

KLAMATH COUNTY, OREGON

ANNUAL FINANCIAL REPORT

June 30, 2008



GREGOR PROFESSIONAL
CORPORATION

KLAMATH COUNTY, OREGON

June 30, 2008

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
John Elliott	Commissioner Chairman (2009)	January 3, 2011
Al Switzer	Commissioner Chairman (2008)	January 3, 2013
William Brown	Commissioner	January 3, 2009
Cheryl Hukill	Commissioner	January 3, 2013 (newly elected)

OTHER ELECTED OFFICIALS

Don Ringgold	Assessor	January 3, 2011
Linda Smith	Clerk	January 3, 2011
Ed Caleb	District Attorney	January 3, 2011
Tim Evinger	Sheriff	January 3, 2013
Michael Markus	Surveyor	January 3, 2013
Michael Long	Treasurer	January 3, 2011
Karen Oakes	Justice of the Peace	January 3, 2011

CONTACT OFFICERS

Michael Long	Finance Director
Tom Crist	Solid Waste Manager
Daneen Dail	Director of Human Resources / Risk Management
Stan Strickland	Public Works Director
Marilynn Sutherland	Public Health Director
Melodee Spiker	Assistant Finance Director

MAILING ADDRESS

Klamath County Treasurer's Office
Government Center
305 Main Street, Room 121
P.O. Box 340
Klamath Falls, Oregon 97601
Phone: (541) 883-4269 Fax: (541) 883-5165
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**KLAMATH COUNTY, OREGON
ANNUAL FINANCIAL REPORT
June 30, 2008**

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FINANCIAL SECTION

REPORT OF THE INDEPENDENT AUDITORS

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GREGOR PROFESSIONAL
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REPORT OF THE INDEPENDENT AUDITORS

Board of Commissioners
Klamath County, Oregon
Klamath Falls, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Klamath County, Oregon, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the County. Our responsibility is to express opinions on these financial statements based on our audit.

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

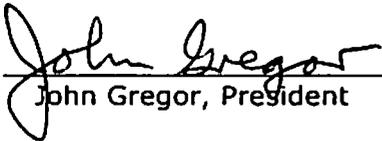
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2008, the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General, Roads, Road Reserve, and Mental Health Funds 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 May 29, 2009, 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.

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

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

GREGOR PROFESSIONAL CORPORATION
Certified Public Accountants

By  _____
John Gregor, President

Eugene, Oregon
May 29, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2008. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements. *All amounts, unless otherwise indicated, are expressed in thousands of dollars.*

Financial Highlights

- The County's net assets exceeded its liabilities at the close of the most recent fiscal year by \$349,775 (*net assets*). Of this amount, \$44,352 (*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 \$8,538. This increase is attributable to reserving funds for future infrastructure.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$126,254, an increase of \$5,212 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,571.
- Klamath County's total long-term debt decreased by \$1,810 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.
- The Forest Title III fund is no longer a major fund.

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 1-2 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 financial 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.

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 page 6.

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, road reserve, and mental health, which are considered to be major funds. Data from the other 33 governmental 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 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 3-11 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 landfill, 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 12-14 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 15 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 16-31B of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with non-major governmental funds and internal service

funds, and other schedules and information that are required by the State of Oregon. This information can be found starting on page 32.

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 \$342,359 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (63.5 percent) reflects its investments in capital assets (e.g., land, buildings, 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 the capital assets themselves cannot be used to liquidate these liabilities.

Klamath County's Net Assets (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
ASSETS:						
Current & Other Assets	\$137,844	\$129,283	\$ 5,573	\$ 6,058	\$143,417	\$135,341
Capital Assets	<u>223,280</u>	<u>222,838</u>	<u>933</u>	<u>806</u>	<u>224,213</u>	<u>223,644</u>
Total Assets	<u>\$361,124</u>	<u>\$352,121</u>	<u>\$ 6,506</u>	<u>\$ 6,864</u>	<u>\$367,630</u>	<u>\$358,985</u>
LIABILITIES:						
Long-Term Liabilities Outstanding	\$ 7,106	\$ 8,691	\$ 4,779	\$ 4,077	\$ 11,885	\$ 12,768
Other Liabilities	<u>5,658</u>	<u>3,608</u>	<u>312</u>	<u>250</u>	<u>5,970</u>	<u>3,858</u>
Total Liabilities	<u>\$ 12,764</u>	<u>\$ 12,299</u>	<u>\$ 5,091</u>	<u>\$ 4,327</u>	<u>\$ 17,855</u>	<u>\$ 16,626</u>
NET ASSETS:						
Invested in Capital Assets Net of Related Debt	\$217,770	\$215,518	\$ 933	\$ 806	\$218,703	\$216,324
Restricted	86,719	84,746	0	0	86,719	84,746
Unrestricted	<u>43,871</u>	<u>39,558</u>	<u>482</u>	<u>1,731</u>	<u>44,353</u>	<u>41,289</u>
Total Net Assets	<u>\$348,360</u>	<u>\$339,822</u>	<u>\$ 1,415</u>	<u>\$ 2,537</u>	<u>\$349,775</u>	<u>\$342,359</u>

The County's net assets balance of *unrestricted net assets*, which amounts to \$44,353, 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 increased the County's net assets by \$3,981. Key elements of this increase are as follows:

- Increase in property taxes from housing and commercial construction growth.
- Annual retirement of long-term debt.
- Reducing operational costs including not filling vacant positions.

Klamath County's Changes in Net Assets (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
REVENUES						
Program Revenues:						
Charges for Services	\$ 16,471	\$ 15,360	\$ 4,448	\$ 4,432	\$ 20,919	\$ 19,792
Operating Grants & Contributions	20,473	4,263	0	0	20,473	4,263
General Revenues:						
Property Taxes	9,039	9,908			9,039	9,908
Other Taxes	5,212	5,230			5,212	5,230
Grants & Contributions not restricted						
To specific programs	3,520	21,827			3,520	21,827
Education (payments to school districts)	0	3,446			0	3,446
Other	7,126	9,677	231	(96)	7,357	9,581
Total Revenues	61,841	69,711	4,679	4,336	66,520	74,047
EXPENSES:						
General Government	5,999	8,847			5,999	8,847
Public Safety	14,641	15,075			14,641	15,075
Highways & Streets	15,828	18,642			15,828	18,642
Human Services	10,949	12,873			10,949	12,873
Culture & Recreation	1,426	1,742			1,426	1,742
Community Development	4,884	2,777			4,884	2,777
Education (payments to school districts)	3,853	6,254			3,853	6,254
Interest on Long-Term Debt	367	465			367	465
Landfill			683	0	683	0
Solid Waste			4,914	4,608	4,914	4,608
Recycling			45	58	45	58
Weed Control			229	233	229	233
Total Expenses	57,947	66,676	5,871	4,899	63,818	71,575
Increase in Net Assets before Transfers	3,893	3,035	(1,192)	(565)	2,702	2,470
Transfers	88	103	(88)	(103)	(0)	(0)
Increase in Net Assets	3,981	3,137	(1,280)	(668)	2,702	2,469
Net Assets -Beginning	339,822	338,954	2,537	3,205	342,359	342,159
Restatement	4,557	(2,270)	158	0	4,715	(2,270)
Net Assets- Ending	\$ 348,360	\$ 339,822	\$ 1,415	\$ 2,537	\$ 349,775	\$ 342,359

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 decreased Klamath County's net assets by \$1,280. *The excess of expenses over revenues in the business-type activities led to the decrease 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.

The general fund is the chief operating fund of the Klamath County. The fund balance of the County's general fund was increased by \$225 during the current fiscal year. The key factors are as follows:

- Used unreserved fund balance and risk funds resources to keep law enforcement and vital services that have been cut by State of Oregon.
- Increase in property taxes due to new construction throughout the county

The debt service fund has a total fund balance of \$235, all of which is reserved for the payment of debt service. The County has two debt issues that are paid with dedicated property taxes. County management projects amount of taxes needed each year to retire principal and interest that matures each year, less estimated fund balance. No new indebtedness was authorized or incurred during the year.

Proprietary funds:

Unrestricted net assets of the landfill, solid waste, recycling, and weed control operations amounted to \$481. The internal service fund amounts are included in the governmental activities of the County. Factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type and governmental activities.

Budgetary Highlights

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

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

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

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as June 30, 2008, amounts to \$218,704 (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 a federal grant, donations, and matching funds.
- Replacement of vehicles, communication and computer equipment in various departments.

**Klamath County's Capital Assets
(Net of Depreciation)
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land & Construction-in-progress	\$ 503	\$ 503	\$ 240	\$ 240	\$ 743	\$ 743
Buildings & Systems	15,697	16,271	37	39	15,734	16,310
Equipment	7,994	8,430	437	411	8,431	8,841
Vehicles	2,481	2,785	219	116	2,700	2,901
Infrastructure (Roads, Bridges)	196,605	194,850	0	0	196,605	194,850
Total	\$223,280	\$222,839	\$ 933	\$ 806	\$224,213	\$223,645

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, Klamath County had total bonded debt outstanding of \$5,425. This amount of debt is backed by the full faith and credit of the government through assessment to property owners. The remainder of the County's debt represents notes payable and other long-term liabilities that are detailed in the notes to the financial statements.

Klamath County's Outstanding Debt

General Obligation Bonds	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
	Series 1997A	\$ 4,325	\$ 5,630	\$ 0	\$ 0	\$ 4,325
Series 1999	1,100	1,600	0	0	1,100	1,600
Total	\$ 5,425	\$ 7,230	\$ 0	\$ 0	\$ 5,425	\$ 7,230

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, 2008, the \$4,715,573 is part of the investment pool of \$110,493,186 (\$109,759,463 market value) 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 is raising including the basin, along with the rest of the state.
- Inflationary trends in the region compare favorably to national indices.
- The economy at the state level is declining, which will affect the local economy. The State of Oregon is estimating that they will have to reduce their current budget. This will affect a number of human service and public safety programs.
- Settlement of the union contract with our largest represented staff will reduce the amount of unreserved funds in general fund available as a resource.

All of these factors were considered in preparation of the County's budgets for 2007-08 and 2008-09 fiscal years.

The County will have to adjust the amount of spending available in the 2008-09 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: hocc@co.klamath.or.us Web: www.co.klamath.or.us
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

Requests 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 the Office of the Finance Director, Klamath County, 305 Main Street, Room 121, PO Box 340, Klamath Falls, Oregon 97601.

BASIC FINANCIAL STATEMENTS

KLAMATH COUNTY, OREGON

STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents and investments	\$ 129,192,556	\$ 4,520,401	\$ 133,712,957
Receivables:			
Property taxes	1,307,590	-	1,307,590
Accounts	5,677,877	1,246,897	6,924,774
Internal balances	210,229	(210,229)	-
Inventories	1,456,335	15,672	1,472,007
Capital assets, net of accumulated depreciation	<u>223,279,525</u>	<u>933,457</u>	<u>224,212,982</u>
Total assets	<u>361,124,112</u>	<u>6,506,198</u>	<u>367,630,310</u>
LIABILITIES			
Accounts & other payable	2,654,874	312,042	2,966,916
Deferred revenues	84,143	-	84,143
Cash held for ODOT	2,918,991	-	2,918,991
Noncurrent liabilities:			
Due within one year	1,875,905	63,855	1,939,760
Due in more than one year	<u>5,230,013</u>	<u>4,715,573</u>	<u>9,945,586</u>
Total liabilities	<u>12,763,926</u>	<u>5,091,470</u>	<u>17,855,396</u>
NET ASSETS			
Invested in capital assets, net of related debt	217,770,169	933,457	218,703,626
Restricted for:			
Infrastructure - Roads	76,612,228	-	76,612,228
Debt service	234,819	-	234,819
Community development	82,438	-	82,438
Other purposes	9,789,715	-	9,789,715
Unrestricted	<u>43,870,817</u>	<u>481,271</u>	<u>44,352,088</u>
Total net assets	<u>\$ 348,360,186</u>	<u>\$ 1,414,728</u>	<u>\$ 349,774,914</u>

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
<i>Governmental activities:</i>				
General government	\$ 5,998,789	\$ 3,976,297	\$ -	\$ -
Public safety	14,640,522	344,963	495,699	-
Highways and streets	15,827,336	-	10,962,222	-
Human services	10,949,318	6,187,661	3,411,356	-
Culture and recreation	1,426,395	528,451	28,600	-
Community development	4,883,689	5,433,599	1,606,266	-
Education	3,853,441	-	3,969,011	-
Interest on long-term debt	367,486	-	-	-
Total governmental activities	<u>57,946,976</u>	<u>16,470,971</u>	<u>20,473,154</u>	-
<i>Business-type activities:</i>				
Landfill	682,492	-	-	-
Solid waste	4,914,456	4,102,650	-	-
Recycling	45,632	115,239	-	-
Weed control	229,360	230,066	-	-
Total business-type activities	<u>5,871,940</u>	<u>4,447,955</u>	-	-
County Totals	<u>\$ 63,818,916</u>	<u>\$ 20,918,926</u>	<u>\$ 20,473,154</u>	<u>\$ -</u>

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Public service taxes
- Grants and contributions not restricted to specific programs
- Interest and investment earnings
- Miscellaneous
- Transfers
- Total general revenues and transfers

Change in net assets

- Net assets--beginning
- Restated beginning net assets
- Net assets--beginning, as restated
- Net assets--ending

The accompanying notes are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,022,492)	\$ -	\$ (2,022,492)
(13,799,860)	-	(13,799,860)
(4,865,114)	-	(4,865,114)
(1,350,301)	-	(1,350,301)
(869,344)	-	(869,344)
2,156,176	-	2,156,176
115,570	-	115,570
<u>(367,486)</u>	<u>-</u>	<u>(367,486)</u>
<u>(21,002,851)</u>	<u>-</u>	<u>(21,002,851)</u>
-	(682,492)	(682,492)
-	(811,806)	(811,806)
-	70,207	70,207
-	706	706
-	<u>(1,423,385)</u>	<u>(1,423,385)</u>
<u>(21,002,851)</u>	<u>(1,423,385)</u>	<u>(22,426,236)</u>
7,185,996	-	7,185,996
1,853,433	-	1,853,433
5,211,683	-	5,211,683
3,519,630	-	3,519,630
6,506,631	231,016	6,737,647
618,716	-	618,716
<u>88,486</u>	<u>(88,486)</u>	<u>-</u>
<u>24,984,575</u>	<u>142,530</u>	<u>25,127,105</u>
3,981,724	(1,280,855)	2,700,869
339,821,826	2,537,011	342,358,837
<u>4,556,636</u>	<u>158,572</u>	<u>4,715,208</u>
<u>344,378,462</u>	<u>2,695,583</u>	<u>347,074,045</u>
<u>\$ 348,360,186</u>	<u>\$ 1,414,728</u>	<u>\$ 349,774,914</u>

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008**

	<u>Major Special Revenue Funds</u>				<u>Other Funds (Page 33)</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Roads</u>	<u>Road Reserve</u>	<u>Mental Health</u>		
ASSETS						
Equity in pooled-						
Cash and investments	\$ 2,656,124	\$ 31,937,745	\$ 79,296,795	\$ 1,252,893	\$ 8,673,647	\$ 123,817,204
Property taxes receivable	1,124,569	-	-	-	183,021	1,307,590
Accounts receivable	798,380	787,837	516,609	692,057	2,576,270	5,371,153
Assessments receivable	-	79,517	-	-	4,626	84,143
Interfund receivable	1,161,170	-	-	-	-	1,161,170
Inventories	28,323	1,421,431	-	-	-	1,449,754
Total assets	\$ 5,768,566	\$ 34,226,530	\$ 79,813,404	\$ 1,944,950	\$ 11,437,564	\$ 133,191,014
LIABILITIES						
Accounts payable	\$ 472,973	\$ 1,083,354	\$ 282,185	\$ 45,063	\$ 306,685	\$ 2,190,260
Deferred tax revenue	724,252	-	-	-	183,021	907,273
Deferred other revenue	-	79,517	-	-	4,626	84,143
Cash held for ODOT	-	-	2,918,991	-	-	2,918,991
Interfund payables	-	-	-	-	836,260	836,260
Total liabilities	1,197,225	1,162,871	3,201,176	45,063	1,330,592	6,936,927
FUND BALANCES						
Reserved for:						
Inventories	28,323	1,421,431	-	-	-	1,449,754
Other purpose	-	-	-	-	-	-
Unreserved, reported in:						
General fund	4,543,018	-	-	-	-	4,543,018
Special revenue funds	-	31,642,228	76,612,228	1,899,887	9,863,274	120,017,617
Debt service	-	-	-	-	234,819	234,819
Capital projects	-	-	-	-	8,879	8,879
Total fund balances	4,571,341	33,063,659	76,612,228	1,899,887	10,106,972	126,254,087
Total liabilities and fund balances	\$ 5,768,566	\$ 34,226,530	\$ 79,813,404	\$ 1,944,950	\$ 11,437,564	\$ 133,191,014

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, 2008**

	General	Major Special Revenue Funds			Other Funds (Page 33)	Total Governmental Funds
		Roads	Road Reserve	Mental Health		
REVENUES:						
Property taxes	\$ 7,422,177	\$ -	\$ -	\$ -	\$ 1,853,433	\$ 9,275,610
Other taxes	977,543	3,446,505	-	-	787,635	5,211,683
Licenses, permits and fees	107,335	-	-	-	-	107,335
Charges for Service	1,945,969	-	-	4,335,010	8,159,664	14,440,643
Grants and donations	3,519,630	10,962,222	-	2,569,280	6,941,652	23,992,784
Investment income	1,200,788	1,385,829	3,158,956	81,645	503,487	6,330,705
Property sales	-	-	-	-	661,241	661,241
Miscellaneous	51,739	329,781	-	7,652	229,544	618,716
Total revenues	15,225,181	16,124,337	3,158,956	6,993,587	19,136,656	60,638,717
EXPENDITURES						
Current:						
General government	4,993,690	-	-	-	694,661	5,688,351
Public safety	9,076,675	-	-	-	4,806,197	13,882,872
Highways and streets	-	9,047,133	-	-	-	9,047,133
Human services	-	-	-	7,303,740	3,078,948	10,382,688
Culture and recreation	157,378	-	-	-	1,195,200	1,352,578
Community development	-	-	-	-	4,630,957	4,630,957
Education	-	-	-	-	3,654,024	3,654,024
Capital outlay	16,671	4,213,640	2,285,412	90,781	1,992,800	8,599,304
Debt service:						
Principal	-	-	-	5,399	1,805,000	1,810,399
Interest	-	-	-	7,801	359,685	367,486
Total expenditures	14,244,414	13,260,773	2,285,412	7,407,721	22,217,472	59,415,792
Excess (deficiency) of revenues over (under) expenditures	980,767	2,863,564	873,544	(414,134)	(3,080,816)	1,222,925
OTHER FINANCING SOURCES (USES):						
Transfers in	191,743	2,000	-	-	1,281,394	1,475,137
Transfers out	(947,045)	(235,000)	-	-	(23,406)	(1,205,451)
Total other financing sources and uses	(755,302)	(233,000)	-	-	1,257,988	269,686
Net change in fund balances	225,465	2,630,564	873,544	(414,134)	(1,822,828)	1,492,611
Fund balance - beginning	1,466,295	30,486,001	75,738,684	1,996,498	11,354,185	121,041,663
Restated beginning balance	2,879,581	(52,906)	-	317,523	575,615	3,719,813
Fund balance - ending	\$ 4,571,341	\$ 33,063,659	\$ 76,612,228	\$ 1,899,887	\$ 10,106,972	\$ 126,254,087

