

KLAMATH COUNTY, OREGON
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2012



Certified Public Accountants

Klamath County, Oregon
Annual Financial Report
June 30, 2012
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INTRODUCTORY SECTION

Klamath County, Oregon
Elected and Appointed Officials
June 30, 2012

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



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, as of and for the year ended June 30, 2012, 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 Controller 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, 2012, 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.

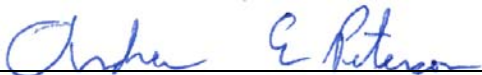
In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2013 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, and the schedules of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis. We do not express an opinion or provide any assurance on the

information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance. The budgetary comparison information and the schedule of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund financial statements, other supplementary schedules, and the Schedule of Expenditures of Federal Awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Molatore, Scroggin, Peterson & Co. LLP



Andrew E. Peterson, Partner
Molatore, Scroggin, Peterson & Co. LLP
Klamath Falls, Oregon
February 11, 2013

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2012

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, 2012. 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 \$354,401,975 (net assets). Of this amount, \$12,291,158 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$5,612,318.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$126,281,606, an increase of \$2,453,568, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,014,709.
- Klamath County's total long-term debt decreased by \$7,662 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, 2012

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, public health 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 \$354,401,975 at the most recent fiscal year.

By far the largest portion of the County's net assets (61.1 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.

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Klamath County's Net Assets

	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 137,169,994	\$ 133,597,465	\$ 11,323,347	\$ 11,173,182	\$ 148,493,341	\$ 144,770,647
Capital assets	215,050,162	219,128,313	1,294,248	1,692,078	216,344,410	220,820,391
Total assets	<u>352,220,156</u>	<u>352,725,778</u>	<u>12,617,595</u>	<u>12,865,260</u>	<u>364,837,751</u>	<u>365,591,038</u>
Long-term liabilities outstanding	962,947	740,103	1,205,175	6,437,399	2,168,122	7,177,502
Other liabilities	7,953,640	9,243,999	314,014	379,880	8,267,654	9,623,879
Total liabilities	<u>8,916,587</u>	<u>9,984,102</u>	<u>1,519,189</u>	<u>6,817,279</u>	<u>10,435,776</u>	<u>16,801,381</u>
Net assets:						
Invested in capital assets, net of related debt	214,992,634	219,063,123	1,294,248	1,692,078	216,286,882	220,755,201
Restricted	123,776,444	121,407,225	2,047,491	-	125,823,935	121,407,225
Unrestricted	4,534,491	2,271,328	7,756,667	4,355,903	12,291,158	6,627,231
Total net assets	<u>\$ 343,303,569</u>	<u>342,741,676</u>	<u>\$ 11,098,406</u>	<u>6,047,981</u>	<u>\$ 354,401,975</u>	<u>348,789,657</u>

The County's net assets balance of unrestricted net assets, which amounts to \$4,534,491, 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 \$447,561. Key elements of this decrease are as follows:

- Decrease in operating grants not fully offset by reductions in operating costs.
- Decreased investment earnings.

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

Klamath County, Oregon
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Klamath County's Changes in Net Assets						
	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 8,089,475	\$ 7,275,767	4,835,948	\$ 4,453,997	\$ 12,925,423	\$ 11,729,764
Operating grants & contributions	27,814,679	28,603,494	-	-	27,814,679	28,603,494
Capital grants & contributions	10,000	-	-	-	10,000	-
General revenues:						
Property taxes	11,441,415	13,163,268	-	-	11,441,415	13,163,268
Other taxes	1,884,305	1,934,387	-	-	1,884,305	1,934,387
Grants & contributions, not restricted to specific programs	3,394,616	3,605,460	-	-	3,394,616	3,605,460
Unrestricted investment earnings	696,929	1,176,112	58,042	92,930	754,971	1,269,042
Miscellaneous	655,409	631,347	24,610	71	680,019	631,418
Proceeds on the sale of assets	262,055	15,000	-	7,361	262,055	22,361
Total revenues	54,248,883	56,404,835	4,918,600	4,554,359	59,167,483	60,959,194
Expenses:						
General government	5,757,712	4,805,966	-	-	5,757,712	4,805,966
Public safety	14,030,631	15,114,991	-	-	14,030,631	15,114,991
Public works	16,231,671	18,387,548	-	-	16,231,671	18,387,548
Human services	10,250,685	11,495,102	-	-	10,250,685	11,495,102
Community services	5,891,965	7,212,961	-	-	5,891,965	7,212,961
Community development	2,282,308	2,498,755	-	-	2,282,308	2,498,755
Agriculture	390,227	373,264	-	-	390,227	373,264
Interest on long-term debt	11,025	90,673	-	-	11,025	90,673
Solid waste	-	-	(1,482,009)	3,744,306	(1,482,009)	3,744,306
Recycling	-	-	93,450	90,825	93,450	90,825
Weed control	-	-	213,843	209,419	213,843	209,419
Interoperable radio communications	-	-	411,946	380,211	411,946	380,211
Drainage district	-	-	479,223	103,587	479,223	103,587
Total expenses	54,846,224	59,979,260	(283,547)	4,528,348	54,562,677	64,507,608
Increase (decrease) in net assets, before transfers	(597,341)	(3,574,425)	5,202,147	26,011	4,604,806	(3,548,414)
Transfers	149,780	(1,172,545)	(149,780)	1,172,545	-	-
Increase (decrease) in net assets	(447,561)	(4,746,970)	5,052,367	1,198,556	4,604,806	(3,548,414)
Net Assets:						
Beginning	342,741,676	343,288,724	6,047,981	4,420,292	348,789,657	347,709,016
Restated	343,751,130	347,488,646	6,046,039	4,849,425	349,797,169	352,338,071
Ending	\$ 343,303,569	\$ 342,741,676	\$ 11,098,406	\$ 6,047,981	\$ 354,401,975	\$ 348,789,657

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 \$5,050,425. The excess of revenues over expenses in the business-type activities led to the increase in net assets.

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.

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The general fund is the chief operating fund of the Klamath County. The fund balance of the County's general fund was increased by \$761,925 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 fund balance of the Road Fund decreased by \$788,589 during the current fiscal year. 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 public health fund accounts for Klamath County's administration of public health programs. The fund balance increased \$53,173 during the current fiscal year. The key factors are as follows:

- Revenues were in excess of current year expenses as reimbursements from grants from prior years were collected in the current fiscal year.

The mental health fund accounts for Klamath County's administration of mental health programs. The fund balance increased by \$1,553,071 during the current fiscal year. The key factors are as follows:

- Revenues were in excess of current year expenses as a distribution of reserve funds from Jefferson Behavior Health (the County's MHO) was received during the fiscal year. .

The solid waste fund accounts for the operations of the County's two landfill sites and transfer stations. The net assets increased by \$5,566,568 during the current fiscal year. The key factors are as follows:

- Change in assumptions on the post-closure costs of the landfills.

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, 2012, amounts to \$216,286,882 (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.

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	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
Land and construction in progress	\$ 15,771,711	\$ 12,477,198	\$ -	\$ -	\$ 15,771,711	\$ 12,477,198
Building and improvements	17,417,749	17,908,939	10,283	13,283	17,428,032	17,922,222
Machinery and equipment	6,034,414	6,096,061	1,261,572	1,650,802	7,295,986	7,746,863
Vehicles	2,303,257	2,302,517	22,393	27,993	2,325,650	2,330,510
Infrastructure	173,523,031	180,343,598	-	-	173,523,031	180,343,598
Total	\$ 215,050,162	\$ 219,128,313	\$ 1,294,248	\$ 1,692,078	\$ 216,344,410	\$ 220,820,391

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.

	Governmental activities		Business-type activities		Totals	
	2012	2011	2012	2011	2012	2011
Notes payable	\$ 57,528	\$ 65,190	\$ -	\$ -	\$ 57,528	\$ 65,190
Total	\$ 57,528	\$ 65,190	\$ -	\$ -	\$ 57,528	\$ 65,190

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, 2012, \$5,412,394 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.

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 has decreased along with the unemployment rate for Klamath County. The County rate remains relatively high compared to other parts of the state.
- Inflation has remained relatively low.
- The economy at the state level is starting to pickup again. The State of Oregon is planning for a relatively flat budget. This will stabilize the funding for human service and public safety programs.
- The Federal Government reauthorized a one year extension on Secured Rural Schools Legislation and Payment in Lieu of Taxes.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2012

- The State of Oregon enacted legislation allowing the use of Road Funds for patrolling county roads. The use of these funds could be a stabilizing factor in the General Fund.

All of these factors were considered in preparation of the County's budgets for 2011-12 and 2012-13 fiscal years.

The County will have to adjust the amount of spending available in the 2012-13 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: bocc@co.klamath.or.us	Web: www.klamathcounty.org
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, 2012

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments	129,189,794	\$ 10,767,819	\$ 139,957,613	\$ 408,090
Accounts receivable, net	3,162,178	368,868	3,531,046	-
Taxes receivable, net	1,691,733	30,602	1,722,335	-
Other receivables	327,908	-	327,908	-
Internal balances	(53,390)	53,390	-	-
Inventories	1,724,667	13,753	1,738,420	-
Prepaid expenses	-	88,915	88,915	-
Other assets	1,127,104	-	1,127,104	-
Capital assets				
Land	1,176,679	-	1,176,679	-
Construction in progress	14,595,032	-	14,595,032	-
Buildings and improvements, net	17,417,749	10,283	17,428,032	-
Machinery and equipment, net	6,034,414	1,261,572	7,295,986	-
Vehicles, net	2,303,257	22,393	2,325,650	-
Infrastructure, net	173,523,031	-	173,523,031	-
Total Capital Assets	<u>215,050,162</u>	<u>1,294,248</u>	<u>216,344,410</u>	<u>-</u>
Total Assets	<u>352,220,156</u>	<u>12,617,595</u>	<u>364,837,751</u>	<u>408,090</u>
Liabilities				
Accounts payable	2,800,554	186,107	2,986,661	-
Accrued expenses	892,764	-	892,764	-
Deferred revenues	12,900	-	12,900	-
Long-term liabilities:				
Due within one year				
Bonds, capital leases and contracts	8,379	-	8,379	-
Compensated absences	2,601,524	127,907	2,729,431	-
Claims and judgments	1,637,519	-	1,637,519	-
Due in more than one year				
Bonds, capital leases and contracts	49,149	-	49,149	-
OPEB liability	42,317	2,378	44,695	-
Pension liability	871,481	49,797	921,278	-
Accrued landfill closure/postclosure care costs	-	1,153,000	1,153,000	-
Total Liabilities	<u>8,916,587</u>	<u>1,519,189</u>	<u>10,435,776</u>	<u>-</u>
Net Assets				
Invested in capital assets, net of related debt	214,992,634	1,294,248	216,286,882	-
Restricted for:				
Infrastructure - drainage	-	2,047,491	2,047,491	-
Debt service	1,364,693	-	1,364,693	-
Other purposes	121,995,315	-	121,995,315	408,090
Unrestricted	4,950,927	7,756,667	12,707,594	-
Total Net Assets	<u>\$ 343,303,569</u>	<u>\$ 11,098,406</u>	<u>\$ 354,401,975</u>	<u>\$ 408,090</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Activities
For the Year Ended June 30, 2012

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	
Primary government								
Governmental Activities								
General government	\$ 5,757,712	\$ 1,990,000	\$ -	\$ -	\$ (3,767,712)		\$ (3,767,712)	
Public safety	14,030,631	1,837,521	4,387,942	-	(7,805,168)		(7,805,168)	
Public works	16,231,671	243,058	10,240,782	-	(5,747,831)		(5,747,831)	
Human services	10,250,685	2,252,477	10,437,463	-	2,439,255		2,439,255	
Community services	5,891,965	554,196	2,451,042	10,000	(2,876,727)		(2,876,727)	
Community development	2,282,308	1,210,151	292,810	-	(779,347)		(779,347)	
Agriculture	390,227	2,072	4,640	-	(383,515)		(383,515)	
Interest on long-term debt	11,025	-	-	-	(11,025)		(11,025)	
Total governmental activities	54,846,224	8,089,475	27,814,679	10,000	(18,932,070)		(18,932,070)	
Business-type activities								
Solid waste	(1,482,009)	4,201,077	-	-		5,683,086	5,683,086	
Recycling	93,450	96,755	-	-		3,305	3,305	
Weed control	213,843	219,320	-	-		5,477	5,477	
Interoperable radio communications	411,946	99,859	-	-		(312,087)	(312,087)	
Drainage district	479,223	218,937	-	-		(260,286)	(260,286)	
Total business-type activities	(283,547)	4,835,948	-	-		5,119,495	5,119,495	
County Totals	54,562,677	12,925,423	27,814,679	10,000	(18,932,070)	5,119,495	(13,812,575)	
Component Units								
Museum foundation	1,795	-	-	-				(1,795)
Total component units	1,795	-	-	-				(1,795)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					11,321,285	-	11,321,285	-
Property taxes, levied for debt service					120,130	-	120,130	-
Other taxes					1,884,305	-	1,884,305	-
Grants and contributions not restricted to specific programs					3,394,616	-	3,394,616	-
Unrestricted investment earnings					696,929	58,042	754,971	9,081
Miscellaneous					655,409	24,610	680,019	5,320
Special item - gain on sale of asset					262,055	-	262,055	-
Transfers					149,780	(149,780)	-	-
Total general revenues and transfers					18,484,509	(67,128)	18,417,381	14,401
Change in net assets					(447,561)	5,052,367	4,604,806	12,606
Net assets - beginning					343,751,130	6,046,039	349,797,169	395,484
Net assets - ending					\$ 343,303,569	\$ 11,098,406	\$ 353,392,521	\$ 408,090

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Balance Sheet
Governmental Funds
June 30, 2012

	Major Special Revenue Funds						Total Governmental Funds
	General Fund	Road Fund	Public Health Fund	Mental Health Fund	Library Service District Funds	Other Funds	
Assets							
Pooled cash and investments	\$ 2,531,325	\$ 105,558,819	\$ 100	\$ 2,561,862	\$ 1,971,802	\$ 11,465,982	\$ 124,089,890
Accounts receivable	698,073	391,336	756,323	315,102	23,240	901,348	3,085,422
Taxes receivable, net	1,311,842	-	-	-	335,197	44,694	1,691,733
Due from other funds	-	-	-	-	-	1,364,693	1,364,693
Assessments receivable	-	7,616	-	-	-	12,500	20,116
Notes receivable	-	-	-	-	-	307,792	307,792
Inventories	39,668	1,664,420	8,671	-	-	-	1,712,759
Other assets	-	-	-	-	-	1,127,104	1,127,104
Total assets	<u>4,580,908</u>	<u>107,622,191</u>	<u>765,094</u>	<u>2,876,964</u>	<u>2,330,239</u>	<u>15,224,113</u>	<u>133,399,509</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	225,000	1,207,708	124,203	82,896	22,282	890,139	2,552,228
Due to other funds	-	-	490,336	415,407	-	458,951	1,364,694
Deferred revenue	1,207,244	7,616	225,304	-	295,609	572,445	2,308,218
Other accrued expenses	892,764	-	-	-	-	-	892,764
Total liabilities	<u>2,325,008</u>	<u>1,215,324</u>	<u>839,843</u>	<u>498,303</u>	<u>317,891</u>	<u>1,921,535</u>	<u>7,117,904</u>
Fund balances:							
Nonspendable	39,668	1,664,420	8,671	-	-	1,127,104	2,839,863
Restricted	-	104,742,447	-	2,354,089	2,012,348	11,572,902	120,681,786
Committed	201,523	-	-	24,572	-	935,589	1,161,684
Unassigned	2,014,709	-	(83,420)	-	-	(333,017)	1,598,272
Total fund balances	<u>2,255,900</u>	<u>106,406,867</u>	<u>(74,749)</u>	<u>2,378,661</u>	<u>2,012,348</u>	<u>13,302,578</u>	<u>126,281,605</u>
Total liabilities and fund balances	<u>\$ 4,580,908</u>	<u>\$ 107,622,191</u>	<u>\$ 765,094</u>	<u>\$ 2,876,964</u>	<u>\$ 2,330,239</u>	<u>\$ 15,224,113</u>	<u>\$ 133,399,509</u>

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, 2012

Total fund balance, governmental funds \$ 126,281,605

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. 214,541,752

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. 3,517,205

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. (1,036,994)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 343,303,568

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, 2012

	Major Special Revenue Funds						Total Governmental Funds
	General Fund	Road Fund	Public Health Fund	Mental Health Fund	Library Service District Funds	Other Funds	
Revenues							
Property Taxes	\$ 8,551,672	\$ -	\$ -	\$ -	\$ 2,442,365	\$ 544,356	\$ 11,538,393
Sales and miscellaneous taxes	395	-	-	-	-	1,750,814	1,751,209
Fines and forfeitures	273,088	-	-	-	-	177,469	450,557
Licenses, fees, and permits	919,666	-	174,159	-	6,766	444,754	1,545,345
Intergovernmental	4,071,315	10,196,045	998,760	8,867,110	75,297	7,077,027	31,285,554
Charges for services	842,066	249,343	1,220,834	601,138	72,715	3,061,330	6,047,426
Investment earnings	11,056	570,251	-	10,460	8,987	74,243	674,997
Miscellaneous	61,204	264,844	9,349	12,678	151,665	149,034	648,774
Total revenues	<u>14,730,462</u>	<u>11,280,483</u>	<u>2,403,102</u>	<u>9,491,386</u>	<u>2,757,795</u>	<u>13,279,027</u>	<u>53,942,255</u>
Expenditures							
Current:							
General government	2,921,790	-	-	-	-	1,406,292	4,328,082
Public safety	10,070,424	-	-	-	-	4,233,112	14,303,536
Public works	-	9,027,995	-	-	-	414,867	9,442,862
Human services	-	-	2,648,983	7,855,144	-	759,164	11,263,291
Community services	-	-	-	-	2,419,377	3,398,800	5,818,177
Community development	-	-	-	-	-	2,318,119	2,318,119
Agriculture	386,804	-	-	-	-	14,908	401,712
Debt Service:							
Principal	-	-	-	7,662	-	-	7,662
Interest and other charges	1,319	-	-	8,912	-	793	11,024
Capital Outlay	77,509	2,213,659	-	5,074	191,167	1,619,904	4,107,313
Total Expenditures	<u>13,457,846</u>	<u>11,241,654</u>	<u>2,648,983</u>	<u>7,876,792</u>	<u>2,610,544</u>	<u>14,165,959</u>	<u>52,001,778</u>
Excess (deficiency) of revenues over expenditures	<u>1,272,616</u>	<u>38,829</u>	<u>(245,881)</u>	<u>1,614,594</u>	<u>147,251</u>	<u>(886,932)</u>	<u>1,940,477</u>
Other Financing Sources (Uses)							
Transfers in	10,265,146	65,884,357	658,366	125,525	367,111	3,294,861	80,595,366
Transfers out	(10,788,403)	(66,878,899)	(360,462)	(191,548)	(346,999)	(1,880,320)	(80,446,631)
Total other financing sources and uses	<u>(523,257)</u>	<u>(994,542)</u>	<u>297,904</u>	<u>(66,023)</u>	<u>20,112</u>	<u>1,414,541</u>	<u>148,735</u>
SPECIAL ITEM							
Proceeds from sale of assets	11,936	167,174	1,150	4,500	-	75,260	260,020
Net change in fund balances	<u>761,295</u>	<u>(788,539)</u>	<u>53,173</u>	<u>1,553,071</u>	<u>167,363</u>	<u>602,869</u>	<u>2,349,232</u>
Fund balances - beginning	1,499,189	107,171,065	(127,415)	825,590	1,844,985	12,614,620	123,828,034
Fund balances - change in inventory	(4,584)	24,341	(507)	-	-	-	19,250
Fund balances - change in other assets	-	-	-	-	-	85,089	85,089
Fund balances - ending	<u>\$ 2,255,900</u>	<u>\$ 106,406,867</u>	<u>\$ (74,749)</u>	<u>\$ 2,378,661</u>	<u>\$ 2,012,348</u>	<u>\$ 13,302,578</u>	<u>\$ 126,281,605</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, 2012

