in fund balances	<u>(1,803,514)</u>	<u>83,837</u>	<u>21,805</u>	<u>(1,116,282)</u>	<u>74,898</u>	<u>(2,739,256)</u>
Fund balances - beginning	9,992,965	206,931	29,517	3,842,712	-	14,072,125
Prior period adjustments	(113,792)	-	-	(18,257)	-	(132,049)
Fund balances - beginning, as restated	<u>9,879,173</u>	<u>206,931</u>	<u>29,517</u>	<u>3,824,455</u>	<u>-</u>	<u>13,940,076</u>
Fund balances - change in inventory	(21,118)	-	-	-	-	(21,118)
Fund balances - ending	<u>\$ 8,054,541</u>	<u>\$ 290,768</u>	<u>\$ 51,322</u>	<u>\$ 2,708,173</u>	<u>\$ 74,898</u>	<u>\$ 11,179,702</u>

**Klamath County, Oregon  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2011**

	<u>Domestic Violence Fund</u>	<u>Veterans Fund</u>	<u>Commission on Children and Families Fund</u>	<u>D.A. Enforcement Fund</u>
<b>Assets</b>				
Pooled cash and investments	\$ 34,467	\$ 47,260	\$ 195,543	\$ 24,722
Accounts receivable	13,887	11,415	39,546	701
Taxes receivable, net	-	25,017	-	-
Total assets	<u>48,354</u>	<u>83,692</u>	<u>235,089</u>	<u>25,423</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	-	6,214	88,551	-
Deferred revenue	-	22,047	-	-
Other accrued expenses	-	-	1,957	-
Total liabilities	<u>-</u>	<u>28,261</u>	<u>90,508</u>	<u>-</u>
Fund balances:				
Restricted	<u>48,354</u>	<u>55,431</u>	<u>144,581</u>	<u>25,423</u>
Total fund balances	<u>48,354</u>	<u>55,431</u>	<u>144,581</u>	<u>25,423</u>
Total liabilities and fund balances	<u>\$ 48,354</u>	<u>\$ 83,692</u>	<u>\$ 235,089</u>	<u>\$ 25,423</u>

**Klamath County, Oregon  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2011**

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	<u>Tourism Fund</u>	<u>Community Grants Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>
<b>Assets</b>				
Pooled cash and investments	\$ 106,394	\$ -	\$ 293	\$ 185,654
Accounts receivable	38,612	-	-	3,829
Total assets	<u>145,006</u>	<u>-</u>	<u>293</u>	<u>189,483</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Due to other funds	<u>-</u>	<u>-</u>	<u>278,302</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>278,302</u>	<u>-</u>
Fund balances:				
Restricted	-	-	-	189,483
Committed	145,006	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(278,009)</u>	<u>-</u>
Total fund balances	<u>145,006</u>	<u>-</u>	<u>(278,009)</u>	<u>189,483</u>
Total liabilities and fund balances	<u>\$ 145,006</u>	<u>\$ -</u>	<u>\$ 293</u>	<u>\$ 189,483</u>

**Klamath County, Oregon  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2011**

	<b>Sheriff Marine Fund</b>	<b>Taylor Grazing Fund</b>	<b>Federal Forest Title III Fund</b>	<b>Court Facility Security Fund</b>
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ -	\$ 2,135,076	\$ -
Accounts receivable	208,760	1	-	3,602
Total assets	<u>208,760</u>	<u>1</u>	<u>2,135,076</u>	<u>3,602</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	4,724	-	49,707	-
Due to other funds	88,736	-	-	16,064
Deferred revenue	208,760	-	-	-
Total liabilities	<u>302,220</u>	<u>-</u>	<u>49,707</u>	<u>16,064</u>
Fund balances:				
Restricted	-	1	2,085,369	-
Unassigned	(93,460)	-	-	(12,462)
Total fund balances	<u>(93,460)</u>	<u>1</u>	<u>2,085,369</u>	<u>(12,462)</u>
Total liabilities and fund balances	<u>\$ 208,760</u>	<u>\$ 1</u>	<u>\$ 2,135,076</u>	<u>\$ 3,602</u>

**Klamath County, Oregon  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2011**

	<u>O&amp;C Title III Fund</u>	<u>Klamath Falls Streets Fund</u>	<u>Surveyor Fund</u>	<u>Parks Fund</u>
<b>Assets</b>				
Pooled cash and investments	\$ 411,883	\$ 2,948,722	\$ 1,103,031	\$ 261,465
Accounts receivable	-	-	157	18,946
Assessments receivable	-	-	-	25,000
Total assets	<u>411,883</u>	<u>2,948,722</u>	<u>1,103,188</u>	<u>305,411</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	5,874	510,220	-	1,057
Deferred revenue	-	-	-	25,000
Total liabilities	<u>5,874</u>	<u>510,220</u>	<u>-</u>	<u>26,057</u>
Fund balances:				
Restricted	406,009	2,438,502	1,103,188	138,243
Committed	-	-	-	141,111
Total fund balances	<u>406,009</u>	<u>2,438,502</u>	<u>1,103,188</u>	<u>279,354</u>
Total liabilities and fund balances	<u>\$ 411,883</u>	<u>\$ 2,948,722</u>	<u>\$ 1,103,188</u>	<u>\$ 305,411</u>



**Klamath County, Oregon  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2011**

	<u>Juvenile Special Projects Fund</u>	<u>Experimental Station Research Fund</u>	<u>Community Development Fund</u>	<u>Museum Fund</u>
<b>Assets</b>				
Pooled cash and investments	\$ 3,796	\$ 31,553	\$ 76,576	\$ 164,026
Accounts receivable	-	-	29,160	32,870
Total assets	<u>3,796</u>	<u>31,553</u>	<u>105,736</u>	<u>196,896</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	-	-	8,911	504
Total liabilities	<u>-</u>	<u>-</u>	<u>8,911</u>	<u>504</u>
Fund balances:				
Restricted	-	-	41,466	-
Committed	3,796	31,553	55,359	196,392
Total fund balances	<u>3,796</u>	<u>31,553</u>	<u>96,825</u>	<u>196,392</u>
Total liabilities and fund balances	<u>\$ 3,796</u>	<u>\$ 31,553</u>	<u>\$ 105,736</u>	<u>\$ 196,896</u>

**Klamath County, Oregon  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2011**

	<u>Economic Development Fund</u>	<u>Community Corrections Fund</u>	<u>County School Fund</u>	<u>Search &amp; Rescue Fund</u>
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 358,334	\$ 817,195	\$ 21,984
Accounts receivable	25,830	86,024	116,790	-
Total assets	<u>25,830</u>	<u>444,358</u>	<u>933,985</u>	<u>21,984</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	34,112	85,712	-	2,735
Due to other funds	17,239	122,717	-	-
Total liabilities	<u>51,351</u>	<u>208,429</u>	<u>-</u>	<u>2,735</u>
Fund balances:				
Restricted	-	235,929	933,985	19,249
Unassigned	(25,521)	-	-	-
Total fund balances	<u>(25,521)</u>	<u>235,929</u>	<u>933,985</u>	<u>19,249</u>
Total liabilities and fund balances	<u>\$ 25,830</u>	<u>\$ 444,358</u>	<u>\$ 933,985</u>	<u>\$ 21,984</u>

**Klamath County, Oregon**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2011**

	<u>Public Health Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>Animal Control Fund</u>
<b>Assets</b>				
Pooled cash and investments	\$ 100	\$ 46,212	\$ 54,597	\$ 125
Accounts receivable	77,198	93,910	7,504	3,465
Inventories	9,178	-	-	-
Total assets	<u>86,476</u>	<u>140,122</u>	<u>62,101</u>	<u>3,590</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	91,514	128,742	1,559	598
Due to other funds	114,204	-	-	14,563
Deferred revenue	8,173	-	-	-
Total liabilities	<u>213,891</u>	<u>128,742</u>	<u>1,559</u>	<u>15,161</u>
Fund balances:				
Nonspendable	9,178	-	-	-
Restricted	-	-	60,542	-
Committed	-	11,380	-	-
Unassigned	(136,593)	-	-	(11,571)
Total fund balances	<u>(127,415)</u>	<u>11,380</u>	<u>60,542</u>	<u>(11,571)</u>
Total liabilities and fund balances	<u>\$ 86,476</u>	<u>\$ 140,122</u>	<u>\$ 62,101</u>	<u>\$ 3,590</u>

**Klamath County, Oregon  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2011**

	<u>Clerk 5% Storage Fund</u>	<u>Klamath County Transient Room Tax Fund</u>	<u>911 Excise Tax Fund</u>	<u>Ambulance Advisory Training Fund</u>
<b>Assets</b>				
Pooled cash and investments	\$ 80,607	\$ 211,471	\$ -	\$ 2,270
Accounts receivable	39	203,269	-	-
Total assets	<u>80,646</u>	<u>414,740</u>	<u>-</u>	<u>2,270</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	-	414,740	-	-
Total liabilities	<u>-</u>	<u>414,740</u>	<u>-</u>	<u>-</u>
Fund balances:				
Committed	<u>80,646</u>	<u>-</u>	<u>-</u>	<u>2,270</u>
Total fund balances	<u>80,646</u>	<u>-</u>	<u>-</u>	<u>2,270</u>
Total liabilities and fund balances	<u>\$ 80,646</u>	<u>\$ 414,740</u>	<u>\$ -</u>	<u>\$ 2,270</u>

**Klamath County, Oregon**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2011**

	<b>Clerk</b>	
<b>Assets</b>	<b>Overpayments Fund</b>	<b>Total</b>
Pooled cash and investments	\$ 9,711	\$ 9,333,067
Accounts receivable	-	1,015,515
Taxes receivable, net	-	25,017
Assessments receivable	-	25,000
Inventories	-	9,178
Total assets	9,711	10,407,777
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	-	1,435,474
Due to other funds	-	651,825
Deferred revenue	-	263,980
Other accrued expenses	-	1,957
Total liabilities	-	2,353,236
Fund balances:		
Nonspendable	-	9,178
Restricted	-	7,925,755
Committed	9,711	677,224
Unassigned	-	(557,616)
Total fund balances	9,711	8,054,541
Total liabilities and fund balances	\$ 9,711	\$ 10,407,777

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<b>Domestic Violence Fund</b>	<b>Veterans Fund</b>	<b>Commission on Children and Families Fund</b>	<b>D.A. Enforcement Fund</b>
<b>Revenues</b>				
Property Taxes	\$ -	\$ 194,185	\$ -	\$ -
Fines and forfeitures	-	-	-	4,413
Intergovernmental	213,336	45,659	447,136	-
Charges for services	-	-	61,498	-
Investment earnings	183	46	1,189	225
Miscellaneous	-	10,000	1,520	1
Total revenues	<u>213,519</u>	<u>249,890</u>	<u>511,343</u>	<u>4,639</u>
<b>Expenditures</b>				
Current:				
Public safety	212,968	-	-	3,618
Human services	-	211,566	532,601	-
Capital Outlay	-	10,314	-	-
Total Expenditures	<u>212,968</u>	<u>221,880</u>	<u>532,601</u>	<u>3,618</u>
Excess (deficiency) of revenues over expenditures	<u>551</u>	<u>28,010</u>	<u>(21,258)</u>	<u>1,021</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(2,606)	(3,606)	-
Total other financing sources and uses	<u>-</u>	<u>(2,606)</u>	<u>(3,606)</u>	<u>-</u>
Net change in fund balances	<u>551</u>	<u>25,404</u>	<u>(24,864)</u>	<u>1,021</u>
Fund balances - beginning	47,803	30,242	169,445	24,402
Prior period adjustments	-	(215)	-	-
Fund balances - beginning, as restated	<u>47,803</u>	<u>30,027</u>	<u>169,445</u>	<u>24,402</u>
Fund balances - ending	<u>\$ 48,354</u>	<u>\$ 55,431</u>	<u>\$ 144,581</u>	<u>\$ 25,423</u>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<u>Tourism Fund</u>	<u>Community Grants Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ 1,512	\$ -
Intergovernmental	6,086	-	11,984	40,437
Charges for services	29,736	-	300	-
Investment earnings	1,001	-	899	1,492
Miscellaneous	2,323	-	13,547	-
Total revenues	<u>39,146</u>	<u>-</u>	<u>28,242</u>	<u>41,929</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	448,874	-
Community development	162,237	-	-	-
Total Expenditures	<u>162,237</u>	<u>-</u>	<u>448,874</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(123,091)</u>	<u>-</u>	<u>(420,632)</u>	<u>41,929</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	127,783	-	-	-
Transfers out	-	(56,940)	-	-
Total other financing sources and uses	<u>127,783</u>	<u>(56,940)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>4,692</u>	<u>(56,940)</u>	<u>(420,632)</u>	<u>41,929</u>
Fund balances - beginning	140,314	56,940	142,623	147,554
Fund balances - ending	<u>\$ 145,006</u>	<u>\$ -</u>	<u>\$ (278,009)</u>	<u>\$ 189,483</u>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<b>Sheriff Marine Fund</b>	<b>Taylor Grazing Fund</b>	<b>Federal Forest Title III Fund</b>	<b>Court Facility Security Fund</b>
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 39,587
Intergovernmental	-	4,471	-	-
Investment earnings	502	-	21,252	227
Total revenues	<u>502</u>	<u>4,471</u>	<u>21,252</u>	<u>39,814</u>
<b>Expenditures</b>				
Current:				
Public safety	219,164	-	-	104,323
Community development	-	-	212,854	-
Agriculture	-	4,470	-	-
Total Expenditures	<u>219,164</u>	<u>4,470</u>	<u>212,854</u>	<u>104,323</u>
Excess (deficiency) of revenues over expenditures	<u>(218,662)</u>	<u>1</u>	<u>(191,602)</u>	<u>(64,509)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	28,136	-	-	-
Transfers out	(4,812)	-	-	-
Total other financing sources and uses	<u>23,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(195,338)</u>	<u>1</u>	<u>(191,602)</u>	<u>(64,509)</u>
Fund balances - beginning	101,878	-	2,276,971	52,047
Fund balances - ending	<u>\$ (93,460)</u>	<u>\$ 1</u>	<u>\$ 2,085,369</u>	<u>\$ (12,462)</u>