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY, OREGON
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2008**

Fund Balances - Governmental Funds		\$ 126,254,087
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	377,933,919	
Less accumulated depreciation	<u>(154,654,394)</u>	223,279,525
Internal services funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net assets.		
	4,798,569	
An adjustment is required to eliminate net internal service fund activity back to the activities that helped them. The adjustment related to enterprise activities is required in this reconciliation.		
	<u>226,650</u>	5,025,219
Other resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes	<u>907,273</u>	907,273
Long term liabilities, including bonds payable, notes payable, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(5,425,000)	
Loans payable	(84,356)	
Claims & judgments	(156,460)	
Accrued compensated absences	<u>(1,440,102)</u>	<u>(7,105,918)</u>
Net Assets of Governmental Activities		<u>\$ 348,360,186</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, 2008

Net change in fund balances for all governmental funds		\$ 1,492,611
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	8,599,304	
Less current year's depreciation	<u>(8,872,071)</u>	(272,767)
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		
Increase in deferred revenues - property taxes		(236,181)
Long-term liabilities that are not due and payable in the current period are not recorded in the governmental funds but are expensed in the statement of activities.		
Increase in compensated absences		(68,816)
Debt principal payments are reported as expenditures in the governmental funds but not in the statement of activities.		
Principal payments		1,810,399
Internal service funds are used by management to charge the costs of certain activities, such as insurance, and administration to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		
		<u>1,256,478</u>
Change in net assets of governmental activities		<u>\$ 3,981,724</u>

KLAMATH COUNTY, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	<u>Business-type Activities, Enterprise Funds</u>			<u>Governmental</u>	
	<u>Landfill Site Reserve fund</u>	<u>Solid Waste fund</u>	<u>Non-major enterprise funds</u>	<u>Internal Service funds</u>	
ASSETS					
Current assets:					
Cash and investments	\$ 4,286,630	\$ 750	\$ 233,021	\$ 4,520,401	\$ 5,375,352
Accounts receivable	428,943	731,540	86,414	1,246,897	222,581
Inventories	-	-	15,672	15,672	6,581
Total current assets	4,715,573	732,290	335,107	5,782,970	5,604,514
Noncurrent assets:					
Capital assets:					
Equipment	-	3,167,084	274,460	3,441,544	959,854
Less accumulated depreciation	-	(2,315,200)	(192,887)	(2,508,087)	(774,668)
Total assets	4,715,573	1,584,174	416,680	6,716,427	5,789,700
LIABILITIES					
Current liabilities:					
Accounts payable	-	300,886	11,156	312,042	464,614
Interfund payable	-	210,229	-	210,229	114,681
Claims and judgments	-	-	-	-	156,460
Total current liabilities	-	511,115	11,156	522,271	735,755
Noncurrent liabilities					
Compensated absences	-	63,855	-	63,855	70,190
Landfill closure and postclosure care costs	4,715,573	-	-	4,715,573	-
Total liabilities	4,715,573	574,970	11,156	5,301,699	805,945
NET ASSETS					
Invested in capital assets, net of related debt	-	851,884	81,573	933,457	185,186
Restricted	-	-	-	-	-
Unrestricted	-	157,320	323,951	481,271	4,798,569
Total net assets	\$ -	\$ 1,009,204	\$ 405,524	\$ 1,414,728	\$ 4,983,755

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental</u>
	<u>Landfill Site Reserve fund</u>	<u>Solid Waste fund</u>	<u>Non-major Enterprise funds</u>		<u>Activities - Internal Service funds</u>
Operating Revenues:					
Charges for services	\$ -	\$ 4,054,601	\$ 305,860	\$ 4,360,461	\$ 9,530,215
Other income	-	48,049	39,445	87,494	187,515
Total operating revenues	<u>-</u>	<u>4,102,650</u>	<u>345,305</u>	<u>4,447,955</u>	<u>9,717,730</u>
Operating Expenses:					
Personal services	-	1,127,364	162,985	1,290,349	1,944,416
Materials and services	-	2,710,994	38,318	2,749,312	4,412,052
Depreciation	-	464,099	40,218	504,317	70,967
Other expenses and charges	-	611,999	32,871	644,870	2,028,543
Total operating expenses	<u>-</u>	<u>4,914,456</u>	<u>274,392</u>	<u>5,188,848</u>	<u>8,455,978</u>
Operating income	<u>-</u>	<u>(811,806)</u>	<u>70,913</u>	<u>(740,893)</u>	<u>1,261,752</u>
Nonoperating Revenues					
(Expenses):					
Intergovernmental revenues	-	-	-	-	-
Investment income	174,527	43,890	12,599	231,016	175,926
Landfill Closure	(682,492)	-	-	(682,492)	-
Total nonoperating revenues (expenses)	<u>(507,965)</u>	<u>43,890</u>	<u>12,599</u>	<u>(451,476)</u>	<u>175,926</u>
Income before operating transfers	<u>(507,965)</u>	<u>(767,916)</u>	<u>83,512</u>	<u>(1,192,369)</u>	<u>1,437,678</u>
Transfers in	400,000	-	-	400,000	-
Transfers out	-	(478,623)	(9,863)	(488,486)	(181,200)
Change in net assets	<u>(107,965)</u>	<u>(1,246,539)</u>	<u>73,649</u>	<u>(1,280,855)</u>	<u>1,256,478</u>
Total net assets - beginning	<u>107,965</u>	<u>2,130,474</u>	<u>298,572</u>	<u>2,537,011</u>	<u>3,584,497</u>
Restatement beginning balance	-	125,269	33,303	158,572	142,780
Total net assets - ending	<u>\$ -</u>	<u>\$ 1,009,204</u>	<u>\$ 405,524</u>	<u>\$ 1,414,728</u>	<u>\$ 4,983,755</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, 2008**

	Landfill Site Reserve fund	Solid Waste fund	Non-major enterprise funds	Totals	Governmental Activities - Internal Service funds
Cash Flows from Operating Activities					
Cash received for services	\$ 9,304,488	\$ 3,932,349	\$ 321,280	\$ 4,253,629	\$ 9,304,488
Other cash received	-	-	-	-	187,515
Cash paid to suppliers and employees	-	(4,376,505)	(229,516)	(4,606,021)	(8,341,764)
Net cash provided by operating activities	-	(444,156)	91,764	(352,392)	1,150,239
Cash Flows from Noncapital Financing Activities					
Transfers from (to) other funds	-	(268,394)	(9,863)	(278,257)	(181,200)
Adjustment	-	(338,830)	-	(338,830)	114,681
Net cash provided by noncapital financing activities	-	(607,224)	(9,863)	(617,087)	(66,519)
Cash Flows from Capital and Related Financing Activities					
Principal payments - contracts	-	-	-	-	-
Other receipts and payments	-	-	33,303	33,303	228,273
Purchase of fixed assets	-	(79,128)	(88,772)	(167,900)	(22,977)
Net cash provided (used) by capital and related financing activities	-	(79,128)	(55,469)	(134,597)	205,296
Cash Flow from Investing Activities					
Interest received	160,296	43,890	12,599	216,785	175,926
Net cash provided by investing activities	160,296	43,890	12,599	216,785	175,926
Net change in cash & cash equivalents	160,296	(1,086,618)	39,031	(887,291)	1,464,942
Balances - beginning of the year	4,126,334	1,087,368	193,990	5,407,692	3,910,410
Balances - end of the year	\$ 4,286,630	\$ 750	\$ 233,021	\$ 4,520,401	\$ 5,375,352
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ -	\$ (811,806)	\$ 70,913	\$ (740,893)	\$ 1,261,752
Adjustments:					
Depreciation	-	464,099	40,218	504,317	70,967
Receivables, net	-	(170,301)	(24,025)	(194,326)	(225,727)
Inventories	-	55,069	(2,975)	52,094	24,156
Accounts & other payables	-	18,783	6,896	25,679	17,099
Accrued expenses	-	-	737	737	1,992
Net cash provided (used) by operating activities	\$ -	\$ (444,156)	\$ 91,764	\$ (352,392)	\$ 1,150,239

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Pooled cash and investments	\$ 13,934,744
Taxes receivable	3,255,868
Receivables - foreclosed properties	1,336,114
Other assets	<u>5,256,190</u>
Total Assets	<u>\$ 23,782,916</u>
 LIABILITIES	
Due to Other Governmental units	<u>\$ 23,782,916</u>
Total Liabilities	<u>\$ 23,782,916</u>

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 7,409,974	\$ 7,409,974	\$ 7,422,177	\$ 12,203
Other taxes	905,600	905,600	977,543	71,943
Licenses, permits and fees	100,530	99,680	107,335	7,655
Charges for Service	2,426,408	2,126,395	1,945,969	(180,426)
Grants and donations	4,089,147	4,089,147	3,519,630	(569,517)
Miscellaneous	1,251,608	1,238,968	1,200,788	(38,180)
Investment income	39,600	39,600	51,739	12,139
Total revenues	<u>16,222,867</u>	<u>15,909,364</u>	<u>15,225,181</u>	<u>(684,183)</u>
EXPENDITURES				
Current:				
General government	3,675,552	3,116,084	2,524,021	592,063
Public safety	9,277,340	9,333,213	9,076,675	256,538
Health and welfare	-	-	-	-
Culture and recreation	519,664	159,293	157,378	1,915
Miscellaneous	2,633,590	2,464,669	2,469,669	(5,000)
Capital outlay	-	13,564	16,671	(3,107)
Debt services:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	1,476,545	1,369,672	-	1,369,672
Total expenditures	<u>17,582,691</u>	<u>16,456,495</u>	<u>14,244,414</u>	<u>2,212,081</u>
Excess (deficiency) of revenues over expenditures	<u>(1,359,824)</u>	<u>(547,131)</u>	<u>980,767</u>	<u>1,527,898</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	632,080	191,743	191,743	-
Transfers out	(490,602)	(862,958)	(947,045)	(84,087)
Total other financing sources (uses)	<u>141,478</u>	<u>(671,215)</u>	<u>(755,302)</u>	<u>(84,087)</u>
Net change in fund balance	<u>(1,218,346)</u>	<u>(1,218,346)</u>	<u>225,465</u>	<u>1,443,811</u>
Fund balances - beginning Restated beginning	<u>1,218,346</u>	<u>1,218,346</u>	<u>1,466,295</u>	<u>247,949</u>
	<u>-</u>	<u>-</u>	<u>2,879,581</u>	<u>2,879,581</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,571,341</u>	<u>\$ 4,571,341</u>

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD FUND**

For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Motor vehicle taxes	\$ 3,500,000	\$ 3,500,000	\$ 3,446,505	\$ (53,495)
Grants	10,636,945	10,636,945	10,962,222	325,277
Interest	501,000	501,000	1,385,829	884,829
Miscellaneous	81,577	81,577	329,781	248,204
	<u>14,719,522</u>	<u>14,719,522</u>	<u>16,124,337</u>	<u>1,404,815</u>
Total revenues				
EXPENDITURES				
Highways and streets:				
Personal services	4,047,111	4,047,111	3,748,982	298,129
Materials and services	6,589,000	6,589,000	4,253,064	2,335,936
Other expenses	1,006,715	1,006,715	1,045,087	(38,372)
Capital outlay	9,170,000	9,170,000	4,213,640	4,956,360
Contingencies	322,923	322,923	-	322,923
	<u>21,135,749</u>	<u>21,135,749</u>	<u>13,260,773</u>	<u>7,874,976</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(6,416,227)	(6,416,227)	2,863,564	9,279,791
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	2,000	2,000	-
Transfers out	(48,828)	(48,828)	(235,000)	(186,172)
Total other financing sources (uses)	<u>(46,828)</u>	<u>(46,828)</u>	<u>(233,000)</u>	<u>(186,172)</u>
Net change in fund balance	(6,463,055)	(6,463,055)	2,630,564	9,093,619
Fund balances - beginning	26,500,000	26,500,000	30,486,001	3,986,001
Restatement beginning	-	-	(52,906)	(52,906)
Fund balances - ending	<u>\$ 20,036,945</u>	<u>\$ 20,036,945</u>	<u>\$ 33,063,659</u>	<u>\$ 13,026,714</u>

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD RESERVE FUND**

For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 2,800,000	\$ 2,800,000	\$ 3,158,956	\$ 358,956
Miscellaneous	-	-	-	-
Total revenues	<u>2,800,000</u>	<u>2,800,000</u>	<u>3,158,956</u>	<u>358,956</u>
EXPENDITURES				
Highways and streets	-	-	-	-
Capital outlay	68,317,000	68,317,000	2,285,412	66,031,588
Contingencies	-	-	-	-
Total expenditures	<u>68,317,000</u>	<u>68,317,000</u>	<u>2,285,412</u>	<u>66,031,588</u>
Excess (deficiency) of revenues over expenditures	<u>(65,517,000)</u>	<u>(65,517,000)</u>	<u>873,544</u>	<u>66,390,544</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(65,517,000)	(65,517,000)	873,544	66,390,544
Fund balances - beginning	<u>73,500,000</u>	<u>73,500,000</u>	<u>75,738,684</u>	<u>2,238,684</u>
Fund balances - ending	<u>\$ 7,983,000</u>	<u>\$ 7,983,000</u>	<u>\$ 76,612,228</u>	<u>\$ 68,629,228</u>

The accompanying notes are an integral part of this statement.

KLAMATH COUNTY, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MENTAL HEALTH FUND
For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 6,147,816	\$ 6,147,816	\$ 4,335,010	\$ (1,812,806)
Grants	2,745,774	2,745,774	2,569,280	(176,494)
Interest	100,000	100,000	81,645	(18,355)
Miscellaneous	4,000	4,000	7,652	3,652
Total revenues	<u>8,997,590</u>	<u>8,997,590</u>	<u>6,993,587</u>	<u>(2,004,003)</u>
EXPENDITURES				
Human services:				
Personal services	4,170,767	4,170,767	3,885,091	285,676
Materials and services	5,666,741	5,666,741	3,118,514	2,548,227
Other	300,135	300,135	300,135	-
Debt services:				
Principal	7,800	5,399	5,399	-
Interest	5,400	7,801	7,801	-
Capital outlay	444,440	444,440	90,781	353,659
Contingencies	206,807	206,807	-	206,807
Total expenditures	<u>10,802,090</u>	<u>10,802,090</u>	<u>7,407,721</u>	<u>3,394,369</u>
Excess (deficiency) of revenues over expenditures	<u>(1,804,500)</u>	<u>(1,804,500)</u>	<u>(414,134)</u>	<u>1,390,366</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500	4,500	-	(4,500)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>
Net change in fund balance	(1,800,000)	(1,800,000)	(414,134)	1,385,866
Fund balances - beginning	1,800,000	1,800,000	1,996,498	196,498
Restatement beginning	-	-	317,523	317,523
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,899,887</u>	<u>\$ 1,899,887</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

Klamath 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 a Justice of the Peace. The County is the primary government and there were no other organizations (component units) the County was financially accountable for that were required to be included in these financial statements.

B. Basis of Presentation, Measurement Focus, and Basis of Accounting

BASIS OF PRESENTATION

Government-wide Statements: The statement of net assets and the statement of activities display information about the County. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made 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 nonexchange 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 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 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.

Fund Financial Statements: 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. 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 nonmajor funds.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating revenues and expenses.

The County reports the following major governmental funds:

General fund is the principal fund of the County and is used to account for all activities not accounted for in some other fund.

Roads fund accounts for the road building and road maintenance by the County that is supported by intergovernmental grants and allocations.

Road reserves fund sets aside for future County road projects that are transferred from the Road fund.

Mental health fund accounts for the administration of County Mental Health programs that are supported by intergovernmental revenues and charges for service.

The County reports the following major enterprise funds:

Landfill site reserve fund accounts to set aside for future use of landfill closure and postclosure care cost.

Solid Waste fund was established on July 1, 1983, to account for solid waste disposal. Revenues are from charges for services.

Additionally the County reports the following fund types:

Special Revenue Funds are primarily operating funds that account derived from specific taxes or other revenue sources, which are legally restricted to finance particular function 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.

Proprietary funds include nonmajor enterprise and all 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.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Fiduciary Funds include agency funds reporting focuses on net assets and changes in net assets. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations. The County's agency funds are primarily established to account for the collection and disbursement of various taxes and to account for receipts and disbursements for individuals who are not capable of handling their own financial affairs.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide, Proprietary, and Fiduciary Fund Financial Statement are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless when the related cash flows take place. Nonexchange 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 within 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, 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.

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 interfund 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.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

C. Assets, Liabilities, and Net Assets

CASH 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 cash and investment pool. This pool has the characteristic of a demand deposit for the proprietary funds in that these funds can be deposited or withdrawn without prior notice or penalty.

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 (which is calculated independently).

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 if 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. Excluded from the general government limitation was the levy for bonded debt of \$1,709,838.

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

INVENTORIES AND PREPAID

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	Sftware	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.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

OTHER ASSETS

Included in other assets are unamortized bond issuance costs and the unamortized pension asset. In governmental fund types, bond issuance costs are recognized in the current period. In the government-wide financial statements bond issuance costs are capitalized and amortized over the term of the bond using the straight-line method, which approximates the effective interest method. The net pension asset in the Statement of Net Assets have been recognized in connection with the debt issued by the County in 1999 to fund the County's Public Employees Retirement System (PERS) unfunded accrued actuarial liability (UAAL). The pension asset is amortized over the life of the debt or thirty years. Amortization expense on the pension asset and the bond issuance costs are included in the general government line item on the Statement of Activities.

COMPENSATED ABSENCES

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. 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, as 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.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and for proprietary fund 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 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 the 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.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Certain facility leases contain fluctuating or escalating payments, where the rent expense is recorded on a straight-line basis over the lease term. This liability is recorded on the Statement of Net Assets as a deferred lease obligation representing the cumulative difference between rent expense and rent payments.