Net change in fund balances - total governmental funds:	\$ 2,349,232
<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 \$4,107,312 exceeded depreciation \$8,199,786 in the current period.	(4,092,474)
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.	16,814
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.	7,662
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.	(237,401)
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.	1,508,606
Change in net assets of governmental activities	\$ (447,561)

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Solid Waste Fund</u>	<u>Drainage Service District Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Assets					
Current assets:					
Cash and investments	\$ 8,385,498	\$ 1,927,975	\$ 454,346	\$ 10,767,819	\$ 5,099,905
Accounts receivable, net	302,264	-	66,604	368,868	76,758
Assessmenets receivables	-	30,602	-	30,602	-
Inventories	-	-	13,753	13,753	11,907
Prepaid expenses	-	88,914	-	88,914	-
Total current assets	<u>8,687,762</u>	<u>2,047,491</u>	<u>534,703</u>	<u>11,269,956</u>	<u>5,188,570</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	1,011,966
Less Accumulated depreciation	<u>(3,021,239)</u>	<u>-</u>	<u>(1,529,158)</u>	<u>(4,550,397)</u>	<u>(680,032)</u>
Total non-current assets	<u>10,283</u>	<u>-</u>	<u>1,283,965</u>	<u>1,294,248</u>	<u>508,410</u>
Total assets	<u>8,698,045</u>	<u>2,047,491</u>	<u>1,818,668</u>	<u>12,564,204</u>	<u>5,696,980</u>
Liabilities					
Current Liabilities:					
Accounts payable	179,708	-	6,399	186,107	248,330
Compensated absences	120,604	-	7,303	127,907	209,642
Claims and judgments	-	-	-	-	1,637,519
Total current liabilities	<u>300,312</u>	<u>-</u>	<u>13,702</u>	<u>314,014</u>	<u>2,095,491</u>
Non-current liabilities:					
Net OPEB liability	2,117	-	261	2,378	2,853
Post-closure liabilities	1,153,000	-	-	1,153,000	-
Pension liability	44,378	-	5,419	49,797	81,431
Total non-current liabilities	<u>1,199,495</u>	<u>-</u>	<u>5,680</u>	<u>1,205,175</u>	<u>84,284</u>
Total liabilities	<u>1,499,807</u>	<u>-</u>	<u>19,382</u>	<u>1,519,189</u>	<u>2,179,775</u>
Net Assets					
Invested in capital assets, net of related debt	10,283	-	1,283,965	1,294,248	508,410
Restricted	-	2,047,491	-	2,047,491	19,187
Unrestricted	7,187,955	-	515,321	7,703,276	2,989,608
Total net assets	<u>\$ 7,198,238</u>	<u>\$ 2,047,491</u>	<u>\$ 1,799,286</u>	<u>11,045,015</u>	<u>\$ 3,517,205</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.				53,390	
Total net assets per Government-Wide financial statements				<u>\$ 11,098,405</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, 2012

	Enterprise Funds				Internal Service Funds
	Solid Waste Fund	Drainage Service District Fund	Other Enterprise Funds	Total	
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ 720	\$ 720	\$ -
Licenses, fees, and permits	45,385	218,937	72,050	336,372	-
Intergovernmental	-	-	-	-	125,577
Charges for services	4,155,692	-	343,164	4,498,856	7,024,872
Total operating revenues	<u>4,201,077</u>	<u>218,937</u>	<u>415,934</u>	<u>4,835,948</u>	<u>7,150,449</u>
Operating Expenses					
Personal services	1,258,078	-	177,425	1,435,503	2,149,859
Materials and services	(2,731,559)	479,223	188,845	(2,063,491)	3,561,797
Depreciation	30,883	-	366,947	397,830	39,268
Total Operating Expenses	<u>(1,442,598)</u>	<u>479,223</u>	<u>733,217</u>	<u>(230,158)</u>	<u>5,750,924</u>
Operating income (loss)	<u>5,643,675</u>	<u>(260,286)</u>	<u>(317,283)</u>	<u>5,066,106</u>	<u>1,399,525</u>
Non-Operating Revenues (Expenses)					
Interest and investment revenue	44,051	11,681	2,310	58,042	21,933
Miscellaneous revenue	5,066	525	19,018	24,609	6,633
Proceeds from the sale of capital assets	-	-	-	-	1,232
Interest expense	-	-	-	-	(1,637)
Total non-operating revenue (expenses)	<u>49,117</u>	<u>12,206</u>	<u>21,328</u>	<u>82,651</u>	<u>28,161</u>
Income (loss) before contributions and transfers	5,692,792	(248,080)	(295,955)	5,148,757	1,427,686
Transfers in	1,048,868	-	13,000	1,061,868	2,248,796
Transfers out	<u>(1,175,092)</u>	<u>-</u>	<u>(36,556)</u>	<u>(1,211,648)</u>	<u>(2,167,877)</u>
Change in net assets	<u>5,566,568</u>	<u>(248,080)</u>	<u>(319,511)</u>	<u>4,998,977</u>	<u>1,508,605</u>
Total net assets - beginning	<u>1,631,670</u>	<u>2,295,571</u>	<u>2,118,797</u>	<u>6,046,038</u>	<u>2,008,600</u>
Total net assets - ending	<u>\$ 7,198,238</u>	<u>\$ 2,047,491</u>	<u>\$ 1,799,286</u>	<u>\$ 11,045,015</u>	<u>\$ 3,517,205</u>
Change in net assets, per above				4,998,977	
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.				53,390	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements				<u>\$ 5,052,367</u>	

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, 2012

	Enterprise Funds				
	Drainage			Total	Internal Service Funds
	Solid Waste Fund	Service District Fund	Other Enterprise Funds		
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 4,198,503	220,807	\$ 418,973	\$ 4,838,283	\$ 7,138,874
Payment to suppliers	(2,577,986)	(459,223)	(185,465)	(3,222,674)	(3,583,281)
Payments to employees	(1,243,841)	-	(176,805)	(1,420,646)	(2,180,666)
Net Cash Flows Provided (Used) by Operating Activities	<u>376,676</u>	<u>(238,416)</u>	<u>56,703</u>	<u>194,963</u>	<u>1,374,927</u>
Cash Flows From Noncapital Financing Activities					
Advances from other funds	-	-	-	-	(253,175)
Transfers from (to) other funds	(126,224)	-	(23,556)	(149,780)	(27,888)
Other income	5,066	525	19,018	24,609	6,633
Interest paid on interfund loans	-	-	-	-	(1,637)
Net Cash Provided (Used) by Noncapital Financing	<u>(121,158)</u>	<u>525</u>	<u>(4,538)</u>	<u>(125,171)</u>	<u>(276,067)</u>
Cash Flows From Capital and Related Financing Activities					
Purchase and construction of depreciable assets	-	-	-	-	(7,799)
Proceeds from disposal of depreciable assets	-	-	-	-	1,232
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,567)</u>
Cash Flows From Investing Activities					
Investment interest	44,051	11,681	2,310	58,042	21,933
Net Cash Flows Provided by Investing Activities	<u>44,051</u>	<u>11,681</u>	<u>2,310</u>	<u>58,042</u>	<u>21,933</u>
Net Increase (Decrease) in Cash and Cash Equivalents	299,569	(226,210)	54,475	127,834	1,114,226
Cash and Cash Equivalents, Beginning of Year	8,085,929	2,154,185	399,871	10,639,985	3,985,679
Cash and Cash Equivalents, End of Year	<u>\$ 8,385,498</u>	<u>\$ 1,927,975</u>	<u>\$ 454,346</u>	<u>\$ 10,767,819</u>	<u>\$ 5,099,905</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 5,643,675	\$ (260,286)	\$ (317,283)	\$ 5,066,106	\$ 1,399,525
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities					
Depreciation expense	30,883	-	366,947	397,830	39,268
(Increase) decrease in assets					
Accounts receivable	(2,575)	-	3,039	464	(11,574)
Assessments receivable	-	1,870	-	1,870	-
Inventory	-	-	2,067	2,067	8,082
Prepaid expenses	-	24,717	-	24,717	-
Increase (decrease) in liabilities					
Accounts payable	(75,767)	(4,717)	(239)	(80,723)	(52,485)
Landfill closure liability	(5,246,574)	-	-	(5,246,574)	(7,889)
Accrued employee benefits	27,034	-	2,172	29,206	-
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 376,676</u>	<u>\$ (238,416)</u>	<u>\$ 56,703</u>	<u>\$ 194,963</u>	<u>\$ 1,374,927</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Investment Trust Fund	Pension Trust Fund
Assets		
Cash and cash equivalents	\$ 8,455,358	\$ 794,471
Receivables:		
Interest and dividends	-	126,664
Accounts receivable	933	96,600
Total receivables	<u>933</u>	<u>223,264</u>
Investments:		
U.S. Government obligations	-	1,710,451
Corporate bonds	-	7,358,276
Corporate stocks	-	17,248,270
Other investments	-	6,287,966
Total Investments	<u>-</u>	<u>32,604,963</u>
Total assets	<u>8,456,291</u>	<u>33,622,698</u>
Liabilities		
Accounts payable	-	18,053
Total liabilities	<u>-</u>	<u>18,053</u>
Net Assets		
Held in trust for benefits and other purposes	8,456,291	33,604,645
	<u>\$ 8,456,291</u>	<u>\$ 33,604,645</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, 2012

	<u>Investment Trust Fund</u>	<u>Pension Trust Fund</u>
Additions		
Contributions:		
Districts	\$ 47,608,811	\$ -
Employer	-	1,570,136
Plan Members	-	957,867
Total contributions	<u>47,608,811</u>	<u>2,528,003</u>
Investment earnings	<u>70,934</u>	<u>62,191</u>
Total additions	<u>47,679,745</u>	<u>2,590,194</u>
Deductions		
Distribution to district	62,755,845	-
Benefits	-	2,750,941
Administrative	-	219,156
Total deductions	<u>62,755,845</u>	<u>2,970,097</u>
Change in net assets	<u>(15,076,100)</u>	<u>(379,903)</u>
Net assets - beginning	<u>23,532,391</u>	<u>33,984,548</u>
Net assets - ending	<u>\$ 8,456,291</u>	<u>\$ 33,604,645</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
Assets	
Pooled cash and investments	\$ 1,107,334
Receivables:	
Other receivables	41
Property taxes receivables	6,296,424
Total receivables	<u>6,296,465</u>
Total assets	<u>\$ 7,403,799</u>
Liabilities	
Accounts payable	234,705
Amounts held for others	7,169,094
Total liabilities	<u>\$ 7,403,799</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

Note 1 – Summary of Significant Accounting Policies

Organization

Klamath County (County) was created by enactment of the 12th 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, 2012

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 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.
- 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, 2012

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 15th of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed in full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. 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, 2012

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) 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, 2012

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.

	Major Special Revenue Funds						Total
	General Fund	Road Fund	Public Health Fund	Mental Health Fund	Library Service District Fund	Other Funds	
Fund balances:							
Nonspendable:							
Inventory	\$ 39,668	\$ 1,664,420	\$ 8,671	\$ -	\$ -	\$ -	\$ 1,712,759
Other Assets	-	-	-	-	-	1,127,104	1,127,104
Restricted for:							
Public safety	-	-	-	-	-	729,732	729,732
Public works	-	104,742,447	-	-	-	2,828,020	107,570,467
Human services	-	-	-	2,354,089	-	240,561	2,594,650
Community services	-	-	-	-	2,012,348	1,606,517	3,618,865
Community development	-	-	-	-	-	3,546,905	3,546,905
Agriculture	-	-	-	-	-	1	1
Capital projects	-	-	-	-	-	2,621,166	2,621,166
Committed to:							
General government	201,523	-	-	-	-	355,635	557,158
Public safety	-	-	-	-	-	18,123	18,123
Human services	-	-	-	24,572	-	-	24,572
Community services	-	-	-	-	-	299,902	299,902
Community development	-	-	-	-	-	238,401	238,401
Agriculture	-	-	-	-	-	23,528	23,528
Unassigned:	2,014,709	-	(83,420)	-	-	(333,016)	1,598,273
Total fund balances	<u>\$ 2,255,900</u>	<u>\$ 106,406,867</u>	<u>\$ (74,749)</u>	<u>\$ 2,378,661</u>	<u>\$ 2,012,348</u>	<u>\$ 13,302,579</u>	<u>\$ 126,281,606</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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, 2012

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

For the year ending June 30, 2012, actual expenditures on a budgetary basis exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund		
General Government	Tax Collector	\$ 20,538
Debt Service	Debt Service	990
Public Health		
	Debt Service	114,204
Commission of Children & Families		
	Materials and Services	7,384
Sheriff Special Revenue		
	Debt Service	278,301
Sheriff Marine		
	Personal Services	5,422
	Debt Service	88,736
Court Facility Security		
	Debt Service	16,064
Klamath Falls Streets		
	Materials and Services	414,870
Museum		
	Capital Outlay	17,000
Economic Development		
	Debt Service	17,239
Search and Rescue		
	Materials and Services	2,576
	Capital Outlay	1,177
Animal Control		
	Debt Service	14,563
Transient Room Tax		
	Materials and Services	126,740
Equipment Reserve		
	Debt Service	604,776
Interoperable Radio Fund		
	Materials and Services	17,691
ORMAP Fund		
	Capital Outlay	6,857
Risk Management		
	Personal Services	4,529
	Capital Outlay	28,935

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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 are comprised of the following:

Cash on hand	\$ 6,785
Demand deposits	11,491,829
Investments:	
Money market	1,885,438
Local government investment pool	20,412,764
Debt securities	116,563,410
Annuities	362,641
Pension trust fund	32,604,962
	<u>\$ 183,327,829</u>

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

Cash and investments - governmental activities	\$ 129,189,794
Cash and investments - business-type activities	10,767,819
Cash and investments - component units	408,090
Statement of fiduciary net assets	42,962,126
	<u>\$ 183,327,829</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 \$27,413,795.

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

Note 3 – Deposits and Investments *(continued)*

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, 2012, 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.

At June 30, 2012, the County's investments consisted of:

<u>Security Description</u>	<u>Par Value (X \$1,000)</u>	<u>% of total portfolio</u>
Money market	\$ 1,885	2%
Local government investment pool	20,413	12%
Debt securities	116,563	66%
Annuities	363	1%
Pension trust fund	32,605	19%
Total investments	\$ 171,829	100%

At June 30, 2012, 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	\$ 47,056	27%
31 to 60 days	3,000	2%
61 to 93 days	552	1%
94 to 360 days	32,521	19%
12 to 18 months	25,914	15%
19 to 36 months	57,478	32%
Over three years	5,308	3%
Total investments	\$ 171,829	100%

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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, 2012, were as follows:

	<u>Property Taxes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental activities				
General fund	1,311,842	\$ 698,073	\$ -	\$ 2,009,915
Road fund	-	391,336	7,616	398,952
Public health fund	-	756,323	-	756,323
Mental health fund	-	315,102	-	315,102
Library service district fund	335,197	23,239	-	358,436
Nonmajor funds	44,694	901,348	320,292	1,266,334
Internal service funds	-	76,757	-	76,757
	<u>1,691,733</u>	<u>3,162,178</u>	<u>327,908</u>	<u>5,181,819</u>
Business-type activities				
Drainage district fund	30,602	-	-	30,602
Solid waste fund	-	302,264	-	302,264
Nonmajor funds	-	66,604	-	66,604
	<u>30,602</u>	<u>368,868</u>	<u>-</u>	<u>399,470</u>
Fiduciary funds				
Agency fund	6,296,424	41	-	6,296,465
Investment trust fund	-	933	-	933
Pension fund	-	96,600	126,664	223,264
	<u>6,296,424</u>	<u>97,574</u>	<u>126,664</u>	<u>6,520,662</u>
Total receivables	<u><u>\$8,018,759</u></u>	<u><u>\$3,628,620</u></u>	<u><u>\$ 454,572</u></u>	<u><u>\$ 12,101,951</u></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:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
General	\$ -	\$ 43,119
Assessment receivable	-	7,616
Foreclosure assets	-	307,792
Property taxes	-	1,498,407
Baby smiles	-	225,304
State marine board	-	213,480
Sportsman Park note	12,500	-
	<u>12,500</u>	<u>-</u>
Total governmental activities:	<u><u>\$ 12,500</u></u>	<u><u>\$ 2,295,718</u></u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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, 2012, 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 \$1,127,104. Foreclosed properties sold on the installment basis have outstanding balances of \$307,792 at June 30, 2012, 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, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 882,636	\$ 71,443	\$ -	\$ 954,079
Construction in progress	11,371,962	3,021,904	-	14,393,866
Total	<u>12,254,598</u>	<u>3,093,347</u>	<u>-</u>	<u>15,347,945</u>
Capital assets, being depreciated:				
Building and improvements	27,343,176	36,124	-	27,379,300
Machinery and equipment	15,201,139	470,041	-	15,671,180
Vehicles	9,317,644	346,316	-	9,663,960
Infrastructure	328,554,870	13,919	-	328,568,789
Subtotal	<u>380,416,829</u>	<u>866,400</u>	<u>-</u>	<u>381,283,229</u>
Less accumulated depreciation:				
Building and improvements	11,812,683	463,791	-	12,276,474
Machinery and equipment	9,147,786	530,264	-	9,678,050
Vehicles	7,015,127	345,576	-	7,360,703
Infrastructure	148,211,272	6,834,486	-	155,045,758
Subtotal	<u>176,186,868</u>	<u>8,174,117</u>	<u>-</u>	<u>184,360,985</u>
Total	<u>204,229,961</u>	<u>(7,307,717)</u>	<u>-</u>	<u>196,922,244</u>
Governmental activities, net	<u>\$ 216,484,559</u>	<u>\$ (4,214,370)</u>	<u>\$ -</u>	<u>\$ 212,270,189</u>
Business-type activities				
Capital assets, being depreciated:				
Building and improvements	91,655	-	-	91,655
Machinery and equipment	5,043,895	-	-	5,043,895
Vehicles	709,094	-	-	709,094
Subtotal	<u>5,844,644</u>	<u>-</u>	<u>-</u>	<u>5,844,644</u>
Less accumulated depreciation:				
Building and improvements	78,373	3,000	-	81,373
Machinery and equipment	3,393,093	389,230	-	3,782,323
Vehicles	681,101	5,600	-	686,701
Subtotal	<u>4,152,567</u>	<u>397,830</u>	<u>-</u>	<u>4,550,397</u>
Total	<u>1,692,077</u>	<u>(397,830)</u>	<u>-</u>	<u>1,294,247</u>
Business-type activities, net	<u>\$ 1,692,077</u>	<u>\$ (397,830)</u>	<u>\$ -</u>	<u>\$ 1,294,247</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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	39,268
Public safety	264,293
Public works	7,390,695
	<u>\$ 8,174,117</u>
Business-type activities:	
Solid waste	\$ 30,883
Recycling	10,000
Weed control	8,484
Interoperable radio communications	348,463
	<u>\$ 397,830</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
Construction in Process	-	201,166	-	201,166
	<u>222,600</u>	<u>201,166</u>	<u>-</u>	<u>423,766</u>
Capital assets, being depreciated				
Building and improvements	3,177,732	-	-	3,177,732
Equipment and furniture	82,586	-	-	82,586
Vehicle	55,674	-	-	55,674
	<u>3,315,992</u>	<u>-</u>	<u>-</u>	<u>3,315,992</u>
Less accumulated depreciaton:				
Building and improvements	799,286	63,523	-	862,809
Equipment and furniture	39,888	1,414	-	41,302
Vehicle	55,674	-	-	55,674
	<u>894,848</u>	<u>64,937</u>	<u>-</u>	<u>959,785</u>
Total being depreciated, net	<u>2,421,144</u>	<u>(64,937)</u>	<u>-</u>	<u>2,356,207</u>
Total capital assets	<u>\$ 2,643,744</u>	<u>\$ 136,229</u>	<u>\$ -</u>	<u>\$ 2,779,973</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