**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<b>O&amp;C Title III Fund</b>	<b>Klamath Falls Streets Fund</b>	<b>Surveyor Fund</b>	<b>Parks Fund</b>
<b>Revenues</b>				
Licenses, fees, and permits	\$ -	\$ -	\$ 61,011	\$ -
Intergovernmental	-	-	-	240,096
Charges for services	-	-	-	6,250
Investment earnings	3,841	20,864	10,221	2,506
Miscellaneous	-	-	190	-
Total revenues	<u>3,841</u>	<u>20,864</u>	<u>71,422</u>	<u>248,852</u>
<b>Expenditures</b>				
Current:				
Public works	-	734,325	-	-
Community services	-	-	-	242,485
Community development	5,874	-	45,413	-
Total Expenditures	<u>5,874</u>	<u>734,325</u>	<u>45,413</u>	<u>242,485</u>
Excess (deficiency) of revenues over expenditures	<u>(2,033)</u>	<u>(713,461)</u>	<u>26,009</u>	<u>6,367</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	651,453	6,000	-
Transfers out	-	-	(4,485)	(14,056)
Total other financing sources and uses	<u>-</u>	<u>651,453</u>	<u>1,515</u>	<u>(14,056)</u>
<b>SPECIAL ITEM</b>				
Net change in fund balances	<u>(2,033)</u>	<u>(62,008)</u>	<u>27,524</u>	<u>(7,689)</u>
Fund balances - beginning	408,042	2,500,510	1,075,664	287,043
Fund balances - ending	<u>\$ 406,009</u>	<u>\$ 2,438,502</u>	<u>\$ 1,103,188</u>	<u>\$ 279,354</u>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<u>Juvenile Special Projects Fund</u>	<u>Experimental Station Research Fund</u>	<u>Community Development Fund</u>	<u>Museum Fund</u>
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ 8,211	\$ -
Licenses, fees, and permits	-	-	17,882	-
Intergovernmental	-	-	-	10,503
Charges for services	-	13,380	1,020,396	22,316
Investment earnings	40	234	3,142	1,755
Miscellaneous	-	-	27,083	97,145
Total revenues	<u>40</u>	<u>13,614</u>	<u>1,076,714</u>	<u>131,719</u>
<b>Expenditures</b>				
Current:				
Public safety	330	-	-	-
Community services	-	-	-	266,892
Community development	-	-	1,872,199	-
Agriculture	-	1,753	-	-
Total Expenditures	<u>330</u>	<u>1,753</u>	<u>1,872,199</u>	<u>266,892</u>
Excess (deficiency) of revenues over expenditures	<u>(290)</u>	<u>11,861</u>	<u>(795,485)</u>	<u>(135,173)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	845,957	179,528
Transfers out	-	-	(223,277)	(72,461)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>622,680</u>	<u>107,067</u>
<b>SPECIAL ITEM</b>				
Net change in fund balances	<u>(290)</u>	<u>11,861</u>	<u>(172,805)</u>	<u>(28,106)</u>
Fund balances - beginning	<u>4,086</u>	<u>19,692</u>	<u>269,630</u>	<u>224,498</u>
Fund balances - ending	<u>\$ 3,796</u>	<u>\$ 31,553</u>	<u>\$ 96,825</u>	<u>\$ 196,392</u>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<b>Economic Development Fund</b>	<b>Community Corrections Fund</b>	<b>County School Fund</b>	<b>Search &amp; Rescue Fund</b>
<b>Revenues</b>				
Licenses, fees, and permits	-	1,892	-	-
Intergovernmental	200,176	3,053,343	3,088,090	81,172
Charges for services	-	781,406	-	-
Investment earnings	1	9,089	6,162	138
Miscellaneous	2,000	6,995	-	1,610
<b>Total revenues</b>	<b>202,177</b>	<b>3,852,725</b>	<b>3,094,252</b>	<b>82,920</b>
<b>Expenditures</b>				
Current:				
Public safety	-	3,710,841	-	85,036
Community services	-	-	2,668,726	-
Community development	238,291	-	-	-
Debt Service				
Interest and other charges	-	853	-	-
Capital Outlay	-	13,723	-	-
<b>Total Expenditures</b>	<b>238,291</b>	<b>3,725,417</b>	<b>2,668,726</b>	<b>85,036</b>
Excess (deficiency) of revenues over expenditures	(36,114)	127,308	425,526	(2,116)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	50,088	-	32,223
Transfers out	(10,000)	(67,400)	-	(1,599)
<b>Total other financing sources and uses</b>	<b>(10,000)</b>	<b>(17,312)</b>	<b>-</b>	<b>30,624</b>
<b>Net change in fund balances</b>	<b>(46,114)</b>	<b>109,996</b>	<b>425,526</b>	<b>28,508</b>
Fund balances - beginning	20,593	136,863	508,459	93,388
Prior period adjustments	-	(10,930)	-	(102,647)
Fund balances - beginning, as restated	20,593	125,933	508,459	(9,259)
Fund balances - ending	<b>\$ (25,521)</b>	<b>\$ 235,929</b>	<b>\$ 933,985</b>	<b>\$ 19,249</b>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<u>Public Health Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>Animal Control Fund</u>
<b>Revenues</b>				
Fines and forfeitures	-	-	93,723	11,444
Licenses, fees, and permits	179,804	-	-	272,054
Intergovernmental	798,623	36,031	-	-
Charges for services	1,015,342	347,074	6,459	2,103
Investment earnings	1,509	5,521	481	368
Miscellaneous	17,358	-	-	-
Total revenues	<u>2,012,636</u>	<u>388,626</u>	<u>100,663</u>	<u>285,969</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	365,345
Human services	2,648,376	-	-	-
Community services	-	1,062,986	50,321	-
Capital Outlay	<u>53,636</u>	<u>565,737</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,702,012</u>	<u>1,628,723</u>	<u>50,321</u>	<u>365,345</u>
Excess (deficiency) of revenues over expenditures	<u>(689,376)</u>	<u>(1,240,097)</u>	<u>50,342</u>	<u>(79,376)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	550,402	406,576	-	-
Transfers out	<u>(166,209)</u>	<u>-</u>	<u>(43,466)</u>	<u>(4,321)</u>
Total other financing sources and uses	<u>384,193</u>	<u>406,576</u>	<u>(43,466)</u>	<u>(4,321)</u>
Net change in fund balances	<u>(305,183)</u>	<u>(833,521)</u>	<u>6,876</u>	<u>(83,697)</u>
Fund balances - beginning	<u>198,886</u>	<u>844,901</u>	<u>53,666</u>	<u>72,126</u>
Fund balances - change in inventory	(21,118)	-	-	-
Fund balances - ending	<u>\$ (127,415)</u>	<u>\$ 11,380</u>	<u>\$ 60,542</u>	<u>\$ (11,571)</u>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<b>Clerk 5% Storage Fund</b>	<b>Klamath County Transient Room Tax Fund</b>	<b>911 Excise Tax Fund</b>	<b>Ambulance Advisory Training Fund</b>
<b>Revenues</b>				
Other taxes	\$ -	\$ 1,453,389	\$ 357,531	\$ -
Licenses, fees, and permits	10,086	-	-	-
Investment earnings	711	2,971	-	17
Miscellaneous	-	-	-	700
Total revenues	<u>10,797</u>	<u>1,456,360</u>	<u>357,531</u>	<u>717</u>
<b>Expenditures</b>				
Current:				
General government	-	816,492	-	-
Public safety	-	-	357,531	-
Total Expenditures	<u>-</u>	<u>816,492</u>	<u>357,531</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>10,797</u>	<u>639,868</u>	<u>-</u>	<u>717</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(643,887)	-	-
Total other financing sources and uses	<u>-</u>	<u>(643,887)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>10,797</u>	<u>(4,019)</u>	<u>-</u>	<u>717</u>
Fund balances - beginning	<u>69,849</u>	<u>4,019</u>	<u>-</u>	<u>1,553</u>
Fund balances - ending	<u>\$ 80,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,270</u>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2011**

<b>Revenues</b>	<b>Clerk Overpayments Fund</b>	<b>Total</b>
Property Taxes	\$ -	\$ 194,185
Miscellaneous taxes	-	1,810,920
Fines and forfeitures	-	158,890
Licenses, fees, and permits	1,234	543,963
Intergovernmental	-	8,277,143
Charges for services	-	3,306,260
Investment earnings	4	96,591
Miscellaneous	-	180,472
Total revenues	1,238	14,568,424
<b>Expenditures</b>		
Current:		
General government	805	817,297
Public safety	-	5,508,030
Public works	-	734,325
Human services	-	3,392,543
Community services	-	4,291,410
Community development	-	2,536,868
Agriculture	-	6,223
Debt Service		
Interest and other charges	-	853
Capital Outlay	-	643,410
Total Expenditures	805	17,930,959
Excess (deficiency) of revenues over expenditures	433	(3,362,535)
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	2,878,146
Transfers out	-	(1,319,125)
Total other financing sources and uses	-	1,559,021
Net change in fund balances	433	(1,803,514)
Fund balances - beginning	9,278	9,992,965
Prior period adjustments	-	(113,792)
Fund balances - beginning, as restated	9,278	9,879,173
Fund balances - change in inventory	-	(21,118)
Fund balances - ending	\$ 9,711	\$ 8,075,659

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Domestic Violence Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$ 319,059	\$ 319,059	\$ 213,336	\$ (105,723)
Investment earnings	-	-	183	183
Total revenues	<u>319,059</u>	<u>319,059</u>	<u>213,519</u>	<u>(105,540)</u>
<b>Expenditures</b>				
Public safety				
Personal services	174,919	174,919	167,220	7,699
Materials and services	144,140	144,140	45,748	98,392
Total Expenditures	<u>319,059</u>	<u>319,059</u>	<u>212,968</u>	<u>106,091</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>551</u>	<u>551</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>551</u>	<u>551</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>47,803</u>	<u>47,803</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,354</u>	<u>\$ 48,354</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Veterans Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 182,350	\$ 182,350	\$ 194,185	\$ 11,835
Intergovernmental	10,440	45,659	45,659	-
Charges for services	10	10	-	(10)
Investment earnings	200	200	46	(154)
Miscellaneous	-	-	10,000	10,000
Total revenues	<u>193,000</u>	<u>228,219</u>	<u>249,890</u>	<u>21,671</u>
<b>Expenditures</b>				
Human services				
Personal services	145,527	158,423	148,524	9,899
Materials and services	53,828	63,042	63,042	-
Capital outlay	-	13,109	10,314	2,795
Total Expenditures	<u>199,355</u>	<u>234,574</u>	<u>221,880</u>	<u>12,694</u>
Excess (deficiency) of revenues over expenditures	<u>(6,355)</u>	<u>(6,355)</u>	<u>28,010</u>	<u>34,365</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(2,606)</u>	<u>(2,606)</u>	<u>(2,606)</u>	<u>-</u>
Total other financing sources and uses	<u>(2,606)</u>	<u>(2,606)</u>	<u>(2,606)</u>	<u>-</u>
Net change in fund balances	<u>(8,961)</u>	<u>(8,961)</u>	<u>25,404</u>	<u>34,365</u>
Fund balances - beginning	8,961	8,961	30,242	21,281
Prior period adjustments	-	-	(215)	(215)
Fund balances - beginning, as restated	<u>8,961</u>	<u>8,961</u>	<u>30,027</u>	<u>21,066</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,431</u>	<u>\$ 55,431</u>