ESTIMATES

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

FUND BALANCES AND NET ASSETS

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*, assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved fund balances are generally available for appropriation by segregating them for a specific use. However management may also make designations of unreserved fund balance that define management's intent that certain fund balance amounts are currently unavailable for appropriation. Designated unreserved fund balances are not legally segregated.

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.

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

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.

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. For all funds, transfers are appropriated at the fund level. During the year several resolutions transferring appropriation authority were necessary.

For the year ending June 30, 2008, actual expenditures on a budgetary basis exceeded appropriations as follows:

<u>Fund</u>	<u>Objective</u>	<u>Exceeded Amount</u>	<u>Fund</u>	<u>Objective</u>	<u>Exceeded Amount</u>
General	material svcs	\$ 5,000	Property sales	personal svcs	\$ 4,168
General	capital outlay	3,107	Economic develop	other	300
General	transfer out	84,087	Search & rescue	material svcs	4,810
Road	material svcs	38,372	Public health	material svcs	39,279
Road	transfer out	186,172	Fairgrounds	capital outlay	88,272
Commission	material svcs	19,684	Solid waste	material svcs	207,689
Commission	capital outlay	3,632	Recycling	material svcs	45,972
Marine	personal svcs	1,134	Space rent	personal svcs	7,424
Court facility	personal svcs	50,371	Risk Management	personal svcs	9,921
Experimental	personal svcs	8,685			

B. Deficit Fund Balances

As of June 30, 2008, the Klamath Co. Revolving Loan and Search and Rescue funds noted deficit fund balances by \$14 and \$106,859, respectively. The deficits have resulted from a general decline in revenues, accompanied by rising operating costs.

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

Note 3 - Detail Notes on all Funds

A. Cash and Investments

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

Cash and investments are comprised of the following:

Demand deposits	\$ 7,076,755
Investments:	
Money Market	4,313,875
Certificate of Deposits	8,000,000
Overnight Funds	3,117,391
Local Government Investment Pool	14,489,838
U.S. Government Agency Obligation	78,337,842
Corporate Indebtedness	32,312,000
	<u>\$ 147,647,701</u>

Cash and investments are reflected in the basic financial statements as follows:

Cash & Investments - governmental activities	\$ 129,192,556
Cash & Investments - business-type activities	4,520,401
Statement of Fiduciary Net Assets	13,934,744
	<u>\$ 147,647,701</u>

DEPOSITS AND CUSTODIAL CREDIT RISKS

At year-end, the carrying amount of the County's bank deposits was \$22,508,021 and the bank balance was \$23,311,371. Of the bank balance, \$600,000 was covered by federal depository insurance; \$15,084,581 was covered by collateral certificates of participation issued by depository institutions in compliance with Oregon Revised Statutes; and remaining bank balance of \$2,226,790 was uninsured and uncollateralized as of June 30, 2008. Oregon laws require municipal corporations to obtain certificates of participation issued by a pool manager for amounts on deposits in excess of federal depository insurance, and the County held a \$31,200,000 certificate at June 30, 2008. Oregon Revised Statutes require the depository institution to maintain on deposit with custodian bank collateral pool securities having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager. Deposits in excess of federal depository insurance, even to the extent collateralized by certificate of participation, are considered uncollateralized by GASB Statement No. 40.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of June 30, 2008, the County's bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 17,033,528
Uninsured and collateral held by pledging bank's collateral custodian but not in the County's name	<u>5,677,843</u>
Total	<u>\$ 22,711,371</u>

INVESTMENTS

The County's investments include U.S. Government securities, commercial paper, investment in the Oregon 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 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.

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 invest in a single security type or with a single financial institution.

Credit risk: State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2008, 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. The County's investments in commercial papers rated F-1 by Fitch ratings. LGIP was 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 the 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.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

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 within 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 objects its investment; to conform with federal, state and other legal requirements; to preserve for capital and protect for investment principal; to maintain for sufficient liquidity to meet operating requirements; and, to diversify and attain for market rates of return throughout budgetary and economic cycles.

At June 30, 2008, the County's investments consisted of:

<u>Security Description</u>	<u>Par Value (X \$1,000)</u>	<u>% of total portfolio</u>
Money Markets	\$ 4,315	3.10%
Certificates of Deposit	8,000	5.69%
U.S. Government Agencies	78,338	55.73%
Corporate Indebtedness	32,312	22.99%
Overnight Funds	3,117	2.22%
Local Government Investment Pool	<u>14,489</u>	<u>10.27%</u>
Total Investments:	<u>\$ 140,571</u>	<u>100.00%</u>

At June 30, 2008, 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	\$ 29,373	20.91%
31 to 60 days	12,150	8.64%
61 to 93 days	5,760	4.10%
94 to 360 days	44,177	31.43%
12 to 18 months	20,035	14.25%
19 to 36 months	27,076	19.25%
Over three years	<u>2,000</u>	<u>1.42%</u>
Total Investments:	<u>\$ 140,571</u>	<u>100.00%</u>

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

B. 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, 2008 were as follows:

	<u>Property Taxes</u>	<u>Accounts</u>	<u>Assessments</u>	<u>Total</u>
Governmental activities:				
General fund	\$ 1,124,569	\$ 798,380	\$ -	\$ 1,922,949
Roads	-	787,837	79,517	867,354
Road reserve	-	516,609	-	516,609
Mental health	-	692,057	-	692,057
Nonmajor funds	183,021	2,576,270	4,626	2,763,917
Internal service funds	-	222,581	-	222,581
	<u>1,307,590</u>	<u>5,593,734</u>	<u>84,143</u>	<u>6,985,467</u>
Business-type activities	-	1,246,890	-	1,246,890
Total receivables	<u>\$ 1,307,590</u>	<u>\$ 6,840,624</u>	<u>\$ 84,143</u>	<u>\$ 8,232,357</u>

C. Other Assets

The County holds for the benefit of taxing districts within the County, various buildings and land parcels that have been acquired through foreclosure or abandonment. These assets are held until sold and the proceeds are then turned over to the taxing district. At June 30, 2008, the estimated market value of these assets at the time of receipt by the County was \$5,256,190, and it is recorded in the Treasurer Agency fund. Some foreclosed properties sold on installment payment basis represent \$1,336,114 at June 30, 2008, which is also recorded in the Treasurer Agency fund as Account receivables.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

D. Capital Assets

Capital assets activities for the fiscal year ended June 30, 2008 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 503,118	\$ -	\$ -	\$ 503,118
Capital assets, being depreciated:				
Buildings and improvements	26,586,398	254,556	148,898	26,692,056
Machinery & equipment	17,585,453	349,638	204,515	17,730,576
Vehicles	8,581,324	186,843	109,291	8,658,876
Infrastructure	<u>315,826,421</u>	<u>8,522,872</u>	-	<u>324,349,293</u>
Sub total	<u>368,579,596</u>	<u>9,313,909</u>	<u>462,704</u>	<u>377,430,801</u>
Less accumulated depreciation:				
Buildings and improvements	10,465,770	677,282	148,898	10,995,154
Machinery & equipment	9,011,414	930,263	204,515	9,737,162
Vehicles	5,790,481	497,123	109,291	6,178,313
Infrastructure	<u>120,975,362</u>	<u>6,767,403</u>	-	<u>127,743,765</u>
Total	<u>146,245,027</u>	<u>8,872,071</u>	<u>462,704</u>	<u>154,654,394</u>
Sub total	<u>222,334,569</u>	<u>441,838</u>	-	<u>222,776,407</u>
Governmental activities, net	<u>\$ 222,837,687</u>	<u>\$ 441,838</u>	<u>\$ -</u>	<u>\$ 223,279,525</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 239,857	\$ -	\$ -	\$ 239,857
Capital assets, being depreciated:				
Buildings and improvements	192,949	-	-	192,949
Machinery & equipment	1,739,598	337,608	10,929	2,066,277
Vehicles	<u>648,070</u>	<u>294,391</u>	-	<u>942,461</u>
Total	<u>2,580,617</u>	<u>631,999</u>	<u>10,929</u>	<u>3,201,687</u>
Less accumulated depreciation:				
Buildings and improvements	153,923	2,054	-	155,977
Machinery & equipment	1,328,650	311,686	10,929	1,629,407
Vehicles	<u>532,126</u>	<u>190,577</u>	-	<u>722,703</u>
Total	<u>2,014,699</u>	<u>504,317</u>	<u>10,929</u>	<u>2,508,087</u>
Capital assets, net	<u>565,918</u>	<u>127,682</u>	-	<u>693,600</u>
Business-type activities, net	<u>\$ 805,775</u>	<u>\$ 127,682</u>	<u>\$ -</u>	<u>\$ 933,457</u>

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

Depreciation expense was charged to functions / programs as follows:

Governmental activities:	
General government	\$ 302,390
Public safety	738,008
Highways and streets	6,767,403
Human services	551,940
Culture and recreation	71,903
Community development	246,180
Education	<u>194,247</u>
Governmental activities total	<u>\$ 8,872,071</u>
Business-type activities:	
Solid waste	\$ 464,099
Recycling	13,008
Weed control	<u>27,210</u>
Business-type activities total	<u>\$ 504,317</u>

E. Long Term Liabilities

GENERAL OBLIGATION BONDS

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

During the year ended June 30, 2000, the County issued \$4,500,000 series 1999 general obligation bonds for the construction of the Fairgrounds Event Center. The annual interest rate ranges from 4.0% to 4.20%.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Interest rates (%)</u>	<u>Original Amounts</u>	<u>Balance 6/30/2008</u>
Governmental activities	Nov. 1996	June 2011	3.70~5.30	\$17,000,000	\$ 4,325,000
Governmental activities	June 2000	June 2010	4.00~4.20	4,500,000	<u>1,100,000</u>
					<u>\$ 5,425,000</u>

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

Annual debt service requirements to maturity for notes payable at year-end as follows:

Fiscal Year	1997 A		Series 1999		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,370,000	\$ 226,450	\$ 500,000	\$ 45,700	\$ 1,870,000	\$ 272,150
2010	1,440,000	155,895	600,000	25,200	2,040,000	181,095
2011	1,515,000	80,295	-	-	1,515,000	80,295
Total	\$ 4,325,000	\$ 462,640	\$ 1,100,000	\$ 70,900	\$ 5,425,000	\$ 533,540

LOANS 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:

Purpose	Issue date	Maturity Date	Interest rates	Original Amounts	Balance 6/30/2008
Governmental activities	Aug. 1988	Oct. 2017	8.97%	\$ 80,394	\$ 48,839
Governmental activities	Feb. 1989	June 2018	8.97%	55,690	35,517
					\$ 84,356

Annual debt service requirements to maturity are as follows:

Fiscal Year	1988 Loan		1989 Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 3,584	\$ 4,216	\$ 2,321	\$ 3,079	\$ 5,905	\$ 7,295
2010	3,919	3,881	2,538	2,862	6,457	6,743
2011	4,285	3,515	2,775	2,625	7,060	6,140
2012	4,686	3,114	3,034	2,366	7,720	5,480
2013	5,124	2,676	3,318	2,082	8,442	4,758
2014-2018	27,241	5,244	21,531	4,994	48,772	10,238
Total	\$ 48,839	\$ 22,646	\$ 35,517	\$ 18,008	\$ 84,356	\$ 40,654

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require the Klamath 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. Although closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expenses in each period based on landfill capacity used as of each balance sheet date. The \$4,715,573 reported as landfill closure and postclosure care liability at June 30, 2008, represents the cumulative amount reported to date based on the use of 70 percent of the estimated capacity of Klamath landfill, and 25 percent of Chemult landfill. The County will recognize the remaining estimated cost of closure and postclosure care of about 9.3M as the remaining estimated capacities are filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The County expects to close the Klamath landfill in the year 2030 and Chemult landfill in the year 2021. Actual cost may be higher due to inflation, change in technology, or changes in regulations.

Financial Assurance: Each year the County demonstrates financial assurance in connection with the closure and postclosure 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, 2007 (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.

CHANGES IN GENERAL LONG-TERM DEBT LIABILITIES

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Balance 7/1/2007	Additions	Reductions	Balance 6/30/2008	Due within one-year
<i>Governmental activities:</i>					
General obligation bonds	\$ 7,230,000	\$ -	\$ 1,805,000	\$ 5,425,000	\$ 1,870,000
Loans payable	89,755	-	5,399	84,356	5,905
Claims and judgments	144,124	23,650	11,314	156,460	156,460
Compensated absences	1,371,287	68,815	-	1,440,102	480,034
Governmental total	<u>\$ 8,691,464</u>	<u>\$ 92,465</u>	<u>\$ 1,821,713</u>	<u>\$ 7,105,918</u>	<u>\$ 2,512,399</u>
<i>Business-type activities:</i>					
Landfill closure	\$ 4,033,081	\$ 682,492	\$ -	\$ 4,715,573	\$ -
Compensated absences	44,335	19,520	-	63,855	63,855
Total business-type	<u>\$ 4,077,416</u>	<u>\$ 702,012</u>	<u>\$ -</u>	<u>\$ 4,779,428</u>	<u>\$ 63,855</u>

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

F. Interfund transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following:

Transfers to general fund from:	
Internal service fund	\$ 181,200
Nonmajor governmental funds	10,543
	<u>\$ 191,743</u>
Transfers to nonmajor government funds from:	
General fund	\$ 947,045
Transfers from roads fund to:	
Nonmajor Governmental Funds	\$ 235,000
Transfers from nonmajor enterprise funds to:	
Roads fund	\$ 2,000
Nonmajor Governmental Funds	7,863
	<u>\$ 9,863</u>
Transfers from solid waste fund to:	
Nonmajor Governmental Funds	\$ 78,623
Transfers to landfill fund from solid waste fund	\$ 400,000
Other transfers	<u>\$ 1,257,988</u>

Transfers are used to use unrestricted revenues collected in the reserve funds to finance various programs accounted for in other operating funds in accordance with budgetary authorizations.

G. Interfund balances

Interfund balances at June 30, 2008, consisted of the following:

Due to general fund from:	
Internal service fund	\$ 114,681
Nonmajor governmental funds	836,260
Solid Waste Fund	210,229
	<u>\$ 1,161,170</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
For the Year Ended June 30, 2008**

H. Restated Beginning Balances

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Correction of infrastructure & depreciation	\$ 261,776	\$ 158,572
Claims & judgments	(144,124)	-
Adjustments for cash & investments differences	<u>4,438,984</u>	<u>-</u>
	<u>\$ 4,556,636</u>	<u>\$ 158,572</u>

Note 4 - Other Information

A. Pension Plans

Klamath County has two pension plans covering substantially all employees. Sheriff's department employees are participants in the State of Oregon Public Employees Retirement System (PERS). County employees other than Sheriff Department personnel are participants in the Pension Plan for Employees of Klamath County, administered by the County with U.S. Bank of Oregon as the trustee.

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

PLAN DESCRIPTION

The County participates in the State of Oregon Public Employees Retirement System (PERS), a cost sharing, multiple-employer defined benefit pension plan, and Oregon Public Service Retirement Plan (OPSRP), a hybrid pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). OPSRP is administered by PERS, the agency. Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS. Both PERS and OPSRP are covered by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits.

Employees of the Sheriff's Department are covered by this plan after six months of employment. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits for those hired on or after January 1, 1996 and age 60 for those hired after, but retirement is generally available after age 55 with reduced benefits. Retirement benefits are based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provide death and disability benefits. These benefit provisions and other requirements are established by statute.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon, 97281-3700 or by calling 1-888-320-7377.

FUNDING POLICY

The rate of employee contribution (6%) is established by law. Employer contribution rates are those adopted by the Board of PERS. The employer contribution rates are expressed as percentages of the covered salary of each participating employee. The rates do not include employee contributions paid by the employer. The rates shown below are based on the actuarial valuation of the system as of December 31, 2007, and are subject to change as a result of subsequent valuations or legislative amendments.

Summary of Employer Contribution rates for the County effective July 1, 2007 to June 30, 2009 is as follows:

	<u>Tier 1/Tier 2</u>	<u>OPSRP General</u>	<u>OPSRP Police & Fire</u>
Net pension contribution rate	7.49%	2.76%	6.03%
Net retiree healthcare rate	<u>0.37%</u>	<u>0.26%</u>	<u>0.26%</u>
Total net employer contribution rate	<u>7.86%</u>	<u>3.02%</u>	<u>6.29%</u>

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 benefits 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, 2007 the projected unit credit method were used. The actuarial evaluation include an investment return of 8% on system assets, consumer price inflation of 2.75% per year, future general wage inflation of 3.75% per year., and health care cost inflation of 8.0% in 2008, grading down by 0.6% per year to 5.0% in 2013.

ANNUAL PENSION COST

Employer contributions are calculated in conformance with the provisions of GASB Statement No. 27 as a percentage of covered payrolls. Therefore, the contributions transmitted to the System are equal to the Annual Required Contribution (ARC), and there is no Net Pension Obligation (NPO) necessary to amortize any unmade contributions.

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

THREE-YEAR TREND INFORMATION

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

Fiscal Year Ending	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed
06/30/08	\$510,775	\$510,775	100%
06/30/07	586,409	586,409	100%
06/30/06	584,058	584,058	100%

REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Funding Progress for the Pension Plan for the Oregon Public Employees Retirement System is as follows (Numbers expressed 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)
12/31/01	\$18,255	\$12,782	\$(5,473)	143%	\$2,931	(187)%
12/31/03	20,024	17,810	(2,214)	112%	3,406	(65)%
12/31/05	24,450	22,325	(2,125)	110%	3,465	(61)%
12/31/07	26,674	26,883	209	99%	4,264	5%

PENSION PLAN FOR EMPLOYEES OF KLAMATH COUNTY

PLAN DESCRIPTION

Klamath County employees, other than Sheriff's department personnel are participants in the Pension Plan for Employees of Klamath County. 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, 2008. The plan is stand alone plan and covered under the Internal Revenue Code 401(a) and the subsequent trust document/restatement.

KLAMATH COUNTY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008**

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.

Benefits vest on the following schedule:

<u>Years of services</u>	<u>Vested percentage</u>
Less than 5 years	0%
5 years	100%

Normal retirement is allowed at age 60, otherwise age 65. For members of the Oregon Nurses Association retirement is at age 65. Early retirement is allowed at age 55 with reduced benefits. 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 participants are not vested, or if the participant is under the age of 55.

A complete copy of the detailed Plan Summary can be inspected at the County offices at 305 Main Street, Klamath Falls, Oregon 97601 or by calling 1-541-883-4269.