Note 7 – Interfund Receivables, Payables and Transfers

Advances to\from other funds:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General fund	-	10,472
Road fund	-	6,971
Public health fund	-	490,336
Mental health fund	-	421,720
Nonmajor funds	1,364,692	488,585
Internal service funds	-	-
	<u>1,364,692</u>	<u>1,418,083</u>
Proprietary funds:		
Solid waste fund	39,412	-
Nonmajor funds	13,979	-
	<u>53,390</u>	<u>-</u>
	<u>\$ 1,418,083</u>	<u>\$ 1,418,083</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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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

Interfund transfers for the year ended June 30, 2012, consisted of the following:

Transfer In:											
	General Fund	Road Fund	Public Health Fund	Mental Health Fund	Library Service District	Nonmajor Governmental Funds	Governmental Activities Fixed Assets	Internal Service Funds	Solid Waste Fund	Nonmajor Business Funds	Total
Transfer out:											
General fund	\$ 9,595,677	\$ -	\$ 316,823	\$ -	\$ -	\$ 644,010	\$ -	\$ 340,700	\$ -	\$ -	\$ 10,897,210
Road fund	-	65,882,357	-	-	-	996,542	-	-	-	-	66,878,899
Public health fund	-	-	341,543	-	-	18,919	-	-	-	-	360,462
Mental health fund	-	-	-	125,525	-	66,023	-	-	-	-	191,548
Library service district	-	-	-	-	346,541	458	-	-	-	-	346,999
Nonmajor governmental funds	472,435	-	-	-	20,570	1,387,316	-	-	-	-	1,880,321
Internal service funds	197,034	-	-	-	-	33,813	28,935	1,908,096	-	-	2,167,878
Solid waste fund	-	-	-	-	-	137,224	-	-	1,037,868	-	1,175,092
Nonmajor business funds	-	2,000	-	-	-	10,556	-	-	11,000	13,000	36,556
Total transfers out	<u>\$ 10,265,146</u>	<u>\$ 65,884,357</u>	<u>\$ 658,366</u>	<u>\$ 125,525</u>	<u>\$ 367,111</u>	<u>\$ 3,294,861</u>	<u>\$ 28,935</u>	<u>\$ 2,248,796</u>	<u>\$ 1,048,868</u>	<u>\$ 13,000</u>	<u>\$ 83,934,965</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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 \$129,841 for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2013	\$ 127,397
2014	108,779
2015	74,356
2016	20,668
2017	16,669
	<u>\$ 347,869</u>

Note 9 – Long-term Liabilities

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	\$ 57,528
Total	<u>\$ 57,528</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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

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

June 30,	Governmental Activities	
	Principal	Interest
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
Total	\$ 57,528	\$ 15,779

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 \$1,153,000 as of June 30, 2012, 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, 2012. 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, 2012, investments of \$5,412,394, 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, 2012(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, 2012

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

Changes in General Long-term Debt

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Loans payable	\$ 65,190	\$ -	\$ (7,662)	\$ 57,528	\$ 8,379
Claims and judgements	1,698,409	545,953	(606,843)	1,637,519	1,637,519
Compensated absences	2,649,500	341,405	(389,381)	2,601,524	2,601,524
OPEB liability	25,327	16,990	-	42,317	-
Net pension obligation	657,248	214,233	-	871,481	-
Governmental total	<u>\$ 5,095,674</u>	<u>\$ 1,118,581</u>	<u>\$ (1,003,886)</u>	<u>\$ 5,210,369</u>	<u>\$ 4,247,422</u>
Business-type activities:					
Landfill closure	\$ 6,399,574	\$ -	\$ (5,246,574)	\$ 1,153,000	\$ -
Compensated absences	113,050	14,857	-	127,907	127,907
OPEB liability	1,419	959	-	2,378	-
Net pension obligation	36,407	13,390	-	49,797	-
Total business-type	<u>\$ 6,550,450</u>	<u>\$ 29,206</u>	<u>\$ (5,246,574)</u>	<u>\$ 1,333,082</u>	<u>\$ 127,907</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, 2012

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 \$111,890 for the year ended June 30, 2012. 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, 2012 were 6.10% and 0.00% respectively. The OPSRP rate in effect for the year ended June 30, 2012, 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, 2010, 2011, and 2012 were \$286,462, \$227,322 and \$318,955 respectively, which equaled the required contribution for the year.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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, 2012. 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 2011-12, Klamath County budgeted and contributed 10%. Currently 11% is budgeted in Fiscal Year 2012-13. The actuarially computed Annual Required Contribution (ARC) is 12.04% for 2012.

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, 2012, 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, 2012, 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.

	July 2011 to June 2012
Annual required contribution (ARC)	\$ 1,898,907
Interest on net pension obligation	50,290
ARC adjustments	(96,074)
Annual pension cost	1,853,123
Contributions made	(1,625,500)
Increase in net pension obligation	227,623
Net pension obligation, beginning of year	693,655
Net pension obligation, end of year	921,278
Interest rate	7.25%
Amortization factor	7.22%

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2012

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>
6/30/2012	\$ 1,898,907	\$ 1,575,853	83%
6/30/2011	2,058,158	1,698,150	83%
6/30/2010	2,038,937	1,682,291	83%

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 plans 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, 2012

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.

	July 2011 to June 2012
Annual required contribution (ARC)	\$ 20,448
Interest on net OPEB obligation	1,003
ARC adjustments	(892)
Annual OPEB cost	20,559
Contributions made	(2,610)
Increase in net OPEB obligation	17,949
Net pension OPEB, beginning of year	26,746
Net pension OPEB, end of year	44,695
Interest rate	3.75%
Amortization factor	30

Annual OPEB Cost

Annual OPEB cost requirements as of June 30, 2010, 2011, and 2012 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	20,559	13%	44,695
2011	19,765	32%	26,746
2010	13,858	56%	13,359

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.

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, 2012

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, 2010, 2011, and 2012 were \$544, \$432 and \$606, 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, 2012, 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, 2012

Note 15 – Subsequent Events

Subsequent events were evaluated through February 11, 2013, which is the date the financial statements were available to be issued.

Note 16 – New Pronouncements

The Governmental Accounting Standards Board issued statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this Statement will be implemented by the County in the fiscal year ending June 30, 2013.

The Governmental Accounting Standards Board issued statement No. 66, *Technical Corrections – 2012 – and amendment of GASB Statements No 10 and No. 62*, which should improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted for the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement will be implemented by the government in the fiscal year ending June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

Klamath County, Oregon
Budget and Actual (with Variances)
General Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final</u> <u>Budget - Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Property taxes	\$ 8,345,050	\$ 8,345,050	\$ 8,551,672	\$ 206,622	
Other taxes	-	-	395	395	
Licenses and permits	709,440	829,440	919,666	90,226	
Intergovernmental	3,898,190	4,010,354	4,071,315	60,961	
Charges for services	776,147	800,306	842,066	41,760	
Fines and forfeitures	348,824	221,337	273,088	51,751	
Investment earnings	6,000	6,000	10,695	4,695	
Miscellaneous	39,534	39,534	61,204	21,670	
Total revenues	<u>14,123,185</u>	<u>14,252,021</u>	<u>14,730,101</u>	<u>478,080</u>	
Expenditures					
General government					
Treasurer	49,499	49,499	32,091	17,408	
Assessor	934,523	934,523	860,371	74,152	
Tax collector	302,357	333,255	353,793	(20,538)	
Commissioners	310,748	317,748	315,856	1,892	
Clerk	528,299	516,081	518,964	(2,883)	
General operations	921,369	1,362,065	918,223	443,842	
Total general government	<u>3,046,795</u>	<u>3,513,171</u>	<u>2,999,298</u>	<u>513,873</u>	
Public safety					
Justice court	221,738	221,738	197,432	24,306	
District attorney	1,414,400	1,313,623	1,304,917	8,706	
Sheriff	7,592,132	7,437,151	7,000,566	436,585	
Juvenile	1,526,096	1,496,973	1,458,020	38,953	
Emergency management	109,764	109,764	109,488	276	
Total public safety	<u>10,864,130</u>	<u>10,579,249</u>	<u>10,070,423</u>	<u>508,826</u>	
Agriculture					
OSU extension	240,760	235,663	226,093	9,570	
Experiment station	99,048	93,048	87,210	5,838	
Watermaster	75,298	75,298	73,500	1,798	
Total agriculture	<u>415,106</u>	<u>404,009</u>	<u>386,803</u>	<u>17,206</u>	
Debt Service					
Principal	33,412	206,412	204,103	2,309	
Interest and other charges	-	-	1,319	(1,319)	
Total Expenditures	<u>14,359,443</u>	<u>14,702,841</u>	<u>13,661,946</u>	<u>1,040,895</u>	
Excess (deficiency) of revenues over expenditures	<u>(236,258)</u>	<u>(450,820)</u>	<u>1,068,155</u>	<u>1,518,975</u>	
Other Financing Sources (Uses)					
Transfers in	10,889,736	11,063,109	10,248,421	(814,688)	
Transfers out	<u>(11,617,649)</u>	<u>(11,586,909)</u>	<u>(10,788,403)</u>	<u>798,506</u>	
Total other financing sources and uses	<u>(727,913)</u>	<u>(523,800)</u>	<u>(539,982)</u>	<u>(16,182)</u>	
Special Item					
Proceeds from sale of assets	-	10,449	11,936	1,487	
Net change in fund balances	<u>(964,171)</u>	<u>(964,171)</u>	<u>540,109</u>	<u>1,504,280</u>	
Fund balances - beginning	964,171	964,171	1,270,499	306,328	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,810,608</u>	<u>\$ 1,810,608</u>	
Reconciliation of Fund Balance - Budgetary Basis to Net Assets					
Fund Balance - Budgetary Basis - End of Year			1,810,608		
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			39,668		
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			204,103		
Net Assets, Ending (GAAP)			<u>\$ 2,054,379</u>		

Klamath County, Oregon
Budget and Actual (with Variances)
PERS Holding Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 361	\$ (139)
Miscellaneous	-	-	-	-
Total revenues	<u>500</u>	<u>500</u>	<u>361</u>	<u>(139)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	16,725	(16,725)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>16,725</u>	<u>(16,725)</u>
Net change in fund balances	<u>500</u>	<u>500</u>	<u>17,086</u>	<u>16,586</u>
Fund balances - beginning	<u>(500)</u>	<u>(500)</u>	<u>184,437</u>	<u>184,937</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,523</u>	<u>\$ 201,523</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Road Operating Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 9,902,000	\$ 9,902,000	\$ 10,196,045	\$ 294,045
Charges for services	124,000	124,000	249,343	125,343
Investment earnings	300,000	300,000	204,665	(95,335)
Miscellaneous	100	100	1,344	1,244
Total revenues	<u>10,326,100</u>	<u>10,326,100</u>	<u>10,651,397</u>	<u>325,297</u>
Expenditures				
Public Works				
Personal services	4,509,507	4,509,507	3,746,009	763,498
Materials and services	10,044,571	10,044,571	4,645,150	5,399,421
Capital outlay	1,445,000	1,445,000	142,112	1,302,888
Contingencies	3,342,480	3,342,480	-	3,342,480
Total Expenditures	<u>19,341,558</u>	<u>19,341,558</u>	<u>8,533,271</u>	<u>10,808,287</u>
Excess (deficiency) of revenues over expenditures	<u>(9,015,458)</u>	<u>(9,015,458)</u>	<u>2,118,126</u>	<u>11,133,584</u>
Other Financing Sources (Uses)				
Transfers in	2,000	64,311,880	65,884,357	1,572,477
Transfers out	(996,542)	(996,542)	(996,542)	-
Total other financing sources and uses	<u>(994,542)</u>	<u>63,315,338</u>	<u>64,887,815</u>	<u>1,572,477</u>
Special Item				
Proceeds from sale of capital assets	<u>10,000</u>	<u>10,000</u>	<u>167,174</u>	<u>157,174</u>
Net change in fund balances	<u>(10,000,000)</u>	<u>54,309,880</u>	<u>67,173,115</u>	<u>12,863,235</u>
Fund balances - beginning	<u>36,000,000</u>	<u>36,000,000</u>	<u>37,569,332</u>	<u>1,569,332</u>
Fund balances - ending	<u>\$ 26,000,000</u>	<u>\$ 90,309,880</u>	<u>104,742,447</u>	<u>\$ 14,432,567</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			104,742,447	
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			<u>1,664,420</u>	
Net Assets, Ending (GAAP)			<u>\$ 106,406,867</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Road Reserve Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	Revenues			
Investment earnings	\$ 650,000	\$ 650,000	\$ 348,543	\$ (301,457)
Miscellaneous	-	-	263,500	263,500
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>612,043</u>	<u>(37,957)</u>
Expenditures				
Public Works				
Materials and services	700,000	700,000	636,716	63,284
Capital outlay	<u>56,950,000</u>	<u>2,950,000</u>	<u>2,071,547</u>	<u>878,453</u>
Total Expenditures	<u>57,650,000</u>	<u>3,650,000</u>	<u>2,708,263</u>	<u>941,737</u>
Excess (deficiency) of revenues over expenditures	<u>(57,000,000)</u>	<u>(3,000,000)</u>	<u>(2,096,220)</u>	<u>903,780</u>
Other Financing Sources (Uses)				
Transfers out	-	<u>(61,000,000)</u>	<u>(62,647,140)</u>	<u>(1,647,140)</u>
Total other financing sources and uses	<u>-</u>	<u>(61,000,000)</u>	<u>(62,647,140)</u>	<u>(1,647,140)</u>
Net change in fund balances	<u>(57,000,000)</u>	<u>(64,000,000)</u>	<u>(64,743,360)</u>	<u>(743,360)</u>
Fund balances - beginning	<u>64,000,000</u>	<u>64,000,000</u>	<u>64,743,360</u>	<u>743,360</u>
Fund balances - ending	<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Klamath County Public Works - LGIP Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 10,000	\$ 10,000	\$ 17,043	\$ 7,043
Total revenues	10,000	10,000	17,043	7,043
Expenditures				
Public Works				
Materials and services	-	120	120	-
Capital outlay	3,310,000	-	-	-
Total Expenditures	3,310,000	120	120	-
Excess (deficiency) of revenues over expenditures	(3,300,000)	9,880	16,923	7,043
Other Financing Sources (Uses)				
Transfers out	-	(3,309,880)	(3,235,217)	74,663
Total other financing sources and uses	-	(3,309,880)	(3,235,217)	74,663
Net change in fund balances	(3,300,000)	(3,300,000)	(3,218,294)	81,706
Fund balances - beginning	3,300,000	3,300,000	3,218,294	(81,706)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Klamath County, Oregon
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 162,319	\$ 162,319	\$ 174,159	\$ 11,840
Intergovernmental	975,302	1,298,415	998,760	(299,655)
Charges for services	1,399,956	1,373,750	1,220,834	(152,916)
Investment earnings	800	(2,100)	-	2,100
Miscellaneous	5,000	2,136	9,349	7,213
Total revenues	<u>2,543,377</u>	<u>2,834,520</u>	<u>2,403,102</u>	<u>(431,418)</u>
Expenditures				
Human services				
Personal services	1,842,976	1,842,372	1,585,670	256,702
Materials and services	1,158,236	1,132,561	1,063,313	69,248
Capital outlay	15,500	22,136	-	22,136
Contingencies	-	136,593	-	136,593
Debt Service				
Principal	-	-	114,204	(114,204)
Total Expenditures	<u>3,016,712</u>	<u>3,133,662</u>	<u>2,763,187</u>	<u>370,475</u>
Excess (deficiency) of revenues over expenditures	<u>(473,335)</u>	<u>(299,142)</u>	<u>(360,085)</u>	<u>(60,943)</u>
Other Financing Sources (Uses)				
Transfers in	684,421	690,061	658,366	(31,695)
Transfers out	(355,086)	(392,069)	(360,462)	31,607
Interfund loan proceeds	-	-	490,336	490,336
Total other financing sources and uses	<u>329,335</u>	<u>297,992</u>	<u>788,240</u>	<u>490,248</u>
Special Item				
Proceeds from sale of land	-	1,150	1,150	-
Net change in fund balances	<u>(144,000)</u>	<u>-</u>	<u>429,305</u>	<u>429,305</u>
Fund balances - beginning	144,000	-	(127,415)	(127,415)
Fund balances - change in inventory	-	-	(507)	(507)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>301,383</u>	<u>\$ 301,383</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			301,383	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(490,336)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			114,204	
Net Assets, Ending (GAAP)			<u>\$ (74,749)</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Mental Health Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 6,561,361	\$ 8,767,341	\$ 8,867,110	\$ 99,769
Charges for services	3,841,692	735,994	590,098	(145,896)
Investment earnings	10,000	10,000	10,359	359
Miscellaneous	4,000	4,000	12,678	8,678
Total revenues	<u>10,417,053</u>	<u>9,517,335</u>	<u>9,480,245</u>	<u>(37,090)</u>
Expenditures				
Human services				
Personal services	4,771,722	4,580,902	4,053,930	526,972
Materials and services	6,745,017	4,059,964	3,801,002	258,962
Capital outlay	7,000	7,000	5,074	1,926
Contingencies	524,091	504,091	-	504,091
Debt Service				
Principal	103,200	123,200	114,288	8,912
Interest and other charges	-	-	8,912	(8,912)
Total Expenditures	<u>12,151,030</u>	<u>9,275,157</u>	<u>7,983,206</u>	<u>1,291,951</u>
Excess (deficiency) of revenues over expenditures	<u>(1,733,977)</u>	<u>242,178</u>	<u>1,497,039</u>	<u>1,254,861</u>
Other Financing Sources (Uses)				
Transfers in	125,525	125,525	125,525	-
Transfers out	(191,548)	(191,548)	(191,548)	-
Total other financing sources and uses	<u>(66,023)</u>	<u>(66,023)</u>	<u>(66,023)</u>	<u>-</u>
Special Item				
Proceeds from sale of land	-	-	4,500	4,500
Net change in fund balances	<u>(1,800,000)</u>	<u>176,155</u>	<u>1,435,516</u>	<u>1,259,361</u>
Fund balances - beginning	<u>1,800,000</u>	<u>(176,155)</u>	<u>811,946</u>	<u>988,101</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,247,462</u>	<u>\$ 2,247,462</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			2,247,462	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>106,625</u>	
Net Assets, Ending (GAAP)			<u>\$ 2,354,087</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Mental Health - Reserve Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 11,040	\$ 11,040	\$ 11,040	\$ -
Investment earnings	-	-	101	101
Total revenues	<u>11,040</u>	<u>11,040</u>	<u>11,141</u>	<u>101</u>
Expenditures				
Human services				
Materials and services	10,000	10,000	213	9,787
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>213</u>	<u>9,787</u>
Excess (deficiency) of revenues over expenditures	<u>1,040</u>	<u>1,040</u>	<u>10,928</u>	<u>9,888</u>
Net change in fund balances	<u>1,040</u>	<u>1,040</u>	<u>10,928</u>	<u>9,888</u>
Fund balances - beginning	(1,040)	(1,040)	13,642	14,682
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,570</u>	<u>\$ 24,570</u>

**Klamath County, Oregon
Schedules of Funding Progress
For the Year Ended June 30, 2012**

Klamath County Employees' Pension Plan (in thousands)						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	32,241	42,992	10,751	75%	16,715	64%
1/1/2011	33,649	45,468	11,819	74%	16,284	73%
1/1/2012	34,047	49,640	15,593	69%	14,814	105%

Klamath County Employees' Other Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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, 2012

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.

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, 2012

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.

Property Sales

This 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.

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, 2012

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.

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 may be 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, 2012

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.