**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Commission of Children & Families Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 493,628	\$ 523,628	\$ 447,136	\$ (76,492)
Charges for services	55,000	55,000	61,498	6,498
Investment earnings	500	500	1,189	689
Miscellaneous	-	-	1,520	1,520
Total revenues	<u>549,128</u>	<u>579,128</u>	<u>511,343</u>	<u>(67,785)</u>
<b>Expenditures</b>				
Human services				
Personal services	193,274	193,274	160,484	32,790
Materials and services	397,285	427,285	372,117	55,168
Contingencies	84,963	84,963	-	84,963
Total Expenditures	<u>675,522</u>	<u>705,522</u>	<u>532,601</u>	<u>172,921</u>
Excess (deficiency) of revenues over expenditures	<u>(126,394)</u>	<u>(126,394)</u>	<u>(21,258)</u>	<u>105,136</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(3,606)</u>	<u>(3,606)</u>	<u>(3,606)</u>	<u>-</u>
Total other financing sources and uses	<u>(3,606)</u>	<u>(3,606)</u>	<u>(3,606)</u>	<u>-</u>
Net change in fund balances	<u>(130,000)</u>	<u>(130,000)</u>	<u>(24,864)</u>	<u>105,136</u>
Fund balances - beginning	<u>130,000</u>	<u>130,000</u>	<u>169,445</u>	<u>39,445</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,581</u>	<u>\$ 144,581</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**D.A. Enforcement Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Revenues</b>				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 4,413	\$ 3,413
Investment earnings	100	100	225	125
Miscellaneous	200	200	1	(199)
Total revenues	<u>1,300</u>	<u>1,300</u>	<u>4,639</u>	<u>3,339</u>
<b>Expenditures</b>				
Public safety				
Materials and services	<u>22,100</u>	<u>17,893</u>	<u>3,618</u>	<u>14,275</u>
Total Expenditures	<u>22,100</u>	<u>17,893</u>	<u>3,618</u>	<u>14,275</u>
Excess (deficiency) of revenues over expenditures	<u>(20,800)</u>	<u>(16,593)</u>	<u>1,021</u>	<u>17,614</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>-</u>	<u>(4,207)</u>	<u>-</u>	<u>4,207</u>
Total other financing sources and uses	<u>-</u>	<u>(4,207)</u>	<u>-</u>	<u>4,207</u>
Net change in fund balances	(20,800)	(20,800)	1,021	21,821
Fund balances - beginning	<u>20,800</u>	<u>20,800</u>	<u>24,402</u>	<u>3,602</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,423</u>	<u>\$ 25,423</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Tourism Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Revenues</b>				
Other taxes	\$ 83,986	\$ 83,986	\$ -	\$ (83,986)
Intergovernmental	530,000	530,000	6,086	(523,914)
Charges for services	30,000	30,000	29,736	(264)
Investment earnings	500	500	1,001	501
Miscellaneous	-	-	2,323	2,323
Total revenues	<u>644,486</u>	<u>644,486</u>	<u>39,146</u>	<u>(605,340)</u>
<b>Expenditures</b>				
Community development				
Materials and services	801,338	801,338	162,237	639,101
Total Expenditures	<u>801,338</u>	<u>801,338</u>	<u>162,237</u>	<u>639,101</u>
Excess (deficiency) of revenues over expenditures	<u>(156,852)</u>	<u>(156,852)</u>	<u>(123,091)</u>	<u>33,761</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	127,783	127,783
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>127,783</u>	<u>127,783</u>
Net change in fund balances	<u>(156,852)</u>	<u>(156,852)</u>	<u>4,692</u>	<u>161,544</u>
Fund balances - beginning	156,852	156,852	140,314	(16,538)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,006</u>	<u>\$ 145,006</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Community Grants Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 27,000	\$ -	\$ -	\$ -
Investment earnings	4,500	-	-	-
Total revenues	<u>31,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Human services				
Personal services	52,314	-	-	-
Materials and services	5,186	-	-	-
Total Expenditures	<u>57,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(26,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(56,910)	(56,940)	(30)
Total other financing sources and uses	<u>-</u>	<u>(56,910)</u>	<u>(56,940)</u>	<u>(30)</u>
Net change in fund balances	<u>(26,000)</u>	<u>(56,910)</u>	<u>(56,940)</u>	<u>(30)</u>
Fund balances - beginning	26,000	56,910	56,940	30
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Sheriff Special Revenue Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 1,512	\$ (3,488)
Intergovernmental	101,967	105,967	11,984	(93,983)
Charges for services	200	200	300	100
Investment earnings	2,400	2,400	899	(1,501)
Miscellaneous	200	200	13,547	13,347
Total revenues	<u>109,767</u>	<u>113,767</u>	<u>28,242</u>	<u>(85,525)</u>
<b>Expenditures</b>				
Public safety				
Materials and services	143,930	147,930	448,874	(300,944)
Capital outlay	57,301	57,301	-	57,301
Debt Service				
Principal	-	-	72,908	(72,908)
Total Expenditures	<u>201,231</u>	<u>205,231</u>	<u>521,782</u>	<u>(316,551)</u>
Excess (deficiency) of revenues over expenditures	<u>(91,464)</u>	<u>(91,464)</u>	<u>(493,540)</u>	<u>(402,076)</u>
<b>Other Financing Sources (Uses)</b>				
Interfund loan proceeds	-	-	278,301	278,301
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>278,301</u>	<u>278,301</u>
Net change in fund balances	<u>(91,464)</u>	<u>(91,464)</u>	<u>(215,239)</u>	<u>(123,775)</u>
Fund balances - beginning	91,464	91,464	142,623	51,159
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(72,616)</u>	<u>\$ (72,616)</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			(72,616)	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(278,301)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>72,908</u>	
Net Assets, Ending (GAAP)			<u>\$ (278,009)</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Bicycle Trails Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 40,437	\$ 10,437
Investment earnings	2,000	2,000	1,492	(508)
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>41,929</u>	<u>9,929</u>
<b>Expenditures</b>				
Public Works				
Materials and services	7,000	7,000	-	7,000
Capital outlay	200,000	200,000	-	200,000
Total Expenditures	<u>207,000</u>	<u>207,000</u>	<u>-</u>	<u>207,000</u>
Excess (deficiency) of revenues over expenditures	<u>(175,000)</u>	<u>(175,000)</u>	<u>41,929</u>	<u>216,929</u>
Net change in fund balances	<u>(175,000)</u>	<u>(175,000)</u>	<u>41,929</u>	<u>216,929</u>
Fund balances - beginning	<u>175,000</u>	<u>175,000</u>	<u>147,554</u>	<u>(27,446)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,483</u>	<u>\$ 189,483</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Sheriff Marine Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 219,106	\$ 219,106	\$ -	\$ (219,106)
Investment earnings	-	-	502	502
Total revenues	<u>219,106</u>	<u>219,106</u>	<u>502</u>	<u>(218,604)</u>
<b>Expenditures</b>				
Public safety				
Personal services	195,466	195,466	166,579	28,887
Materials and services	55,700	55,700	52,585	3,115
Capital outlay	35,885	35,885	-	35,885
Debt Service				
Principal	-	-	84,215	(84,215)
Total Expenditures	<u>287,051</u>	<u>287,051</u>	<u>303,379</u>	<u>(16,328)</u>
Excess (deficiency) of revenues over expenditures	<u>(67,945)</u>	<u>(67,945)</u>	<u>(302,877)</u>	<u>(234,932)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	28,136	28,136	28,136	-
Transfers out	-	-	(4,812)	(4,812)
Interfund loan proceeds	-	-	88,736	88,736
Total other financing sources and uses	<u>28,136</u>	<u>28,136</u>	<u>112,060</u>	<u>83,924</u>
Net change in fund balances	<u>(39,809)</u>	<u>(39,809)</u>	<u>(190,817)</u>	<u>(151,008)</u>
Fund balances - beginning	39,809	39,809	101,878	62,069
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(88,939)</u>	<u>\$ (88,939)</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			(88,939)	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(88,736)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>84,215</u>	
Net Assets, Ending (GAAP)			<u>\$ (93,460)</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Taylor Grazing Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 4,471	\$ (3,029)
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>4,471</u>	<u>(3,029)</u>
<b>Expenditures</b>				
Agriculture				
Materials and services	7,500	7,500	4,470	3,030
Total Expenditures	<u>7,500</u>	<u>7,500</u>	<u>4,470</u>	<u>3,030</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>



**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Federal Forest Title III Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 10,000	\$ 10,000	\$ 21,252	\$ 11,252
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>21,252</u>	<u>11,252</u>
<b>Expenditures</b>				
Community development				
Materials and services	2,101,695	2,101,695	212,854	1,888,841
Total Expenditures	<u>2,101,695</u>	<u>2,101,695</u>	<u>212,854</u>	<u>1,888,841</u>
Excess (deficiency) of revenues over expenditures	<u>(2,091,695)</u>	<u>(2,091,695)</u>	<u>(191,602)</u>	<u>1,900,093</u>
Net change in fund balances	<u>(2,091,695)</u>	<u>(2,091,695)</u>	<u>(191,602)</u>	<u>1,900,093</u>
Fund balances - beginning	2,091,695	2,091,695	2,276,971	185,276
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,085,369</u>	<u>\$ 2,085,369</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Court Facility Security Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ 56,268	\$ 56,268	\$ 39,587	\$ (16,681)
Investment earnings	500	500	227	(273)
Total revenues	<u>56,768</u>	<u>56,768</u>	<u>39,814</u>	<u>(16,954)</u>
<b>Expenditures</b>				
Public safety				
Personal services	88,302	88,302	102,074	(13,772)
Materials and services	3,100	3,100	2,249	851
Capital outlay	3,683	3,683	-	3,683
Total Expenditures	<u>95,085</u>	<u>95,085</u>	<u>104,323</u>	<u>(9,238)</u>
Excess (deficiency) of revenues over expenditures	<u>(38,317)</u>	<u>(38,317)</u>	<u>(64,509)</u>	<u>(26,192)</u>
<b>Other Financing Sources (Uses)</b>				
Interfund loan proceeds	-	-	16,064	16,064
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>16,064</u>	<u>16,064</u>
Net change in fund balances	<u>(38,317)</u>	<u>(38,317)</u>	<u>(48,445)</u>	<u>(10,128)</u>
Fund balances - beginning	<u>38,317</u>	<u>38,317</u>	<u>52,047</u>	<u>13,730</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,602</u>	<u>\$ 3,602</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			3,602	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			<u>(16,064)</u>	
Net Assets, Ending (GAAP)			<u>\$ (12,462)</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**O&C Title III Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 5,000	\$ 5,000	\$ 3,841	\$ (1,159)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>3,841</u>	<u>(1,159)</u>
<b>Expenditures</b>				
Community development				
Materials and services	327,366	327,366	5,874	321,492
Total Expenditures	<u>327,366</u>	<u>327,366</u>	<u>5,874</u>	<u>321,492</u>
Excess (deficiency) of revenues over expenditures	<u>(322,366)</u>	<u>(322,366)</u>	<u>(2,033)</u>	<u>320,333</u>
Net change in fund balances	<u>(322,366)</u>	<u>(322,366)</u>	<u>(2,033)</u>	<u>320,333</u>
Fund balances - beginning	322,366	322,366	408,042	85,676
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,009</u>	<u>\$ 406,009</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Klamath Falls Streets Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 651,453	\$ 651,453	\$ -	\$ (651,453)
Investment earnings	30,000	30,000	20,864	(9,136)
Total revenues	<u>681,453</u>	<u>681,453</u>	<u>20,864</u>	<u>(660,589)</u>
<b>Expenditures</b>				
Public Works				
Materials and services	-	-	734,325	(734,325)
Capital outlay	3,081,453	3,081,453	-	3,081,453
Total Expenditures	<u>3,081,453</u>	<u>3,081,453</u>	<u>734,325</u>	<u>2,347,128</u>
Excess (deficiency) of revenues over expenditures	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>(713,461)</u>	<u>1,686,539</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	651,453	651,453
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>651,453</u>	<u>651,453</u>
Net change in fund balances	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>(62,008)</u>	<u>2,337,992</u>
Fund balances - beginning	2,400,000	2,400,000	2,500,510	100,510
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,438,502</u>	<u>\$ 2,438,502</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Surveyor Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Licenses and permits	\$ 67,500	\$ 67,500	\$ 61,011	\$ (6,489)
Investment earnings	21,400	21,400	10,221	(11,179)
Miscellaneous	100	100	190	90
Total revenues	<u>89,000</u>	<u>89,000</u>	<u>71,422</u>	<u>(17,578)</u>
<b>Expenditures</b>				
Community development				
Personal services	21,136	21,136	21,123	13
Materials and services	1,141,879	1,141,879	24,290	1,117,589
Total Expenditures	<u>1,163,015</u>	<u>1,163,015</u>	<u>45,413</u>	<u>1,117,602</u>
Excess (deficiency) of revenues over expenditures	<u>(1,074,015)</u>	<u>(1,074,015)</u>	<u>26,009</u>	<u>1,100,024</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,000	6,000	6,000	-
Transfers out	<u>(4,485)</u>	<u>(4,485)</u>	<u>(4,485)</u>	<u>-</u>
Total other financing sources and uses	<u>1,515</u>	<u>1,515</u>	<u>1,515</u>	<u>-</u>
Net change in fund balances	<u>(1,072,500)</u>	<u>(1,072,500)</u>	<u>27,524</u>	<u>1,100,024</u>
Fund balances - beginning	<u>1,072,500</u>	<u>1,072,500</u>	<u>1,075,664</u>	<u>3,164</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103,188</u>	<u>\$ 1,103,188</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Parks Reserve Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 6,250	\$ 6,250	\$ 6,250	\$ -
Investment earnings	1,500	1,500	1,260	(240)
Total revenues	<u>7,750</u>	<u>7,750</u>	<u>7,510</u>	<u>(240)</u>
<b>Expenditures</b>				
Capital outlay	145,750	145,750	-	145,750
Total Expenditures	<u>145,750</u>	<u>145,750</u>	<u>-</u>	<u>145,750</u>
Excess (deficiency) of revenues over expenditures	<u>(138,000)</u>	<u>(138,000)</u>	<u>7,510</u>	<u>145,510</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,000	5,000	-	(5,000)
Total other financing sources and uses	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balances	<u>(133,000)</u>	<u>(133,000)</u>	<u>7,510</u>	<u>140,510</u>
Fund balances - beginning	133,000	133,000	133,601	601
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,111</u>	<u>\$ 141,111</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Parks Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 219,850	\$ 219,850	\$ 240,096	\$ 20,246
Investment earnings	3,000	3,000	1,246	(1,754)
Total revenues	<u>222,850</u>	<u>222,850</u>	<u>241,342</u>	<u>18,492</u>
<b>Expenditures</b>				
Community services				
Personal services	53,157	53,157	48,700	4,457
Materials and services	74,235	74,235	193,785	(119,550)
Capital outlay	141,250	141,250	-	141,250
Contingencies	70,152	70,152	-	70,152
Total Expenditures	<u>338,794</u>	<u>338,794</u>	<u>242,485</u>	<u>96,309</u>
Excess (deficiency) of revenues over expenditures	<u>(115,944)</u>	<u>(115,944)</u>	<u>(1,143)</u>	<u>114,801</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(19,056)</u>	<u>(19,056)</u>	<u>(14,056)</u>	<u>5,000</u>
Total other financing sources and uses	<u>(19,056)</u>	<u>(19,056)</u>	<u>(14,056)</u>	<u>5,000</u>
Net change in fund balances	<u>(135,000)</u>	<u>(135,000)</u>	<u>(15,199)</u>	<u>119,801</u>
Fund balances - beginning	<u>135,000</u>	<u>135,000</u>	<u>153,442</u>	<u>18,442</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,243</u>	<u>\$ 138,243</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Juvenile Special Project Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 40	\$ 40
Total revenues	-	-	40	40
<b>Expenditures</b>				
Public safety				
Materials and services	4,100	4,100	330	3,770
Total Expenditures	4,100	4,100	330	3,770
Excess (deficiency) of revenues over expenditures	(4,100)	(4,100)	(290)	3,810
Net change in fund balances	(4,100)	(4,100)	(290)	3,810
Fund balances - beginning	4,100	4,100	4,086	(14)
Fund balances - ending	\$ -	\$ -	\$ 3,796	\$ 3,796