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 table summarizes the contribution information as a percentage of payrolls.

<u>Contributions (% of Projected Payroll)</u>	<u>Plan Year Ending December 31</u>	
	<u>2008</u>	<u>2007</u>
Employer ~ (Annual Required Contribution)	7.87%	6.66%
Employee	<u>6.00%</u>	<u>6.00%</u>
Total	<u>13.87%</u>	<u>12.66%</u>

ANNUAL PENSION COST

Employer contributions are calculated in conformance with the provisions of GASB Statement No. 27 as a percentage of covered payrolls. Therefore, the contributions transmitted to the System are equal to the Annual Required Contribution (ARC), and there is no Net Pension Obligation (NPO) necessary to amortize any unmade contributions.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

For the year ended June 30, 2008, 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, 2008, 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 8.0% per year, and (b) projected salary increases of 5.0% per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and service.

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 benefits 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, 2007 the projected unit credit method were used. The actuarial evaluation include an investment return of 8% on system assets, consumer price inflation of 2.75% per year, future general wage inflation of 3.75% per year., and health care cost inflation of 8.0% in 2008, grading down by 0.6% per year to 5.0% in 2013.

THREE-YEAR TREND INFORMATION

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

Fiscal Year Ending	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed
06/30/08	\$1,912,802	\$1,912,802	100%
06/30/07	1,848,215	1,848,215	100%
06/30/06	1,778,955	1,778,955	100%

Klamath County's current policy is to contribute 100% of the ARC computed as a percentage of the projected payroll and in accordance with the selected actuarial cost method, and applied to actual payroll.

KLAMATH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2008

REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Funding Progress for the Pension Plan for the Employees of Klamath County is as follows (Numbers expressed 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)
1/1/2005	\$25,581	\$28,532	\$3,001	90%	\$14,318	21%
1/1/2006	26,672	30,940	4,268	86%	16,052	27%
1/1/2007	28,648	33,522	4,874	85%	16,298	30%
1/1/2008	31,523	37,481	5,958	84%	15,532	38%

B. 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 and workers' compensation, 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, 2008, 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
For the Year Ended June 30, 2008**

Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal year ending	
	<u>6/30/2008</u>	<u>6/30/2007</u>
Unpaid claims, beginning of the year	\$ 144,124	\$ -
Incurred claims, including IBNRs	23,650	150,784
Actuarial adjustments	-	-
Claim payments	<u>11,314</u>	<u>6,660</u>
Unpaid claims, end of the year	<u>\$ 156,460</u>	<u>\$ 144,124</u>

C. 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 on 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.

SUPPLEMENTARY FINANCIAL INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**KLAMATH COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008**

	<u>Special Revenue Funds</u>			
	<u>Page 44</u>	<u>Page 46</u>	<u>Page 48</u>	<u>Total</u>
ASSETS				
Pooled cash and investments	\$ 1,902,912	\$ 4,857,123	\$ 1,700,148	\$ 8,460,183
Receivables:				
Accounts	596,553	1,054,574	894,909	2,546,036
Property taxes	-	-	14,072	14,072
Special assessments	-	-	-	-
Notes	4,626	-	-	4,626
Interfund receivable	-	-	-	-
Total assets	<u>\$ 2,504,091</u>	<u>\$ 5,911,697</u>	<u>\$ 2,609,129</u>	<u>\$ 11,024,917</u>
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 114,175	\$ 28,451	\$ 164,059	\$ 306,685
Deferred revenue	4,626	-	14,072	18,698
Interfund payable	435,064	104,941	296,255	836,260
Other liabilities	-	-	-	-
Total liabilities	<u>553,865</u>	<u>133,392</u>	<u>474,386</u>	<u>1,161,643</u>
FUND BALANCES:				
Reserved	-	-	-	-
Unreserved	<u>1,950,226</u>	<u>5,778,305</u>	<u>2,134,743</u>	<u>9,863,274</u>
Total fund balances	<u>1,950,226</u>	<u>5,778,305</u>	<u>2,134,743</u>	<u>9,863,274</u>
Total liabilities and fund balances	<u>\$ 2,504,091</u>	<u>\$ 5,911,697</u>	<u>\$ 2,609,129</u>	<u>\$ 11,024,917</u>

<u>Debt Service Funds</u>			<u>Capital</u>	<u>Total</u>
<u>Court</u>	<u>Fairgrounds</u>		<u>Project Fund</u>	<u>Nonmajor</u>
<u>House</u>	<u>Bonds & Interest</u>	<u>Total</u>	<u>Fairground</u>	<u>Funds</u>
\$ 144,094	\$ 60,551	\$ 204,645	\$ 8,819	\$ 8,673,647
22,954	7,220	30,174	60	2,576,270
130,974	37,975	168,949	-	183,021
-	-	-	-	-
-	-	-	-	4,626
-	-	-	-	-
<u>\$ 298,022</u>	<u>\$ 105,746</u>	<u>\$ 403,768</u>	<u>\$ 8,879</u>	<u>\$ 11,437,564</u>
\$ -	\$ -	\$ -	\$ -	\$ 306,685
130,974	37,975	168,949	-	187,647
-	-	-	-	836,260
-	-	-	-	-
<u>130,974</u>	<u>37,975</u>	<u>168,949</u>	<u>-</u>	<u>1,330,592</u>
-	-	-	-	-
<u>167,048</u>	<u>67,771</u>	<u>234,819</u>	<u>8,879</u>	<u>10,106,972</u>
<u>167,048</u>	<u>67,771</u>	<u>234,819</u>	<u>8,879</u>	<u>10,106,972</u>
<u>\$ 298,022</u>	<u>\$ 105,746</u>	<u>\$ 403,768</u>	<u>\$ 8,879</u>	<u>\$ 11,437,564</u>

KLAMATH COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>			
	<u>Page 50</u>	<u>Page 52</u>	<u>Page 54</u>	<u>Total</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 7,221	\$ 1,806,547	\$ 6,345,896	\$ 8,159,664
Federal grants	535,614	773,850	4,114,884	5,424,348
State & other grants, donations	1,185,034	28,600	303,670	1,517,304
General revenue:				
Property tax	-	-	164,492	164,492
Transient room & vehicle tax	165,195	-	572,013	737,208
Special assessment	16,465	-	33,962	50,427
Investment income	72,858	247,853	130,309	451,020
Property sales	-	661,241	-	661,241
Miscellaneous	2,287	168,907	58,350	229,544
	<u>1,984,674</u>	<u>3,686,998</u>	<u>11,723,576</u>	<u>17,395,248</u>
EXPENDITURES				
Current:				
General government	-	694,661	-	694,661
Public safety	457,924	101,747	4,246,526	4,806,197
Highways and streets	-	-	-	-
Health and Welfare	-	-	2,351,104	2,351,104
Culture and recreation	-	189,103	1,006,097	1,195,200
Community Development	330,713	3,704,210	596,034	4,630,957
Human services	727,844	-	-	727,844
Education	-	-	3,654,024	3,654,024
Capital outlay	5,679	1,855,001	132,120	1,992,800
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<u>1,522,160</u>	<u>6,544,722</u>	<u>11,985,905</u>	<u>20,052,787</u>
Excess of revenues over expenditures	462,514	(2,857,724)	(262,329)	(2,657,539)
Transfers in	87,056	719,295	475,043	1,281,394
Transfers out	-	(23,406)	-	(23,406)
Net changes in fund balances	549,570	(2,161,835)	212,714	(1,399,551)
Fund balances - beginning	1,340,247	7,772,740	1,574,223	10,687,210
Restated beginning balance	60,409	167,400	347,806	575,615
Fund balances - ending	<u>\$ 1,950,226</u>	<u>\$ 5,778,305</u>	<u>\$ 2,134,743</u>	<u>\$ 9,863,274</u>

<u>Debt Service Funds</u>			<u>Capital</u>	<u>Total</u>
<u>Court</u>	<u>Fairgrounds</u>		<u>Project Fund</u>	<u>Nonmajor</u>
<u>House</u>	<u>Bonds & Interest</u>	<u>Total</u>	<u>Fairground</u>	<u>Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,159,664
-	-	-	-	5,424,348
-	-	-	-	1,517,304
1,304,500	384,441	1,688,941	-	1,853,433
-	-	-	-	737,208
-	-	-	-	50,427
36,927	15,181	52,108	359	503,487
-	-	-	-	661,241
-	-	-	-	229,544
<u>1,341,427</u>	<u>399,622</u>	<u>1,741,049</u>	<u>359</u>	<u>19,136,656</u>
-	-	-	-	694,661
-	-	-	-	4,806,197
-	-	-	-	-
-	-	-	-	2,351,104
-	-	-	-	1,195,200
-	-	-	-	4,630,957
-	-	-	-	727,844
-	-	-	-	3,654,024
-	-	-	-	1,992,800
1,305,000	500,000	1,805,000	-	1,805,000
293,500	66,185	359,685	-	359,685
<u>1,598,500</u>	<u>566,185</u>	<u>2,164,685</u>	<u>-</u>	<u>22,217,472</u>
(257,073)	(166,563)	(423,636)	359	(3,080,816)
-	-	-	-	1,281,394
-	-	-	-	(23,406)
(257,073)	(166,563)	(423,636)	359	(1,822,828)
424,121	234,334	658,455	8,520	11,354,185
-	-	-	-	575,615
<u>\$ 167,048</u>	<u>\$ 67,771</u>	<u>\$ 234,819</u>	<u>\$ 8,879</u>	<u>\$ 10,106,972</u>

**KLAMATH COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2008**

	<u>Domestic Violence</u>	<u>Comm Child & Family</u>	<u>D. A. Enforcement</u>	<u>Tourism</u>	<u>Community Grants</u>
ASSETS					
Pooled cash and investments	\$ -	\$ 188,224	\$ 28,888	\$ 108,488	\$ 118,667
Receivables:					
Accounts	14,670	34,718	461	82,089	1,269
Property taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 11,670</u>	<u>\$ 222,942</u>	<u>\$ 29,349</u>	<u>\$ 190,577</u>	<u>\$ 119,936</u>
LIABILITIES & FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 197	\$ 58,930	\$ -	\$ 50,535	\$ 2,250
Deferred revenue	-	-	-	-	-
Interfund payable	502	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>699</u>	<u>58,930</u>	<u>-</u>	<u>50,535</u>	<u>2,250</u>
FUND BALANCES:					
Reserved	-	-	-	-	-
Unreserved	<u>10,971</u>	<u>164,012</u>	<u>29,349</u>	<u>140,042</u>	<u>117,686</u>
Total fund balances	<u>10,971</u>	<u>164,012</u>	<u>29,349</u>	<u>140,042</u>	<u>117,686</u>
Total liabilities and fund balances	<u>\$ 11,670</u>	<u>\$ 222,942</u>	<u>\$ 29,349</u>	<u>\$ 190,577</u>	<u>\$ 119,936</u>

<u>D.A.R.E. - Sheriff</u>	<u>Bicycle Trail</u>	<u>Marine</u>	<u>Klamath County Revolving</u>	<u>Taylor Grazing Act</u>	<u>O & C Title III</u>	<u>Total</u>
\$ 162,062	\$ 302,037	\$ -	\$ -	\$ -	\$ 994,546	\$ 1,902,912
7,544	7,412	444,667	-	-	6,723	596,553
-	-	-	-	-	-	-
-	-	-	4,626	-	-	4,626
-	-	-	-	-	-	-
<u>\$ 169,606</u>	<u>\$ 309,449</u>	<u>\$ 444,667</u>	<u>\$ 4,626</u>	<u>\$ -</u>	<u>\$ 1,001,269</u>	<u>\$ 2,504,091</u>
\$ 142	\$ -	\$ 2,121	\$ -	\$ -	\$ -	\$ 114,175
-	-	-	4,626	-	-	4,626
-	-	434,548	14	-	-	435,064
-	-	-	-	-	-	-
<u>142</u>	<u>-</u>	<u>436,669</u>	<u>4,640</u>	<u>-</u>	<u>-</u>	<u>553,865</u>
-	-	-	-	-	-	-
<u>169,464</u>	<u>309,449</u>	<u>7,998</u>	<u>(14)</u>	<u>-</u>	<u>1,001,269</u>	<u>1,950,226</u>
<u>169,464</u>	<u>309,449</u>	<u>7,998</u>	<u>(14)</u>	<u>-</u>	<u>1,001,269</u>	<u>1,950,226</u>
<u>\$ 169,606</u>	<u>\$ 309,449</u>	<u>\$ 444,667</u>	<u>\$ 4,626</u>	<u>\$ -</u>	<u>\$ 1,001,269</u>	<u>\$ 2,504,091</u>

**KLAMATH COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2008**

	<u>Court Facility Security</u>	<u>Klamath Falls Streets</u>	<u>Corner Restoration</u>	<u>Park Reserve</u>	<u>Parks</u>
ASSETS					
Pooled cash and investments	\$ 118,224	\$ 858,109	\$ 970,233	\$ 97,465	\$ 112,051
Receivables:					
Accounts	10,967	5,287	12,954	5,543	18,329
Property taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 129,191</u>	<u>\$ 863,396</u>	<u>\$ 983,187</u>	<u>\$ 103,008</u>	<u>\$ 130,380</u>
LIABILITIES & FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 252	\$ -	\$ -	\$ -	\$ 1,187
Deferred revenue	-	-	-	-	-
Interfund payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,187</u>
FUND BALANCES:					
Reserved	-	-	-	-	-
Unreserved	<u>128,939</u>	<u>863,396</u>	<u>983,187</u>	<u>103,008</u>	<u>129,193</u>
Total fund balances	<u>128,939</u>	<u>863,396</u>	<u>983,187</u>	<u>103,008</u>	<u>129,193</u>
Total liabilities and fund balances	<u>\$ 129,191</u>	<u>\$ 863,396</u>	<u>\$ 983,187</u>	<u>\$ 103,008</u>	<u>\$ 130,380</u>

<u>Juvenile Special Project</u>	<u>Experimental Station Research</u>	<u>Electrical</u>	<u>Property Sales</u>	<u>Museum Sales & Donations</u>	<u>Federal Forest Title III</u>	<u>Total</u>
\$ 3,959	\$ 22,498	\$ 227,016	\$ 50	\$ 184,880	\$ 2,262,638	\$ 4,857,123
27	248	557,234	419,156	8,919	15,910	1,054,574
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,986</u>	<u>\$ 22,746</u>	<u>\$ 784,250</u>	<u>\$ 419,206</u>	<u>\$ 193,799</u>	<u>\$ 2,278,548</u>	<u>\$ 5,911,697</u>
\$ -	\$ 487	\$ 20,419	\$ 2,022	\$ 4,084	\$ -	\$ 28,451
-	-	-	-	-	-	-
-	-	-	104,941	-	-	104,941
-	-	-	-	-	-	-
-	<u>487</u>	<u>20,419</u>	<u>106,963</u>	<u>4,084</u>	<u>-</u>	<u>133,392</u>
-	-	-	-	-	-	-
<u>3,986</u>	<u>22,259</u>	<u>763,831</u>	<u>312,243</u>	<u>189,715</u>	<u>2,278,548</u>	<u>5,778,305</u>
<u>3,986</u>	<u>22,259</u>	<u>763,831</u>	<u>312,243</u>	<u>189,715</u>	<u>2,278,548</u>	<u>5,778,305</u>
<u>\$ 3,986</u>	<u>\$ 22,746</u>	<u>\$ 784,250</u>	<u>\$ 419,206</u>	<u>\$ 193,799</u>	<u>\$ 2,278,548</u>	<u>\$ 5,911,697</u>

**KLAMATH COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2008**

	<u>Economic Develop- ment</u>	<u>Community Corrections</u>	<u>County Schools</u>	<u>Search and Rescue</u>	<u>Search/ Rescue Maintenance</u>
ASSETS					
Pooled cash and investments	\$ 6,270	\$ 430,378	\$ 528,783	\$ -	\$ 2,941
Receivables:					
Accounts	79,981	188,653	87,798	45,969	18
Property taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 86,251</u>	<u>\$ 619,031</u>	<u>\$ 616,581</u>	<u>\$ 45,969</u>	<u>\$ 2,959</u>
LIABILITIES & FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 3,813	\$ 48,640	\$ -	\$ 1,571	\$ -
Deferred revenue	-	-	-	-	-
Interfund payable	-	-	-	151,257	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>3,813</u>	<u>48,640</u>	<u>-</u>	<u>152,828</u>	<u>-</u>
FUND BALANCES:					
Reserved	-	-	-	-	-
Unreserved	<u>82,438</u>	<u>570,391</u>	<u>616,581</u>	<u>(106,859)</u>	<u>2,959</u>
Total fund balances	<u>82,438</u>	<u>570,391</u>	<u>616,581</u>	<u>(106,859)</u>	<u>2,959</u>
Total liabilities and fund balances	<u>\$ 86,251</u>	<u>\$ 619,031</u>	<u>\$ 616,581</u>	<u>\$ 45,969</u>	<u>\$ 2,959</u>

<u>Dog Control</u>	<u>Public Health</u>	<u>Fairgrounds</u>	<u>Law Library</u>	<u>Veterans Services</u>	<u>Totals</u>
\$ 102,725	\$ 350	\$ 400,409	\$ 92,575	\$ 135,717	\$ 1,700,148
35,619	252,265	174,429	14,158	16,019	894,909
-	-	-	-	14,072	14,072
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 138,344	\$ 252,615	\$ 574,838	\$ 106,733	\$ 165,808	\$ 2,609,129
\$ 5,798	\$ 43,898	\$ 59,138	\$ 989	\$ 212	\$ 164,059
-	-	-	-	14,072	14,072
-	144,998	-	-	-	296,255
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,798	188,896	59,138	989	14,284	474,386
-	-	-	-	-	-
132,546	63,719	515,700	105,744	151,524	2,134,743
132,546	63,719	515,700	105,744	151,524	2,134,743
<u>132,546</u>	<u>63,719</u>	<u>515,700</u>	<u>105,744</u>	<u>151,524</u>	<u>2,134,743</u>
\$ 138,344	\$ 252,615	\$ 574,838	\$ 106,733	\$ 165,808	\$ 2,609,129