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, 2012

	<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>	
Assets						
Pooled cash and investments	\$ 10,207,439	\$ -	\$ -	\$ 1,183,235	\$ 75,308	\$ 11,465,982
Accounts receivable	901,340	-	-	8	-	901,348
Taxes receivable, net	44,694	-	-	-	-	44,694
Due from other funds	-	-	-	1,364,693	-	1,364,693
Assessments receivable	12,500	-	-	-	-	12,500
Notes receivable	307,792	-	-	-	-	307,792
Other assets	1,127,104	-	-	-	-	1,127,104
Total assets	<u>12,600,869</u>	<u>-</u>	<u>-</u>	<u>2,547,936</u>	<u>75,308</u>	<u>15,224,113</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	888,061	-	-	2,078	-	890,139
Due to other funds	458,951	-	-	-	-	458,951
Deferred revenue	572,445	-	-	-	-	572,445
Total liabilities	<u>1,919,457</u>	<u>-</u>	<u>-</u>	<u>2,078</u>	<u>-</u>	<u>1,921,535</u>
Fund balances:						
Nonspendable	1,127,104	-	-	-	-	1,127,104
Restricted	8,951,736	-	-	2,545,858	75,308	11,572,902
Committed	935,589	-	-	-	-	935,589
Unassigned	(333,017)	-	-	-	-	(333,017)
Total fund balances	<u>10,681,412</u>	<u>-</u>	<u>-</u>	<u>2,545,858</u>	<u>75,308</u>	<u>13,302,578</u>
Total liabilities and fund balances	<u>\$ 12,600,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,547,936</u>	<u>\$ 75,308</u>	<u>\$ 15,224,113</u>

Klamath County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2012

	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	
Revenues						
Property Taxes	\$ 424,226	\$ 100,407	\$ 19,723	\$ -	\$ -	\$ 544,356
Sales and miscellaneous taxes	1,750,814	-	-	-	-	1,750,814
Fines and forfeitures	177,469	-	-	-	-	177,469
Licenses, fees, and permits	444,754	-	-	-	-	444,754
Intergovernmental	7,077,027	-	-	-	-	7,077,027
Charges for services	2,136,092	-	-	-	925,238	3,061,330
Investment earnings	55,092	2,077	307	16,357	410	74,243
Miscellaneous	149,034	-	-	-	-	149,034
Total revenues	<u>12,214,508</u>	<u>102,484</u>	<u>20,030</u>	<u>16,357</u>	<u>925,648</u>	<u>13,279,027</u>
Expenditures						
Current:						
General government	1,098,519	-	-	307,773	-	1,406,292
Public safety	4,233,112	-	-	-	-	4,233,112
Public works	414,867	-	-	-	-	414,867
Human services	759,164	-	-	-	-	759,164
Community services	3,398,800	-	-	-	-	3,398,800
Community development	2,318,119	-	-	-	-	2,318,119
Agriculture	14,908	-	-	-	-	14,908
Debt Service						
Interest and other charges	793	-	-	-	-	793
Capital Outlay	100,673	-	-	593,993	925,238	1,619,904
Total Expenditures	<u>12,338,955</u>	<u>-</u>	<u>-</u>	<u>901,766</u>	<u>925,238</u>	<u>14,165,959</u>
Excess (deficiency) of revenues over expenditures	<u>(124,447)</u>	<u>102,484</u>	<u>20,030</u>	<u>(885,409)</u>	<u>410</u>	<u>(886,932)</u>
Other Financing Sources (Uses)						
Transfers in	2,381,821	-	-	913,040	-	3,294,861
Transfers out	(1,224,493)	(393,252)	(71,352)	(191,223)	-	(1,880,320)
Total other financing sources and uses	<u>1,157,328</u>	<u>(393,252)</u>	<u>(71,352)</u>	<u>721,817</u>	<u>-</u>	<u>1,414,541</u>
SPECIAL ITEM						
Proceeds from sale of land	73,983	-	-	1,277	-	75,260
Net change in fund balances	<u>1,106,864</u>	<u>(290,768)</u>	<u>(51,322)</u>	<u>(162,315)</u>	<u>410</u>	<u>602,869</u>
Fund balances - beginning	9,489,459	290,768	51,322	2,708,173	74,898	12,614,620
Fund balances - change in other assets	85,089	-	-	-	-	85,089
Fund balances - ending	<u>\$ 10,681,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,545,858</u>	<u>\$ 75,308</u>	<u>\$ 13,302,578</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012

	Domestic Violence Fund	Veterans Fund	Commission on Children and Families Fund	D.A. Enforcement Fund
Assets				
Pooled cash and investments	\$ 39,162	\$ 68,445	\$ 205,356	\$ 14,416
Accounts receivable	12,269	11,520	34,283	-
Taxes receivable, net	-	30,167	-	-
Total assets	<u>51,431</u>	<u>110,132</u>	<u>239,639</u>	<u>14,416</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	6,341	76,259	-
Deferred revenue	-	26,610	-	-
Total liabilities	<u>-</u>	<u>32,951</u>	<u>76,259</u>	<u>-</u>
Fund balances:				
Restricted	51,431	77,181	163,380	14,416
Total fund balances	<u>51,431</u>	<u>77,181</u>	<u>163,380</u>	<u>14,416</u>
Total liabilities and fund balances	<u>\$ 51,431</u>	<u>\$ 110,132</u>	<u>\$ 239,639</u>	<u>\$ 14,416</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012**

	<u>Tourism Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>	<u>Sheriff Marine Fund</u>
Assets				
Pooled cash and investments	\$ 167,753	\$ 50,782	\$ 201,585	\$ -
Accounts receivable	32,693	192,502	3,775	213,480
Total assets	<u>200,446</u>	<u>243,284</u>	<u>205,360</u>	<u>213,480</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	921	108,558	-	4,715
Due to other funds	-	-	-	93,840
Deferred revenue	-	-	-	213,480
Total liabilities	<u>921</u>	<u>108,558</u>	<u>-</u>	<u>312,035</u>
Fund balances:				
Restricted	-	134,726	205,360	-
Committed	199,525	-	-	-
Unassigned	-	-	-	(98,555)
Total fund balances	<u>199,525</u>	<u>134,726</u>	<u>205,360</u>	<u>(98,555)</u>
Total liabilities and fund balances	<u>\$ 200,446</u>	<u>\$ 243,284</u>	<u>\$ 205,360</u>	<u>\$ 213,480</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012**

	<u>Taylor Grazing Fund</u>	<u>Federal Forest Title III Fund</u>	<u>Court Facility Security Fund</u>	<u>O&C Title III Fund</u>
Assets				
Pooled cash and investments	\$ 1	\$ 1,965,367	\$ 25,840	\$ 408,226
Total assets	<u>1</u>	<u>1,965,367</u>	<u>26,052</u>	<u>408,226</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>
Fund balances:				
Restricted	<u>1</u>	<u>1,965,367</u>	<u>26,017</u>	<u>408,226</u>
Total fund balances	<u>1</u>	<u>1,965,367</u>	<u>26,017</u>	<u>408,226</u>
Total liabilities and fund balances	<u>\$ 1</u>	<u>\$ 1,965,367</u>	<u>\$ 26,052</u>	<u>\$ 408,226</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012**

	Klamath Falls Streets Fund	Surveyor Fund	Parks Fund	Juvenile Special Projects Fund
Assets				
Pooled cash and investments	\$ 2,839,245	\$ 1,105,323	\$ 257,614	\$ -
Accounts receivable	-	-	18,507	-
Assessments receivable	-	-	12,500	-
Total assets	<u>2,839,245</u>	<u>1,105,323</u>	<u>288,621</u>	<u>-</u>
Liabilities and Fund Balances				
Liabilities:				
Book overdraft				
Accounts payable	216,585	-	3,562	-
Deferred revenue	-	-	12,500	-
Total liabilities	<u>216,585</u>	<u>-</u>	<u>16,062</u>	<u>-</u>
Fund balances:				
Restricted	<u>2,622,660</u>	<u>1,105,323</u>	<u>272,559</u>	<u>-</u>
Total fund balances	<u>2,622,660</u>	<u>1,105,323</u>	<u>272,559</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,839,245</u>	<u>\$ 1,105,323</u>	<u>\$ 288,621</u>	<u>\$ -</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012**

	Experimental Station Research Fund	Community Development Fund	Property Sales Fund	Museum Fund
Assets				
Pooled cash and investments	\$ 24,356	\$ 51,312	\$ 240,090	\$ 273,704
Accounts receivable	-	3,447	-	28,381
Taxes receivable, net	-	-	-	14,527
Notes receivable	-	-	307,792	-
Other assets	-	-	1,127,104	-
Total assets	<u>24,356</u>	<u>54,759</u>	<u>1,674,986</u>	<u>316,612</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	828	7,142	-	4,647
Deferred revenue	-	-	307,792	12,063
Total liabilities	<u>828</u>	<u>7,142</u>	<u>307,792</u>	<u>16,710</u>
Fund balances:				
Nonspendable	-	-	1,127,104	-
Restricted	-	8,741	-	-
Committed	23,528	38,876	240,090	299,902
Total fund balances	<u>23,528</u>	<u>47,617</u>	<u>1,367,194</u>	<u>299,902</u>
Total liabilities and fund balances	<u>\$ 24,356</u>	<u>\$ 54,759</u>	<u>\$ 1,674,986</u>	<u>\$ 316,612</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012

	Economic Development Fund	Community Corrections Fund	County School Fund	Search & Rescue Fund
Assets				
Pooled cash and investments	\$ 94,104	\$ 568,292	\$ 1,173,988	\$ -
Accounts receivable	-	11,331	96,138	-
Total assets	94,104	579,623	1,270,126	-
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	34,856	31,971	-	4,585
Due to other funds	-	44,510	-	12,377
Total liabilities	34,856	76,481	-	16,962
Fund balances:				
Restricted	59,248	503,142	1,270,126	-
Unassigned	-	-	-	(16,962)
Total fund balances	59,248	503,142	1,270,126	(16,962)
Total liabilities and fund balances	\$ 94,104	\$ 579,623	\$ 1,270,126	\$ -

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012**

	<u>Animal Control Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>911 Excise Tax Fund</u>
Assets				
Pooled cash and investments	\$ 17,784	\$ 6,929	\$ 65,557	\$ -
Accounts receivable	981	94,855	-	-
Total assets	<u>18,765</u>	<u>101,784</u>	<u>65,557</u>	<u>-</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	642	11,060	1,725	-
Due to other funds	-	308,224	-	-
Total liabilities	<u>642</u>	<u>319,284</u>	<u>1,725</u>	<u>-</u>
Fund balances:				
Restricted	-	-	63,832	-
Committed	18,123	-	-	-
Unassigned	-	(217,500)	-	-
Total fund balances	<u>18,123</u>	<u>(217,500)</u>	<u>63,832</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 18,765</u>	<u>\$ 101,784</u>	<u>\$ 65,557</u>	<u>\$ -</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012

	Clerk 5%	Ambulance	Clerk	Klamath	
	Storage Fund	Advisory	Overpayments	County	
Assets	Storage Fund	Training Fund	Fund	Transient Room	Total
	Tax Fund			Tax Fund	
Pooled cash and investments	\$ 102,702	\$ 2,683	\$ 10,158	\$ 226,665	\$ 10,207,439
Accounts receivable	2	-	-	146,964	901,340
Taxes receivable, net	-	-	-	-	44,694
Assessments receivable	-	-	-	-	12,500
Notes receivable	-	-	-	-	307,792
Other assets	-	-	-	-	1,127,104
Total assets	<u>102,704</u>	<u>2,683</u>	<u>10,158</u>	<u>373,629</u>	<u>12,600,869</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	-	-	-	373,629	888,061
Due to other funds	-	-	-	-	458,951
Deferred revenue	-	-	-	-	572,445
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,629</u>	<u>1,919,457</u>
Fund balances:					
Nonspendable	-	-	-	-	1,127,104
Restricted	-	-	-	-	8,951,736
Committed	102,704	2,683	10,158	-	935,589
Unassigned	-	-	-	-	(333,017)
Total fund balances	<u>102,704</u>	<u>2,683</u>	<u>10,158</u>	<u>-</u>	<u>10,681,412</u>
Total liabilities and fund balances	<u>\$ 102,704</u>	<u>\$ 2,683</u>	<u>\$ 10,158</u>	<u>\$ 373,629</u>	<u>\$ 12,600,869</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, 2012

	Domestic Violence Fund	Veterans Fund	Commission on Children and Families Fund	D.A. Enforcement Fund
Revenues				
Property Taxes	\$ -	\$ 205,711	\$ -	\$ -
Fines and forfeitures	-	-	-	3,070
Intergovernmental	201,535	47,055	502,639	-
Charges for services	-	-	52,942	-
Investment earnings	156	396	1,007	86
Miscellaneous	-	13	70	-
Total revenues	<u>201,691</u>	<u>253,175</u>	<u>556,658</u>	<u>3,156</u>
Expenditures				
Current:				
Public safety	198,614	-	-	4,270
Human services	-	227,469	531,695	-
Capital Outlay	-	-	-	9,893
Total Expenditures	<u>198,614</u>	<u>227,469</u>	<u>531,695</u>	<u>14,163</u>
Excess (deficiency) of revenues over expenditures	<u>3,077</u>	<u>25,706</u>	<u>24,963</u>	<u>(11,007)</u>
Other Financing Sources (Uses)				
Transfers out	-	(3,956)	(6,164)	-
Total other financing sources and uses	<u>-</u>	<u>(3,956)</u>	<u>(6,164)</u>	<u>-</u>
Net change in fund balances	<u>3,077</u>	<u>21,750</u>	<u>18,799</u>	<u>(11,007)</u>
Fund balances - beginning	<u>48,354</u>	<u>55,431</u>	<u>144,581</u>	<u>25,423</u>
Fund balances - ending	<u>\$ 51,431</u>	<u>\$ 77,181</u>	<u>\$ 163,380</u>	<u>\$ 14,416</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, 2012

	<u>Tourism Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>	<u>Sheriff Marine Fund</u>
Revenues				
Fines and forfeitures	\$ -	\$ 9,350	\$ -	\$ -
Intergovernmental	9,880	797,074	44,737	208,760
Charges for services	11,971	500	-	-
Investment earnings	749	-	1,118	66
Total revenues	<u>22,600</u>	<u>806,924</u>	<u>45,855</u>	<u>208,826</u>
Expenditures				
Current:				
Public safety	-	394,189	-	237,715
Community development	90,581	-	-	-
Capital Outlay	-	-	29,977	-
Total Expenditures	<u>90,581</u>	<u>394,189</u>	<u>29,977</u>	<u>237,715</u>
Excess (deficiency) of revenues over expenditures	<u>(67,981)</u>	<u>412,735</u>	<u>15,878</u>	<u>(28,889)</u>
Other Financing Sources (Uses)				
Transfers in	122,500	-	-	24,027
Transfers out	-	-	-	(233)
Total other financing sources and uses	<u>122,500</u>	<u>-</u>	<u>-</u>	<u>23,794</u>
Net change in fund balances	<u>54,519</u>	<u>412,735</u>	<u>15,878</u>	<u>(5,095)</u>
Fund balances - beginning	<u>145,006</u>	<u>(278,009)</u>	<u>189,482</u>	<u>(93,460)</u>
Fund balances - ending	<u>\$ 199,525</u>	<u>\$ 134,726</u>	<u>\$ 205,360</u>	<u>\$ (98,555)</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, 2012

	Taylor Grazing Fund	Federal Forest Title III Fund	Court Facility Security Fund	O&C Title III Fund
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 85,807	\$ -
Intergovernmental	4,640	-	-	-
Investment earnings	-	11,055	66	2,217
Total revenues	<u>4,640</u>	<u>11,055</u>	<u>85,873</u>	<u>2,217</u>
Expenditures				
Current:				
Public safety	-	-	42,460	-
Community development	-	131,057	-	-
Agriculture	4,640	-	-	-
Total Expenditures	<u>4,640</u>	<u>131,057</u>	<u>42,460</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(120,002)</u>	<u>43,413</u>	<u>2,217</u>
Other Financing Sources (Uses)				
Transfers out	-	-	(4,934)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(4,934)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(120,002)</u>	<u>38,479</u>	<u>2,217</u>
Fund balances - beginning	<u>1</u>	<u>2,085,369</u>	<u>(12,462)</u>	<u>406,009</u>
Fund balances - ending	<u>\$ 1</u>	<u>\$ 1,965,367</u>	<u>\$ 26,017</u>	<u>\$ 408,226</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, 2012

	Klamath Falls Streets Fund	Surveyor Fund	Parks Fund	Juvenile Special Projects Fund
Revenues				
Licenses, fees, and permits	\$ -	\$ 59,330	\$ -	\$ -
Intergovernmental	-	-	103,780	-
Charges for services	-	-	12,500	-
Investment earnings	13,464	6,095	1,477	19
Miscellaneous	-	66	-	-
Total revenues	13,464	65,491	117,757	19
Expenditures				
Current:				
Public works	414,867	-	-	-
Community services	-	-	110,496	-
Community development	-	62,329	-	-
Total Expenditures	414,867	62,329	110,496	-
Excess (deficiency) of revenues over expenditures	(401,403)	3,162	7,261	19
Other Financing Sources (Uses)				
Transfers in	585,564	3,000	146,111	-
Transfers out	-	(4,027)	(160,167)	(3,815)
Total other financing sources and uses	585,564	(1,027)	(14,056)	(3,815)
Net change in fund balances	184,161	2,135	(6,795)	(3,796)
Fund balances - beginning	2,438,499	1,103,188	279,354	3,796
Fund balances - ending	\$ 2,622,660	\$ 1,105,323	\$ 272,559	\$ -

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2012

	<u>Experimental Station Research Fund</u>	<u>Community Development Fund</u>	<u>Property Sales Fund</u>	<u>Museum Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ 218,515
Fines and forfeitures	-	1,311	-	-
Licenses, fees, and permits	-	17,179	21,746	-
Intergovernmental	-	17,380	-	15,310
Charges for services	2,072	1,120,361	204,183	20,574
Investment earnings	171	240	1,610	1,332
Miscellaneous	-	39,701	-	98,321
Total revenues	<u>2,243</u>	<u>1,196,172</u>	<u>227,539</u>	<u>354,052</u>
Expenditures				
Current:				
General government	-	-	316,048	-
Community services	-	-	-	311,292
Community development	-	1,854,148	-	-
Agriculture	10,268	-	-	-
Capital Outlay	-	-	-	17,000
Total Expenditures	<u>10,268</u>	<u>1,854,148</u>	<u>316,048</u>	<u>328,292</u>
Excess (deficiency) of revenues over expenditures	<u>(8,025)</u>	<u>(657,976)</u>	<u>(88,509)</u>	<u>25,760</u>
Other Financing Sources (Uses)				
Transfers in	-	941,007	-	105,000
Transfers out	-	(332,239)	(4,027)	(27,250)
Total other financing sources and uses	<u>-</u>	<u>608,768</u>	<u>(4,027)</u>	<u>77,750</u>
SPECIAL ITEM				
Proceeds from sale of land	-	-	67,133	-
Net change in fund balances	<u>(8,025)</u>	<u>(49,208)</u>	<u>(25,403)</u>	<u>103,510</u>
Fund balances - beginning	31,553	96,825	1,307,508	196,392
Fund balances - change in other assets	-	-	85,089	-
Fund balances - ending	<u>\$ 23,528</u>	<u>\$ 47,617</u>	<u>\$ 1,367,194</u>	<u>\$ 299,902</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, 2012

	<u>Economic Development Fund</u>	<u>Community Corrections Fund</u>	<u>County School Fund</u>	<u>Search & Rescue Fund</u>
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 224	\$ -
Licenses, fees, and permits	-	48,662	-	-
Intergovernmental	265,550	2,557,711	2,250,974	-
Charges for services	-	321,796	-	-
Investment earnings	78	4,221	6,445	42
Miscellaneous	145	7,733	-	2,450
Total revenues	<u>265,773</u>	<u>2,940,123</u>	<u>2,257,643</u>	<u>2,492</u>
Expenditures				
Current:				
Public safety	-	2,640,620	-	63,530
Community services	-	-	1,921,502	-
Community development	180,004	-	-	-
Debt Service				
Interest and other charges	-	793	-	-
Capital Outlay	-	-	-	3,198
Total Expenditures	<u>180,004</u>	<u>2,641,413</u>	<u>1,921,502</u>	<u>66,728</u>
Excess (deficiency) of revenues over expenditures	<u>85,769</u>	<u>298,710</u>	<u>336,141</u>	<u>(64,236)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	21,175
Transfers out	<u>(1,000)</u>	<u>(31,497)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(1,000)</u>	<u>(31,497)</u>	<u>-</u>	<u>21,175</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	-	6,850
Net change in fund balances	<u>84,769</u>	<u>267,213</u>	<u>336,141</u>	<u>(36,211)</u>
Fund balances - beginning	<u>(25,521)</u>	<u>235,929</u>	<u>933,985</u>	<u>19,249</u>
Fund balances - ending	<u>\$ 59,248</u>	<u>\$ 503,142</u>	<u>\$ 1,270,126</u>	<u>\$ (16,962)</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, 2012