**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Experiment Station Field Research Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 3,600	\$ 3,600	\$ -	\$ (3,600)
Charges for services	21,725	21,725	13,380	(8,345)
Investment earnings	700	700	234	(466)
Total revenues	<u>26,025</u>	<u>26,025</u>	<u>13,614</u>	<u>(12,411)</u>
<b>Expenditures</b>				
Agriculture				
Personal services	11,435	11,435	239	11,196
Materials and services	19,800	19,800	1,514	18,286
Contingencies	13,040	13,040	-	13,040
Total Expenditures	<u>44,275</u>	<u>44,275</u>	<u>1,753</u>	<u>42,522</u>
Excess (deficiency) of revenues over expenditures	<u>(18,250)</u>	<u>(18,250)</u>	<u>11,861</u>	<u>30,111</u>
Net change in fund balances	<u>(18,250)</u>	<u>(18,250)</u>	<u>11,861</u>	<u>30,111</u>
Fund balances - beginning	<u>18,250</u>	<u>18,250</u>	<u>19,692</u>	<u>1,442</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,553</u>	<u>\$ 31,553</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Community Development Department Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ 2,200	\$ 4,950	\$ 8,211	\$ 3,261
Licenses and permits	29,661	29,661	17,882	(11,779)
Charges for services	1,442,801	1,197,728	1,020,396	(177,332)
Investment earnings	6,550	6,550	3,142	(3,408)
Miscellaneous	5,000	23,505	27,083	3,578
Total revenues	<u>1,486,212</u>	<u>1,262,394</u>	<u>1,076,714</u>	<u>(185,680)</u>
<b>Expenditures</b>				
Community development				
Personal services	1,663,483	1,689,375	1,457,545	231,830
Materials and services	486,669	472,845	414,654	58,191
Capital outlay	8,745	8,745	-	8,745
Contingencies	-	10,867	-	10,867
Total Expenditures	<u>2,158,897</u>	<u>2,181,832</u>	<u>1,872,199</u>	<u>309,633</u>
Excess (deficiency) of revenues over expenditures	<u>(672,685)</u>	<u>(919,438)</u>	<u>(795,485)</u>	<u>123,953</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	981,078	861,564	845,957	(15,607)
Transfers out	<u>(338,306)</u>	<u>(218,792)</u>	<u>(223,277)</u>	<u>(4,485)</u>
Total other financing sources and uses	<u>642,772</u>	<u>642,772</u>	<u>622,680</u>	<u>(20,092)</u>
Net change in fund balances	<u>(29,913)</u>	<u>(276,666)</u>	<u>(172,805)</u>	<u>103,861</u>
Fund balances - beginning	29,913	276,666	269,630	(7,036)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,825</u>	<u>\$ 96,825</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Museum Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other taxes	\$ 102,000	\$ 102,000	\$ -	\$ (102,000)
Intergovernmental	55,000	55,000	10,503	(44,497)
Charges for services	20,000	20,000	22,316	2,316
Investment earnings	1,500	1,500	1,755	255
Miscellaneous	38,000	38,000	97,145	59,145
Total revenues	<u>216,500</u>	<u>216,500</u>	<u>131,719</u>	<u>(84,781)</u>
<b>Expenditures</b>				
Community services				
Personal services	151,495	151,495	150,404	1,091
Materials and services	277,544	277,544	116,488	161,056
Total Expenditures	<u>429,039</u>	<u>429,039</u>	<u>266,892</u>	<u>162,147</u>
Excess (deficiency) of revenues over expenditures	<u>(212,539)</u>	<u>(212,539)</u>	<u>(135,173)</u>	<u>77,366</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	70,000	70,000	179,528	109,528
Transfers out	<u>(72,461)</u>	<u>(72,461)</u>	<u>(72,461)</u>	<u>-</u>
Total other financing sources and uses	<u>(2,461)</u>	<u>(2,461)</u>	<u>107,067</u>	<u>109,528</u>
Net change in fund balances	<u>(215,000)</u>	<u>(215,000)</u>	<u>(28,106)</u>	<u>186,894</u>
Fund balances - beginning	215,000	215,000	224,498	9,498
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,392</u>	<u>\$ 196,392</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Economic Development Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 195,784	\$ 195,784	\$ 200,176	\$ 4,392
Investment earnings	10	10	1	(9)
Miscellaneous	-	-	2,000	2,000
Total revenues	<u>195,794</u>	<u>195,794</u>	<u>202,177</u>	<u>6,383</u>
<b>Expenditures</b>				
Community development				
Materials and services	206,564	206,564	238,291	(31,727)
Debt Service				
Principal	-	-	15,987	(15,987)
Total Expenditures	<u>206,564</u>	<u>206,564</u>	<u>254,278</u>	<u>(47,714)</u>
Excess (deficiency) of revenues over expenditures	<u>(10,770)</u>	<u>(10,770)</u>	<u>(52,101)</u>	<u>(41,331)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(20,000)	(20,000)	(10,000)	10,000
Interfund loan proceeds	-	-	17,239	17,239
Total other financing sources and uses	<u>(20,000)</u>	<u>(20,000)</u>	<u>7,239</u>	<u>27,239</u>
Net change in fund balances	<u>(30,770)</u>	<u>(30,770)</u>	<u>(44,862)</u>	<u>(14,092)</u>
Fund balances - beginning	<u>30,770</u>	<u>30,770</u>	<u>20,593</u>	<u>(10,177)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(24,269)</u>	<u>\$ (24,269)</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			(24,269)	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(17,239)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>15,987</u>	
Net Assets, Ending (GAAP)			<u>\$ (25,521)</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Community Corrections Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 200	\$ 200	\$ 1,892	\$ 1,692
Intergovernmental	3,435,711	3,122,372	3,053,343	(69,029)
Charges for services	1,009,041	971,688	781,406	(190,282)
Investment earnings	8,900	8,400	9,089	689
Miscellaneous	350	350	6,995	6,645
Total revenues	<u>4,454,202</u>	<u>4,103,010</u>	<u>3,852,725</u>	<u>(250,285)</u>
<b>Expenditures</b>				
Public safety				
Personal services	2,308,651	2,305,322	2,243,534	61,788
Materials and services	2,092,220	1,858,985	1,467,307	391,678
Capital outlay	20,000	17,571	13,723	3,848
Contingencies	58,802	121,147	-	121,147
Debt Service				
Principal	-	-	41,947	(41,947)
Interest and other charges	-	-	853	(853)
Total Expenditures	<u>4,479,673</u>	<u>4,303,025</u>	<u>3,767,364</u>	<u>535,661</u>
Excess (deficiency) of revenues over expenditures	<u>(25,471)</u>	<u>(200,015)</u>	<u>85,361</u>	<u>285,376</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	50,088	50,088	-
Transfers out	(102,200)	(107,200)	(67,400)	39,800
Total other financing sources and uses	<u>(102,200)</u>	<u>(57,112)</u>	<u>(17,312)</u>	<u>39,800</u>
Net change in fund balances	<u>(127,671)</u>	<u>(257,127)</u>	<u>68,049</u>	<u>325,176</u>
Fund balances - beginning	127,671	257,127	136,863	(120,264)
Prior period adjustments	-	-	(10,930)	(10,930)
Fund balances - beginning, as restated	<u>127,671</u>	<u>257,127</u>	<u>125,933</u>	<u>(131,194)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>193,982</u>	<u>\$ 193,982</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			193,982	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>41,947</u>	
Net Assets, Ending (GAAP)			<u>\$ 235,929</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**County Schools Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 2,624,533	\$ 2,624,533	\$ 3,088,090	\$ 463,557
Investment earnings	600	600	6,162	5,562
Total revenues	<u>2,625,133</u>	<u>2,625,133</u>	<u>3,094,252</u>	<u>469,119</u>
<b>Expenditures</b>				
Community services				
Materials and services	-	-	2,668,726	(2,668,726)
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,668,726</u>	<u>(2,668,726)</u>
Excess (deficiency) of revenues over expenditures	<u>2,625,133</u>	<u>2,625,133</u>	<u>425,526</u>	<u>(2,199,607)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(2,807,607)</u>	<u>(2,807,607)</u>	-	2,807,607
Total other financing sources and uses	<u>(2,807,607)</u>	<u>(2,807,607)</u>	<u>-</u>	<u>2,807,607</u>
Net change in fund balances	<u>(182,474)</u>	<u>(182,474)</u>	<u>425,526</u>	<u>608,000</u>
Fund balances - beginning	182,474	182,474	508,459	325,985
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 933,985</u>	<u>\$ 933,985</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Search and Rescue Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 56,176	\$ 56,176	\$ 81,172	\$ 24,996
Investment earnings	-	-	138	138
Miscellaneous	1,500	1,500	1,610	110
Total revenues	<u>57,676</u>	<u>57,676</u>	<u>82,920</u>	<u>25,244</u>
<b>Expenditures</b>				
Public safety				
Personal services	50,251	50,251	44,800	5,451
Materials and services	46,078	46,078	40,236	5,842
Capital outlay	5,229	5,229	-	5,229
Debt Service				
Principal	-	-	8,099	(8,099)
Total Expenditures	<u>101,558</u>	<u>101,558</u>	<u>93,135</u>	<u>8,423</u>
Excess (deficiency) of revenues over expenditures	<u>(43,882)</u>	<u>(43,882)</u>	<u>(10,215)</u>	<u>33,667</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	32,223	32,223	32,223	-
Transfers out	-	-	(1,599)	(1,599)
Total other financing sources and uses	<u>32,223</u>	<u>32,223</u>	<u>30,624</u>	<u>(1,599)</u>
Net change in fund balances	<u>(11,659)</u>	<u>(11,659)</u>	<u>20,409</u>	<u>32,068</u>
Fund balances - beginning	11,659	11,659	93,388	81,729
Prior period adjustments			(102,647)	(102,647)
Fund balances - beginning, as restated	11,659	11,659	(9,259)	(20,918)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>11,150</u>	<u>\$ 11,150</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			11,150	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>8,099</u>	
Net Assets, Ending (GAAP)			<u>\$ 19,249</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Animal Control Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ 6,000	\$ 6,000	\$ 11,444	\$ 5,444
Licenses and permits	321,735	321,735	272,054	(49,681)
Charges for services	1,800	1,800	2,103	303
Investment earnings	250	250	368	118
Total revenues	<u>329,785</u>	<u>329,785</u>	<u>285,969</u>	<u>(43,816)</u>
<b>Expenditures</b>				
Public safety				
Personal services	217,424	222,924	221,275	1,649
Materials and services	138,228	142,728	144,070	(1,342)
Total Expenditures	<u>355,652</u>	<u>365,652</u>	<u>365,345</u>	<u>307</u>
Excess (deficiency) of revenues over expenditures	<u>(25,867)</u>	<u>(35,867)</u>	<u>(79,376)</u>	<u>(43,509)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(3,521)	(4,321)	(4,321)	-
Interfund loan proceeds	-	-	14,563	14,563
Total other financing sources and uses	<u>(3,521)</u>	<u>(4,321)</u>	<u>10,242</u>	<u>14,563</u>
Net change in fund balances	<u>(29,388)</u>	<u>(40,188)</u>	<u>(69,134)</u>	<u>(28,946)</u>
Fund balances - beginning	<u>54,388</u>	<u>54,388</u>	<u>72,126</u>	<u>17,738</u>
Fund balances - ending	<u>\$ 25,000</u>	<u>\$ 14,200</u>	<u>2,992</u>	<u>\$ (11,208)</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			2,992	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			<u>(14,563)</u>	
Net Assets, Ending (GAAP)			<u>\$ (11,571)</u>	