KLAMATH COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2008

	<u>Domestic Violence</u>	<u>Comm Child & Family</u>	<u>D. A. Enforcement</u>	<u>Tourism</u>	<u>Community Grants</u>
REVENUES					
Program Revenue:					
Charges for service	\$ -	\$ -	\$ 7,221	\$ -	\$ -
Federal grants	204,317	-	-	-	-
State, other grants, donations	-	781,230	-	49,664	150,000
General revenue:					
Property tax	-	-	-	-	-
Transient room tax and vehicle tax	-	-	-	130,383	-
Special assessment	-	-	-	16,465	-
Investment income	855	8,939	919	3,573	4,418
Property sales	-	-	-	-	-
Miscellaneous	-	250	37	-	-
	<u>205,172</u>	<u>790,419</u>	<u>8,177</u>	<u>200,085</u>	<u>154,418</u>
Total revenue					
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	181,820	-	7,036	-	-
Highways and streets	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community Development	-	-	-	117,775	120,720
Human services	-	727,844	-	-	-
Education	-	-	-	-	-
Capital outlay	2,047	3,632	-	-	-
	<u>183,867</u>	<u>731,476</u>	<u>7,036</u>	<u>117,775</u>	<u>120,720</u>
Total expenditures					
Excess of revenues over expenditures	21,305	58,943	1,141	82,310	33,698
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>21,305</u>	<u>58,943</u>	<u>1,141</u>	<u>82,310</u>	<u>33,698</u>
Net changes in fund balances					
Fund balances - beginning	(20,188)	77,990	28,208	57,732	83,017
Restated beginning balance	9,854	27,079	-	-	971
Fund balances - ending	<u>\$ 10,971</u>	<u>\$ 164,012</u>	<u>\$ 29,349</u>	<u>\$ 140,042</u>	<u>\$ 117,686</u>

<u>D.A.R.E. - Sheriff</u>	<u>Bicycle Trails</u>	<u>Marine</u>	<u>Klamath County Revolving</u>	<u>Taylor Grazing Act</u>	<u>O & C Title III</u>	<u>Page Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,221
2,215	-	-	-	3,763	325,319	535,614
4,000	-	200,140	-	-	-	1,185,034
-	-	-	-	-	-	-
-	34,812	-	-	-	-	165,195
-	-	-	-	-	-	16,465
4,921	11,661	-	-	-	37,572	72,858
-	-	-	-	-	-	-
2,000	-	-	-	-	-	2,287
<u>13,136</u>	<u>46,473</u>	<u>200,140</u>	<u>-</u>	<u>3,763</u>	<u>362,891</u>	<u>1,984,674</u>
-	-	-	-	-	-	-
32,483	-	236,585	-	-	-	457,924
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,763	88,455	330,713
-	-	-	-	-	-	727,844
-	-	-	-	-	-	-
-	-	-	-	-	-	5,679
<u>32,483</u>	<u>-</u>	<u>236,585</u>	<u>-</u>	<u>3,763</u>	<u>88,455</u>	<u>1,522,160</u>
-	-	-	-	-	-	-
(19,347)	46,473	(36,445)	-	-	274,436	462,514
-	-	87,056	-	-	-	87,056
-	-	-	-	-	-	-
(19,347)	46,473	50,611	-	-	274,436	549,570
181,814	262,976	(58,121)	(14)	-	726,833	1,340,247
6,997	-	15,508	-	-	-	60,409
<u>\$ 169,464</u>	<u>\$ 309,449</u>	<u>\$ 7,998</u>	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ 1,001,269</u>	<u>\$ 1,950,226</u>

KLAMATH COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2008

	<u>Court Facility Security</u>	<u>Klamath Falls Streets</u>	<u>Corner Restoration</u>	<u>Park Reserve</u>	<u>Parks</u>
REVENUES					
Program Revenue:					
Charges for service	\$ 61,068	\$ -	\$ 74,745	\$ -	\$ 78,015
Federal grants	-	-	-	-	-
State, other grants, donations	-	-	-	-	28,600
General revenue:					
Property tax	-	-	-	-	-
Transient room tax and vehicle tax	-	-	-	-	-
Special assessment	-	-	-	-	-
Investment income	6,054	68,910	38,947	3,320	5,097
Property sales	-	-	-	-	-
Miscellaneous	-	-	-	3,125	-
Total revenue	<u>67,122</u>	<u>68,910</u>	<u>113,692</u>	<u>6,445</u>	<u>111,712</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	101,747	-	-	-	-
Highways and streets	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	50,000	82,798
Community Development	-	-	21,004	-	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	1,851,374	-	-	-
Total expenditures	<u>101,747</u>	<u>1,851,374</u>	<u>21,004</u>	<u>50,000</u>	<u>82,798</u>
Excess of revenues over expenditures	(34,625)	(1,782,464)	92,688	(43,555)	28,914
Transfers in	-	235,000	-	5,000	-
Transfers out	-	-	-	-	(12,863)
Net changes in fund balances	<u>(34,625)</u>	<u>(1,547,464)</u>	<u>92,688</u>	<u>(38,555)</u>	<u>16,051</u>
Fund balances - beginning	156,563	2,410,860	890,296	141,563	108,547
Restated beginning balance	7,001	-	203	-	4,595
Fund balances - ending	<u>\$ 128,939</u>	<u>\$ 863,396</u>	<u>\$ 983,187</u>	<u>\$ 103,008</u>	<u>\$ 129,193</u>

<u>Juvenile Special Project</u>	<u>Experimental Station Research</u>	<u>Electrical</u>	<u>Property Sales</u>	<u>Museum Sales & Donations</u>	<u>Federal Forest Title III</u>	<u>Page Total</u>
\$ -	\$ -	\$ 1,592,719	\$ -	\$ -	\$ -	\$ 1,806,547
-	-	-	-	-	773,850	773,850
-	-	-	-	-	-	28,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	914	-	20,420	7,573	96,618	247,853
-	-	-	661,241	-	-	661,241
<u>162</u>	<u>35,745</u>	<u>42,272</u>	<u>-</u>	<u>87,603</u>	<u>-</u>	<u>168,907</u>
<u>162</u>	<u>36,659</u>	<u>1,634,991</u>	<u>681,661</u>	<u>95,176</u>	<u>870,468</u>	<u>3,686,998</u>
-	-	-	694,661	-	-	694,661
-	-	-	-	-	-	101,747
-	-	-	-	-	-	-
-	-	-	-	56,305	-	189,103
-	25,703	2,702,723	-	-	954,780	3,704,210
-	-	-	-	-	-	-
-	-	3,627	-	-	-	1,855,001
<u>-</u>	<u>25,703</u>	<u>2,706,350</u>	<u>694,661</u>	<u>56,305</u>	<u>954,780</u>	<u>6,544,722</u>
162	10,956	(1,071,359)	(13,000)	38,871	(84,312)	(2,857,724)
-	-	479,295	-	-	-	719,295
<u>-</u>	<u>(4,543)</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>(23,406)</u>
162	6,413	(592,064)	(19,000)	38,871	(84,312)	(2,161,835)
3,824	15,424	1,207,097	324,862	150,844	2,362,860	7,772,740
-	422	148,798	6,381	-	-	167,400
<u>\$ 3,986</u>	<u>\$ 22,259</u>	<u>\$ 763,831</u>	<u>\$ 312,243</u>	<u>\$ 189,715</u>	<u>\$ 2,278,548</u>	<u>\$ 5,778,305</u>

KLAMATH COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2008

	<u>Economic Develop- ment</u>	<u>Community Corrections</u>	<u>County Schools</u>	<u>Search and Rescue</u>	<u>Search/ Rescue Maintenance</u>
REVENUES					
Program Revenue:					
Charges for service	\$ -	\$ 3,675,612	\$ -	\$ -	\$ -
Federal grants	-	85,027	3,969,011	-	-
State, other grants, donations	303,670	-	-	-	-
General revenue:					
Property tax	-	-	-	-	-
Transient room tax and vehicle tax	-	-	-	-	-
Special assessment	-	-	33,962	-	-
Investment income	7,623	54,565	30,351	-	42
Property sales	-	-	-	-	-
Miscellaneous	-	1,533	12,656	3,545	-
Total revenue	<u>311,293</u>	<u>3,816,737</u>	<u>4,045,980</u>	<u>3,545</u>	<u>42</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	3,941,094	-	37,013	521
Highways and streets	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community Development	596,034	-	-	-	-
Human services	-	-	-	-	-
Education	-	-	3,654,024	-	-
Capital outlay	-	2,348	-	-	-
Total expenditures	<u>596,034</u>	<u>3,943,442</u>	<u>3,654,024</u>	<u>37,013</u>	<u>521</u>
Excess of revenues over expenditures	(284,741)	(126,705)	391,956	(33,468)	(479)
Transfers in	-	-	-	50,524	4,250
Transfers out	-	-	-	-	-
Net changes in fund balances	(284,741)	(126,705)	391,956	17,056	3,771
Fund balances - beginning	288,934	608,266	224,625	(123,915)	(812)
Restated beginning balance	78,245	88,830	-	-	-
Fund balances - ending	<u>\$ 82,438</u>	<u>\$ 570,391</u>	<u>\$ 616,581</u>	<u>\$ (106,859)</u>	<u>\$ 2,959</u>

<u>Dog Control</u>	<u>Public Health</u>	<u>Fairgrounds</u>	<u>Law Library</u>	<u>Veterans Services</u>	<u>Page Total</u>
\$ 276,674	\$ 1,852,651	\$ 450,436	\$ 90,523	\$ -	\$ 6,345,896
-	-	-	-	60,846	4,114,884
-	-	-	-	-	303,670
-	-	-	-	164,492	164,492
-	-	572,013	-	-	572,013
-	-	-	-	-	33,962
5,581	2,706	20,230	4,358	4,853	130,309
-	-	-	-	-	-
-	28,733	10,800	-	1,083	58,350
<u>282,255</u>	<u>1,884,090</u>	<u>1,053,479</u>	<u>94,881</u>	<u>231,274</u>	<u>11,723,576</u>
-	-	-	-	-	-
267,898	-	-	-	-	4,246,526
-	2,187,164	-	-	163,940	2,351,104
-	-	925,964	80,133	-	1,006,097
-	-	-	-	-	596,034
-	-	-	-	-	-
-	-	-	-	-	3,654,024
-	-	129,772	-	-	132,120
<u>267,898</u>	<u>2,187,164</u>	<u>1,055,736</u>	<u>80,133</u>	<u>163,940</u>	<u>11,985,905</u>
14,357	(303,074)	(2,257)	14,748	67,334	(262,329)
-	420,269	-	-	-	475,043
-	-	-	-	-	-
14,357	117,195	(2,257)	14,748	67,334	212,714
109,296	(170,614)	476,946	90,996	70,501	1,574,223
8,893	117,138	41,011	-	13,689	347,806
<u>\$ 132,546</u>	<u>\$ 63,719</u>	<u>\$ 515,700</u>	<u>\$ 105,744</u>	<u>\$ 151,524</u>	<u>\$ 2,134,743</u>

NONMAJOR 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 - This fund accounts for receipt and expenditure of funds provided by a federal grant for curbing violence against women.

Commission on Children & Families - This fund accounts for receipt and expenditure for funds provided by a Juvenile Service Commission Grant.

D. A. Enforcement - This fund accounts for liquor and drug law enforcement.

Tourism - This fund accounts for revenue received from the transient room tax. Funds are used for the promotion of tourism within Klamath County.

Community Grants - Accounts for intergovernmental grants for various projects in the community.

D.A.R.E. - Sheriff - This fund accounts for a drug education program in the school districts in the County. Revenues are from individual donation.

Bicycle Trails - This fund is for construction and maintenance of footpaths and bicycle trails per ORS 366.514. Revenue consists of 1 percent of state highway apportionments.

Marine - This fund was established to provide public safety patrols for County waterways.

Klamath County Revolving Loan - This fund promotes community development through loans to businesses that will create new jobs. The primary source of revenue is the collection of economic development loans.

Taylor Grazing Act - This fund is for range improvements in accordance with ORS 294.070.

O & C Title III - This fund accounts for the special revenues from the federal rural school funds law for use on bureau of land management (BLM) lands.

Court Facility Security - Accounts for funds received to provide security in the courts.

Klamath Falls Streets - Forest revenues dedicated to City streets.

Corner Restoration - This fund was established to receive monies from all land transactions recorded in the County for the purpose of reestablishing the major section corners in the County.

Park Reserve - Accounts for funds received from the sale of timber on County parkland. These funds are reserved for park improvement.

Parks - Revenues are from the State, RV taxes and other sources dedicated to park development.

Juvenile Special Project - This fund accounts for receipts and expenditures of the Juvenile Project Program.

Experimental Station Research - This fund accounts for financial transactions of the Oregon State University Experiment Station. The primary source of revenues is from sale of produce and pasture rental.

Electrical - Accounts for the receipt and expenditure of electrical permit fees used to provide inspection and compliance to electrical codes.

Property Sales - The 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 Sales & Donations - This fund receives miscellaneous museum donations and accounts for the sale of various items from the museum.

Federal forest title III - This fund accounts for special revenues from federal forest lands for use of rural school funds and roads.

SPECIAL REVENUE FUNDS
(Continued)

Economic Development - This fund was established to receive Economic Development monies, such as state lottery funding for regional strategies, for the purpose of retention and development of Klamath County businesses and industry.

Community Corrections - This fund was established to account for corrections. The primary source of funds is the State of Oregon Department of Corrections.

County Schools - This fund was established under ORS 328.005 and is the recipient of federal forest reserve apportionment under ORS 294.060, other intergovernmental revenues, and interest on investments. Distributions go to the three school districts within the County and to state agencies for special education costs.

Search and Rescue - This fund is used to account for the expenditures for locating lost individuals in the County area. Presently the funding comes from transfers from other funds.

Search and Rescue Maintenance - This fund is used to acquire and maintain equipment used in the search operations of the County.

Dog Control - This fund is authorized by ORS Chapter 609 and accounts for control of dogs in the County and operation of the County pound. Primary revenue sources are transfers from the general fund, license fees and fines.

Public Health - The major sources of revenue are federal and state funds, client fees and General fund transfers to provide public health services to the County.

Fairgrounds - This fund operates as a function of Klamath County, Oregon, under ORS 565.210 to 565.990, inclusive. The affairs of the Fairboard are managed by a five member Board of Directors who serves without salary. These directors are appointed for three year terms by the Klamath County Board of Commissioners. The Fairground Fund budget is part of the Klamath County budget, and financial transactions are handled as a separate fund of Klamath County. Primary revenues for the year were the transient room tax, inter governmental revenues generated by the Oregon State Racing Commission, admission fees, and user fees. Expenditures are for the maintenance and operation of the fairgrounds.

Veterans Services - This fund accounts for receipts and expenditures of the Veterans Services Program.

Law Library - This fund has been established in accordance with ORS 9.840 and receives court fees, as per ORS 21.350, for the operation of a law library in the courthouse.