	<u>Animal Control Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>911 Excise Tax Fund</u>
Revenues				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ 353,901
Fines and forfeitures	9,781	-	67,926	-
Licenses, fees, and permits	278,421	-	-	-
Intergovernmental	-	50,002	-	-
Charges for services	2,178	379,079	6,912	-
Investment earnings	-	12	398	-
Miscellaneous	135	-	-	-
Total revenues	<u>290,515</u>	<u>429,093</u>	<u>75,236</u>	<u>353,901</u>
Expenditures				
Current:				
Public safety	297,813	-	-	353,901
Community services	-	1,007,804	47,706	-
Capital Outlay	-	40,605	-	-
Total Expenditures	<u>297,813</u>	<u>1,048,409</u>	<u>47,706</u>	<u>353,901</u>
Excess (deficiency) of revenues over expenditures	<u>(7,298)</u>	<u>(619,316)</u>	<u>27,530</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	40,000	390,437	-	-
Transfers out	(3,008)	-	(24,240)	-
Total other financing sources and uses	<u>36,992</u>	<u>390,437</u>	<u>(24,240)</u>	<u>-</u>
Net change in fund balances	<u>29,694</u>	<u>(228,879)</u>	<u>3,290</u>	<u>-</u>
Fund balances - beginning	<u>(11,571)</u>	<u>11,379</u>	<u>60,542</u>	<u>-</u>
Fund balances - ending	<u>\$ 18,123</u>	<u>\$ (217,500)</u>	<u>\$ 63,832</u>	<u>\$ -</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, 2012

	Clerk 5% Storage Fund	Ambulance Advisory Training Fund	Clerk Overpayments Fund	Klamath County Transient Room Tax Fund	Total
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 424,226
Other taxes	-	-	-	1,396,913	1,750,814
Fines and forfeitures	-	-	-	-	177,469
Licenses, fees, and permits	18,575	-	841	-	444,754
Intergovernmental	-	-	-	-	7,077,027
Charges for services	-	-	-	1,024	2,136,092
Investment earnings	483	13	17	2,059	55,092
Miscellaneous	-	400	-	-	149,034
Total revenues	19,058	413	858	1,399,996	12,214,508
Expenditures					
Current:					
General government	-	-	411	782,060	1,098,519
Public safety	-	-	-	-	4,233,112
Public works	-	-	-	-	414,867
Human services	-	-	-	-	759,164
Community services	-	-	-	-	3,398,800
Community development	-	-	-	-	2,318,119
Agriculture	-	-	-	-	14,908
Debt Service					
Interest and other charges	-	-	-	-	793
Capital Outlay	-	-	-	-	100,673
Total Expenditures	-	-	411	782,060	12,338,955
Excess (deficiency) of revenues over expenditures	19,058	413	447	617,936	(124,447)
Other Financing Sources (Uses)					
Transfers in	3,000	-	-	-	2,381,821
Transfers out	-	-	-	(617,936)	(1,224,493)
Total other financing sources and uses	3,000	-	-	(617,936)	1,157,328
SPECIAL ITEM					
Proceeds from sale of land	-	-	-	-	73,983
Net change in fund balances	22,058	413	447	-	1,106,864
Fund balances - beginning	80,646	2,270	9,711	-	9,489,459
Fund balances - change in other assets	-	-	-	-	85,089
Fund balances - ending	\$ 102,704	\$ 2,683	\$ 10,158	\$ -	\$ 10,681,412

Klamath County, Oregon
Budget and Actual (with Variances)
Domestic Violence Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Intergovernmental	\$ 238,404	\$ 238,404	\$ 201,535	\$ (36,869)
Investment earnings	-	-	156	156
Total revenues	<u>238,404</u>	<u>238,404</u>	<u>201,691</u>	<u>(36,713)</u>
Expenditures				
Public safety				
Personal services	179,917	179,917	152,098	27,819
Materials and services	58,487	58,487	46,516	11,971
Total Expenditures	<u>238,404</u>	<u>238,404</u>	<u>198,614</u>	<u>39,790</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,077</u>	<u>3,077</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>3,077</u>	<u>3,077</u>
Fund balances - beginning	-	-	48,354	48,354
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,431</u>	<u>\$ 51,431</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Veterans Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Property taxes	\$ 182,350	\$ 182,350	\$ 205,711	\$ 23,361
Intergovernmental	10,440	47,055	47,055	-
Investment earnings	-	-	396	396
Miscellaneous	-	-	13	13
Total revenues	<u>192,790</u>	<u>229,405</u>	<u>253,175</u>	<u>23,770</u>
Expenditures				
Human services				
Personal services	155,522	170,526	155,502	15,024
Materials and services	54,029	75,640	71,967	3,673
Total Expenditures	<u>209,551</u>	<u>246,166</u>	<u>227,469</u>	<u>18,697</u>
Excess (deficiency) of revenues over expenditures	<u>(16,761)</u>	<u>(16,761)</u>	<u>25,706</u>	<u>42,467</u>
Other Financing Sources (Uses)				
Transfers out	(3,956)	(3,956)	(3,956)	-
Total other financing sources and uses	<u>(3,956)</u>	<u>(3,956)</u>	<u>(3,956)</u>	<u>-</u>
Net change in fund balances	<u>(20,717)</u>	<u>(20,717)</u>	<u>21,750</u>	<u>42,467</u>
Fund balances - beginning	<u>20,717</u>	<u>20,717</u>	<u>55,431</u>	<u>34,714</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,181</u>	<u>\$ 77,181</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Commission of Children & Families Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 479,332	\$ 479,332	\$ 502,639	\$ 23,307
Charges for services	62,094	62,094	52,942	(9,152)
Investment earnings	500	500	1,007	507
Miscellaneous	500	500	70	(430)
Total revenues	<u>542,426</u>	<u>542,426</u>	<u>556,658</u>	<u>14,232</u>
Expenditures				
Human services				
Personal services	185,482	185,482	168,468	17,014
Materials and services	355,843	355,843	363,227	(7,384)
Contingencies	81,937	81,937	-	81,937
Total Expenditures	<u>623,262</u>	<u>623,262</u>	<u>531,695</u>	<u>91,567</u>
Excess (deficiency) of revenues over expenditures	<u>(80,836)</u>	<u>(80,836)</u>	<u>24,963</u>	<u>105,799</u>
Other Financing Sources (Uses)				
Transfers out	<u>(6,164)</u>	<u>(6,164)</u>	<u>(6,164)</u>	<u>-</u>
Total other financing sources and uses	<u>(6,164)</u>	<u>(6,164)</u>	<u>(6,164)</u>	<u>-</u>
Net change in fund balances	<u>(87,000)</u>	<u>(87,000)</u>	<u>18,799</u>	<u>105,799</u>
Fund balances - beginning	<u>87,000</u>	<u>87,000</u>	<u>144,581</u>	<u>57,581</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,380</u>	<u>\$ 163,380</u>