**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Public Health Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 148,000	\$ 160,300	\$ 179,804	\$ 19,504
Intergovernmental	961,287	1,062,727	798,623	(264,104)
Charges for services	1,132,334	1,285,799	1,015,342	(270,457)
Investment earnings	500	5,600	1,509	(4,091)
Miscellaneous	99,200	18,360	17,358	(1,002)
Total revenues	<u>2,341,321</u>	<u>2,532,786</u>	<u>2,012,636</u>	<u>(520,150)</u>
<b>Expenditures</b>				
Human services				
Personal services	1,698,582	1,688,503	1,599,902	88,601
Materials and services	969,993	1,296,415	1,048,474	247,941
Capital outlay	-	62,009	53,636	8,373
Contingencies	-	39,829	-	39,829
Debt Service				
Principal	-	-	153,331	(153,331)
Total Expenditures	<u>2,668,575</u>	<u>3,086,756</u>	<u>2,855,343</u>	<u>231,413</u>
Excess (deficiency) of revenues over expenditures	<u>(327,254)</u>	<u>(553,970)</u>	<u>(842,707)</u>	<u>(288,737)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	348,254	550,372	550,402	30
Transfers out	(21,000)	(166,209)	(166,209)	-
Interfund loan proceeds	-	-	114,204	114,204
Total other financing sources and uses	<u>327,254</u>	<u>384,163</u>	<u>498,397</u>	<u>114,234</u>
Net change in fund balances	<u>-</u>	<u>(169,807)</u>	<u>(344,310)</u>	<u>(174,503)</u>
Fund balances - beginning	-	169,807	198,886	29,079
Fund balances - change in inventory	-	-	(21,118)	(21,118)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(166,542)</u>	<u>\$ (166,542)</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			(166,542)	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(114,204)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>153,331</u>	
Net Assets, Ending (GAAP)			<u>\$ (127,415)</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Fairgrounds Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other taxes	\$ 500,900	\$ 500,900	\$ -	\$ (500,900)
Intergovernmental	49,100	49,100	36,031	(13,069)
Charges for services	398,100	398,100	347,074	(51,026)
Investment earnings	16,869	16,869	5,521	(11,348)
Total revenues	<u>964,969</u>	<u>964,969</u>	<u>388,626</u>	<u>(576,343)</u>
<b>Expenditures</b>				
Community services				
Personal services	513,309	513,309	467,333	45,976
Materials and services	666,656	666,656	595,653	71,003
Capital outlay	80,500	807,921	565,737	242,184
Contingencies	14,760	14,760	-	14,760
Total Expenditures	<u>1,275,225</u>	<u>2,002,646</u>	<u>1,628,723</u>	<u>373,923</u>
Excess (deficiency) of revenues over expenditures	<u>(310,256)</u>	<u>(1,037,677)</u>	<u>(1,240,097)</u>	<u>(202,420)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	406,576	406,576
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>406,576</u>	<u>406,576</u>
Net change in fund balances	<u>(310,256)</u>	<u>(1,037,677)</u>	<u>(833,521)</u>	<u>204,156</u>
Fund balances - beginning	310,256	1,037,677	844,901	(192,776)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,380</u>	<u>\$ 11,380</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Law Library Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ 76,000	\$ 76,000	\$ 93,723	\$ 17,723
Charges for services	5,500	5,500	6,459	959
Investment earnings	2,500	2,500	481	(2,019)
Total revenues	<u>84,000</u>	<u>84,000</u>	<u>100,663</u>	<u>16,663</u>
<b>Expenditures</b>				
Community services				
Materials and services	58,457	58,457	50,321	8,136
Contingencies	25,339	21,339	-	21,339
Total Expenditures	<u>83,796</u>	<u>79,796</u>	<u>50,321</u>	<u>29,475</u>
Excess (deficiency) of revenues over expenditures	<u>204</u>	<u>4,204</u>	<u>50,342</u>	<u>46,138</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(43,466)</u>	<u>(47,466)</u>	<u>(43,466)</u>	<u>4,000</u>
Total other financing sources and uses	<u>(43,466)</u>	<u>(47,466)</u>	<u>(43,466)</u>	<u>4,000</u>
Net change in fund balances	<u>(43,262)</u>	<u>(43,262)</u>	<u>6,876</u>	<u>50,138</u>
Fund balances - beginning	<u>43,262</u>	<u>43,262</u>	<u>53,666</u>	<u>10,404</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,542</u>	<u>\$ 60,542</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**911 Excise Tax Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ 357,531	\$ 357,531
Total revenues	-	-	357,531	357,531
<b>Expenditures</b>				
Public safety				
Materials and services	-	-	357,531	(357,531)
Total Expenditures	-	-	357,531	(357,531)
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Clerk 5% Storage Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ 10,086	\$ 10,086
Investment earnings	-	-	711	711
Total revenues	-	-	10,797	10,797
<b>Expenditures</b>				
Excess (deficiency) of revenues over expenditures	-	-	10,797	10,797
Net change in fund balances	-	-	10,797	10,797
Fund balances - beginning	-	-	69,849	69,849
Fund balances - ending	\$ -	\$ -	\$ 80,646	\$ 80,646

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Transient Room Tax Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other taxes	\$ -	\$ -	\$ 1,453,389	\$ 1,453,389
Investment earnings	-	-	2,971	2,971
Total revenues	-	-	1,456,360	1,456,360
<b>Expenditures</b>				
General government				
Materials and services	-	-	816,492	(816,492)
Total Expenditures	-	-	816,492	(816,492)
Excess (deficiency) of revenues over expenditures	-	-	639,868	639,868
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(643,887)	(643,887)
Total other financing sources and uses	-	-	(643,887)	(643,887)
Net change in fund balances	-	-	(4,019)	(4,019)
Fund balances - beginning	-	-	4,019	4,019
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**Klamath County, Oregon  
 Budget and Actual (with Variances)  
 Ambulance Advisory Training Fund  
 For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 17	\$ 17
Miscellaneous	-	-	700	700
Total revenues	<u>-</u>	<u>-</u>	<u>717</u>	<u>717</u>
<b>Expenditures</b>				
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>717</u>	<u>717</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>717</u>	<u>717</u>
Fund balances - beginning	-	-	1,553	1,553
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,270</u>	<u>\$ 2,270</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Clerk Overpayments Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ 1,234	\$ 1,234
Investment earnings	-	-	4	4
Total revenues	-	-	1,238	1,238
<b>Expenditures</b>				
General government				
Materials and services	-	-	805	(805)
Total Expenditures	-	-	805	(805)
Excess (deficiency) of revenues over expenditures	-	-	433	433
Net change in fund balances	-	-	433	433
Fund balances - beginning	-	-	9,278	9,278
Fund balances - ending	\$ -	\$ -	\$ 9,711	\$ 9,711



**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Courthouse Bond Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,562,651	\$ 1,562,651	\$ 1,676,232	\$ 113,581
Investment earnings	500	500	5,474	4,974
Total revenues	<u>1,563,151</u>	<u>1,563,151</u>	<u>1,681,706</u>	<u>118,555</u>
<b>Expenditures</b>				
General government				
Materials and services	3,000	3,000	2,574	426
Debt Service				
Principal	1,515,000	1,515,000	1,515,000	-
Interest and other charges	80,295	80,295	80,295	-
Total Expenditures	<u>1,598,295</u>	<u>1,598,295</u>	<u>1,597,869</u>	<u>426</u>
Excess (deficiency) of revenues over expenditures	<u>(35,144)</u>	<u>(35,144)</u>	<u>83,837</u>	<u>118,981</u>
Net change in fund balances	<u>(35,144)</u>	<u>(35,144)</u>	<u>83,837</u>	<u>118,981</u>
Fund balances - beginning	35,144	35,144	206,931	171,787
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,768</u>	<u>\$ 290,768</u>

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Fairgrounds Bond Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 21,513	\$ 21,513
Investment earnings	-	-	292	292
Total revenues	-	-	21,805	21,805
<b>Expenditures</b>				
Excess (deficiency) of revenues over expenditures	-	-	21,805	21,805
Net change in fund balances	-	-	21,805	21,805
Fund balances - beginning	-	-	29,517	29,517
Fund balances - ending	\$ -	\$ -	\$ 51,322	\$ 51,322

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Equipment Reserve Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 30,000	\$ 30,000	\$ 32,083	\$ 2,083
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>32,083</u>	<u>2,083</u>
<b>Expenditures</b>				
General government				
Materials and services	97,000	97,000	157,077	(60,077)
Capital outlay	2,600,000	2,600,000	172,436	2,427,564
Contingencies	400,000	400,000	-	400,000
Debt Service				
Principal	-	-	776,108	(776,108)
Total Expenditures	<u>3,097,000</u>	<u>3,097,000</u>	<u>1,105,621</u>	<u>1,991,379</u>
Excess (deficiency) of revenues over expenditures	<u>(3,067,000)</u>	<u>(3,067,000)</u>	<u>(1,073,538)</u>	<u>1,993,462</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,246,448	1,246,448	852,124	(394,324)
Transfers out	-	-	(1,670,976)	(1,670,976)
Interfund loan proceeds	-	-	548,583	548,583
Total other financing sources and uses	<u>1,246,448</u>	<u>1,246,448</u>	<u>(270,269)</u>	<u>(1,516,717)</u>
Net change in fund balances	<u>(1,820,552)</u>	<u>(1,820,552)</u>	<u>(1,343,807)</u>	<u>476,745</u>
Fund balances - beginning	1,820,552	1,820,552	3,842,712	2,022,160
Prior period adjustments	-	-	(18,257)	(18,257)
Fund balances - beginning, as restated	<u>1,820,552</u>	<u>1,820,552</u>	<u>3,824,455</u>	<u>2,003,903</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,480,648</u>	<u>\$ 2,480,648</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			2,480,648	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(548,583)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>776,108</u>	
Net Assets, Ending (GAAP)			<u>\$ 2,708,173</u>	

**Klamath County, Oregon**  
**Budget and Actual (with Variances)**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 120	\$ 120
Total revenues	-	-	120	120
<b>Expenditures</b>				
Excess (deficiency) of revenues over expenditures	-	-	120	120
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	74,778	74,778
Total other financing sources and uses	-	-	74,778	74,778
Net change in fund balances	-	-	74,898	74,898
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 74,898	\$ 74,898

**Klamath County, Oregon**  
**Enterprise Funds**  
**June 30, 2011**

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**Enterprise Funds**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

**Non-Major Enterprise Funds:**

Recycling

The Recycling Fund operates the county-wide recycling program. This fund also includes the recycling education program.

Weed Control

The Weed Control Fund is responsible for noxious weed eradication in the county. Revenues are derived primarily from charges for services.

Interoperable Radio Communications Fund

The Interoperable Radio Communications Fund was created to construct, operate and maintain a county wide interoperable radio communications system.

**Klamath County, Oregon**  
**Combining Statement of Fund Net Assets**  
**Non-Major Enterprise Funds**  
**June 30, 2011**

	<b>Non-Major Enterprise Funds</b>			<b>Total</b>
	<b>Recycling Fund</b>	<b>Weed Control Fund</b>	<b>Interoperable Radio Communications Fund</b>	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 25,098	\$ 163,548	\$ 211,225	\$ 399,871
Accounts Receivable, net	8,507	61,135	-	69,642
Inventories	-	15,820	-	15,820
Total current assets	<u>33,605</u>	<u>240,503</u>	<u>211,225</u>	<u>485,333</u>
Non-current assets:				
Capital Assets:				
Vehicles	33,365	109,544	-	142,909
Buildings	-	29,011	-	29,011
Machinery and Equipment	100,142	77,846	2,463,215	2,641,203
Less Accumulated depreciation	<u>(91,591)</u>	<u>(185,524)</u>	<u>(885,096)</u>	<u>(1,162,211)</u>
Total non-current assets	<u>41,916</u>	<u>30,877</u>	<u>1,578,119</u>	<u>1,650,912</u>
Total assets	<u>75,521</u>	<u>271,380</u>	<u>1,789,344</u>	<u>2,136,245</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	3,902	2,736	-	6,638
Compensated absences	-	6,683	-	6,683
Total current liabilities	<u>3,902</u>	<u>9,419</u>	<u>-</u>	<u>13,321</u>
Non-current liabilities:				
Net OPEB liability	44	119	-	163
Pension liability	999	2,965	-	3,964
Total non-current liabilities	<u>1,043</u>	<u>3,084</u>	<u>-</u>	<u>4,127</u>
Total liabilities	<u>4,945</u>	<u>12,503</u>	<u>-</u>	<u>17,448</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	41,916	30,877	1,578,119	1,650,912
Unrestricted	28,660	228,000	211,225	467,885
Total net assets	<u>\$ 70,576</u>	<u>\$ 258,877</u>	<u>\$ 1,789,344</u>	<u>\$ 2,118,797</u>

**Klamath County, Oregon**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2011**

	<b>Non-Major Enterprise Funds</b>			
	<b>Interoperable</b>			<b>Total</b>
	<b>Recycling</b>	<b>Weed Control</b>	<b>Radio</b>	
<b>Fund</b>	<b>Fund</b>	<b>Communications</b>	<b>Fund</b>	
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 920	\$ -	\$ 920
Licenses, fees, and permits	73,871	-	-	73,871
Charges for services	25,704	200,042	95,077	320,823
Total operating revenues	<u>99,575</u>	<u>200,962</u>	<u>95,077</u>	<u>395,614</u>
<b>Operating Expenses</b>				
Personal services	37,399	138,291	-	175,690
Materials and services	43,426	59,821	31,748	134,995
Depreciation	10,000	15,000	348,463	373,463
Total Operating Expenses	<u>90,825</u>	<u>213,112</u>	<u>380,211</u>	<u>684,148</u>
Operating income (loss)	<u>8,750</u>	<u>(12,150)</u>	<u>(285,134)</u>	<u>(288,534)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest and investment revenue	587	1,366	1,506	3,459
Miscellaneous revenue	-	71	-	71
Proceeds from the sale of capital assets	-	7,361	-	7,361
Total non-operating revenue (expenses)	<u>587</u>	<u>8,798</u>	<u>1,506</u>	<u>10,891</u>
Income (loss) before contributions and transfers	<u>9,337</u>	<u>(3,352)</u>	<u>(283,628)</u>	<u>(277,643)</u>
Transfers in	-	89,199	-	89,199
Transfers out	<u>(78,556)</u>	<u>(22,361)</u>	<u>-</u>	<u>(100,917)</u>
Change in net assets	<u>(69,219)</u>	<u>63,486</u>	<u>(283,628)</u>	<u>(289,361)</u>
Total net assets - beginning	54,165	195,391	2,072,972	2,322,528
Prior period adjustments	85,630	-	-	85,630
Net assets - beginning, as restated	<u>139,795</u>	<u>195,391</u>	<u>2,072,972</u>	<u>2,408,158</u>
Total net assets - ending	<u>\$ 70,576</u>	<u>\$ 258,877</u>	<u>\$ 1,789,344</u>	<u>\$ 2,118,797</u>