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Domestic Violence Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	206,019	206,019	204,317	(1,702)
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	855	855
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>206,019</u>	<u>206,019</u>	<u>205,172</u>	<u>(847)</u>
EXPENDITURES				
Personal services	145,472	145,472	142,626	2,846
Materials and services	60,547	58,393	39,194	19,199
Capital outlay	-	2,154	2,047	107
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>206,019</u>	<u>206,019</u>	<u>183,867</u>	<u>22,152</u>
Excess of revenues over expenditures	-	-	21,305	21,305
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	21,305	21,305
FUND BALANCE - JULY 1	-	-	(20,188)	(20,188)
Restated Beginning Balance	-	-	<u>9,854</u>	<u>9,854</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,971</u>	<u>\$ 10,971</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Commission on Children & Families Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	685,966	685,966	781,230	95,264
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	3,000	3,000	8,939	5,939
Miscellaneous	1,000	1,000	250	(750)
Total revenue	<u>689,966</u>	<u>689,966</u>	<u>790,419</u>	<u>100,453</u>
EXPENDITURES				
Personal services	332,292	352,292	349,407	2,885
Materials and services	314,703	294,703	314,387	(19,684)
Capital outlay	-	-	3,632	(3,632)
Other expenditures	64,050	64,050	64,050	-
Contingency	<u>3,921</u>	<u>3,921</u>	-	<u>3,921</u>
Total expenditures	<u>714,966</u>	<u>714,966</u>	<u>731,476</u>	<u>(16,510)</u>
Excess of revenues over expenditures	(25,000)	(25,000)	58,943	83,943
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(25,000)	(25,000)	58,943	83,943
FUND BALANCE - JULY 1	25,000	25,000	77,990	52,990
Restated Beginning Balance	-	-	<u>27,079</u>	<u>27,079</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,012</u>	<u>\$ 164,012</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
D. A. Enforcement Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 3,000	\$ 3,000	\$ 7,221	\$ 4,221
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	500	500	919	419
Miscellaneous	-	-	37	37
Total revenue	<u>3,500</u>	<u>3,500</u>	<u>8,177</u>	<u>4,677</u>
EXPENDITURES				
Personal services	15,000	15,000	6,436	8,564
Materials and services	9,100	9,100	600	8,500
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>24,100</u>	<u>24,100</u>	<u>7,036</u>	<u>17,064</u>
Excess of revenues, over expenditures	(20,600)	(20,600)	1,141	21,741
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(20,600)	(20,600)	1,141	21,741
FUND BALANCE - JULY 1	<u>20,600</u>	<u>20,600</u>	<u>28,208</u>	<u>7,608</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,349</u>	<u>\$ 29,349</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Tourism Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	250,000	250,000	49,664	(200,336)
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	130,383	130,383
Special assessment	20,000	20,000	16,465	(3,535)
Investment income	-	-	3,573	3,573
Miscellaneous	-	-	-	-
Total revenue	<u>270,000</u>	<u>270,000</u>	<u>200,085</u>	<u>(69,915)</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	270,000	270,000	117,775	152,225
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>270,000</u>	<u>270,000</u>	<u>117,775</u>	<u>152,225</u>
Excess of revenues over expenditures	-	-	82,310	82,310
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	82,310	82,310
FUND BALANCE - JULY 1	-	-	57,732	57,732
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,042</u>	<u>\$ 140,042</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Community Grants Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	100,000	100,000	150,000	50,000
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	2,500	2,500	4,418	1,918
Miscellaneous	-	-	-	-
Total revenue	<u>102,500</u>	<u>102,500</u>	<u>154,418</u>	<u>51,918</u>
EXPENDITURES				
Personal services	29,800	29,800	8,459	21,341
Materials and services	182,990	182,990	112,261	70,729
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>212,790</u>	<u>212,790</u>	<u>120,720</u>	<u>92,070</u>
Excess of revenues over expenditures	(110,290)	(110,290)	33,698	143,988
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(110,290)	(110,290)	33,698	143,988
FUND BALANCE - JULY 1	110,290	110,290	83,017	(27,273)
Restated Beginning Balance	-	-	971	971
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,686</u>	<u>\$ 117,686</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
D.A.R.E. - Sheriff Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	300,000	300,000	2,215	(297,785)
State grants	4,000	4,000	4,000	-
Other grants & donations	1,000	1,000	200	(800)
General revenue:	-	-	-	-
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	4,921	4,921
Miscellaneous	644,452	644,452	1,800	(642,652)
Total revenue	<u>949,452</u>	<u>949,452</u>	<u>13,136</u>	<u>(936,316)</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	465,259	465,259	32,483	432,776
Capital outlay	647,484	647,484	-	647,484
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>1,112,743</u>	<u>1,112,743</u>	<u>32,483</u>	<u>1,080,260</u>
Excess of revenues over expenditures	(163,291)	(163,291)	(19,347)	143,944
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(163,291)	(163,291)	(19,347)	143,944
FUND BALANCE - JULY 1	163,291	163,291	181,814	18,523
Restated Beginning Balance	-	-	6,997	6,997
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,464</u>	<u>\$ 169,464</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Bicycle Trails Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	30,000	30,000	34,812	4,812
Special assessment	-	-	-	-
Investment income	7,000	7,000	11,661	4,661
Miscellaneous	-	-	-	-
Total revenue	<u>37,000</u>	<u>37,000</u>	<u>46,473</u>	<u>9,473</u>
EXPENDITURES				
Personal services	100	100	-	100
Materials and services	15,200	15,200	-	15,200
Capital outlay	140,000	140,000	-	140,000
Other expenditures	-	-	-	-
Contingency	121,700	121,700	-	121,700
Total expenditures	<u>277,000</u>	<u>277,000</u>	<u>-</u>	<u>277,000</u>
Excess of revenues over expenditures	(240,000)	(240,000)	46,473	286,473
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(240,000)	(240,000)	46,473	286,473
FUND BALANCE - JULY 1	<u>240,000</u>	<u>240,000</u>	<u>262,976</u>	<u>22,976</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,449</u>	<u>\$ 309,449</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Marine Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	200,140	200,140	200,140	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>200,140</u>	<u>200,140</u>	<u>200,140</u>	<u>-</u>
EXPENDITURES				
Personal services	188,460	188,460	189,594	(1,134)
Materials and services	43,842	43,842	36,484	7,358
Capital outlay	-	-	-	-
Other expenditures	10,507	10,507	10,507	-
Contingency	-	-	-	-
Total expenditures	<u>242,809</u>	<u>242,809</u>	<u>236,585</u>	<u>6,224</u>
Excess of revenues over expenditures	(42,669)	(42,669)	(36,445)	6,224
Transfer in	42,669	42,669	87,056	44,387
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	50,611	50,611
FUND BALANCE - JULY 1	-	-	(58,121)	(58,121)
Restated Beginning Balance	-	-	<u>15,508</u>	<u>15,508</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,998</u>	<u>\$ 7,998</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Klamath County Revolving Loan Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-	-	-
Transfer in	-	-	-	-
Transfer out	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
Excess of revenues over expenditures after transfers	(2,000)	(2,000)	-	2,000
FUND BALANCE - JULY 1	<u>2,000</u>	<u>2,000</u>	<u>(14)</u>	<u>(2,014)</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14)</u>	<u>\$ (14)</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Taylor Grazing Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	7,500	7,500	3,763	(3,737)
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>7,500</u>	<u>7,500</u>	<u>3,763</u>	<u>(3,737)</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Other expenditures	7,500	7,500	3,763	3,737
Contingency	-	-	-	-
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>3,763</u>	<u>3,737</u>
Excess of revenues over expenditures	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	-	-
FUND BALANCE - JULY 1	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
O & C Title III Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	81,497	81,497	325,319	243,822
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	37,572	37,572
Miscellaneous	-	-	-	-
Total revenue	<u>81,497</u>	<u>81,497</u>	<u>362,891</u>	<u>281,394</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	797,903	797,903	88,455	709,448
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>797,903</u>	<u>797,903</u>	<u>88,455</u>	<u>709,448</u>
Excess of revenues over expenditures	(716,406)	(716,406)	274,436	990,842
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(716,406)	(716,406)	274,436	990,842
FUND BALANCE - JULY 1	<u>716,406</u>	<u>716,406</u>	<u>726,833</u>	<u>10,427</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,001,269</u>	<u>\$ 1,001,269</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Court Facility Security Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 50,000	\$ 50,000	\$ 61,068	\$ 11,068
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	8,100	8,100	6,054	(2,046)
Miscellaneous	-	-	-	-
Total revenue	<u>58,100</u>	<u>58,100</u>	<u>67,122</u>	<u>9,022</u>
EXPENDITURES				
Personal services	47,208	47,208	97,579	(50,371)
Materials and services	32,000	32,000	4,168	27,832
Capital outlay	141,900	141,900	-	141,900
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>221,108</u>	<u>221,108</u>	<u>101,747</u>	<u>119,361</u>
Excess of revenues over expenditures	(163,008)	(163,008)	(34,625)	128,383
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(163,008)	(163,008)	(34,625)	128,383
FUND BALANCE - JULY 1	163,008	163,008	156,563	(6,445)
Restated Beginning Balance	-	-	7,001	7,001
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,939</u>	<u>\$ 128,939</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Klamath Falls Streets Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	30,000	30,000	68,910	38,910
Miscellaneous	-	-	-	-
Total revenue	<u>30,000</u>	<u>30,000</u>	<u>68,910</u>	<u>38,910</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	2,453,828	2,453,828	1,851,374	602,454
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>2,453,828</u>	<u>2,453,828</u>	<u>1,851,374</u>	<u>602,454</u>
Excess of revenues over expenditures	(2,423,828)	(2,423,828)	(1,782,464)	641,364
Transfer in	48,828	48,828	235,000	186,172
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(2,375,000)	(2,375,000)	(1,547,464)	827,536
FUND BALANCE - JULY 1	<u>2,375,000</u>	<u>2,375,000</u>	<u>2,410,860</u>	<u>35,860</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,396</u>	<u>\$ 863,396</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Corner Restoration Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 80,000	\$ 80,000	\$ 74,745	\$ (5,255)
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	12,750	12,750	38,947	26,197
Miscellaneous	-	-	-	-
Total revenue	<u>92,750</u>	<u>92,750</u>	<u>113,692</u>	<u>20,942</u>
EXPENDITURES				
Personal services	9,872	9,872	9,831	41
Materials and services	924,031	924,031	2,326	921,705
Capital outlay	-	-	-	-
Other expenditures	8,847	8,847	8,847	-
Contingency	-	-	-	-
Total expenditures	<u>942,750</u>	<u>942,750</u>	<u>21,004</u>	<u>921,746</u>
Excess of revenues over expenditures	(850,000)	(850,000)	92,688	942,688
Transfer In	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(850,000)	(850,000)	92,688	942,688
FUND BALANCE - JULY 1	850,000	850,000	890,296	40,296
Restated Beginning Balance	-	-	203	203
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 983,187</u>	<u>\$ 983,187</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Park Reserve Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	2,500	2,500	3,320	820
Miscellaneous	-	-	3,125	3,125
Total revenue	<u>2,500</u>	<u>2,500</u>	<u>6,445</u>	<u>3,945</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	137,500	137,500	50,000	87,500
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>137,500</u>	<u>137,500</u>	<u>50,000</u>	<u>87,500</u>
Excess of revenues over expenditures	(135,000)	(135,000)	(43,555)	91,445
Transfer in	5,000	5,000	5,000	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(130,000)	(130,000)	(38,555)	91,445
FUND BALANCE - JULY 1	<u>130,000</u>	<u>130,000</u>	<u>141,563</u>	<u>11,563</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,008</u>	<u>\$ 103,008</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Parks Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 35,550	\$ 35,550	\$ 78,015	\$ 42,465
Federal grants	-	-	-	-
State grants	23,600	28,600	28,600	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	1,500	1,500	5,097	3,597
Miscellaneous	-	-	-	-
Total revenue	<u>65,650</u>	<u>65,650</u>	<u>111,712</u>	<u>46,062</u>
EXPENDITURES				
Personal services	54,451	54,451	45,034	9,417
Materials and services	39,850	39,850	15,661	24,189
Capital outlay	5,000	5,000	-	5,000
Other expenditures	22,162	22,162	22,103	59
Contingency	<u>30,187</u>	<u>30,187</u>	-	<u>30,187</u>
Total expenditures	<u>151,650</u>	<u>151,650</u>	<u>82,798</u>	<u>68,852</u>
Excess of revenues over expenditures	(86,000)	(86,000)	28,914	114,914
Transfer in	-	-	-	-
Transfer out	<u>(14,000)</u>	<u>(14,000)</u>	<u>(14,000)</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(100,000)	(100,000)	14,914	114,914
FUND BALANCE - JULY 1	100,000	100,000	108,547	8,547
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>4,595</u>	<u>4,595</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,056</u>	<u>\$ 128,056</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Juvenile Special Projects Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	1,000	1,000	162	(838)
Total revenue	<u>1,000</u>	<u>1,000</u>	<u>162</u>	<u>(838)</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	1,000	1,000	-	1,000
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess of revenues over expenditures	-	-	162	162
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	162	162
FUND BALANCE - JULY 1	-	-	3,824	3,824
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,986</u>	<u>\$ 3,986</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Experimental Station Research Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	201	201	914	713
Miscellaneous	<u>20,850</u>	<u>20,850</u>	<u>35,745</u>	<u>14,895</u>
Total revenue	<u>21,051</u>	<u>21,051</u>	<u>36,659</u>	<u>15,608</u>
EXPENDITURES				
Personal services	7,575	7,575	16,260	(8,685)
Materials and services	9,801	9,801	9,343	458
Capital outlay	-	-	-	-
Other expenditures	100	100	100	-
Contingency	<u>14,932</u>	<u>14,932</u>	<u>-</u>	<u>14,932</u>
Total expenditures	<u>32,408</u>	<u>32,408</u>	<u>25,703</u>	<u>6,705</u>
Excess of revenues over expenditures	(11,357)	(11,357)	10,956	22,313
Transfer in	-	-	-	-
Transfer out	<u>(4,543)</u>	<u>(4,543)</u>	<u>(4,543)</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(15,900)	(15,900)	6,413	22,313
FUND BALANCE - JULY 1	15,900	15,900	15,424	(476)
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>422</u>	<u>422</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,259</u>	<u>\$ 22,259</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Electrical Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 1,759,696	\$ 2,513,536	\$ 1,592,719	\$ (920,817)
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	18,300	18,300	-	(18,300)
Miscellaneous	2,600	2,600	42,272	39,672
Total revenue	<u>1,780,596</u>	<u>2,534,436</u>	<u>1,634,991</u>	<u>(899,445)</u>
EXPENDITURES				
Personal services	1,621,875	2,505,450	2,015,036	490,414
Materials and services	319,810	393,510	264,305	129,205
Capital outlay	15,000	15,000	3,627	11,373
Other expenditures	261,628	443,139	423,382	19,757
Contingency	235,924	235,924	-	235,924
Total expenditures	<u>2,454,237</u>	<u>3,593,023</u>	<u>2,706,350</u>	<u>886,673</u>
Excess of revenues over expenditures	(673,641)	(1,058,587)	(1,071,359)	(12,772)
Transfer in	-	384,946	479,295	94,349
Transfer out	<u>(316,359)</u>	<u>(316,359)</u>	<u>-</u>	<u>316,359</u>
Excess of revenues over expenditures after transfers	(990,000)	(990,000)	(592,064)	397,936
FUND BALANCE - JULY 1	990,000	990,000	1,207,097	217,097
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>148,798</u>	<u>148,798</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,831</u>	<u>\$ 763,831</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Property Sales Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property sales	524,037	524,037	661,241	137,204
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	4,501	4,501	20,420	15,919
Miscellaneous	150	150	-	(150)
Total revenue	<u>528,688</u>	<u>528,688</u>	<u>681,661</u>	<u>152,973</u>
EXPENDITURES				
Personal services	59,443	59,443	63,611	(4,168)
Materials and services	113,800	113,800	46,374	67,426
Capital outlay	1,500	1,500	-	1,500
Other expenditures	617,944	617,944	584,676	33,268
Contingency	30,001	30,001	-	30,001
Total expenditures	<u>822,688</u>	<u>822,688</u>	<u>694,661</u>	<u>128,027</u>
Excess of revenues over expenditures	(294,000)	(294,000)	(13,000)	281,000
Transfer in	-	-	-	-
Transfer out	(6,000)	(6,000)	(6,000)	-
Excess of revenues over expenditures after transfers	(300,000)	(300,000)	(19,000)	281,000
FUND BALANCE - JULY 1	300,000	300,000	324,862	24,862
Restated Beginning Balance	-	-	6,381	6,381
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,243</u>	<u>\$ 312,243</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Museum Sales & Donations Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	7,573	7,573
Miscellaneous	29,500	29,500	87,603	58,103
Total revenue	<u>29,500</u>	<u>29,500</u>	<u>95,176</u>	<u>65,676</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	166,753	166,753	56,305	110,448
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>166,753</u>	<u>166,753</u>	<u>56,305</u>	<u>110,448</u>
Excess of revenues over expenditures	(137,253)	(137,253)	38,871	176,124
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(137,253)	(137,253)	38,871	176,124
FUND BALANCE - JULY 1	<u>137,253</u>	<u>137,253</u>	<u>150,844</u>	<u>13,591</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,715</u>	<u>\$ 189,715</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Federal Forest Title III
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	709,928	709,928	773,850	63,922
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	96,618	96,618
Miscellaneous	-	-	-	-
Total revenue	<u>709,928</u>	<u>709,928</u>	<u>870,468</u>	<u>160,540</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	2,862,528	2,862,528	954,780	1,907,748
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>2,862,528</u>	<u>2,862,528</u>	<u>954,780</u>	<u>1,907,748</u>
Excess of revenues over expenditures	(2,152,600)	(2,152,600)	(84,312)	2,068,288
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(2,152,600)	(2,152,600)	(84,312)	2,068,288
FUND BALANCE - JULY 1	<u>2,152,600</u>	<u>2,152,600</u>	<u>2,362,860</u>	<u>210,260</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,278,548</u>	<u>\$ 2,278,548</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Economic Development Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	315,208	315,208	303,670	(11,538)
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	4,000	4,000	7,623	3,623
Miscellaneous	-	-	-	-
Total revenue	<u>319,208</u>	<u>319,208</u>	<u>311,293</u>	<u>(7,915)</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	409,359	469,359	460,034	9,325
Capital outlay	-	-	-	-
Other expenditures	135,700	135,700	136,000	(300)
Contingency	-	-	-	-
Total expenditures	<u>545,059</u>	<u>605,059</u>	<u>596,034</u>	<u>9,025</u>
Excess of revenues over expenditures	(225,851)	(285,851)	(284,741)	1,110
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(225,851)	(285,851)	(284,741)	1,110
FUND BALANCE - JULY 1	225,851	285,851	288,934	3,083
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>78,245</u>	<u>78,245</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,438</u>	<u>\$ 82,438</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Community Corrections Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 3,782,869	\$ 3,782,869	\$ 3,675,612	\$ (107,257)
Federal grants	80,000	80,000	85,027	5,027
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	40,000	40,000	54,565	14,565
Miscellaneous	300	300	1,533	1,233
Total revenue	<u>3,903,169</u>	<u>3,903,169</u>	<u>3,816,737</u>	<u>(86,432)</u>
EXPENDITURES				
Personal services	1,848,665	1,848,665	1,800,010	48,655
Materials and services	1,910,967	1,910,967	1,774,569	136,398
Capital outlay	155,838	155,838	2,348	153,490
Other expenditures	391,515	391,515	366,515	25,000
Contingency	<u>103,601</u>	<u>103,601</u>	-	<u>103,601</u>
Total expenditures	<u>4,410,586</u>	<u>4,410,586</u>	<u>3,943,442</u>	<u>467,144</u>
Excess of revenues over expenditures	(507,417)	(507,417)	(126,705)	380,712
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(507,417)	(507,417)	(126,705)	380,712
FUND BALANCE - JULY 1	507,417	507,417	608,266	100,849
Restated Beginning Balance	-	-	<u>88,830</u>	<u>88,830</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,391</u>	<u>\$ 570,391</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
County Schools Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	3,800,000	3,800,000	3,969,011	169,011
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	35,000	35,000	33,962	(1,038)
Investment income	2,000	2,000	30,351	28,351
Miscellaneous	10,000	10,000	12,656	2,656
Total revenue	<u>3,847,000</u>	<u>3,847,000</u>	<u>4,045,980</u>	<u>198,980</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Other expenditures	4,007,000	4,007,000	3,654,024	352,976
Contingency	-	-	-	-
Total expenditures	<u>4,007,000</u>	<u>4,007,000</u>	<u>3,654,024</u>	<u>352,976</u>
Excess of revenues over expenditures	(160,000)	(160,000)	391,956	551,956
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(160,000)	(160,000)	391,956	551,956
FUND BALANCE - JULY 1	160,000	160,000	224,625	64,625
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,581</u>	<u>\$ 616,581</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Search and Rescue Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	81,432	81,432	-	(81,432)
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	3,545	3,545
Total revenue	<u>81,432</u>	<u>81,432</u>	<u>3,545</u>	<u>(77,887)</u>
EXPENDITURES				
Personal services	55,878	55,878	825	55,053
Materials and services	31,378	31,378	36,188	(4,810)
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>87,256</u>	<u>87,256</u>	<u>37,013</u>	<u>50,243</u>
Excess of revenues over expenditures	(5,824)	(5,824)	(33,468)	(27,644)
Transfer in	5,824	5,824	50,524	44,700
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	17,056	17,056
FUND BALANCE - JULY 1	-	-	(123,915)	(123,915)
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (106,859)</u>	<u>\$ (106,859)</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Search/Rescue Maintenance Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	42	42
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
EXPENDITURES				
Personal services				
Materials and services	4,250	4,250	521	3,729
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>4,250</u>	<u>4,250</u>	<u>521</u>	<u>3,729</u>
Excess of revenues over expenditures	(4,250)	(4,250)	(479)	3,771
Transfer in	4,250	4,250	4,250	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	-	-	3,771	3,771
FUND BALANCE - JULY 1	<u>5,152</u>	<u>5,152</u>	<u>(812)</u>	<u>(5,964)</u>
FUND BALANCE - JUNE 30	<u>\$ 5,152</u>	<u>\$ 5,152</u>	<u>\$ 2,959</u>	<u>\$ (2,193)</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Dog Control Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 237,800	\$ 237,800	\$ 276,674	\$ 38,874
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	3,618	3,618	5,581	1,963
Miscellaneous	-	-	-	-
Total revenue	<u>241,418</u>	<u>241,418</u>	<u>282,255</u>	<u>40,837</u>
EXPENDITURES				
Personal services	154,515	154,515	144,286	10,229
Materials and services	105,592	105,592	86,618	18,974
Capital outlay	-	-	-	-
Other expenditures	36,994	36,994	36,994	-
Contingency	<u>11,691</u>	<u>11,691</u>	-	<u>11,691</u>
Total expenditures	<u>308,792</u>	<u>308,792</u>	<u>267,898</u>	<u>40,894</u>
Excess of revenues over expenditures	(67,374)	(67,374)	14,357	81,731
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(67,374)	(67,374)	14,357	81,731
FUND BALANCE - JULY 1	72,374	72,374	109,296	36,922
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>8,893</u>	<u>8,893</u>
FUND BALANCE - JUNE 30	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 132,546</u>	<u>\$ 127,546</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Public Health Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 1,630,141	\$ 1,630,141	\$ 1,852,651	\$ 222,510
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	2,706	2,706
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>28,733</u>	<u>(21,267)</u>
Total revenue	<u>1,680,141</u>	<u>1,680,141</u>	<u>1,884,090</u>	<u>203,949</u>
EXPENDITURES				
Personal services	1,514,423	1,534,423	1,518,878	15,545
Materials and services	370,665	370,665	409,944	(39,279)
Capital outlay	-	-	-	-
Other expenditures	258,342	258,342	258,342	-
Contingency	<u>46,121</u>	<u>26,121</u>	<u>-</u>	<u>26,121</u>
Total expenditures	<u>2,189,551</u>	<u>2,189,551</u>	<u>2,187,164</u>	<u>2,387</u>
Excess of revenues over expenditures	(509,410)	(509,410)	(303,074)	206,336
Transfer in	420,269	420,269	420,269	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(89,141)	(89,141)	117,195	206,336
FUND BALANCE - JULY 1	89,141	89,141	(170,614)	(259,755)
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>117,138</u>	<u>117,138</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,719</u>	<u>\$ 63,719</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Fairgrounds Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 389,460	\$ 389,460	\$ 450,436	\$ 60,976
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	500,900	500,900	572,013	71,113
Special assessment	-	-	-	-
Investment income	8,500	8,500	20,230	11,730
Miscellaneous	11,300	11,300	10,800	(500)
Total revenue	<u>910,160</u>	<u>910,160</u>	<u>1,053,479</u>	<u>143,319</u>
EXPENDITURES				
Personal services	465,880	465,880	424,912	40,968
Materials and services	408,966	518,966	405,997	112,969
Capital outlay	41,500	41,500	129,772	(88,272)
Other expenditures	95,055	95,055	95,055	-
Contingency	113,670	3,670	-	3,670
Total expenditures	<u>1,125,071</u>	<u>1,125,071</u>	<u>1,055,736</u>	<u>69,335</u>
Excess of revenues over expenditures	(214,911)	(214,911)	(2,257)	212,654
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(214,911)	(214,911)	(2,257)	212,654
FUND BALANCE - JULY 1	214,911	214,911	476,946	262,035
Restated Beginning Balance	-	-	41,011	41,011
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,700</u>	<u>\$ 515,700</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Veterans Services Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	12,000	61,027	60,846	(181)
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	142,471	142,471	164,492	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	2,650	2,650	4,853	2,203
Miscellaneous	200	200	1,083	883
Total revenue	<u>157,321</u>	<u>206,348</u>	<u>231,274</u>	<u>2,905</u>
EXPENDITURES				
Personal services	144,595	163,964	115,379	48,585
Materials and services	16,325	42,283	18,235	24,048
Capital outlay	-	3,700	-	3,700
Other expenditures	30,326	30,326	30,326	-
Contingency	19,075	19,075	-	19,075
Total expenditures	<u>210,321</u>	<u>259,348</u>	<u>163,940</u>	<u>95,408</u>
Excess of revenues over expenditures	(53,000)	(53,000)	67,334	98,313
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(53,000)	(53,000)	67,334	98,313
FUND BALANCE - JULY 1	53,000	53,000	70,501	17,501
Restated Beginning Balance	-	-	13,689	13,689
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,524</u>	<u>\$ 129,503</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Law Library Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Program Revenue:				
Charges for service	\$ 74,000	\$ 74,000	\$ 90,523	\$ 16,523
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	2,500	2,500	4,358	1,858
Miscellaneous	1,000	1,000	-	(1,000)
Total revenue	<u>77,500</u>	<u>77,500</u>	<u>94,881</u>	<u>17,381</u>
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	36,675	36,675	30,604	6,071
Capital outlay	-	-	-	-
Other expenditures	69,016	69,016	49,529	19,487
Contingency	35,809	35,809	-	35,809
Total expenditures	<u>141,500</u>	<u>141,500</u>	<u>80,133</u>	<u>61,367</u>
Excess of revenues over expenditures	(64,000)	(64,000)	14,748	78,748
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(64,000)	(64,000)	14,748	78,748
FUND BALANCE - JULY 1	54,000	64,000	90,996	26,996
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,744</u>	<u>\$ 105,744</u>