Klamath County, Oregon
Budget and Actual (with Variances)
D.A. Enforcement Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 3,070	\$ 1,070
Investment earnings	150	150	86	(64)
Total revenues	<u>2,150</u>	<u>2,150</u>	<u>3,156</u>	<u>1,006</u>
Expenditures				
Public safety				
Materials and services	19,700	18,700	4,270	14,430
Capital outlay	12,000	13,000	9,893	3,107
Total Expenditures	<u>31,700</u>	<u>31,700</u>	<u>14,163</u>	<u>17,537</u>
Excess (deficiency) of revenues over expenditures	<u>(29,550)</u>	<u>(29,550)</u>	<u>(11,007)</u>	<u>18,543</u>
Net change in fund balances	<u>(29,550)</u>	<u>(29,550)</u>	<u>(11,007)</u>	<u>18,543</u>
Fund balances - beginning	29,550	29,550	25,423	(4,127)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,416</u>	<u>\$ 14,416</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Tourism Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Intergovernmental	\$ -	\$ -	\$ 9,880	\$ 9,880
Charges for services	30,000	30,000	11,971	(18,029)
Investment earnings	500	500	749	249
Total revenues	<u>30,500</u>	<u>30,500</u>	<u>22,600</u>	<u>(7,900)</u>
Expenditures				
Community development				
Materials and services	186,340	186,340	90,581	95,759
Total Expenditures	<u>186,340</u>	<u>186,340</u>	<u>90,581</u>	<u>95,759</u>
Excess (deficiency) of revenues over expenditures	<u>(155,840)</u>	<u>(155,840)</u>	<u>(67,981)</u>	<u>87,859</u>
Other Financing Sources (Uses)				
Transfers in	117,340	117,340	122,500	5,160
Total other financing sources and uses	<u>117,340</u>	<u>117,340</u>	<u>122,500</u>	<u>5,160</u>
Net change in fund balances	<u>(38,500)</u>	<u>(38,500)</u>	<u>54,519</u>	<u>93,019</u>
Fund balances - beginning	38,500	38,500	145,006	106,506
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,525</u>	<u>\$ 199,525</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Special Revenue Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 9,350	\$ 8,350
Intergovernmental	241,563	417,096	797,074	379,978
Charges for services	200	200	500	300
Investment earnings	2,400	2,400	-	(2,400)
Miscellaneous	150,461	150,461	-	(150,461)
Total revenues	<u>395,624</u>	<u>571,157</u>	<u>806,924</u>	<u>235,767</u>
Expenditures				
Public safety				
Materials and services	439,505	421,298	394,189	27,109
Capital outlay	47,583	61,738	-	61,738
Debt Service				
Principal	-	-	278,301	(278,301)
Total Expenditures	<u>487,088</u>	<u>483,036</u>	<u>672,490</u>	<u>(189,454)</u>
Excess (deficiency) of revenues over expenditures	<u>(91,464)</u>	<u>88,121</u>	<u>134,434</u>	<u>46,313</u>
Net change in fund balances	<u>(91,464)</u>	<u>88,121</u>	<u>134,434</u>	<u>46,313</u>
Fund balances - beginning	91,464	(88,121)	(278,009)	(189,888)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(143,575)</u>	<u>\$ (143,575)</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			(143,575)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>278,301</u>	
Net Assets, Ending (GAAP)			<u>\$ 134,726</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Bicycle Trails Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 44,737	\$ 9,737
Investment earnings	1,300	1,300	1,118	(182)
Total revenues	<u>36,300</u>	<u>36,300</u>	<u>45,855</u>	<u>9,555</u>
Expenditures				
Public Works				
Materials and services	7,200	7,200	-	7,200
Capital outlay	195,000	195,000	29,977	165,023
Contingencies	4,100	4,100	-	4,100
Total Expenditures	<u>206,300</u>	<u>206,300</u>	<u>29,977</u>	<u>176,323</u>
Excess (deficiency) of revenues over expenditures	<u>(170,000)</u>	<u>(170,000)</u>	<u>15,878</u>	<u>185,878</u>
Net change in fund balances	<u>(170,000)</u>	<u>(170,000)</u>	<u>15,878</u>	<u>185,878</u>
Fund balances - beginning	170,000	170,000	189,482	19,482
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,360</u>	<u>\$ 205,360</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Marine Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 213,480	\$ 213,480	\$ 208,760	\$ (4,720)
Investment earnings	-	-	66	66
Total revenues	<u>213,480</u>	<u>213,480</u>	<u>208,826</u>	<u>(4,654)</u>
Expenditures				
Public safety				
Personal services	183,465	183,465	188,887	(5,422)
Materials and services	52,340	52,340	48,828	3,512
Capital outlay	35,885	35,885	-	35,885
Debt Service				
Principal	-	-	88,736	(88,736)
Total Expenditures	<u>271,690</u>	<u>271,690</u>	<u>326,451</u>	<u>(54,761)</u>
Excess (deficiency) of revenues over expenditures	<u>(58,210)</u>	<u>(58,210)</u>	<u>(117,625)</u>	<u>(59,415)</u>
Other Financing Sources (Uses)				
Transfers in	24,027	24,027	24,027	-
Transfers out	-	-	(233)	(233)
Interfund loan proceeds	-	-	93,840	93,840
Total other financing sources and uses	<u>24,027</u>	<u>24,027</u>	<u>117,634</u>	<u>93,607</u>
Net change in fund balances	<u>(34,183)</u>	<u>(34,183)</u>	<u>9</u>	<u>34,192</u>
Fund balances - beginning	<u>34,183</u>	<u>34,183</u>	<u>(93,460)</u>	<u>(127,643)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(93,451)</u>	<u>\$ (93,451)</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			(93,451)	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(93,840)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>88,736</u>	
Net Assets, Ending (GAAP)			<u>\$ (98,555)</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Taylor Grazing Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,500	\$ 5,500	\$ 4,640	\$ (860)
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>4,640</u>	<u>(860)</u>
Expenditures				
Agriculture				
Materials and services	<u>5,500</u>	<u>5,500</u>	<u>4,640</u>	<u>860</u>
Total Expenditures	<u>5,500</u>	<u>5,500</u>	<u>4,640</u>	<u>860</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	-	-	1	(1)
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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 15,000	\$ 15,000	\$ 11,055	\$ (3,945)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>11,055</u>	<u>(3,945)</u>
Expenditures				
Community development				
Materials and services	<u>2,015,000</u>	<u>2,015,000</u>	<u>131,057</u>	<u>1,883,943</u>
Total Expenditures	<u>2,015,000</u>	<u>2,015,000</u>	<u>131,057</u>	<u>1,883,943</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(120,002)</u>	<u>1,879,998</u>
Net change in fund balances	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(120,002)</u>	<u>1,879,998</u>
Fund balances - beginning	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,085,369</u>	<u>85,369</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,367</u>	<u>\$ 1,965,367</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Court Facility Security Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 117,233	\$ 117,233	\$ 85,807	\$ (31,426)
Investment earnings	-	-	66	66
Total revenues	<u>117,233</u>	<u>117,233</u>	<u>85,873</u>	<u>(31,360)</u>
Expenditures				
Public safety				
Personal services	110,133	110,133	42,244	67,889
Materials and services	3,100	3,100	216	2,884
Capital outlay	4,000	4,000	-	4,000
Debt Service				
Principal	-	-	16,064	(16,064)
Total Expenditures	<u>117,233</u>	<u>117,233</u>	<u>58,524</u>	<u>58,709</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>27,349</u>	<u>27,349</u>
Other Financing Sources (Uses)				
Transfers out	-	-	(4,934)	(4,934)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(4,934)</u>	<u>(4,934)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>22,415</u>	<u>22,415</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(12,462)</u>	<u>(12,462)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>9,953</u>	<u>\$ 9,953</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			9,953	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>16,064</u>	
Net Assets, Ending (GAAP)			<u>\$ 26,017</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
O&C Title III Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 3,000	\$ 3,000	\$ 2,217	\$ (783)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,217</u>	<u>(783)</u>
Expenditures				
Community development				
Materials and services	<u>378,000</u>	<u>378,000</u>	<u>-</u>	<u>378,000</u>
Total Expenditures	<u>378,000</u>	<u>378,000</u>	<u>-</u>	<u>378,000</u>
Excess (deficiency) of revenues over expenditures	<u>(375,000)</u>	<u>(375,000)</u>	<u>2,217</u>	<u>377,217</u>
Net change in fund balances	<u>(375,000)</u>	<u>(375,000)</u>	<u>2,217</u>	<u>377,217</u>
Fund balances - beginning	<u>375,000</u>	<u>375,000</u>	<u>406,009</u>	<u>31,009</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408,226</u>	<u>\$ 408,226</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Klamath Falls Streets Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 18,000	\$ 18,000	\$ 13,464	\$ (4,536)
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>13,464</u>	<u>(4,536)</u>
Expenditures				
Public Works				
Materials and services	-	-	414,870	(414,870)
Capital outlay	3,003,564	3,003,564	-	3,003,564
Total Expenditures	<u>3,003,564</u>	<u>3,003,564</u>	<u>414,870</u>	<u>2,588,694</u>
Excess (deficiency) of revenues over expenditures	<u>(2,985,564)</u>	<u>(2,985,564)</u>	<u>(401,406)</u>	<u>2,584,158</u>
Other Financing Sources (Uses)				
Transfers in	585,564	585,564	585,564	-
Total other financing sources and uses	<u>585,564</u>	<u>585,564</u>	<u>585,564</u>	<u>-</u>
Net change in fund balances	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>184,158</u>	<u>2,584,158</u>
Fund balances - beginning	2,400,000	2,400,000	2,438,502	38,502
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,622,660</u>	<u>\$ 2,622,660</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Surveyor Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Licenses and permits	\$ 66,875	\$ 66,875	\$ 59,330	\$ (7,545)
Investment earnings	21,400	21,400	6,095	(15,305)
Miscellaneous	50	50	66	16
Total revenues	<u>88,325</u>	<u>88,325</u>	<u>65,491</u>	<u>(22,834)</u>
Expenditures				
Community development				
Personal services	21,178	21,178	21,153	25
Materials and services	1,142,120	1,142,120	41,176	1,100,944
Total Expenditures	<u>1,163,298</u>	<u>1,163,298</u>	<u>62,329</u>	<u>1,100,969</u>
Excess (deficiency) of revenues over expenditures	<u>(1,074,973)</u>	<u>(1,074,973)</u>	<u>3,162</u>	<u>1,078,135</u>
Other Financing Sources (Uses)				
Transfers in	6,000	6,000	3,000	(3,000)
Transfers out	(4,027)	(4,027)	(4,027)	-
Total other financing sources and uses	<u>1,973</u>	<u>1,973</u>	<u>(1,027)</u>	<u>(3,000)</u>
Net change in fund balances	<u>(1,073,000)</u>	<u>(1,073,000)</u>	<u>2,135</u>	<u>1,075,135</u>
Fund balances - beginning	<u>1,073,000</u>	<u>1,073,000</u>	<u>1,103,188</u>	<u>30,188</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,323</u>	<u>\$ 1,105,323</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Parks Reserve Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 6,250	\$ -	\$ -	\$ -
Investment earnings	1,200	-	-	-
Total revenues	<u>7,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Community services				
Capital outlay	158,350	-	-	-
Total Expenditures	<u>158,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(150,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	5,000	-	-	-
Transfers out	-	(145,900)	(141,111)	4,789
Total other financing sources and uses	<u>5,000</u>	<u>(145,900)</u>	<u>(141,111)</u>	<u>4,789</u>
Net change in fund balances	<u>(145,900)</u>	<u>(145,900)</u>	<u>(141,111)</u>	<u>4,789</u>
Fund balances - beginning	145,900	145,900	141,111	(4,789)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Parks Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Intergovernmental	\$ 83,600	\$ 121,750	\$ 103,780	\$ (17,970)
Charges for services	-	6,250	12,500	6,250
Investment earnings	1,500	2,700	1,478	(1,222)
Total revenues	<u>85,100</u>	<u>130,700</u>	<u>117,758</u>	<u>(12,942)</u>
Expenditures				
Community services				
Personal services	53,890	53,890	51,468	2,422
Materials and services	78,135	78,135	59,027	19,108
Capital outlay	5,000	201,500	-	201,500
Contingencies	54,019	54,019	-	54,019
Total Expenditures	<u>191,044</u>	<u>387,544</u>	<u>110,495</u>	<u>277,049</u>
Excess (deficiency) of revenues over expenditures	<u>(105,944)</u>	<u>(256,844)</u>	<u>7,263</u>	<u>264,107</u>
Other Financing Sources (Uses)				
Transfers in	-	150,900	146,111	(4,789)
Transfers out	(19,056)	(19,056)	(19,056)	-
Total other financing sources and uses	<u>(19,056)</u>	<u>131,844</u>	<u>127,055</u>	<u>(4,789)</u>
Net change in fund balances	<u>(125,000)</u>	<u>(125,000)</u>	<u>134,318</u>	<u>259,318</u>
Fund balances - beginning	<u>125,000</u>	<u>125,000</u>	<u>138,242</u>	<u>13,242</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,560</u>	<u>\$ 272,560</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Juvenile Special Project Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ 20	\$ 19	\$ (1)
Total revenues	-	20	19	(1)
Expenditures				
Public safety				
Materials and services	3,770	-	-	-
Total Expenditures	3,770	-	-	-
Excess (deficiency) of revenues over expenditures	(3,770)	20	19	(1)
Other Financing Sources (Uses)				
Transfers out	-	(4,150)	(3,815)	335
Total other financing sources and uses	-	(4,150)	(3,815)	335
Net change in fund balances	(3,770)	(4,130)	(3,796)	334
Fund balances - beginning	3,770	4,130	3,796	(334)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Klamath County, Oregon
Budget and Actual (with Variances)
Experiment Station Field Research Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Charges for services	2,700	2,700	2,072	(628)
Investment earnings	350	350	171	(179)
Total revenues	<u>8,050</u>	<u>8,050</u>	<u>2,243</u>	<u>(5,807)</u>
Expenditures				
Agriculture				
Personal services	9,776	9,776	4,888	4,888
Materials and services	12,000	12,000	5,380	6,620
Contingencies	10,388	10,388	-	10,388
Total Expenditures	<u>32,164</u>	<u>32,164</u>	<u>10,268</u>	<u>21,896</u>
Excess (deficiency) of revenues over expenditures	<u>(24,114)</u>	<u>(24,114)</u>	<u>(8,025)</u>	<u>16,089</u>
Other Financing Sources (Uses)				
Transfers out	<u>(5,300)</u>	<u>(5,300)</u>	-	5,300
Total other financing sources and uses	<u>(5,300)</u>	<u>(5,300)</u>	-	5,300
Net change in fund balances	<u>(29,414)</u>	<u>(29,414)</u>	<u>(8,025)</u>	<u>21,389</u>
Fund balances - beginning	<u>29,414</u>	<u>29,414</u>	<u>31,553</u>	<u>2,139</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,528</u>	<u>\$ 23,528</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Development Department Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 5,650	\$ 2,650	\$ 1,311	\$ (1,339)
Licenses and permits	31,105	31,105	17,179	(13,926)
Intergovernmental	-	17,380	17,380	-
Charges for services	1,493,550	1,341,951	1,120,361	(221,590)
Investment earnings	1,602	1,602	240	(1,362)
Miscellaneous	15,500	17,500	39,701	22,201
Total revenues	<u>1,547,407</u>	<u>1,412,188</u>	<u>1,196,172</u>	<u>(216,016)</u>
Expenditures				
Community development				
Personal services	1,685,930	1,665,684	1,434,028	231,656
Materials and services	469,673	463,585	420,120	43,465
Capital outlay	9,745	9,745	-	9,745
Total Expenditures	<u>2,165,348</u>	<u>2,139,014</u>	<u>1,854,148</u>	<u>284,866</u>
Excess (deficiency) of revenues over expenditures	<u>(617,941)</u>	<u>(726,826)</u>	<u>(657,976)</u>	<u>68,850</u>
Other Financing Sources (Uses)				
Transfers in	897,920	941,007	941,007	-
Transfers out	<u>(332,239)</u>	<u>(332,239)</u>	<u>(332,239)</u>	<u>-</u>
Total other financing sources and uses	<u>565,681</u>	<u>608,768</u>	<u>608,768</u>	<u>-</u>
Net change in fund balances	<u>(52,260)</u>	<u>(118,058)</u>	<u>(49,208)</u>	<u>68,850</u>
Fund balances - beginning	<u>52,260</u>	<u>118,058</u>	<u>96,825</u>	<u>(21,233)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,617</u>	<u>\$ 47,617</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Property Sales Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Licenses and permits	\$ 50,000	\$ 50,000	\$ 21,746	\$ (28,254)
Charges for services	300,500	300,500	204,183	(96,317)
Investment earnings	5,000	5,000	1,610	(3,390)
Miscellaneous	150	150	-	(150)
Total revenues	<u>355,650</u>	<u>355,650</u>	<u>227,539</u>	<u>(128,111)</u>
Expenditures				
General government				
Personal services	82,318	82,318	40,338	41,980
Materials and services	736,305	736,305	275,710	460,595
Contingencies	30,000	30,000	-	30,000
Total Expenditures	<u>848,623</u>	<u>848,623</u>	<u>316,048</u>	<u>532,575</u>
Excess (deficiency) of revenues over expenditures	<u>(492,973)</u>	<u>(492,973)</u>	<u>(88,509)</u>	<u>404,464</u>
Other Financing Sources (Uses)				
Transfers out	(7,027)	(7,027)	(4,027)	3,000
Total other financing sources and uses	<u>(7,027)</u>	<u>(7,027)</u>	<u>(4,027)</u>	<u>3,000</u>
Special Item				
Proceeds from sale of capital assets	<u>250,000</u>	<u>250,000</u>	<u>67,133</u>	<u>(182,867)</u>
Net change in fund balances	<u>(250,000)</u>	<u>(250,000)</u>	<u>(25,403)</u>	<u>224,597</u>
Fund balances - beginning	<u>250,000</u>	<u>250,000</u>	<u>265,493</u>	<u>15,493</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>240,090</u>	<u>\$ 240,090</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			240,090	
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			<u>1,127,104</u>	
Net Assets, Ending (GAAP)			<u>\$ 1,367,194</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Museum Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 210,192	\$ 210,192	\$ 218,515	\$ 8,323
Intergovernmental	15,000	15,000	15,310	310
Charges for services	11,500	11,500	20,574	9,074
Investment earnings	1,500	1,500	1,332	(168)
Miscellaneous	53,000	53,000	98,321	45,321
Total revenues	<u>291,192</u>	<u>291,192</u>	<u>354,052</u>	<u>62,860</u>
Expenditures				
Community services				
Personal services	197,633	197,633	178,774	18,859
Materials and services	281,758	281,758	132,518	149,240
Capital outlay	-	-	17,000	(17,000)
Contingencies	76,126	76,126	-	76,126
Total Expenditures	<u>555,517</u>	<u>555,517</u>	<u>328,292</u>	<u>227,225</u>
Excess (deficiency) of revenues over expenditures	<u>(264,325)</u>	<u>(264,325)</u>	<u>25,760</u>	<u>290,085</u>
Other Financing Sources (Uses)				
Transfers in	158,476	158,476	105,000	(53,476)
Transfers out	<u>(85,151)</u>	<u>(85,151)</u>	<u>(27,250)</u>	<u>57,901</u>
Total other financing sources and uses	<u>73,325</u>	<u>73,325</u>	<u>77,750</u>	<u>4,425</u>
Net change in fund balances	<u>(191,000)</u>	<u>(191,000)</u>	<u>103,510</u>	<u>294,510</u>
Fund balances - beginning	<u>191,000</u>	<u>191,000</u>	<u>196,392</u>	<u>5,392</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,902</u>	<u>\$ 299,902</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Economic Development Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Intergovernmental	\$ 180,000	\$ 188,000	\$ 265,550	\$ 77,550
Investment earnings	100	100	78	(22)
Miscellaneous	-	-	145	145
Total revenues	<u>180,100</u>	<u>188,100</u>	<u>265,773</u>	<u>77,673</u>
Expenditures				
Community development				
Materials and services	180,100	187,100	180,004	7,096
Debt Service				
Principal	-	-	17,239	(17,239)
Total Expenditures	<u>180,100</u>	<u>187,100</u>	<u>197,243</u>	<u>(10,143)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,000</u>	<u>68,530</u>	<u>67,530</u>
Other Financing Sources (Uses)				
Transfers out	-	(1,000)	(1,000)	-
Total other financing sources and uses	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>67,530</u>	<u>67,530</u>
Fund balances - beginning	-	-	(25,521)	(25,521)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>42,009</u>	<u>\$ 42,009</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			42,009	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>17,239</u>	
Net Assets, Ending (GAAP)			<u>\$ 59,248</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Community Corrections Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Licenses and permits	\$ 200	\$ 19,150	\$ 48,662	\$ 29,512
Intergovernmental	2,666,792	2,579,322	2,557,711	(21,611)
Charges for services	433,452	293,072	321,796	28,724
Investment earnings	4,000	3,000	4,221	1,221
Miscellaneous	300	600	7,733	7,133
Total revenues	<u>3,104,744</u>	<u>2,895,144</u>	<u>2,940,123</u>	<u>44,979</u>
Expenditures				
Public safety				
Personal services	1,673,172	1,553,852	1,524,594	29,258
Materials and services	1,364,954	1,222,272	1,116,026	106,246
Capital outlay	7,300	7,300	-	7,300
Contingencies	70,532	314,927	-	314,927
Debt Service				
Principal	50,000	79,000	78,207	793
Interest and other charges	-	-	793	(793)
Total Expenditures	<u>3,165,958</u>	<u>3,177,351</u>	<u>2,719,620</u>	<u>457,731</u>
Excess (deficiency) of revenues over expenditures	<u>(61,214)</u>	<u>(282,207)</u>	<u>220,503</u>	<u>502,710</u>
Other Financing Sources (Uses)				
Transfers out	<u>(42,833)</u>	<u>(29,833)</u>	<u>(31,497)</u>	<u>(1,664)</u>
Total other financing sources and uses	<u>(42,833)</u>	<u>(29,833)</u>	<u>(31,497)</u>	<u>(1,664)</u>
Net change in fund balances	<u>(104,047)</u>	<u>(312,040)</u>	<u>189,006</u>	<u>501,046</u>
Fund balances - beginning	<u>124,047</u>	<u>367,540</u>	<u>235,929</u>	<u>(131,611)</u>
Fund balances - ending	<u>\$ 20,000</u>	<u>\$ 55,500</u>	<u>424,935</u>	<u>\$ 369,435</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			424,935	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>78,207</u>	
Net Assets, Ending (GAAP)			<u>\$ 503,142</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
County Schools Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 224	\$ 224
Intergovernmental	\$ 1,653,500	\$ 1,743,500	\$ 2,250,974	\$ 507,474
Investment earnings	500	500	6,445	5,945
Total revenues	<u>1,654,000</u>	<u>1,744,000</u>	<u>2,257,643</u>	<u>513,643</u>
Expenditures				
Community services				
Materials and services	<u>1,834,000</u>	<u>1,924,000</u>	<u>1,921,502</u>	<u>2,498</u>
Total Expenditures	<u>1,834,000</u>	<u>1,924,000</u>	<u>1,921,502</u>	<u>2,498</u>
Excess (deficiency) of revenues over expenditures	<u>(180,000)</u>	<u>(180,000)</u>	<u>336,141</u>	<u>516,141</u>
Net change in fund balances	<u>(180,000)</u>	<u>(180,000)</u>	<u>336,141</u>	<u>516,141</u>
Fund balances - beginning	<u>180,000</u>	<u>180,000</u>	<u>933,985</u>	<u>753,985</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,270,126</u>	<u>\$ 1,270,126</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Search and Rescue Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 36,000	\$ 36,000	\$ -	\$ (36,000)
Investment earnings	-	-	42	42
Miscellaneous	1,500	1,500	2,450	950
Total revenues	<u>37,500</u>	<u>37,500</u>	<u>2,492</u>	<u>(35,008)</u>
Expenditures				
Public safety				
Personal services	10,000	10,000	2,441	7,559
Materials and services	58,513	58,513	61,089	(2,576)
Capital outlay	2,021	2,021	3,198	(1,177)
Total Expenditures	<u>70,534</u>	<u>70,534</u>	<u>66,728</u>	<u>3,806</u>
Excess (deficiency) of revenues over expenditures	<u>(33,034)</u>	<u>(33,034)</u>	<u>(64,236)</u>	<u>(31,202)</u>
Other Financing Sources (Uses)				
Transfers in	21,175	21,175	21,175	-
Interfund loan proceeds	-	-	12,377	12,377
Total other financing sources and uses	<u>21,175</u>	<u>21,175</u>	<u>33,552</u>	<u>12,377</u>
Special Item				
Proceeds from sale of assets	-	-	6,850	6,850
Net change in fund balances	<u>(11,859)</u>	<u>(11,859)</u>	<u>(23,834)</u>	<u>(11,975)</u>
Fund balances - beginning	11,859	11,859	19,249	7,390
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(4,585)</u>	<u>\$ (4,585)</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			(4,585)	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			<u>(12,377)</u>	
Net Assets, Ending (GAAP)			<u>\$ (16,962)</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Animal Control Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 6,000	\$ 6,000	\$ 9,781	\$ 3,781
Licenses and permits	270,951	270,951	278,421	7,470
Charges for services	1,800	1,800	2,178	378
Investment earnings	250	250	-	(250)
Miscellaneous	-	-	135	135
Total revenues	<u>279,001</u>	<u>279,001</u>	<u>290,515</u>	<u>11,514</u>
Expenditures				
Public safety				
Personal services	214,084	214,084	165,048	49,036
Materials and services	140,438	140,438	132,765	7,673
Debt Service				
Principal	-	-	14,563	(14,563)
Total Expenditures	<u>354,522</u>	<u>354,522</u>	<u>312,376</u>	<u>42,146</u>
Excess (deficiency) of revenues over expenditures	<u>(75,521)</u>	<u>(75,521)</u>	<u>(21,861)</u>	<u>53,660</u>
Other Financing Sources (Uses)				
Transfers in	-	40,000	40,000	-
Transfers out	<u>(3,008)</u>	<u>(3,008)</u>	<u>(3,008)</u>	<u>-</u>
Total other financing sources and uses	<u>(3,008)</u>	<u>36,992</u>	<u>36,992</u>	<u>-</u>
Net change in fund balances	<u>(78,529)</u>	<u>(38,529)</u>	<u>15,131</u>	<u>53,660</u>
Fund balances - beginning	<u>83,529</u>	<u>43,529</u>	<u>(11,571)</u>	<u>(55,100)</u>
Fund balances - ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>3,560</u>	<u>\$ (1,440)</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			3,560	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>14,563</u>	
Net Assets, Ending (GAAP)			<u>\$ 18,123</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Fairgrounds Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Intergovernmental	\$ 49,100	\$ 49,100	\$ 50,002	\$ 902
Charges for services	398,100	398,100	379,079	(19,021)
Investment earnings	18,000	18,000	12	(17,988)
Total revenues	<u>465,200</u>	<u>465,200</u>	<u>429,093</u>	<u>(36,107)</u>
Expenditures				
Community services				
Personal services	529,120	529,120	483,029	46,091
Materials and services	604,838	604,838	524,775	80,063
Capital outlay	173,700	173,700	40,605	133,095
Contingencies	14,760	14,760	-	14,760
Total Expenditures	<u>1,322,418</u>	<u>1,322,418</u>	<u>1,048,409</u>	<u>274,009</u>
Excess (deficiency) of revenues over expenditures	<u>(857,218)</u>	<u>(857,218)</u>	<u>(619,316)</u>	<u>237,902</u>
Other Financing Sources (Uses)				
Transfers in	467,765	467,765	390,437	(77,328)
Interfund loan proceeds	-	300,000	308,224	8,224
Total other financing sources and uses	<u>467,765</u>	<u>767,765</u>	<u>698,661</u>	<u>(69,104)</u>
Net change in fund balances	<u>(389,453)</u>	<u>(89,453)</u>	<u>79,345</u>	<u>168,798</u>
Fund balances - beginning	<u>389,453</u>	<u>89,453</u>	<u>11,379</u>	<u>(78,074)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,724</u>	<u>\$ 90,724</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			90,724	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			<u>(308,224)</u>	
Net Assets, Ending (GAAP)			<u>\$ (217,500)</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Law Library Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 84,000	\$ 84,000	\$ 67,926	\$ (16,074)
Charges for services	5,500	5,500	6,912	1,412
Investment earnings	-	-	398	398
Total revenues	<u>89,500</u>	<u>89,500</u>	<u>75,236</u>	<u>(14,264)</u>
Expenditures				
Community services				
Materials and services	61,916	61,916	47,706	14,210
Contingencies	16,758	16,758	-	16,758
Total Expenditures	<u>78,674</u>	<u>78,674</u>	<u>47,706</u>	<u>30,968</u>
Excess (deficiency) of revenues over expenditures	<u>10,826</u>	<u>10,826</u>	<u>27,530</u>	<u>16,704</u>
Other Financing Sources (Uses)				
Transfers out	(52,826)	(52,826)	(24,240)	28,586
Total other financing sources and uses	<u>(52,826)</u>	<u>(52,826)</u>	<u>(24,240)</u>	<u>28,586</u>
Net change in fund balances	<u>(42,000)</u>	<u>(42,000)</u>	<u>3,290</u>	<u>45,290</u>
Fund balances - beginning	42,000	42,000	60,542	18,542
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,832</u>	<u>\$ 63,832</u>