**Klamath County, Oregon**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2011**

	<b>Non-Major Enterprise Funds</b>			<b>Total</b>
	<b>Recycling Fund</b>	<b>Weed Control Fund</b>	<b>Interoperable Radio Communications Fund</b>	
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 97,103	\$ 177,430	\$ 95,077	\$ 369,610
Payment to suppliers	(40,743)	(57,812)	(31,748)	(130,303)
Payments to employees	(37,399)	(135,564)	-	(172,963)
Net Cash Flows Provided (Used) by Operating Activities	<u>18,961</u>	<u>(15,946)</u>	<u>63,329</u>	<u>66,344</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers from (to) other funds	(78,556)	66,838	-	(11,718)
Other income	-	71	-	71
Net Cash Provided (Used) by Noncapital Financing	<u>(78,556)</u>	<u>66,909</u>	<u>-</u>	<u>(11,647)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase and construction of depreciable assets	-	(27,995)	-	(31,878)
Proceeds from disposal of depreciable assets	-	7,361	-	7,361
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(20,634)</u>	<u>-</u>	<u>(20,634)</u>
<b>Cash Flows From Investing Activities</b>				
Investment interest	587	1,366	1,506	3,459
Net Cash Flows Provided by Investing Activities	<u>587</u>	<u>1,366</u>	<u>1,506</u>	<u>3,459</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(59,008)	31,695	64,835	37,522
Cash and Cash Equivalents, Beginning of Year	84,106	131,853	146,390	362,349
Cash and Cash Equivalents, End of Year	<u>\$ 25,098</u>	<u>\$ 163,548</u>	<u>\$ 211,225</u>	<u>\$ 399,871</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 8,750	\$ (12,150)	\$ (285,134)	\$ (288,534)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities</b>				
Depreciation expense	10,000	15,000	348,463	373,463
(Increase) decrease in assets				
Accounts receivable	(2,472)	(23,532)	-	(26,004)
Inventory	-	2,099	-	2,099
Increase (decrease) in liabilities				
Accounts payable	2,145	(90)	-	2,055
Landfill closure liability				-
Accrued employee benefits	538	2,727	-	3,265
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 18,961</u>	<u>\$ (15,946)</u>	<u>\$ 63,329</u>	<u>\$ 66,344</u>



**Klamath County, Oregon**  
**Budget & Actual - Budgetary Basis (with Variances)**  
**Landfill Site Reserve Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 128,000	\$ 6,000	\$ 57,118	\$ 51,118
Total revenues	<u>128,000</u>	<u>6,000</u>	<u>57,118</u>	<u>51,118</u>
<b>Expenditures</b>				
Public Works				
Materials and services	-	-	116,964	(116,964)
Capital outlay	100,000	100,000	-	100,000
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>116,964</u>	<u>(16,964)</u>
Excess (deficiency) of revenues over expenditures	<u>28,000</u>	<u>(94,000)</u>	<u>(59,846)</u>	<u>34,154</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	231,120	122,000	116,964	(5,036)
Total other financing sources and uses	<u>231,120</u>	<u>122,000</u>	<u>116,964</u>	<u>(5,036)</u>
Net change in fund balances	<u>259,120</u>	<u>28,000</u>	<u>57,118</u>	<u>29,118</u>
Fund balances - beginning	<u>6,120,304</u>	<u>6,120,304</u>	<u>6,153,223</u>	<u>32,919</u>
Fund balances - ending	<u>\$ 6,379,424</u>	<u>\$ 6,148,304</u>	<u>6,210,341</u>	<u>\$ 62,037</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			6,210,341	
Landfill closure cost liabilities recognized for GAAP but are not included for the Budgetary Basis			<u>(6,399,574)</u>	
Net Assets, Ending (GAAP)			<u>\$ (189,233)</u>	

**Klamath County, Oregon**  
**Budget & Actual - Budgetary Basis (with Variances)**  
**Solid Waste Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 45,400	\$ 45,400	\$ 46,705	\$ 1,305
Charges for services	4,622,450	4,622,450	3,797,288	(825,162)
Investment earnings	18,000	18,000	7,627	(10,373)
Miscellaneous	100	100	-	(100)
Total revenues	<u>4,685,950</u>	<u>4,685,950</u>	<u>3,851,620</u>	<u>(834,330)</u>
<b>Expenditures</b>				
Public Works				
Personal services	1,340,524	1,340,524	1,164,828	175,696
Materials and services	3,035,406	3,081,906	2,277,341	804,565
Capital outlay	105,000	105,000	3,883	101,117
Contingencies	126,376	79,876	-	79,876
Total Expenditures	<u>4,607,306</u>	<u>4,607,306</u>	<u>3,446,052</u>	<u>1,161,254</u>
Excess (deficiency) of revenues over expenditures	<u>78,644</u>	<u>78,644</u>	<u>405,568</u>	<u>326,924</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	1,531,787	1,531,787
Transfers out	<u>(578,644)</u>	<u>(578,644)</u>	<u>(464,488)</u>	<u>114,156</u>
Total other financing sources and uses	<u>(578,644)</u>	<u>(578,644)</u>	<u>1,067,299</u>	<u>1,645,943</u>
Net change in fund balances	(500,000)	(500,000)	1,472,867	1,972,867
Fund balances - beginning	500,000	500,000	94,739	(405,261)
Prior period adjustments	-	-	352,196	352,196
Fund balances - beginning, as restated	<u>500,000</u>	<u>500,000</u>	<u>446,935</u>	<u>(53,065)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,919,802</u>	<u>\$ 1,919,802</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			1,919,802	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			41,165	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(140,065)</u>	
Net Assets, Ending (GAAP)			<u>\$ 1,820,902</u>	

**Klamath County, Oregon**  
**Budget & Actual - Budgetary Basis (with Variances)**  
**Recycling Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 70,000	\$ 70,000	\$ 73,871	\$ 3,871
Charges for services	36,000	36,000	25,704	(10,296)
Investment earnings	3,800	3,800	587	(3,213)
Total revenues	<u>109,800</u>	<u>109,800</u>	<u>100,162</u>	<u>(9,638)</u>
<b>Expenditures</b>				
Public Works				
Personal services	37,892	37,892	36,861	1,031
Materials and services	50,700	50,700	43,426	7,274
Capital outlay	5,000	5,000	-	5,000
Contingencies	9,652	9,652	-	9,652
Total Expenditures	<u>103,244</u>	<u>103,244</u>	<u>80,287</u>	<u>22,957</u>
Excess (deficiency) of revenues over expenditures	<u>6,556</u>	<u>6,556</u>	<u>19,875</u>	<u>13,319</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(78,556)</u>	<u>(78,556)</u>	<u>(78,556)</u>	<u>-</u>
Total other financing sources and uses	<u>(78,556)</u>	<u>(78,556)</u>	<u>(78,556)</u>	<u>-</u>
Net change in fund balances	<u>(72,000)</u>	<u>(72,000)</u>	<u>(58,681)</u>	<u>13,319</u>
Fund balances - beginning	72,000	72,000	2,249	(69,751)
Prior period adjustments	-	-	86,135	86,135
Fund balances - beginning, as restated	<u>72,000</u>	<u>72,000</u>	<u>88,384</u>	<u>16,384</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>29,703</u>	<u>\$ 29,703</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			29,703	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			41,916	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,043)</u>	
Net Assets, Ending (GAAP)			<u>\$ 70,576</u>	

**Klamath County, Oregon**  
**Budget & Actual - Budgetary Basis (with Variances)**  
**Weed Control Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ 920	\$ 920
Charges for services	200,000	200,000	200,042	42
Investment earnings	5,000	5,000	1,366	(3,634)
Miscellaneous	-	-	71	71
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>202,399</u>	<u>(2,601)</u>
<b>Expenditures</b>				
Public Works				
Personal services	175,247	175,247	135,564	39,683
Materials and services	89,651	89,651	57,723	31,928
Capital outlay	-	-	27,993	(27,993)
Contingencies	35,102	35,102	-	35,102
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>221,280</u>	<u>78,720</u>
Excess (deficiency) of revenues over expenditures	<u>(95,000)</u>	<u>(95,000)</u>	<u>(18,881)</u>	<u>76,119</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	89,199	89,199
Transfers out	(15,000)	(15,000)	(22,361)	(7,361)
Total other financing sources and uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>66,838</u>	<u>81,838</u>
<b>Special Item</b>				
Proceeds from sale of capital assets	-	-	7,361	7,361
Net change in fund balances	<u>(110,000)</u>	<u>(110,000)</u>	<u>55,318</u>	<u>165,318</u>
Fund balances - beginning	110,000	110,000	177,507	67,507
Prior period adjustments	-	-	(10,878)	(10,878)
Fund balances - beginning, as restated	<u>110,000</u>	<u>110,000</u>	<u>166,629</u>	<u>56,629</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>221,947</u>	<u>\$ 221,947</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			221,947	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			30,877	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>6,053</u>	
Net Assets, Ending (GAAP)			<u>\$ 258,877</u>	

**Klamath County, Oregon**  
**Budget & Actual - Budgetary Basis (with Variances)**  
**Interoperable Radio Communications Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 95,077	\$ 95,077
Investment earnings	-	-	1,506	1,506
Total revenues	-	-	96,583	96,583
<b>Expenditures</b>				
Public Works				
Materials and services	-	-	31,748	(31,748)
Total Expenditures	-	-	31,748	(31,748)
Excess (deficiency) of revenues over expenditures	-	-	64,835	64,835
Net change in fund balances	-	-	64,835	64,835
Fund balances - beginning	-	-	2,421,435	2,421,435
Prior period adjustments	-	-	(2,275,045)	(2,275,045)
Fund balances - beginning, as restated	-	-	146,390	146,390
Fund balances - ending	\$ -	\$ -	211,225	\$ 211,225
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			211,225	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			1,578,119	
Net Assets, Ending (GAAP)			\$ 1,789,344	

**Klamath County, Oregon**  
**Internal Service Funds**  
**June 30, 2011**

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**Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The Internal Service Funds consist of the following:

Internal Services

The Internal Services Fund was created to identify and locate the costs of internal support among the County's operating funds. The fund contains General Administration, Personnel, Information Technology, County Counsel, Finance, Contracting, Purchasing, and other costs that have benefits accruing to all county operations.

ORMAP

The ORMAP Fund was created to develop a countywide property tax parcel base map that is digital, publicly accessible, and continually maintained. The move from paper to computer-based mapping will help and improve the administration of the property tax system. This fund is merged with Internal Services for financial statement presentation purposes.

Space Rent

The Space Rent Fund was established to ensure adequate maintenance, operations, and major maintenance reserve for all county owned facilities and real property. A rent policy has been enacted for most county occupied facilities.

Mental Health Building Reserve

The Mental Health Building Reserve Fund was created to account for the maintenance of county buildings previously occupied by the Mental Health Department. The buildings are currently vacant and require a substantial amount of remediation. This fund is merged with Space Rent for financial statement presentation purposes.

Risk Management

The Risk Management Fund was initiated to collect a set amount from each department for liability and property damage insurance, workers compensation insurance and unemployment insurance. Klamath County uses this fund for its self-insurance program.