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 and Interest Fund - This fund was established to receive the proceeds from a property tax serial levy and to expend funds for the retirement of general obligation bond issue for construction of the County courthouse and administration buildings.

Fairgrounds Bond and Interest Fund - This fund was established to receive the proceeds from a property tax serial levy and to expend funds for the retirement of County's general obligation bond issue for construction of the Fairgrounds Convention Center.

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.

Fairgrounds Capital Project - This fund was established for the proceeds of the Fairgrounds bond issue and the construction of the Fairgrounds Event Center.

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Courthouse Bond and Interest Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property taxes	\$ 1,251,041	\$ 1,251,041	\$ 1,304,500	\$ 53,459
Investment income	17,000	17,000	36,927	19,927
Other	-	-	-	-
Total revenues	<u>1,268,041</u>	<u>1,268,041</u>	<u>1,341,427</u>	<u>73,386</u>
EXPENDITURES				
Materials and services	3,000	3,000	495	2,505
Debt service:				
Principal	1,305,000	1,305,000	1,305,000	-
Interest	<u>293,005</u>	<u>293,005</u>	<u>293,005</u>	<u>-</u>
Total expenditures	<u>1,601,005</u>	<u>1,601,005</u>	<u>1,598,500</u>	<u>2,505</u>
Excess of revenues over expenditures	(332,964)	(332,964)	(257,073)	75,891
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(332,964)	(332,964)	(257,073)	75,891
FUND BALANCE - JULY 1	<u>332,964</u>	<u>332,964</u>	<u>424,121</u>	<u>91,157</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,048</u>	<u>\$ 167,048</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Fairgrounds Bond and Interest Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property taxes	\$ 360,858	\$ 360,858	\$ 384,441	\$ 23,583
Investment income	9,000	9,000	15,181	6,181
Other	-	-	-	-
Total revenues	<u>369,858</u>	<u>369,858</u>	<u>399,622</u>	<u>29,764</u>
EXPENDITURES				
Materials and services	1,500	1,500	485	1,015
Debt service:				
Principal	500,000	500,000	500,000	-
Interest	<u>65,700</u>	<u>65,700</u>	<u>65,700</u>	<u>-</u>
Total expenditures	<u>567,200</u>	<u>567,200</u>	<u>566,185</u>	<u>1,015</u>
Excess of revenues over expenditures	(197,342)	(197,342)	(166,563)	30,779
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(197,342)	(197,342)	(166,563)	30,779
FUND BALANCE - JULY 1	<u>197,342</u>	<u>197,342</u>	<u>234,334</u>	<u>36,992</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,771</u>	<u>\$ 67,771</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Fairgrounds Capital Project Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 359	\$ 359
Other	-	-	-	-
Total revenues	-	-	359	359
EXPENDITURES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	359	359
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	359	359
FUND BALANCE - JULY 1	-	-	8,520	8,520
FUND BALANCE - JUNE 30	\$ -	\$ -	\$ 8,879	\$ 8,879

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's council 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's council has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds consist of the following:

Landfill Site Reserve - This fund is used to record closure and postclosure liability associated with the County landfill. Transfers by the Solid Waste fund ensure that funds will be available to provide for the closure costs.

Solid Waste - This fund was established on July 1, 1983, to account for solid waste disposal. Revenues are from charges for services.

Recycling Program - This fund was established to account for the solid waste recycling program. The main sources of revenues are franchise fees from the disposal companies and fees from disposal of tires.

Weed Control - This fund is responsible for the noxious weed eradication activities of the County. Revenues are derived from charges for services.

KLAMATH COUNTY, OREGON
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2008

	<u>Recycling Program</u>	<u>Weed Control</u>	<u>Totals</u>
ASSETS			
Pooled cash and investments	\$ 144,071	\$ 88,950	\$ 233,021
Accounts receivable	22,306	64,108	86,414
Inventory, at cost	-	15,672	15,672
Property, plant and equipment	88,772	185,688	274,460
Less accumulated depreciation	<u>(13,008)</u>	<u>(179,879)</u>	<u>(192,887)</u>
Total assets	<u>\$ 242,141</u>	<u>\$ 174,539</u>	<u>\$ 416,680</u>
LIABILITIES & NET ASSETS			
LIABILITIES			
Accounts payable	\$ 6,954	\$ 4,202	\$ 11,156
Compensated absences payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,954</u>	<u>4,202</u>	<u>11,156</u>
NET ASSETS			
Invested in capital assets net of related debt	75,764	5,809	81,573
Unrestricted	<u>159,423</u>	<u>164,528</u>	<u>323,951</u>
Total net assets	<u>\$ 235,187</u>	<u>\$ 170,337</u>	<u>\$ 405,524</u>

KLAMATH COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET FUND ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2008

	<u>Recycling Program</u>	<u>Weed Control</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 75,794	\$ 230,066	\$ 305,860
Other income	39,445	-	39,445
Total operating revenues	<u>115,239</u>	<u>230,066</u>	<u>345,305</u>
OPERATING EXPENSES			
Personal services	32,024	130,961	162,985
Materials and services	-	38,318	38,318
Depreciation expense	13,008	27,210	40,218
Other operating expenses	-	32,871	32,871
Total operating expenses	<u>45,032</u>	<u>229,360</u>	<u>274,392</u>
Operating income (loss)	<u>70,207</u>	<u>706</u>	<u>70,913</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental operating grants	-	-	-
Interest income	6,443	6,156	12,599
Miscellaneous income (expenses)	-	-	-
Total nonoperating revenues (expenses)	<u>6,443</u>	<u>6,156</u>	<u>12,599</u>
Income (loss) before transfers	76,650	6,862	83,512
Transfers in	-	-	-
Transfers out	<u>(7,863)</u>	<u>(2,000)</u>	<u>(9,863)</u>
Change in net assets	68,787	4,862	73,649
Total net assets - beginning	162,826	135,746	298,572
Restated beginning net assets	3,574	29,729	33,303
Total net assets - ending	<u>\$ 235,187</u>	<u>\$ 170,337</u>	<u>\$ 405,524</u>

KLAMATH COUNTY, OREGON
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2008

	<u>Recycling Program</u>	<u>Weed Control</u>	<u>Totals</u>
Cash Flows from			
 Operating Activities			
Cash received for services	\$ 109,059	\$ 212,221	\$ 321,280
Cash paid to suppliers and employees:	<u>(25,765)</u>	<u>(203,751)</u>	<u>(229,516)</u>
Net cash provided (used) by operating activities	<u>83,294</u>	<u>8,470</u>	<u>91,764</u>
Cash Flows from Noncapital			
 Financing Activities			
Operating transfers	<u>(7,863)</u>	<u>(2,000)</u>	<u>(9,863)</u>
Cash Flows from Capital and			
 Related Financing Activities			
Adjustments	3,574	29,729	33,303
Purchase of fixed assets	<u>(88,772)</u>	<u>-</u>	<u>(88,772)</u>
Net cash provided by capital and related financing activities	<u>(85,198)</u>	<u>29,729</u>	<u>(55,469)</u>
Cash Flow from			
 Investing activities			
Interest received	<u>6,443</u>	<u>6,156</u>	<u>12,599</u>
Net increase (decrease) in cash and cash equivalents	(3,324)	42,355	39,031
Balances - beginning of the year	<u>147,395</u>	<u>46,595</u>	<u>193,990</u>
Balances - end of the year	<u>\$ 144,071</u>	<u>\$ 88,950</u>	<u>\$ 233,021</u>
Reconciliation of Operating			
 Income to Net Cash Provided			
 by Operating Activities			
Operating income (loss)	\$ 70,207	\$ 706	\$ 70,913
Adjustments:			
Depreciation	13,008	27,210	40,218
Receivables, net	(6,180)	(17,845)	(24,025)
Inventories	-	(2,975)	(2,975)
Accounts & other payables	6,259	637	6,896
Accrued expenses	<u>-</u>	<u>737</u>	<u>737</u>
Net cash provided (used) by operating activities	<u>\$ 83,294</u>	<u>\$ 8,470</u>	<u>\$ 91,764</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Landfill Site Reserve Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Grants	-	-	-	-
Investment income	120,000	120,000	174,527	54,527
Miscellaneous revenues	-	-	-	-
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>174,527</u>	<u>54,527</u>
EXPENSES				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	100,000	100,000	-	100,000
Depreciation/amortization	-	-	-	-
Contingency	-	-	-	-
Total expenses	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess (deficiency) of revenues over expenses	20,000	20,000	174,527	154,527
Transfers in	400,000	400,000	400,000	-
Transfers out	-	-	-	-
Net change in fund balance	420,000	420,000	574,527	154,527
Fund balance - beginning	3,700,000	3,700,000	4,141,046	441,046
Restated Beginning Balance	-	-	-	-
Fund balance - ending	<u>\$ 4,120,000</u>	<u>\$ 4,120,000</u>	<u>\$ 4,715,573</u>	<u>\$ 595,573</u>
Reconciliation to GAAP Basis:				
Landfill closure & postclosure, beginning			(4,033,081)	
Landfill closure & postclosure, increases			<u>(682,492)</u>	
FUND BALANCE - GAAP Basis			<u>\$ -</u>	

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN: FUND NET ASSETS
Solid Waste Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 4,200,000	\$ 4,200,000	\$ 4,054,601	\$ (145,399)
Grants	3,000	3,000	-	(3,000)
Investment income	50,100	50,100	43,890	(6,210)
Miscellaneous revenues	<u>35,200</u>	<u>35,200</u>	<u>48,049</u>	<u>12,849</u>
Total revenues	<u>4,283,300</u>	<u>4,288,300</u>	<u>4,146,540</u>	<u>(141,760)</u>
EXPENSES				
Personal services	1,135,423	1,135,423	1,108,581	26,842
Materials and services	3,644,292	3,644,292	3,851,981	(207,689)
Capital outlay	118,000	118,000	3,310	114,690
Depreciation/amortization	-	-	-	-
Contingency	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total expenses	<u>5,297,715</u>	<u>5,297,715</u>	<u>4,963,872</u>	<u>333,843</u>
Excess (deficiency) of revenues over expenses	(1,009,415)	(1,009,415)	(817,332)	192,083
Transfers in	-	-	-	-
Transfers out	<u>(490,585)</u>	<u>(490,585)</u>	<u>(478,623)</u>	<u>11,962</u>
Net change in fund balance	(1,500,000)	(1,500,000)	(1,295,955)	204,045
Fund balance - beginning	1,500,000	1,500,000	2,130,474	630,474
Restated Beginning Balance	-	-	<u>125,269</u>	<u>125,269</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959,788</u>	<u>\$ 959,788</u>
Reconciliation to GAAP Basis:				
Capital assets			<u>49,416</u>	
FUND BALANCE - GAAP Basis			<u>\$ 1,009,204</u>	

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Recycling Program Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 50,000	\$ 50,000	\$ 75,794	\$ 25,794
Grants	-	-	-	-
Investment income	1,000	1,000	6,443	5,443
Miscellaneous revenues	<u>14,000</u>	<u>14,000</u>	<u>39,445</u>	<u>25,445</u>
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>121,682</u>	<u>56,682</u>
EXPENSES				
Personal services	32,489	32,489	32,024	465
Materials and services	39,900	39,900	85,872	(45,972)
Capital outlay	5,000	5,000	2,900	2,100
Depreciation/amortization	-	-	-	-
Contingency	<u>78,552</u>	<u>78,552</u>	<u>-</u>	<u>78,552</u>
Total expenses	<u>155,941</u>	<u>155,941</u>	<u>120,796</u>	<u>35,145</u>
Excess (deficiency) of revenues over expenses	(90,941)	(90,941)	886	91,827
Transfers in	-	-	-	-
Transfers out	<u>(9,059)</u>	<u>(9,059)</u>	<u>(7,863)</u>	<u>1,196</u>
Net change in fund balance	(100,000)	(100,000)	(6,977)	93,023
Fund balance - beginning	100,000	100,000	162,826	62,826
Restated Beginning Balance	-	-	<u>3,574</u>	<u>3,574</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,423</u>	<u>\$ 159,423</u>
Reconciliation to GAAP Basis:				
Capital assets			<u>75,764</u>	
FUND BALANCE - GAAP Basis			<u>\$ 235,187</u>	

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Weed Control Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 173,000	\$ 178,000	\$ 230,066	\$ 52,066
Grants	10,500	10,500	-	(10,500)
Investment income	3,500	3,500	6,156	2,656
Miscellaneous revenues	-	-	-	-
Total revenues	<u>192,000</u>	<u>192,000</u>	<u>236,222</u>	<u>44,222</u>
EXPENSES				
Personal services	154,446	154,446	130,961	23,485
Materials and services	80,221	80,221	71,189	9,032
Capital outlay	-	-	-	-
Depreciation/amortization	-	-	-	-
Contingency	<u>333</u>	<u>333</u>	<u>-</u>	<u>333</u>
Total expenses	<u>235,000</u>	<u>235,000</u>	<u>202,150</u>	<u>32,850</u>
Excess (deficiency) of revenues over expenses	(43,000)	(43,000)	34,072	77,072
Transfers in	-	-	-	-
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net change in fund balance	(45,000)	(45,000)	32,072	77,072
Fund balance - beginning	45,000	45,000	135,746	90,746
Restated Beginning Balance	-	-	<u>29,729</u>	<u>29,729</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,547</u>	<u>\$ 197,547</u>
Reconciliation to GAAP Basis:				
Depreciation expenses			<u>(27,210)</u>	
FUND BALANCE - GAAP Basis			<u>\$ 170,337</u>	

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's council 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's council has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds consist of the following:

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Solid Waste - This fund was established on July 1, 1983, to account for solid waste disposal. Revenues are from charges for services.

Recycling Program - This fund was established to account for the solid waste recycling program. The main sources of revenues are franchise fees from the disposal companies and fees from disposal of tires.

Weed Control - This fund is responsible for the noxious weed eradication activities of the County. Revenues are derived from charges for services.