Klamath County, Oregon
Budget and Actual (with Variances)
911 Excise Tax Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 370,000	\$ 370,000	\$ 353,901	\$ (16,099)
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>353,901</u>	<u>(16,099)</u>
Expenditures				
Public safety				
Materials and services	370,000	370,000	353,901	16,099
Total Expenditures	<u>370,000</u>	<u>370,000</u>	<u>353,901</u>	<u>16,099</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Clerk 5% Storage Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 14,011	\$ 14,011	\$ 18,575	\$ 4,564
Investment earnings	-	-	483	483
Total revenues	<u>14,011</u>	<u>14,011</u>	<u>19,058</u>	<u>5,047</u>
Excess (deficiency) of revenues over expenditures	<u>14,011</u>	<u>14,011</u>	<u>19,058</u>	<u>5,047</u>
Other Financing Sources (Uses)				
Transfers in	-	3,000	3,000	-
Total other financing sources and uses	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	<u>14,011</u>	<u>17,011</u>	<u>22,058</u>	<u>5,047</u>
Fund balances - beginning	66,543	66,543	80,646	14,103
Fund balances - ending	<u>\$ 80,554</u>	<u>\$ 83,554</u>	<u>\$ 102,704</u>	<u>\$ 19,150</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Ambulance Advisory Training Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 13	\$ 13
Miscellaneous	500	500	400	(100)
Total revenues	<u>500</u>	<u>500</u>	<u>413</u>	<u>(87)</u>
Expenditures				
General government				
Materials and services	2,500	2,500	-	2,500
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>(2,000)</u>	<u>413</u>	<u>2,413</u>
Net change in fund balances	<u>(2,000)</u>	<u>(2,000)</u>	<u>413</u>	<u>2,413</u>
Fund balances - beginning	<u>2,000</u>	<u>2,000</u>	<u>2,270</u>	<u>270</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,683</u>	<u>\$ 2,683</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Clerk Overpayments Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 360	\$ 360	\$ 841	\$ 481
Investment earnings	-	-	17	17
Total revenues	<u>360</u>	<u>360</u>	<u>858</u>	<u>498</u>
Expenditures				
General government				
Materials and services	<u>2,500</u>	<u>2,500</u>	<u>411</u>	<u>2,089</u>
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>411</u>	<u>2,089</u>
Excess (deficiency) of revenues over expenditures	<u>(2,140)</u>	<u>(2,140)</u>	<u>447</u>	<u>2,587</u>
Net change in fund balances	<u>(2,140)</u>	<u>(2,140)</u>	<u>447</u>	<u>2,587</u>
Fund balances - beginning	<u>8,700</u>	<u>8,700</u>	<u>9,711</u>	<u>1,011</u>
Fund balances - ending	<u>\$ 6,560</u>	<u>\$ 6,560</u>	<u>\$ 10,158</u>	<u>\$ 3,598</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Transient Room Tax Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 1,340,000	\$ 1,340,000	\$ 1,396,913	\$ 56,913
Charges for services	500	500	1,024	524
Investment earnings	500	500	2,059	1,559
Total revenues	<u>1,341,000</u>	<u>1,341,000</u>	<u>1,399,996</u>	<u>58,996</u>
Expenditures				
General government				
Materials and services	<u>655,320</u>	<u>655,320</u>	<u>782,060</u>	<u>(126,740)</u>
Total Expenditures	<u>655,320</u>	<u>655,320</u>	<u>782,060</u>	<u>(126,740)</u>
Excess (deficiency) of revenues over expenditures	<u>685,680</u>	<u>685,680</u>	<u>617,936</u>	<u>(67,744)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(685,680)</u>	<u>(685,680)</u>	<u>(617,936)</u>	<u>67,744</u>
Total other financing sources and uses	<u>(685,680)</u>	<u>(685,680)</u>	<u>(617,936)</u>	<u>67,744</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Fund balances - ending	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Courthouse Bond Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 5,000	\$ 97,000	\$ 100,407	\$ 3,407
Investment earnings	200	1,200	2,077	877
Total revenues	<u>5,200</u>	<u>98,200</u>	<u>102,484</u>	<u>4,284</u>
Excess (deficiency) of revenues over expenditures	<u>5,200</u>	<u>98,200</u>	<u>102,484</u>	<u>4,284</u>
Other Financing Sources (Uses)				
Transfers out	<u>(40,200)</u>	<u>(389,200)</u>	<u>(393,252)</u>	<u>(4,052)</u>
Total other financing sources and uses	<u>(40,200)</u>	<u>(389,200)</u>	<u>(393,252)</u>	<u>(4,052)</u>
Net change in fund balances	<u>(35,000)</u>	<u>(291,000)</u>	<u>(290,768)</u>	<u>232</u>
Fund balances - beginning	<u>35,000</u>	<u>291,000</u>	<u>290,768</u>	<u>(232)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Fairgrounds Bond Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 20,000	\$ 20,000	\$ 19,723	\$ (277)
Investment earnings	500	500	307	(193)
Total revenues	<u>20,500</u>	<u>20,500</u>	<u>20,030</u>	<u>(470)</u>
Excess (deficiency) of revenues over expenditures	<u>20,500</u>	<u>20,500</u>	<u>20,030</u>	<u>(470)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(20,500)</u>	<u>(72,500)</u>	<u>(71,352)</u>	<u>1,148</u>
Total other financing sources and uses	<u>(20,500)</u>	<u>(72,500)</u>	<u>(71,352)</u>	<u>1,148</u>
Net change in fund balances	<u>-</u>	<u>(52,000)</u>	<u>(51,322)</u>	<u>678</u>
Fund balances - beginning	-	52,000	51,322	(678)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Equipment Reserve Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 25,000	\$ 25,000	\$ 16,357	\$ (8,643)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>16,357</u>	<u>(8,643)</u>
Expenditures				
General government				
Materials and services	97,000	401,150	307,773	93,377
Capital outlay	2,297,405	1,611,562	593,993	1,017,569
Contingencies	-	145,579	-	145,579
Debt Service				
Principal	-	300,000	904,776	(604,776)
Total Expenditures	<u>2,394,405</u>	<u>2,458,291</u>	<u>1,806,542</u>	<u>651,749</u>
Excess (deficiency) of revenues over expenditures	<u>(2,369,405)</u>	<u>(2,433,291)</u>	<u>(1,790,185)</u>	<u>643,106</u>
Other Financing Sources (Uses)				
Transfers in	1,119,330	907,365	913,040	5,675
Transfers out	(76,523)	(191,223)	(191,223)	-
Interfund loan proceeds	227,207	628,207	1,171,219	543,012
Total other financing sources and uses	<u>1,270,014</u>	<u>1,344,349</u>	<u>1,893,036</u>	<u>548,687</u>
Special Item				
Proceeds from sale of land	-	-	1,277	1,277
Net change in fund balances	<u>(1,099,391)</u>	<u>(1,088,942)</u>	<u>104,128</u>	<u>1,193,070</u>
Fund balances - beginning	2,000,000	2,000,000	2,708,173	708,173
Fund balances - ending	<u>\$ 900,609</u>	<u>\$ 911,058</u>	<u>2,812,301</u>	<u>\$ 1,901,243</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			2,812,301	
Interfund loan proceeds are not recognized for GAAP, but are included for the Budgetary Basis			(1,171,219)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>904,776</u>	
Net Assets, Ending (GAAP)			<u>\$ 2,545,858</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Capital Projects Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ 950,000	\$ 925,238	\$ (24,762)
Investment earnings	-	-	410	410
Total revenues	-	950,000	925,648	(24,352)
Expenditures				
General government				
Capital outlay	-	1,025,000	925,238	99,762
Total Expenditures	-	1,025,000	925,238	99,762
Excess (deficiency) of revenues over expenditures	-	(75,000)	410	75,410
Net change in fund balances	-	(75,000)	410	75,410
Fund balances - beginning	-	75,000	74,898	(102)
Fund balances - ending	\$ -	\$ -	\$ 75,308	\$ 75,308

Klamath County, Oregon
Enterprise Funds
June 30, 2012

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, 2012

	Non-Major Enterprise Funds			
	Recycling Fund	Weed Control Fund	Interoperable Radio Communications Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 18,145	\$ 187,111	\$ 249,090	\$ 454,346
Accounts Receivable, net	7,659	58,945	-	66,604
Inventories	-	13,753	-	13,753
Total current assets	<u>25,804</u>	<u>259,809</u>	<u>249,090</u>	<u>534,703</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	(101,591)	(194,008)	(1,233,559)	(1,529,158)
Total non-current assets	<u>31,916</u>	<u>22,393</u>	<u>1,229,656</u>	<u>1,283,965</u>
Total assets	<u>57,720</u>	<u>282,202</u>	<u>1,478,746</u>	<u>1,818,668</u>
Liabilities				
Current Liabilities:				
Accounts payable	3,920	2,086	393	6,399
Compensated absences	-	7,303	-	7,303
Total current liabilities	<u>3,920</u>	<u>9,389</u>	<u>393</u>	<u>13,702</u>
Non-current liabilities:				
Net OPEB liability	78	183	-	261
Pension liability	1,397	4,022	-	5,419
Total non-current liabilities	<u>1,475</u>	<u>4,205</u>	<u>-</u>	<u>5,680</u>
Total liabilities	<u>5,395</u>	<u>13,594</u>	<u>393</u>	<u>19,382</u>
Net Assets				
Invested in capital assets, net of related debt	31,916	22,393	1,229,656	1,283,965
Unrestricted	20,409	246,215	248,697	515,321
Total net assets	<u>\$ 52,325</u>	<u>\$ 268,608</u>	<u>\$ 1,478,353</u>	<u>\$ 1,799,286</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, 2012

	Non-Major Enterprise Funds			
	Interoperable Radio			Total
	Recycling Fund	Weed Control Fund	Communications Fund	
Revenues				
Fines and forfeitures	\$ -	\$ 720	\$ -	\$ 720
Licenses, fees, and permits	72,050	-	-	72,050
Charges for services	24,705	218,600	99,859	343,164
Total operating revenues	<u>96,755</u>	<u>219,320</u>	<u>99,859</u>	<u>415,934</u>
Operating Expenses				
Personal services	39,632	137,793	-	177,425
Materials and services	43,818	81,544	63,483	188,845
Depreciation	10,000	8,484	348,463	366,947
Total Operating Expenses	<u>93,450</u>	<u>227,821</u>	<u>411,946</u>	<u>733,217</u>
Operating income (loss)	<u>3,305</u>	<u>(8,501)</u>	<u>(312,087)</u>	<u>(317,283)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	-	1,214	1,096	2,310
Miscellaneous revenue	-	19,018	-	19,018
Total non-operating revenue (expenses)	<u>-</u>	<u>20,232</u>	<u>1,096</u>	<u>21,328</u>
Income (loss) before contributions and transfers	<u>3,305</u>	<u>11,731</u>	<u>(310,991)</u>	<u>(295,955)</u>
Transfers in	-	13,000	-	13,000
Transfers out	<u>(21,556)</u>	<u>(15,000)</u>	<u>-</u>	<u>(36,556)</u>
Change in net assets	<u>(18,251)</u>	<u>9,731</u>	<u>(310,991)</u>	<u>(319,511)</u>
Total net assets - beginning	<u>70,576</u>	<u>258,877</u>	<u>1,789,344</u>	<u>2,118,797</u>
Total net assets - ending	<u>\$ 52,325</u>	<u>\$ 268,608</u>	<u>\$ 1,478,353</u>	<u>\$ 1,799,286</u>

Klamath County, Oregon
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2012

	Non-Major Enterprise Funds			Total
	Recycling Fund	Weed Control Fund	Interoperable Radio Communications Fund	
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 97,604	\$ 221,510	\$ 99,859	\$ 418,973
Payment to suppliers	(43,369)	(79,006)	(63,090)	(185,465)
Payments to employees	(39,632)	(137,173)	-	(176,805)
Net Cash Flows Provided (Used) by Operating Activities	<u>14,603</u>	<u>5,331</u>	<u>36,769</u>	<u>56,703</u>
Cash Flows From Noncapital Financing Activities				
Transfers from (to) other funds	(21,556)	(2,000)	-	(23,556)
Other income	-	19,018	-	19,018
Net Cash Provided (Used) by Noncapital Financing	<u>(21,556)</u>	<u>17,018</u>	<u>-</u>	<u>(4,538)</u>
Cash Flows From Investing Activities				
Investment interest	-	1,214	1,096	2,310
Net Cash Flows Provided by Investing Activities	<u>-</u>	<u>1,214</u>	<u>1,096</u>	<u>2,310</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,953)	23,563	37,865	54,475
Cash and Cash Equivalents, Beginning of Year	25,098	163,548	211,225	399,871
Cash and Cash Equivalents, End of Year	<u>\$ 18,145</u>	<u>\$ 187,111</u>	<u>\$ 249,090</u>	<u>\$ 454,346</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 3,305	\$ (8,501)	\$ (312,087)	\$ (317,283)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	10,000	8,484	348,463	366,947
(Increase) decrease in assets				
Accounts receivable	849	2,190	-	3,039
Inventory	-	2,067	-	2,067
Increase (decrease) in liabilities				
Accounts payable	18	(650)	393	(239)
Accrued employee benefits	431	1,741	-	2,172
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 14,603</u>	<u>\$ 5,331</u>	<u>\$ 36,769</u>	<u>\$ 56,703</u>

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Landfill Site Reserve Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 48,000	\$ 28,000	\$ 29,620	\$ 1,620
Total revenues	<u>48,000</u>	<u>28,000</u>	<u>29,620</u>	<u>1,620</u>
Expenditures				
Public Works				
Materials and services	400,000	400,000	-	400,000
Contingencies	200,000	200,000	-	200,000
Total Expenditures	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Excess (deficiency) of revenues over expenditures	<u>(552,000)</u>	<u>(572,000)</u>	<u>29,620</u>	<u>601,620</u>
Other Financing Sources (Uses)				
Transfers in	215,560	215,560	-	(215,560)
Transfers out	(827,000)	(827,568)	(827,568)	-
Total other financing sources and uses	<u>(611,440)</u>	<u>(612,008)</u>	<u>(827,568)</u>	<u>(215,560)</u>
Net change in fund balances	<u>(1,163,440)</u>	<u>(1,184,008)</u>	<u>(797,948)</u>	<u>386,060</u>
Fund balances - beginning	2,827,000	6,210,342	6,210,342	-
Fund balances - ending	<u>\$ 1,663,560</u>	<u>\$ 5,026,334</u>	<u>5,412,394</u>	<u>\$ 386,060</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			5,412,394	
Landfill closure cost liabilities recognized for GAAP but are not included for the Budgetary Basis			<u>(1,153,000)</u>	
Net Assets, Ending (GAAP)			<u>\$ 4,259,394</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Solid Waste Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Licenses and permits	\$ 45,400	\$ 45,400	\$ 45,385	\$ (15)
Charges for services	4,070,000	4,070,000	4,155,692	85,692
Investment earnings	5,000	5,000	14,432	9,432
Miscellaneous	100	100	5,066	4,966
Total revenues	<u>4,120,500</u>	<u>4,120,500</u>	<u>4,220,575</u>	<u>100,075</u>
Expenditures				
Public Works				
Personal services	1,407,588	1,407,588	1,231,044	176,544
Materials and services	2,739,244	2,739,812	2,515,016	224,796
Capital outlay	55,000	55,000	-	55,000
Contingencies	682,584	682,584	-	682,584
Total Expenditures	<u>4,884,416</u>	<u>4,884,984</u>	<u>3,746,060</u>	<u>1,138,924</u>
Excess (deficiency) of revenues over expenditures	<u>(763,916)</u>	<u>(764,484)</u>	<u>474,515</u>	<u>1,238,999</u>
Other Financing Sources (Uses)				
Transfers in	827,000	1,048,868	1,048,868	-
Transfers out	(563,084)	(563,084)	(347,524)	215,560
Total other financing sources and uses	<u>263,916</u>	<u>485,784</u>	<u>701,344</u>	<u>215,560</u>
Net change in fund balances	<u>(500,000)</u>	<u>(278,700)</u>	<u>1,175,859</u>	<u>1,454,559</u>
Fund balances - beginning	<u>500,000</u>	<u>2,034,000</u>	<u>1,919,802</u>	<u>(114,198)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,755,300</u>	<u>3,095,661</u>	<u>\$ 1,340,361</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			3,095,661	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			10,283	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(167,099)</u>	
Net Assets, Ending (GAAP)			<u>\$ 2,938,845</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Recycling Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
Revenues				
Licenses and permits	\$ 70,000	\$ 70,000	\$ 72,050	\$ 2,050
Charges for services	16,000	16,000	24,705	8,705
Investment earnings	1,543	1,543	-	(1,543)
Total revenues	<u>87,543</u>	<u>87,543</u>	<u>96,755</u>	<u>9,212</u>
Expenditures				
Public Works				
Personal services	41,175	41,175	39,200	1,975
Materials and services	47,262	47,262	43,818	3,444
Capital outlay	550	550	-	550
Total Expenditures	<u>88,987</u>	<u>88,987</u>	<u>83,018</u>	<u>5,969</u>
Excess (deficiency) of revenues over expenditures	<u>(1,444)</u>	<u>(1,444)</u>	<u>13,737</u>	<u>15,181</u>
Other Financing Sources (Uses)				
Transfers out	(21,556)	(21,556)	(21,556)	-
Total other financing sources and uses	<u>(21,556)</u>	<u>(21,556)</u>	<u>(21,556)</u>	<u>-</u>
Net change in fund balances	<u>(23,000)</u>	<u>(23,000)</u>	<u>(7,819)</u>	<u>15,181</u>
Fund balances - beginning	23,000	23,000	29,703	6,703
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>21,884</u>	<u>\$ 21,884</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			21,884	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			31,916	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,475)</u>	
Net Assets, Ending (GAAP)			<u>\$ 52,325</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Weed Control Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 720	\$ 720
Charges for services	200,000	200,000	218,600	18,600
Investment earnings	2,000	2,000	1,214	(786)
Miscellaneous	-	19,000	19,018	18
Total revenues	<u>202,000</u>	<u>221,000</u>	<u>239,552</u>	<u>18,552</u>
Expenditures				
Public Works				
Personal services	178,150	178,150	136,052	42,098
Materials and services	94,969	113,969	79,477	34,492
Contingencies	38,881	38,881	-	38,881
Total Expenditures	<u>312,000</u>	<u>331,000</u>	<u>215,529</u>	<u>115,471</u>
Excess (deficiency) of revenues over expenditures	<u>(110,000)</u>	<u>(110,000)</u>	<u>24,023</u>	<u>134,023</u>
Other Financing Sources (Uses)				
Transfers in	-	13,000	13,000	-
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(15,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net change in fund balances	<u>(125,000)</u>	<u>(112,000)</u>	<u>22,023</u>	<u>134,023</u>
Fund balances - beginning	<u>125,000</u>	<u>186,500</u>	<u>221,947</u>	<u>35,447</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 74,500</u>	<u>243,970</u>	<u>\$ 169,470</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			243,970	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			22,393	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>2,245</u>	
Net Assets, Ending (GAAP)			<u>\$ 268,608</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Interoperable Radio Communications Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 99,859	\$ (141)
Investment earnings	2,525	2,525	1,096	(1,429)
Total revenues	<u>102,525</u>	<u>102,525</u>	<u>100,955</u>	<u>(1,570)</u>
Expenditures				
Public Works				
Materials and services	45,792	45,792	63,483	(17,691)
Capital outlay	180,000	180,000	-	180,000
Contingencies	11,013	11,013	-	11,013
Total Expenditures	<u>236,805</u>	<u>236,805</u>	<u>63,483</u>	<u>173,322</u>
Excess (deficiency) of revenues over expenditures	<u>(134,280)</u>	<u>(134,280)</u>	<u>37,472</u>	<u>171,752</u>
Net change in fund balances	<u>(134,280)</u>	<u>(134,280)</u>	<u>37,472</u>	<u>171,752</u>
Fund balances - beginning	214,280	214,280	211,225	(3,055)
Fund balances - ending	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>248,697</u>	<u>\$ 168,697</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			248,697	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			<u>1,229,656</u>	
Net Assets, Ending (GAAP)			<u>\$ 1,478,353</u>	

Klamath County, Oregon
Internal Service Funds
June 30, 2012

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, 2012

	Internal Services Fund	Space Rent Fund	Risk Management Fund	Total
Assets				
Current assets:				
Pooled cash and investments	\$ 969,843	\$ 2,243,921	\$ 1,886,141	\$ 5,099,905
Accounts receivables, net	76,758	-	-	76,758
Inventories	11,907	-	-	11,907
Total current assets	1,058,508	2,243,921	1,886,141	5,188,570
Non-current assets:				
Capital Assets:				
Buildings	-	11,122	-	11,122
Vehicles	-	165,354	-	165,354
Machinery and Equipment	939,733	66,649	5,584	1,011,966
Less Accumulated depreciation	(447,080)	(227,598)	(5,354)	(680,032)
Total non-current assets	492,653	15,527	230	508,410
Total assets	1,551,161	2,259,448	1,886,371	5,696,980
Liabilities				
Current Liabilities:				
Accounts payable	63,474	92,756	92,100	248,330
Compensated absences	130,773	78,869	-	209,642
Claims and judgments	-	-	1,637,519	1,637,519
Total current liabilities	194,247	171,625	1,729,619	2,095,491
Non-current liabilities:				
Net OPEB liability	2,098	738	17	2,853
Pension liability	64,991	16,262	178	81,431
Total non-current liabilities	67,089	17,000	195	84,284
Total liabilities	261,336	188,625	1,729,814	2,179,775
Net Assets				
Invested in capital assets, net of related debt	492,653	15,527	230	508,410
Restricted for other purposes	-	19,187	-	19,187
Unrestricted	797,172	2,036,109	156,327	2,989,608
Total net assets	\$ 1,289,825	\$ 2,070,823	\$ 156,557	\$ 3,517,205

Klamath County, Oregon
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Internal Services Fund	Space Rent Fund	Risk Management Fund	Total
Revenues				
Intergovernmental	\$ 125,577	\$ -	\$ -	\$ 125,577
Charges for services	3,171,032	1,866,382	1,987,458	7,024,872
Total operating revenues	<u>3,296,609</u>	<u>1,866,382</u>	<u>1,987,458</u>	<u>7,150,449</u>
Operating Expenses				
Personal services	1,681,833	433,661	34,365	2,149,859
Materials and services	1,063,915	949,695	1,548,187	3,561,797
Depreciation	25,483	12,785	1,000	39,268
Total operating expenses	<u>2,771,231</u>	<u>1,396,141</u>	<u>1,583,552</u>	<u>5,750,924</u>
Operating income (loss)	<u>525,378</u>	<u>470,241</u>	<u>403,906</u>	<u>1,399,525</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	3,854	10,293	7,786	21,933
Miscellaneous revenue	660	1,973	4,000	6,633
Proceeds from the sale of capital assets	1,232	-	-	1,232
Interest expense	(1,637)	-	-	(1,637)
Total non-operating revenue (expenses)	<u>4,109</u>	<u>12,266</u>	<u>11,786</u>	<u>28,161</u>
Income (loss) before contributions and transfers	529,487	482,507	415,692	1,427,686
Transfers in	2,231,475	17,321	-	2,248,796
Transfers out	(2,118,986)	(19,506)	(29,385)	(2,167,877)
Change in net assets	<u>641,976</u>	<u>480,322</u>	<u>386,307</u>	<u>1,508,605</u>
Total net assets - beginning	<u>647,849</u>	<u>1,590,501</u>	<u>(229,750)</u>	<u>2,008,600</u>
Total net assets - ending	<u>\$ 1,289,825</u>	<u>\$ 2,070,823</u>	<u>\$ 156,557</u>	<u>\$ 3,517,205</u>