**Klamath County, Oregon**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

	<b>Internal Services Fund</b>	<b>Space Rent Fund</b>	<b>Risk Management Fund</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 605,632	\$ 1,734,476	\$ 1,645,571	\$ 3,985,679
Accounts receivables, net	64,052	448	683	65,183
Inventories	19,990	-	-	19,990
Total current assets	<u>689,674</u>	<u>1,734,924</u>	<u>1,646,254</u>	<u>4,070,852</u>
Non-current assets:				
Capital Assets:				
Buildings	-	11,122	-	11,122
Vehicles	-	165,354	-	165,354
Machinery and Equipment	823,127	66,649	5,584	895,360
Less Accumulated depreciation	(421,597)	(214,813)	(4,354)	(640,764)
Total non-current assets	<u>401,530</u>	<u>28,312</u>	<u>1,230</u>	<u>431,072</u>
Total assets	<u>1,091,204</u>	<u>1,763,236</u>	<u>1,647,484</u>	<u>4,501,924</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	35,652	86,338	178,825	300,815
Due to other funds	253,175	-	-	253,175
Compensated absences	105,507	74,053	-	179,560
Claims and judgments	-	-	1,698,409	1,698,409
Total current liabilities	<u>394,334</u>	<u>160,391</u>	<u>1,877,234</u>	<u>2,431,959</u>
Non-current liabilities:				
Net OPEB liability	1,223	423	-	1,646
Pension liability	47,798	11,921	-	59,719
Total non-current liabilities	<u>49,021</u>	<u>12,344</u>	<u>-</u>	<u>61,365</u>
Total liabilities	<u>443,355</u>	<u>172,735</u>	<u>1,877,234</u>	<u>2,493,324</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	401,530	28,312	1,230	431,072
Restricted for other purposes	-	19,083	-	19,083
Unrestricted	246,319	1,543,106	(230,980)	1,558,445
Total net assets	<u>\$ 647,849</u>	<u>\$ 1,590,501</u>	<u>\$ (229,750)</u>	<u>\$ 2,008,600</u>

**Klamath County, Oregon**  
**Combining Statement of Revenue, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

	<b>Internal Services Fund</b>	<b>Space Rent Fund</b>	<b>Risk Management Fund</b>	<b>Total</b>
<b>Revenues</b>				
Intergovernmental	\$ 86,889	\$ -	\$ -	\$ 86,889
Charges for services	2,913,418	1,768,260	1,913,347	6,595,025
Total operating revenues	<u>3,000,307</u>	<u>1,768,260</u>	<u>1,913,347</u>	<u>6,681,914</u>
<b>Operating Expenses</b>				
Personal services	1,583,850	422,016	(1,042)	2,004,824
Materials and services	910,802	962,629	2,022,310	3,895,741
Depreciation	25,483	12,778	1,000	39,261
Total operating expenses	<u>2,520,135</u>	<u>1,397,423</u>	<u>2,022,268</u>	<u>5,939,826</u>
Operating income (loss)	<u>480,172</u>	<u>370,837</u>	<u>(108,921)</u>	<u>742,088</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest and investment revenue	5,633	12,126	11,029	28,788
Miscellaneous revenue	11,345	5,237	-	16,582
Interest expense	(1,791)	-	-	(1,791)
Total non-operating revenue (expenses)	<u>15,187</u>	<u>17,363</u>	<u>11,029</u>	<u>43,579</u>
Income (loss) before contributions and transfers	495,359	388,200	(97,892)	785,667
Transfers in	2,193,059	118,988	-	2,312,047
Transfers out	(2,404,948)	(74,265)	(144,615)	(2,623,828)
Change in net assets	<u>283,470</u>	<u>432,923</u>	<u>(242,507)</u>	<u>473,886</u>
Total net assets - beginning	332,666	1,198,228	661	1,531,555
Prior period adjustments	31,713	(40,650)	12,096	3,159
Net assets - beginning, as restated	<u>364,379</u>	<u>1,157,578</u>	<u>12,757</u>	<u>1,534,714</u>
Total net assets - ending	<u>\$ 647,849</u>	<u>\$ 1,590,501</u>	<u>\$ (229,750)</u>	<u>\$ 2,008,600</u>



**Klamath County, Oregon**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

	<u>Internal Service Funds</u>	<u>Space Rent Fund</u>	<u>Risk Management Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 3,014,897	\$ 1,767,812	\$ 1,921,732	\$ 6,704,441
Payment to suppliers	(864,529)	(919,839)	(1,660,904)	(3,445,272)
Payments to employees	(1,588,083)	(423,570)	1,042	(2,010,611)
Net Cash Flows Provided (Used) by Operating Activities	<u>562,285</u>	<u>424,403</u>	<u>261,870</u>	<u>1,248,558</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Advances from other funds	(52,014)	-	-	(52,014)
Transfer from other funds	2,193,059	118,988	-	2,312,047
Transfer to other funds	(2,404,948)	(74,265)	(144,615)	(2,623,828)
Other income	11,345	5,237	-	16,582
Interest paid on interfund loans	(1,791)	-	-	(1,791)
Net Cash Provided (Used) by Noncapital Financing	<u>(254,349)</u>	<u>49,960</u>	<u>(144,615)</u>	<u>(349,004)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase and construction of depreciable assets	(18,233)	-	-	(18,233)
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(18,233)</u>	<u>-</u>	<u>-</u>	<u>(18,233)</u>
<b>Cash Flows From Investing Activities</b>				
Investment interest	5,633	12,126	11,029	28,788
Net Cash Flows Provided by Investing Activities	<u>5,633</u>	<u>12,126</u>	<u>11,029</u>	<u>28,788</u>
Net Increase (Decrease) in Cash and Cash Equivalents	295,336	486,489	128,284	910,109
Cash and Cash Equivalents, Beginning of Year	310,296	1,247,987	1,517,287	3,075,570
Cash and Cash Equivalents, End of Year	<u>\$ 605,632</u>	<u>\$ 1,734,476</u>	<u>\$ 1,645,571</u>	<u>\$ 3,985,679</u>
<b>Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities</b>				
Operating (Loss)	\$ 480,172	\$ 370,837	\$ (108,921)	\$ 742,088
<b>Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities</b>				
Depreciation expense	25,483	12,778	1,000	39,261
(Increase) decrease in assets				
Accounts receivable	14,591	(448)	8,385	22,528
Inventory	809	-	-	809
Increase (decrease) in liabilities				
Accounts payable	20,961	36,579	80,141	137,681
Accrued employee benefits	20,269	4,657	281,265	306,191
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 562,285</u>	<u>\$ 424,403</u>	<u>\$ 261,870</u>	<u>\$ 1,248,558</u>

**Klamath County, Oregon**  
**Budget and Actual - Budgetary Basis (with Variances)**  
**Internal Services Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$ 154,359	\$ 154,359	\$ 86,889	\$ (67,470)
Charges for services	310,645	310,645	2,913,418	2,602,773
Investment earnings	100	100	5,564	5,464
Miscellaneous	200	200	11,345	11,145
Total revenues	<u>465,304</u>	<u>465,304</u>	<u>3,017,216</u>	<u>2,551,912</u>
<b>Expenditures</b>				
Internal support services				
Personal services	1,571,269	1,596,269	1,563,585	32,684
Materials and services	1,140,450	1,140,450	909,993	230,457
Capital outlay	23,000	23,000	18,243	4,757
Contingencies	64,664	39,664	-	39,664
Debt Service				
Principal	-	-	52,005	(52,005)
Interest and other charges	-	-	1,791	(1,791)
Total Expenditures	<u>2,799,383</u>	<u>2,799,383</u>	<u>2,545,617</u>	<u>253,766</u>
Excess (deficiency) of revenues over expenditures	<u>(2,334,079)</u>	<u>(2,334,079)</u>	<u>471,599</u>	<u>2,805,678</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,822,069	4,855,338	2,193,059	(2,662,279)
Transfers out	<u>(2,487,990)</u>	<u>(2,521,259)</u>	<u>(2,404,948)</u>	<u>116,311</u>
Total other financing sources and uses	<u>2,334,079</u>	<u>2,334,079</u>	<u>(211,889)</u>	<u>(2,545,968)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>259,710</u>	<u>259,710</u>
Fund balances - beginning	-	-	44,665	44,665
Prior period adjustments	-	-	17,655	17,655
Fund balances - beginning, as restated	-	-	62,320	62,320
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>322,030</u>	<u>\$ 322,030</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			322,030	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			401,530	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			(134,539)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			52,005	
Net Assets, Ending (GAAP)			<u>\$ 641,026</u>	

**Klamath County, Oregon**  
**Budget and Actual - Budgetary Basis (with Variances)**  
**ORMAP Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 69	\$ 69
Total revenues	-	-	69	69
Excess (deficiency) of revenues over expenditures	-	-	69	69
Net change in fund balances	-	-	69	69
Fund balances - beginning	-	-	6,754	6,754
Fund balances - ending	\$ -	\$ -	\$ 6,823	\$ 6,823

**Klamath County, Oregon**  
**Budget and Actual - Budgetary Basis (with Variances)**  
**Space Rent Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 2,100	\$ 2,100	\$ 1,768,260	\$ 1,766,160
Investment earnings	6,500	6,500	11,934	5,434
Miscellaneous	15,857	15,857	5,237	(10,620)
Total revenues	<u>24,457</u>	<u>24,457</u>	<u>1,785,431</u>	<u>1,760,974</u>
<b>Expenditures</b>				
Internal support services				
Personal services	415,378	415,378	417,359	(1,981)
Materials and services	1,265,450	1,265,450	962,629	302,821
Capital outlay	351,000	351,000	56,944	294,056
Contingencies	20,000	20,000	-	20,000
Total Expenditures	<u>2,051,828</u>	<u>2,051,828</u>	<u>1,436,932</u>	<u>614,896</u>
Excess (deficiency) of revenues over expenditures	<u>(2,027,371)</u>	<u>(2,027,371)</u>	<u>348,499</u>	<u>2,375,870</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,733,914	1,733,914	118,988	(1,614,926)
Transfers out	<u>(17,321)</u>	<u>(17,321)</u>	<u>(17,321)</u>	<u>-</u>
Total other financing sources and uses	<u>1,716,593</u>	<u>1,716,593</u>	<u>101,667</u>	<u>(1,614,926)</u>
<b>Special Item</b>				
Proceeds from sale of land	<u>1,377</u>	<u>1,377</u>	<u>-</u>	<u>(1,377)</u>
Net change in fund balances	<u>(309,401)</u>	<u>(309,401)</u>	<u>450,166</u>	<u>759,567</u>
Fund balances - beginning	309,401	309,401	1,097,598	788,197
Prior period adjustments	-	-	81,740	81,740
Fund balances - beginning, as restated	<u>309,401</u>	<u>309,401</u>	<u>1,179,338</u>	<u>869,937</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,629,504</u>	<u>\$ 1,629,504</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			1,629,504	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			28,312	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(86,398)</u>	
Net Assets, Ending (GAAP)			<u>\$ 1,571,418</u>	

**Klamath County, Oregon**  
**Budget and Actual - Budgetary Basis (with Variances)**  
**Mental Health Building Reserve Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 192	\$ 192
Total revenues	-	-	192	192
Excess (deficiency) of revenues over expenditures	-	-	192	192
Net change in fund balances	-	-	192	192
Fund balances - beginning	-	-	18,891	18,891
Fund balances - ending	\$ -	\$ -	\$ 19,083	\$ 19,083

**Klamath County, Oregon**  
**Budget and Actual - Budgetary Basis (with Variances)**  
**Risk Management Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 489,355	\$ 489,355	\$ 1,913,347	\$ 1,423,992
Investment earnings	4,900	4,900	11,029	6,129
Total revenues	<u>494,255</u>	<u>494,255</u>	<u>1,924,376</u>	<u>1,430,121</u>
<b>Expenditures</b>				
Internal support services				
Materials and services	2,127,615	2,117,615	1,740,002	377,613
Capital outlay	-	-	86,337	(86,337)
Total Expenditures	<u>2,127,615</u>	<u>2,117,615</u>	<u>1,826,339</u>	<u>291,276</u>
Excess (deficiency) of revenues over expenditures	<u>(1,633,360)</u>	<u>(1,623,360)</u>	<u>98,037</u>	<u>1,721,397</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,212,413	1,212,413	-	(1,212,413)
Transfers out	(68,371)	(78,371)	(58,279)	20,092
Total other financing sources and uses	<u>1,144,042</u>	<u>1,134,042</u>	<u>(58,279)</u>	<u>(1,192,321)</u>
Net change in fund balances	<u>(489,318)</u>	<u>(489,318)</u>	<u>39,758</u>	<u>529,076</u>
Fund balances - beginning	489,318	489,318	(1,569)	(490,887)
Prior period adjustments	-	-	1,429,239	1,429,239
Fund balances - beginning, as restated	<u>489,318</u>	<u>489,318</u>	<u>1,427,670</u>	<u>938,352</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,467,428</u>	<u>\$ 1,467,428</u>
<b>Reconciliation of Fund Balance - Budgetary Basis to Net Assets</b>				
Fund Balance - Budgetary Basis - End of Year			1,467,428	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			1,230	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,698,408)</u>	
Net Assets, Ending (GAAP)			<u>\$ (229,750)</u>	

## **OTHER SCHEDULES**

**Klamath County, Oregon**  
**Schedule of Property Tax Transactions**  
**For the Year Ended June 30, 2011**

Year End June 30	Levy & Balance as of July 1, 2010	Discounts and Adjustments	Interest	Collections	Balance as of June 30, 2011
<b>All Klamath County Funds and Governments:</b>					
2010-2011	\$ 57,505,987	\$ (1,427,070)	\$ 44,464	\$ 52,639,018	\$ 3,484,363
2009-2010	3,210,570	6,436	106,558	1,379,098	1,944,466
2008-2009	1,475,120	(55,225)	85,443	395,281	1,110,057
2007-2008	823,351	(13,573)	133,769	410,811	532,736
2006-2007	337,474	(13,750)	66,489	172,328	217,885
2005-2006	86,185	(12,505)	10,023	19,041	64,662
2004-2005	53,969	(12,268)	5,478	8,031	39,148
Prior	351,149	(18,816)	5,175	3,353	334,155
	<u>\$ 63,843,805</u>	<u>\$ (1,546,771)</u>	<u>\$ 457,399</u>	<u>\$ 55,026,961</u>	<u>\$ 7,727,472</u>

**All Budgeted County Funds - by Year of Levy:**

2010-2011	\$ 12,491,335	\$ (309,985)	\$ 9,658	\$ 11,434,142	\$ 756,866
2009-2010	728,771	1,460	24,187	313,043	441,375
2008-2009	328,959	(12,315)	19,054	88,149	247,549
2007-2008	180,030	(2,968)	29,248	89,826	116,484
2006-2007	77,959	(3,176)	15,359	39,808	50,334
2005-2006	20,362	(2,954)	2,368	4,499	15,277
2004-2005	12,359	(2,809)	1,254	1,840	8,964
Prior	84,276	(4,516)	1,242	805	80,197
	<u>\$ 13,924,051</u>	<u>\$ (337,263)</u>	<u>\$ 102,370</u>	<u>\$ 11,972,112</u>	<u>\$ 1,717,046</u>