Klamath County, Oregon
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Internal Service Funds	Space Rent Fund	Risk Management Fund	Total
Cash Flows From Operating Activities				
Receipts from customers and users	3,283,904	\$ 1,866,829	\$ 1,988,141	\$ 7,138,874
Payment to suppliers	(1,009,943)	(938,621)	(1,634,717)	(3,583,281)
Payments to employees	(1,656,567)	(428,844)	(95,255)	(2,180,666)
Net Cash Flows Provided (Used) by Operating Activities	<u>617,394</u>	<u>499,364</u>	<u>258,169</u>	<u>1,374,927</u>
Cash Flows From Noncapital Financing Activities				
Advances from other funds	(253,175)	-	-	(253,175)
Transfer from other funds	2,122,668	17,321	-	2,139,989
Transfer to other funds	(2,118,986)	(19,506)	(29,385)	(2,167,877)
Other income	660	1,973	4,000	6,633
Interest paid on interfund loans	(1,637)	-	-	(1,637)
Net Cash Provided (Used) by Noncapital Financing	<u>(250,470)</u>	<u>(212)</u>	<u>(25,385)</u>	<u>(276,067)</u>
Cash Flows From Capital and Related Financing Activities				
Purchase and construction of depreciable assets	(7,799)	-	-	(7,799)
Proceeds from disposal of depreciable assets	1,232	-	-	1,232
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(6,567)</u>	<u>-</u>	<u>-</u>	<u>(6,567)</u>
Cash Flows From Investing Activities				
Investment interest	3,854	10,293	7,786	21,933
Net Cash Flows Provided by Investing Activities	<u>3,854</u>	<u>10,293</u>	<u>7,786</u>	<u>21,933</u>
Net Increase (Decrease) in Cash and Cash Equivalents	364,211	509,445	240,570	1,114,226
Cash and Cash Equivalents, Beginning of Year	605,632	1,734,476	1,645,571	3,985,679
Cash and Cash Equivalents, End of Year	<u>\$ 969,843</u>	<u>\$ 2,243,921</u>	<u>\$ 1,886,141</u>	<u>\$ 5,099,905</u>
Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating (Loss)	\$ 525,378	\$ 470,241	\$ 403,906	\$ 1,399,525
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	25,483	12,785	1,000	39,268
(Increase) decrease in assets				
Accounts receivable	(12,705)	448	683	(11,574)
Inventory	8,082	-	-	8,082
Increase (decrease) in liabilities				
Accounts payable	27,822	6,418	(86,725)	(52,485)
Accrued employee benefits	43,334	9,472	(60,695)	(7,889)
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 617,394</u>	<u>\$ 499,364</u>	<u>\$ 258,169</u>	<u>\$ 1,374,927</u>

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Internal Services Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Intergovernmental	\$ 134,359	\$ 109,359	\$ 125,577	\$ 16,218
Charges for services	3,045,226	3,202,913	3,171,032	(31,881)
Investment earnings	100	100	3,820	3,720
Miscellaneous	200	200	660	460
Total revenues	<u>3,179,885</u>	<u>3,312,572</u>	<u>3,301,089</u>	<u>(11,483)</u>
Expenditures				
Internal support services				
Personal services	1,710,074	1,709,486	1,638,499	70,987
Materials and services	1,092,401	1,216,176	1,048,976	167,200
Capital outlay	12,500	71,800	7,799	64,001
Contingencies	223,272	223,272	-	223,272
Debt Service				
Principal	53,795	281,795	253,175	28,620
Interest and other charges	-	-	1,637	(1,637)
Total Expenditures	<u>3,092,042</u>	<u>3,502,529</u>	<u>2,950,086</u>	<u>552,443</u>
Excess (deficiency) of revenues over expenditures	<u>87,843</u>	<u>(189,957)</u>	<u>351,003</u>	<u>540,960</u>
Other Financing Sources (Uses)				
Transfers in	2,326,883	2,563,870	2,122,668	(441,202)
Transfers out	<u>(2,556,509)</u>	<u>(2,567,696)</u>	<u>(2,118,986)</u>	<u>448,710</u>
Total other financing sources and uses	<u>(229,626)</u>	<u>(3,826)</u>	<u>3,682</u>	<u>7,508</u>
Special Item				
Proceeds from sale of land	-	-	1,232	1,232
Net change in fund balances	<u>(141,783)</u>	<u>(193,783)</u>	<u>355,917</u>	<u>549,700</u>
Fund balances - beginning	141,783	193,783	374,034	180,251
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>729,951</u>	<u>\$ 729,951</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			729,951	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			492,653	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			(185,954)	
Interfund loan payments are not recognized for GAAP, but are included for the Budgetary Basis			<u>253,175</u>	
Net Assets, Ending (GAAP)			<u>\$ 1,289,825</u>	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
ORMAP Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 34	\$ 34
Total revenues	-	-	34	34
Expenditures				
Internal support services				
Capital outlay	-	-	6,857	(6,857)
Total Expenditures	-	-	6,857	(6,857)
Excess (deficiency) of revenues over expenditures	-	-	(6,823)	(6,823)
Net change in fund balances	-	-	(6,823)	(6,823)
Fund balances - beginning	-	-	6,823	6,823
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Space Rent Fund
For the Year Ended June 30, 2012

	<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>
Revenues				
Charges for services	\$ 1,863,065	\$ 1,863,065	\$ 1,866,382	\$ 3,317
Investment earnings	-	-	10,188	10,188
Miscellaneous	-	-	1,973	1,973
Total revenues	<u>1,863,065</u>	<u>1,863,065</u>	<u>1,878,543</u>	<u>15,478</u>
Expenditures				
Internal support services				
Personal services	431,318	431,318	424,189	7,129
Materials and services	1,390,170	1,390,170	949,694	440,476
Capital outlay	300,071	360,071	-	360,071
Contingencies	20,000	20,000	-	20,000
Total Expenditures	<u>2,141,559</u>	<u>2,201,559</u>	<u>1,373,883</u>	<u>827,676</u>
Excess (deficiency) of revenues over expenditures	<u>(278,494)</u>	<u>(338,494)</u>	<u>504,660</u>	<u>843,154</u>
Other Financing Sources (Uses)				
Transfers in	-	17,321	17,321	-
Transfers out	(19,506)	(19,506)	(19,506)	-
Total other financing sources and uses	<u>(19,506)</u>	<u>(2,185)</u>	<u>(2,185)</u>	<u>-</u>
Net change in fund balances	<u>(298,000)</u>	<u>(340,679)</u>	<u>502,475</u>	<u>843,154</u>
Fund balances - beginning	641,188	760,188	1,629,503	869,315
Fund balances - ending	<u>\$ 343,188</u>	<u>\$ 419,509</u>	<u>2,131,978</u>	<u>\$ 1,712,469</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			2,131,978	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			15,527	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(95,869)</u>	
Net Assets, Ending (GAAP)			<u>\$ 2,051,636</u>	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Mental Health Building Reserve Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 150	\$ 150	\$ 105	\$ (45)
Miscellaneous	-	-	-	-
Total revenues	<u>150</u>	<u>150</u>	<u>105</u>	<u>(45)</u>
Expenditures				
Internal support services				
Materials and services	<u>19,150</u>	<u>19,150</u>	-	<u>19,150</u>
Total Expenditures	<u>19,150</u>	<u>19,150</u>	-	<u>19,150</u>
Excess (deficiency) of revenues over expenditures	<u>(19,000)</u>	<u>(19,000)</u>	<u>105</u>	<u>19,105</u>
Net change in fund balances	<u>(19,000)</u>	<u>(19,000)</u>	<u>105</u>	<u>19,105</u>
Fund balances - beginning	<u>19,000</u>	<u>19,000</u>	<u>19,083</u>	<u>83</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,188</u>	<u>\$ 19,188</u>

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Risk Management Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 2,006,229	\$ 2,006,229	\$ 1,987,458	\$ (18,771)
Investment earnings	-	-	7,786	7,786
Miscellaneous	-	-	4,000	4,000
Total revenues	<u>2,006,229</u>	<u>2,006,229</u>	<u>1,999,244</u>	<u>(6,985)</u>
Expenditures				
Internal support services				
Personal services	19,641	29,641	34,170	(4,529)
Materials and services	2,208,938	2,198,938	1,609,075	589,863
Capital outlay	-	-	28,935	(28,935)
Total Expenditures	<u>2,228,579</u>	<u>2,228,579</u>	<u>1,672,180</u>	<u>556,399</u>
Excess (deficiency) of revenues over expenditures	<u>(222,350)</u>	<u>(222,350)</u>	<u>327,064</u>	<u>549,414</u>
Other Financing Sources (Uses)				
Transfers out	(450)	(450)	(450)	-
Total other financing sources and uses	<u>(450)</u>	<u>(450)</u>	<u>(450)</u>	<u>-</u>
Net change in fund balances	<u>(222,800)</u>	<u>(222,800)</u>	<u>326,614</u>	<u>549,414</u>
Fund balances - beginning	222,800	1,466,800	1,467,428	628
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,244,000</u>	<u>1,794,042</u>	<u>\$ 550,042</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Assets				
Fund Balance - Budgetary Basis - End of Year			1,794,042	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			230	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			(1,637,714)	
Net Assets, Ending (GAAP)			<u>\$ 156,558</u>	

OTHER SCHEDULES

Klamath County, Oregon
Schedule of Property Tax Transactions
For the Year Ended June 30, 2012

<u>Year End June 30</u>	<u>Levy & Balance as of July 1, 2011</u>	<u>Discounts and Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Balance as of June 30, 2012</u>
All Klamath County Funds and Governments:					
2011-2012	\$ 58,269,319	\$ (1,630,259)	\$ 47,564	\$ 53,613,804	\$ 3,072,820
2010-2011	3,439,899	(134,772)	128,204	1,581,085	1,852,246
2009-2010	1,837,908	(28,298)	148,310	702,559	1,255,361
2008-2009	1,024,614	(26,694)	207,466	621,499	583,887
2007-2008	398,967	(18,998)	118,408	291,794	206,583
2006-2007	151,396	(16,687)	50,217	87,023	97,903
2005-2006	54,639	(16,006)	10,582	14,949	34,266
Prior	362,650	(27,919)	33,994	23,795	344,930
	<u>\$ 65,539,392</u>	<u>\$ (1,899,633)</u>	<u>\$ 744,745</u>	<u>\$ 56,936,508</u>	<u>\$ 7,447,996</u>
All Budgeted County Funds - by Year of Levy:					
2011-2012	\$ 11,272,082	\$ (315,370)	\$ 9,202	\$ 10,371,482	\$ 594,432
2010-2011	747,206	(29,275)	27,848	343,438	402,341
2009-2010	417,188	(6,433)	33,665	159,474	284,946
2008-2009	228,495	(5,956)	46,265	138,597	130,207
2007-2008	87,236	(4,153)	25,891	63,802	45,172
2006-2007	34,973	(3,854)	11,600	20,104	22,615
2005-2006	12,908	(3,781)	2,501	3,532	8,096
Prior	83,050	(6,394)	7,784	5,449	78,991
	<u>\$ 12,883,138</u>	<u>\$ (375,216)</u>	<u>\$ 164,756</u>	<u>\$ 11,105,878</u>	<u>\$ 1,566,800</u>
All Budgeted County Funds - by Fund:					
General Fund	\$ 9,830,939	\$ (285,008)	\$ 108,287	\$ 8,567,691	\$ 1,086,527
Courthouse Fund	216,653	(8,231)	20,370	97,724	131,068
Fairground Fund	39,035	(1,372)	5,470	17,261	25,872
Veterans Service	12,497	-	-	-	12,497
Library Fund	2,784,015	(80,604)	30,627	2,423,202	310,836
	<u>\$ 12,883,139</u>	<u>\$ (375,215)</u>	<u>\$ 164,754</u>	<u>\$ 11,105,878</u>	<u>\$ 1,566,800</u>

Klamath County, Oregon
Schedule of Cash and Investments Held by Elected Officials
For the Year Ended June 30, 2012

	Cash and cash equivalents July 1, 2011	Receipts	Turnovers to Treasurer from other departments	Turnovers to Treasurer from from Elected Officials	Disbursements	Cash and cash equivalents June 30, 2012
Assessor	\$ 250	\$ 31,398	\$ -	\$ (31,398)	\$ -	\$ 250
Clerk	100	371,935	-	(371,935)	-	100
District Attorney	906	559,134	-	(555,810)	(2,769)	1,461
Sheriff	50,772	3,557,314	-	(2,587,927)	(935,493)	84,666
Surveyor	-	59,396	-	(59,396)	-	-
Justice of the Peace	55,412	425,488	-	(175,869)	(240,610)	64,421
Commissioners	50	1,032	-	(1,032)	-	50
Treasurer	158,920,365	7,191,340	3,783,367	-	(26,110,839)	143,784,234
	<u>\$ 159,027,855</u>	<u>\$ 12,197,037</u>	<u>\$ 3,783,367</u>	<u>\$ (3,783,367)</u>	<u>\$ (27,289,711)</u>	<u>\$ 143,935,182</u>

Composition of Cash and Cash Equivalents and Investments:

	Cash on Hand	Cash in banks and state pool	Investments	Total
Assessor	\$ 250	\$ -	\$ -	\$ 250
Clerk	100	-	-	100
District Attorney	-	1,461	-	1,461
Sheriff	200	84,466	-	84,666
Surveyor	-	-	-	-
Justice of the Peace	100	64,321	-	64,421
Commissioners	50	-	-	50
Treasurer	-	27,278,334	116,505,899	143,784,234
	<u>\$ 700</u>	<u>\$ 27,428,582</u>	<u>\$ 116,505,899</u>	<u>\$ 143,935,182</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, 2012, and have issued our report thereon dated February 11, 2013. 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 Controller 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 2012-1 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 2012-2 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.

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.



Andrew E. Peterson, Partner
Molatore, Scroggin, Peterson & Co. LLP
February 11, 2013

**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, 2012. 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 Controller 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, 2012. 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.

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

Andrew E. Peterson, Partner
Molatore, Scroggin, Peterson & Co. LLP
February 11, 2013

Klamath County, Oregon
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2012

Federal Grantor/pass Through Grantor Program Title	CFDA #	Received	Expended
US DEPARTMENT OF AGRICULTURE			
Passed through Oregon Department of Administrative Services			
School Breakfast Program	10.553	5,738	5,738
National School Lunch Program	10.555	10,230	10,230
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561 *	3,812	3,812
Schools and Roads - Grants to States	10.665 **	7,711,974	7,711,974
Passed through Oregon Department of Human Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557 **	383,963	383,963
Performance Breastfeeding Grant	10.578	7,500	7,500
Total US Department of Agriculture		8,123,217	8,123,217
US DEPARTMENT OF COMMERCE			
Passed through Oregon Military Department			
Public Safety Interoperable Communications Grant Program	11.555 **	492,832	226,848
US DEPARTMENT OF INTERIOR			
Direct			
Non-Sale Disposals of Mineral Material	15.214	1,427	1,427
Payment in Lieu of Taxes (PILT)	15.226	762,249	762,249
Distribution of Receipts to State & Local Governments	15.227	986,141	986,141
Distribution of Receipts to State & Local Governments	15.227	4,640	4,640
Clean Vessel Act	15.616	3,375	3,375
National Wildlife Refuge Fund	15.659	51,258	51,258
Total of US Department of Interior		1,809,091	1,809,091
US DEPARTMENT OF JUSTICE			
Direct			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	201,535	201,535
Crime Victim Assistance	16.575	29,742	29,742
Drug Control Discretionary Grant	16.580	23,464	23,464
State Criminal Alien Assistance Program	16.606	14,155	14,155
Secure Our Schools Grant	16.710	124,273	124,273
Edward Byrne Memorial Justice Assistance Grant	16.738	110,148	110,148
ARRA Edward Byrne Memorial Justice Assistance Grant	16.803 *	91,458	91,458
Total US Department of Justice		594,775	594,775
US DEPARTMENT OF TRANSPORTATION, FEDERAL HIGHWAY ADMINISTRATION			
Passed through Oregon Department of Transportation			
Safe Routes to Schools	20.205	37,163	37,163
US GENERAL SERVICES ADMINISTRATION			
Direct			
Disposal of Federal Surplus Real Property	39.002	1,117	1,117
ENVIRONMENTAL PROTECTION AGENCY			
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 *	27,020	27,020
Total Environmental Protection Agency		56,588	56,588

Klamath County, Oregon
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2012

Federal Grantor/pass Through Grantor Program Title	CFDA #	Received	Expended
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Oregon Commission on Children and Family			
Promoting Safe and Stable Families	93.556	18,381	18,381
Social Services Block Grant	93.667	58,141	58,141
Passed through Oregon Department of Justice			
Child Support	93.563	128,518	128,518
Passed through Oregon Department of Human Services			
Public Health Emergency Preparedness	93.069	75,839	75,839
Environmental Public Health and Emergency Response	93.070	5,416	5,416
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1,149	1,149
Family Planning Services	93.217	34,243	34,243
SPF SIG- Strategic Prev Framework	93.243	20,000	20,000
Immunization Cooperative Agreements	93.268	16,826	16,826
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	59,584	59,584
Accreditation Mini Grant	93.507	1,385	1,385
Medical Assistance Program	93.778	129,594	129,594
Medical Assistance Program	93.778	2,549	2,549
HIV Prevention Activities - Health Department Based	93.940	9,438	9,438
Block Grants for Community Mental Health Services	93.958	24,560	24,560
Block Grants for Prevention and Treatment of Substance Abuse	93.959 **	514,440	514,440
Maternal and Child Health Services Block Grant to the States	93.994	36,467	36,467
Maternal and Child Health Services Block Grant to the States	93.994	11,639	11,639
Total US Department Health & Human Services		1,148,169	1,148,169
US DEPARTMENT OF HOMELAND SECURITY			
Passed thru Oregon Emergency Management			
Law Enforcement Terrorism Protection	97.073	174,042	174,042
Emergency Management Performance Grants	97.042	57,828	57,828
		231,870	231,870
		12,494,821	12,228,837

* Recovery Act Funds

** Indicates a major program.

Klamath County, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2012

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, 2012

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
Special Supplemental Nutrition Program for Women, Infants, and Children	CFDA# 10.557
Public Safety Interoperable Communications Grant Program	CFDA# 11.555
8. The threshold for distinguishing Types A and B programs was \$375,000
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

2012-1

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, 2012

E. SIGNIFICANT DEFICIENCIES

2012-2

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. This was initiated in July 2012.

Klamath County, Oregon
Summary Schedule of Prior Audit Findings
For Year Ended June 30, 2012

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 and depreciation are materially misstated.

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

Status: Klamath County is in the process of verifying all capital assets. Resolution to the matter is expected within 2 fiscal years.

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.

Status: 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. This was initiated in July 2012.

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, 2012, and have issued our report thereon dated February 11, 2013. 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 2012 and the preparation and adoption of the annual budget for fiscal year 2013.
- 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 over expended many appropriations during the year ended June 30, 2012 as listed in the Note 2 schedule to the financial statements.

Awarding of Public Contracts and Construction of Public Improvements

One contract was awarded as sole-source procurement under ORS 279B.075 as modified by the Klamath County Contracting Policies and Procedures, however there was no written record of the effort to obtain the quote or the source and amount of the quote received.

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.

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 February 11, 2013.

Molatore, Scroggin, Peterson & Co. LLP



Andrew E. Peterson, Partner
Molatore, Scroggin, Peterson & Co. LLP
Klamath Falls, Oregon
February 11, 2013