**All Budgeted County Funds - by Fund:**

General Fund	\$ 9,293,121	\$ (225,523)	\$ 66,226	\$ 8,025,329	\$ 1,108,495
Courthouse Fund	1,917,963	(46,733)	13,346	1,651,863	232,713
Fairground Fund	67,270	(1,222)	4,066	25,118	44,996
Veterans Service	13,506	-	-	-	13,506
Library Fund	2,632,191	(63,785)	18,732	2,269,802	317,336
	<u>\$ 13,924,051</u>	<u>\$ (337,263)</u>	<u>\$ 102,370</u>	<u>\$ 11,972,112</u>	<u>\$ 1,717,046</u>



**Klamath County, Oregon**  
**Schedule of Cash and Investments Held by Elected Officials**  
**For the Year Ended June 30, 2011**

	Cash and cash equivalents July 1, 2010	Receipts	Turnovers to Treasurer from other departments	Turnovers to Treasurer from from Elected Officials	Disbursements	Cash and cash equivalents June 30, 2011
Assessor	\$ 250	\$ 33,206	\$ -	\$ (33,206)	\$ -	\$ 250
Clerk	100	400,995	-	(400,190)	(805)	100
District Attorney	5,189	552,430	-	(547,430)	(9,283)	906
Sheriff	66,744	1,500,732	-	(1,066,448)	(450,256)	50,772
Surveyor	-	61,201	-	(61,201)	-	-
Justice of the Peace	52,610	557,558	-	(263,331)	(291,425)	55,412
Commissioners	50	700	-	(700)	-	50
Treasurer	158,431,109	7,005,254	2,372,506	-	(8,888,504)	158,920,365
	<u>\$ 158,556,052</u>	<u>\$ 10,112,076</u>	<u>\$ 2,372,506</u>	<u>\$ (2,372,506)</u>	<u>\$ (9,640,273)</u>	<u>\$ 159,027,855</u>

**COMPOSITION OF CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

	Cash on Hand	Cash in banks and state pool	Certificates of Deposit	Investments	Total
Assessor	\$ 250	\$ -	\$ -	\$ -	\$ 250
Clerk	100	-	-	-	100
District Attorney	-	906	-	-	906
Sheriff	200	50,572	-	-	50,772
Surveyor	-	-	-	-	-
Justice of the Peace	100	55,312	-	-	55,412
Commissioners	50	-	-	-	50
Treasurer	-	42,235,027	8,000,000	108,685,338	158,920,365
	<u>\$ 700</u>	<u>\$ 42,341,817</u>	<u>\$ 8,000,000</u>	<u>\$ 108,685,338</u>	<u>\$ 159,027,855</u>

**GOVERNMENT AUDITING STANDARDS SECTION**



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Certified Public Accountants

**Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards**

**Independent Auditor's Report**

Klamath County Board of Commissioners  
Klamath County, Oregon

We have audited the basic financial statements of Klamath County, Oregon as of and for the year ended June 30, 2011, and have issued our report thereon dated July 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Klamath County, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Klamath County, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Klamath County, Oregon's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We identified one deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2011-1 that we consider to be a material weakness in internal control over financial reporting. We identified one deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2011-2 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Klamath County, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Klamath County Board of Commissioners, others within the entity, federal awarding agencies, and state regulators and is not intended to be and should not be used by anyone other than these specified parties.

Molatore, Scroggin, Peterson & Co. LLP.



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Andrew E. Peterson, Partner  
July 6, 2012

**SINGLE AUDIT  
SECTION**



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Certified Public Accountants

**Report on Compliance with Requirements Applicable  
To Each Major Program and Internal Control  
Over Compliance in Accordance with Circular A-133**

**Independent Auditor's Report**

Board of County Commissioners  
Klamath County, Oregon

**Compliance**

We have audited the compliance of Klamath County, Oregon with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Klamath County, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management. Our responsibility is to express an opinion on Klamath County, Oregon's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Klamath County, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Klamath County, Oregon's compliance with those requirements.

In our opinion, Klamath County, Oregon complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures did not disclose instances of noncompliance with those requirements that are required to be reported in accordance with Circular A-133.

**Internal Control over Compliance**

The management of Klamath County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Klamath County, Oregon's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Klamath County, Oregon's internal control over compliance.

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

This report is intended solely for the information and use of, management, the board of county commissioners, others within the entity, state regulators, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Molatore, Scroggin, Peterson & Co. LLP.

A handwritten signature in blue ink, reading "Andrew E. Peterson", is written over a horizontal line.

Andrew E. Peterson, Partner  
July 6, 2012

**Klamath County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For Year Ended June 30, 2011**

Federal Grantor/pass Through Grantor Program Title	CFDA #	Received	Expended
<b>US DEPARTMENT OF AGRICULTURE</b>			
Passed through Oregon Department of Administrative Services			
National School Lunch Program	10.555	19,857	19,857
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561 *	3,456	3,456
Schools and Roads - Grants to States	10.665 **	10,891,627	10,891,627
Passed through Oregon Department of Human Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	297,344	297,344
Total US Department of Agriculture		<u>11,212,285</u>	<u>11,212,285</u>
<b>US DEPARTMENT OF INTERIOR</b>			
Direct			
Non-Sale Disposals of Mineral Material	15.214	1,300	1,300
Distribution of Receipts to State & Local Governments	15.227	1,690,101	1,690,101
Partners for Fish and Wildlife	15.631	16,154	16,154
National Wildlife Refuge Fund	15.659	36,931	36,931
Total of US Department of Interior		<u>1,744,486</u>	<u>1,744,486</u>
<b>US DEPARTMENT OF JUSTICE</b>			
Direct			
Violence Against Women Formula Grants	16.588 *	35,766	35,766
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	213,336	213,336
State Criminal Alien Assistance Program	16.606	11,230	11,230
Edward Byrne Memorial Justice Assistance Grant	16.738	42,124	42,124
Total US Department of Justice		<u>302,457</u>	<u>302,457</u>
<b>US GENERAL SERVICES ADMINISTRATION</b>			
Direct			
Disposal of Federal Surplus Real Property	39.002	1,624	1,624
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Oregon Department of Human Services			
State Public Water System Supervision	66.432	29,568	29,568
Capitalization Grant for Drinking Water State Revolving Funds	66.468 *	34,880	34,880
Total Environmental Protection Agency		<u>64,448</u>	<u>64,448</u>
<b>US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Passed through Oregon Commission on Children and Family			
Promoting Safe and Stable Families	93.556	1,201	1,201
Social Services Block Grant	93.667	64,578	64,578
Passed through Oregon Department of Human Services			
Public Health Emergency Preparedness	93.069	59,144	59,144
Environmental Public Health and Emergency Response	93.070	4,274	4,274
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	749	749
Family Planning_Services	93.217	34,967	34,967
Immunization Cooperative Agreements	93.268	150	150
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	34,079	34,079
ARRA - Immunization	93.712 *	8,173	-
Medical Assistance Program	93.778	152,838	152,838
HIV Emergency Relief Project Grants	93.917	493	493
HIV Prevention Activities_Health Department Based	93.940	4,260	4,260
Block Grants for Community Mental Health Services	93.958	27,712	27,712
Block Grants for Prevention and Treatment of Substance Abuse	93.959 **	463,016	463,016
Preventive Health and Health Services Block Grant	93.991	3,700	3,700
Maternal and Child Health Services Block Grant to the States	93.994	39,780	39,780
Total US Department Health & Human Services		<u>899,114</u>	<u>899,941</u>
<b>US DEPARTMENT OF HOMELAND SECURITY</b>			
Passed thru Oregon Emergency Management			
Emergency Management Performance Grants	97.042	41,610	41,610
		<u>14,266,024</u>	<u>14,257,851</u>

\* Recovery Act Funds

\*\* Indicates a major program



**Klamath County, Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For Year Ended June 30, 2011**

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**Note 1- Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Klamath County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

**Klamath County, Oregon**  
**Schedule of Findings and Questioned Costs**  
**For Year Ended June 30, 2011**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses a qualified opinion on the basic financial statements of Klamath County.
2. One material weakness and one reportable condition relating to the audit of the financial statements of Klamath County are reported in the report on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Klamath County which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal awards programs of Klamath County are reported in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditor's report expresses an unqualified opinion on the compliance of all major federal programs of Klamath County.
6. No audit findings relative to the major federal awards programs for Klamath County are reported in this schedule.
7. The programs tested as major programs included:

Schools and Roads: Grants to States	CFDA# 10.665
Block Grants for Prevention and Treatment of Substance Abuse	CFDA# 93.959
8. The threshold for distinguishing Types A and B programs was \$428,000
9. Klamath County was determined to not be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

One material weakness and one significant deficiency relating to the audit of the basic financial statements were noted.

No material weaknesses relating to the audit of the major federal awards programs were noted.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

No instances of noncompliance were found during the audit of major Federal Award Programs.

**D. MATERIAL WEAKNESSES**

2011-1

Condition: Fixed assets on the financial statements are materially misstated.

Criteria: The County did not follow its own capitalization policy and there are no reasonable criteria for determining the amount of fixed assets that should be recorded or the amount of depreciation that should be recorded.

Effect: Fixed assets Condition: Fixed assets on the financial statements are materially misstated.

Recommendation: A system should be put in place with a reasonable capitalization policy that is consistently followed.

Responsible official's response: Klamath County is in the process of verifying all capital assets. Resolution to the matter is expected within 2 fiscal years.

**Klamath County, Oregon**  
**Schedule of Findings and Questioned Costs**  
**For Year Ended June 30, 2011**

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**E. SIGNIFICANT DEFICIENCIES**

2011-2

Condition: Accounts receivable for public health are misstated.

Criteria: The Public Health department has no way of tracking accounts receivable after the initial billing has been done.

Effect: Accounts receivable

Condition: Accounts receivable is misstated and collections are being missed.

Recommendation: A system should be put in place with a methodology for tracking billings and collections so that follow up can be done to collect old balances.

Responsible official's response: Klamath County is instituting procedures that will allow public health to not only bill more efficiently, but also easily and accurately track past due accounts, and improve its ability to collect old balances.

**STATE OF OREGON COMPLIANCE SECTION**

**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**



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Certified Public Accountants

**Report on Internal Control over Financial Reporting  
And on Compliance Based on an Audit of Financial  
Statements Performed in Accordance With  
Oregon Minimum Standards**

Board of County Commissioners  
Klamath County  
Klamath Falls, Oregon

We have audited the basic financial statements of Klamath County, Oregon, (County) as of and for the year ended June 30, 2011, and have issued our report thereon dated July 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

**Compliance**

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal year 2010 and the preparation and adoption of the annual budget for fiscal year 2011.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other government agencies.
- The requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.
- The requirements regarding accountability of publicly elected officials.
- The requirements regarding use of state highway funds.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

**Budget Compliance**

The County has not complied with Local Budget Laws in the preparation, adoption and execution of its budget for the fiscal year ending June 30, 2011.

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The County did not budget the following funds:

- Capital Projects
- 911 Excise Tax
- Clerk 5% Storage
- Ambulance Advisory Training
- County Public Works – LGIP
- Mental Health – Building Reserve
- Clerk Overpayments Fund
- ORMAP
- Mental Health – Building Reserve
- Interoperable Radio Communications
- PERS Holding
- Transient Room Tax

In preparing its budget for the years ended June 30, 2011, the County did not budget within appropriate categories.

The County over expended many appropriations during the year ended June 30, 2011 as listed in the schedule in the notes to the financial statements. Many of these over expenditures were the result of inappropriate budgeting.

### **Investments**

Oregon Revised Statute (ORS) 294.125 States that the custodial officer of any county may after having obtained a written order from the governing body of the county and that order is recorded in the minutes of the governing body, invest surplus funds in accordance with ORS 294.035. ORS 294.135(a) states that the custodial officer may make investments having a maturity longer than 18 months when the governing body of the county has adopted a written investment policy that, prior to adoption, was submitted to the Oregon Short Term Fund Board for review and comment to the governing body, that includes guidelines concerning maximum investment maturity dates and that provides by its terms for re-adoption not less than annually. Klamath County Investment Policy also states that the policy will be readopted annually even if there are no changes.

Klamath County has a significant number of investments with maturities greater than 18 months. The investment policy was adopted July 5, 2005. The policy was corrected for the 2011-12 fiscal year.

ORS 294.125 states that no custodial officer of any political subdivision of this state may accept for investment or invest the funds of any other political subdivision of this state, except as provided in ORS 294.035. ORS 294.035 states that the custodial officer may invest funds of other political subdivisions, but only after obtaining from the governing body of the county, municipality, political subdivision or school district a written order that has been entered in the minutes of the governing body.

Klamath County currently has a significant amount of other political subdivision's funds in custody. Upon inquiry with Klamath County, there were no written orders from other political subdivisions allowing the County Treasurer to invest such funds. This has been corrected for the 2011-2012 fiscal year.

### **Accounting Records**

The accounting records had numerous adjusting journal entries that continued to significantly alter balances until July, 2012.

The County could not complete this process timely because the prior year was so delayed it overlapped the current year.

### **Internal Control**

In planning and performing our audit, we considered Klamath County's internal control over financial reporting as a basis for designing our auditing procedures and for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We identified two deficiencies in internal control over financial reporting that we consider to be a material weakness and a significant deficiency, as defined above. Those deficiencies are listed in the accompanying *Schedule of Findings and Questioned Costs*.

We noted certain other matters that we reported to management of the County, in a separate letter dated July 6, 2012.

Molatore, Scroggin, Peterson & Co. LLP

A handwritten signature in blue ink that reads "Andrew E. Peterson". The signature is written in a cursive style and is positioned above a horizontal line.

Andrew E. Peterson, Partner

Klamath Falls, Oregon  
July 6, 2012