KLAMATH COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2008

	<u>Admin Services</u>	<u>Equipment Rent and Revolving</u>	<u>Space Rent and Revolving</u>	<u>Risk Management</u>	<u>Total</u>
ASSETS					
Pooled cash and investments	\$ 275	\$ 4,108,611	\$ 633,053	\$ 633,413	\$ 5,375,352
Accounts Receivable	154,609	41,889	22,097	3,986	222,581
Inventory	6,581	-	-	-	6,581
Property, plant and equipment	959,854	-	-	-	959,854
Less accumulated depreciation	<u>(774,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(774,668)</u>
Total assets	<u>346,651</u>	<u>4,150,500</u>	<u>655,150</u>	<u>637,399</u>	<u>5,789,700</u>
LIABILITIES & FUND EQUITY					
LIABILITIES:					
Accounts payable	58,093	118,924	154,057	114,129	445,203
Interfund payable	114,631	-	-	-	114,681
Claims and judgments	-	-	-	156,460	156,460
Compensated absences payable	44,337	-	23,595	2,258	70,190
Contracts payable	<u>-</u>	<u>-</u>	<u>19,411</u>	<u>-</u>	<u>19,411</u>
Total liabilities	<u>217,111</u>	<u>118,924</u>	<u>197,063</u>	<u>272,847</u>	<u>805,945</u>
NET ASSETS					
Capital assets, net of related debt	185,186	-	-	-	185,186
Unrestricted	<u>(55,646)</u>	<u>4,031,576</u>	<u>458,087</u>	<u>364,552</u>	<u>4,798,569</u>
Total net assets	<u>\$ 129,540</u>	<u>\$ 4,031,576</u>	<u>\$ 458,087</u>	<u>\$ 364,552</u>	<u>\$ 4,983,755</u>

KLAMATH COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2008

	<u>Admin Services</u>	<u>Equipment Rent and Revolving</u>	<u>Space Rent and Revolving</u>	<u>Risk Management</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ 4,026,742	\$ 2,144,137	\$ 1,558,926	\$ 1,800,410	\$ 9,530,215
Other revenues	<u>187,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,515</u>
Total operating revenues	<u>4,214,257</u>	<u>2,144,137</u>	<u>1,558,926</u>	<u>1,800,410</u>	<u>9,717,730</u>
OPERATING EXPENSES					
Personal services	1,436,025	-	365,956	142,435	1,944,416
Materials and services	801,253	1,252,150	962,004	1,396,645	4,412,052
Depreciation expense	70,967	-	-	-	70,967
Other operating expenses	<u>1,880,674</u>	<u>-</u>	<u>73,198</u>	<u>74,671</u>	<u>2,028,543</u>
Total operating expenses	<u>4,188,919</u>	<u>1,252,150</u>	<u>1,401,158</u>	<u>1,613,751</u>	<u>8,455,978</u>
Operating income (loss)	<u>25,338</u>	<u>891,987</u>	<u>157,768</u>	<u>186,659</u>	<u>1,261,752</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	308	145,709	18,244	11,665	175,926
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>308</u>	<u>145,709</u>	<u>18,244</u>	<u>11,665</u>	<u>175,926</u>
Income (loss) before transfers	25,646	1,037,696	176,012	198,324	1,437,678
Transfers in	-	-	-	-	-
Transfers out	<u>(181,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(181,200)</u>
Change in net assets	(155,554)	1,037,696	176,012	198,324	1,256,478
Total net assets - beginning	40,659	2,993,880	248,047	301,911	3,584,497
Restated beginning net assets	<u>244,435</u>	<u>-</u>	<u>34,028</u>	<u>(135,683)</u>	<u>142,780</u>
Total net assets - ending	<u>\$ 129,540</u>	<u>\$ 4,031,576</u>	<u>\$ 458,087</u>	<u>\$ 364,552</u>	<u>\$ 4,983,755</u>

KLAMATH COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2008

	<u>Admin Services</u>	<u>Equipment Rent and Revolving</u>	<u>Space Rent and Revolving</u>	<u>Risk Management</u>	<u>Totals</u>
Cash Flows from					
Operating Activities					
Cash received for services	\$ 3,906,762	\$ 2,061,395	\$ 1,538,612	\$ 1,797,719	\$ 9,304,488
Cash paid to suppliers & employees	(4,152,785)	(1,161,428)	(1,440,280)	(1,587,271)	(8,341,764)
Other cash received	187,515	-	-	-	187,515
Net cash provided (used)					
by operating activities	<u>(58,508)</u>	<u>899,967</u>	<u>98,332</u>	<u>210,448</u>	<u>1,150,239</u>
Cash Flows from Noncapital					
Financing Activities					
Transfers from (to) other funds	(181,200)	-	-	-	(181,200)
Cash received (paid) misc sources	114,681	-	-	-	114,681
Net cash provided (used) by					
noncapital financing activities	<u>(66,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,519)</u>
Cash Flows from Capital and					
Related Financing Activities					
Principal paid on debt	-	-	-	-	-
Other receipts and payments	173,468	-	34,028	20,777	228,273
Purchases(sold) of capital assets	(22,977)	-	-	-	(22,977)
Net cash provided by capital and					
related financing activities	<u>150,491</u>	<u>-</u>	<u>34,028</u>	<u>20,777</u>	<u>205,296</u>
Cash Flow from					
Investing activities					
Interest received	308	145,709	18,244	11,665	175,926
Net cash provided by					
investing activities	<u>308</u>	<u>145,709</u>	<u>18,244</u>	<u>11,665</u>	<u>175,926</u>
Net increase (decrease) in cash					
and cash equivalents	25,772	1,045,676	150,604	242,890	1,464,942
Balances - beginning of the year	(25,497)	3,062,935	482,449	390,523	3,910,410
Balances - end of the year	<u>\$ 275</u>	<u>\$ 4,108,611</u>	<u>\$ 633,053</u>	<u>\$ 633,413</u>	<u>\$ 5,375,352</u>
Reconciliation of Operating					
Income to Net Cash Provided					
by Operating Activities					
Operating income (loss)	\$ 25,338	\$ 891,987	\$ 157,768	\$ 186,659	\$ 1,261,752
Adjustments:					
Depreciation	70,967	-	-	-	70,967
Receivables, net	(119,980)	(82,742)	(20,314)	(2,691)	(225,727)
Inventories	24,156	-	-	-	24,156
Accounts & other payables	(59,528)	90,722	(39,136)	25,041	17,099
Accrued expenses	539	-	14	1,439	1,992
Net cash provided (used)					
by operating activities	<u>\$ (58,508)</u>	<u>\$ 899,967</u>	<u>\$ 98,332</u>	<u>\$ 210,448</u>	<u>\$ 1,150,239</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Administrative Services Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 4,189,704	\$ 4,189,704	\$ 4,026,742	\$ (162,962)
Investment income	500	500	308	(192)
Miscellaneous revenues	<u>279,853</u>	<u>379,603</u>	<u>187,515</u>	<u>(192,088)</u>
Total revenues	<u>4,470,057</u>	<u>4,569,807</u>	<u>4,214,565</u>	<u>(255,492)</u>
EXPENSES				
Personal services	1,401,280	1,471,280	1,436,025	35,255
Materials and services	2,919,933	2,949,683	2,681,927	267,756
Capital outlay	20,000	20,000	-	20,000
Contingency	<u>7,144</u>	<u>7,144</u>	<u>-</u>	<u>7,144</u>
Total expenses	<u>4,348,357</u>	<u>4,448,107</u>	<u>4,117,952</u>	<u>330,155</u>
Excess (deficiency) of revenues over expenses	121,700	121,700	96,613	(25,087)
Transfers in	-	-	-	-
Transfers out	<u>(181,200)</u>	<u>(181,200)</u>	<u>(181,200)</u>	<u>-</u>
Net change in fund balance	(59,500)	(59,500)	(84,587)	(25,087)
Fund balance - beginning	59,500	59,500	40,659	(18,841)
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>244,435</u>	<u>244,435</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,507</u>	<u>\$ 200,507</u>
Reconciliation to GAAP Basis: Current depreciation			<u>(70,967)</u>	
FUND BALANCE - GAAP Basis			<u>\$ 129,540</u>	

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Equipment Rent and Revolving Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 2,119,349	\$ 2,119,349	\$ 2,144,137	\$ 24,788
Investment income	100,000	100,000	145,709	45,709
Miscellaneous revenues	-	-	-	-
Total revenues	<u>2,219,349</u>	<u>2,219,349</u>	<u>2,289,846</u>	<u>70,497</u>
EXPENSES				
Personal services	-	-	-	-
Materials and services	15,000	15,000	928	14,072
Capital outlay	1,850,000	1,850,000	1,251,222	598,778
Contingency	<u>400,000</u>	<u>400,000</u>	-	<u>400,000</u>
Total expenses	<u>2,265,000</u>	<u>2,265,000</u>	<u>1,252,150</u>	<u>1,012,850</u>
Excess (deficiency) of revenues over expenses	(45,651)	(45,651)	1,037,696	1,083,347
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balance	(45,651)	(45,651)	1,037,696	1,083,347
Fund balance - beginning	<u>2,132,631</u>	<u>2,132,631</u>	<u>2,993,880</u>	<u>861,249</u>
Fund balance - ending	<u>\$ 2,086,980</u>	<u>\$ 2,086,980</u>	<u>\$ 4,031,576</u>	<u>\$ 1,944,596</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Space Rent and Revolving Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 1,605,678	\$ 1,605,678	\$ 1,558,926	\$ (46,752)
Investment income	8,500	8,500	18,244	9,744
Miscellaneous revenues	-	-	-	-
Total revenues	<u>1,614,178</u>	<u>1,614,178</u>	<u>1,577,170</u>	<u>(37,008)</u>
EXPENSES				
Personal services	358,532	358,532	365,956	(7,424)
Materials and services	1,328,645	1,328,645	966,336	362,309
Capital outlay	77,000	77,000	68,866	8,134
Contingency	<u>20,001</u>	<u>20,001</u>	<u>-</u>	<u>20,001</u>
Total expenses	<u>1,784,178</u>	<u>1,784,178</u>	<u>1,401,158</u>	<u>383,020</u>
Excess (deficiency) of revenues over expenses	(170,000)	(170,000)	176,012	346,012
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(170,000)	(170,000)	176,012	346,012
Fund balance - beginning	170,000	170,000	248,047	78,047
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>34,028</u>	<u>34,028</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,087</u>	<u>\$ 458,087</u>

KLAMATH COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
Risk Management Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 1,712,524	\$ 1,812,306	\$ 1,800,410	\$ (11,896)
Investment income	500	500	11,665	11,165
Miscellaneous revenues	-	-	-	-
Total revenues	<u>1,713,024</u>	<u>1,812,806</u>	<u>1,812,075</u>	<u>99,051</u>
EXPENSES				
Personal services	129,514	132,514	142,435	(9,921)
Materials and services	1,538,809	1,538,809	1,363,812	174,997
Capital outlay	-	108,000	107,504	496
Contingency	94,701	83,483	-	83,483
Total expenses	<u>1,763,024</u>	<u>1,862,806</u>	<u>1,613,751</u>	<u>149,273</u>
Excess (deficiency) of revenues over expenses	(50,000)	(50,000)	198,324	248,324
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balance	<u>(50,000)</u>	<u>(50,000)</u>	<u>198,324</u>	<u>248,324</u>
Fund balance - beginning	50,000	50,000	301,911	251,911
Restated Beginning Balance	-	-	(135,683)	(135,683)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,552</u>	<u>\$ 364,552</u>

AGENCY FUNDS

These funds are used to account for the County's collection and turnover of property taxes to all other taxing districts within Klamath County, Oregon and other miscellaneous accounts held by Treasurer. The Agency Funds consist of the following:

Treasurer Fund
Jail Commissary Fund

KLAMATH COUNTY, OREGON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2008

TREASURER FUND

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u> <u>(Decreases)</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS:			
Pooled cash and investments	\$ 15,037,903	\$ (1,139,139)	\$ 13,898,764
Taxes receivable	4,265,425	(1,009,557)	3,255,868
Receivables- foreclosed properti	1,182,986	-	1,182,986
Other assets	<u>3,259,658</u>	<u>-</u>	<u>3,259,658</u>
Total Assets	<u>\$ 23,745,972</u>	<u>\$ (2,148,696)</u>	<u>\$ 21,597,276</u>
LIABILITIES:			
Due to Other Governments	<u>23,745,972</u>	<u>(2,148,696)</u>	<u>21,597,276</u>
Total Liabilities	<u>\$ 23,745,972</u>	<u>\$ (2,148,696)</u>	<u>\$ 21,597,276</u>

JAIL COMMISSARY

	<u>Balance</u> <u>July 1, 2007</u>	<u>Net</u> <u>Increases</u> <u>(Decreases)</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS:			
Pooled cash and investments	\$ 42,605	\$ (6,625)	\$ 35,980
Total Assets	<u>\$ 42,605</u>	<u>\$ (6,625)</u>	<u>\$ 35,980</u>
LIABILITIES:			
Due to Others	<u>42,605</u>	<u>(6,625)</u>	<u>35,980</u>
Total Liabilities	<u>\$ 42,605</u>	<u>\$ (6,625)</u>	<u>\$ 35,980</u>

KLAMATH COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the Year Ended June 30, 2008

<u>Year End</u>	<u>Levy & Balance as of July 1, 2007</u>	<u>Discounts & Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Balance as of June 30, 2008</u>
ALL KLAMATH COUNTY TAXING DISTRICTS:					
2007-2008	\$ 51,229,707	\$ (1,327,961)	\$ 34,767	\$ 47,657,899	\$ 2,278,614
2006-2007	2,050,515	(72,806)	72,806	1,009,219	1,041,296
2005-2006	913,740	(55,266)	55,266	339,990	573,750
2004-2005	519,230	(84,314)	84,314	315,759	203,471
2003-2004	220,144	(42,466)	42,466	132,318	87,826
2002-2003	88,936	(15,930)	15,930	37,588	51,348
2001-2002	54,075	(4,684)	4,684	17,566	36,509
Prior Years	<u>314,552</u>	<u>(21,412)</u>	<u>21,412</u>	<u>23,908</u>	<u>290,644</u>
Total	<u>\$ 55,390,899</u>	<u>\$ (1,624,839)</u>	<u>\$ 331,645</u>	<u>\$ 49,534,247</u>	<u>\$ 4,563,458</u>

ALL BUDGETED COUNTY FUNDS - BY YEAR OF LEVY:

2007-2008	\$ 9,125,803	\$ 468,849	\$ 6,194	\$ 8,789,378	\$ 811,468
2006-2007	920,327	(443,190)	13,839	293,058	197,918
2005-2006	181,475	(13,589)	10,809	66,490	112,205
2004-2005	100,356	(18,657)	15,840	59,316	38,223
2003-2004	47,244	(11,799)	8,473	26,397	17,521
2002-2003	20,737	(5,759)	3,270	7,712	10,536
2001-2002	11,277	(1,864)	894	3,348	6,959
2000-2001	9,696	47,524	4,181	4,667	56,734
Prior Years	<u>53,733</u>	<u>(57,029)</u>	<u>63,931</u>	<u>4,609</u>	<u>56,026</u>
Total	<u>\$ 10,470,648</u>	<u>\$ (35,514)</u>	<u>\$ 127,431</u>	<u>\$ 9,254,975</u>	<u>\$ 1,307,590</u>

ALL BUDGETED COUNTY FUNDS - BY FUND:

General Fund	\$ 8,346,154	\$ (28,308)	\$ 101,575	\$ 7,401,542	\$ 1,124,569
Courthouse Bond	1,520,338	(5,157)	18,503	1,304,500	130,974
Fairground Bond	440,814	(1,495)	5,365	384,441	37,975
Veterans Service	<u>163,342</u>	<u>(554)</u>	<u>1,988</u>	<u>164,492</u>	<u>14,072</u>
Total	<u>\$ 10,470,648</u>	<u>\$ (35,514)</u>	<u>\$ 127,431</u>	<u>\$ 9,254,975</u>	<u>\$ 1,307,590</u>

Klamath County, Oregon
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2008

<u>Function and Activity</u>	<u>Audit Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Audit Balance June 30, 2008</u>
General Government:				
Treasurer	\$ 5,787	\$ -	\$ 1,390	\$ 4,397
Assessor	226,274	1,958	3,088	225,144
Tax Collector	21,822	3,487	839	24,470
Commissioners	181,711	4,727	3,435	183,003
Clerk	167,644	2,132	1,487	168,289
Government Center	10,147,234	-	-	10,147,234
Property Sales	4,021	-	-	4,021
Watermaster	2,506	-	-	2,506
Maintenance	241,477	600	760	241,317
OSU Extension	384,544	-	-	384,544
Experiment Station	308,324	-	-	308,324
Electrical - Bldg Dept	435,509	69,291	30,791	474,009
Total General Government	12,126,853	82,195	41,790	12,167,258
Public Safety:				
Sheriff	9,005,468	79,297	2,492	9,082,273
Domestic Violence	17,070	4,154	440	20,784
Emergency Services	46,719	3,992	820	49,891
Justice Court	14,365	-	-	14,365
Court Security	9,375	-	-	9,375
District Attorney	125,036	22,241	4,971	142,306
D.A. Enforcement	25,449	22,439	10,876	37,012
Juvenile	459,990	12,640	4,434	468,196
Community Corrections	599,362	79,084	77,789	600,657
Risk management	7,093	-	-	7,093
Search and Rescue	374,784	9,500	-	384,284
Animal Control	91,313	40,180	910	130,583
Total Public Safety	10,776,024	273,527	102,732	10,946,819
Highway and Streets:				
Roads	293,444,200	321,920	-	299,766,120
Bridges	13,382,221	8,200,952	-	24,583,173
Public Works	11,030,434	97,262	31,768	14,095,928
Total Highway and Streets	329,856,855	8,620,134	31,768	338,445,221
Community and Economic Development:				
Community Development	124,971	8,242	56,231	76,982
Surveyor	6,790	-	-	6,790
Planning	90,576	-	28,614	61,962
Total CED	222,337	8,242	84,845	145,734
Health and Welfare:				
Health Department	329,215	8,256	4,532	332,939
Mental Health Department	3,302,656	60,742	31,025	3,332,373
Youth Services Commission	27,223	2,271	-	29,494
Veterans Services	10,655	1,083	1,660	10,078
Total Health and Welfare	3,669,749	72,352	37,217	3,704,884
Culture and Recreation				
Parks	159,620	-	-	159,620
Museum	474,952	4,663	20,816	458,799
Library	4,674,285	49,782	28,141	4,695,926
Fairgrounds	6,185,065	36,515	46,605	6,174,975
Law Library	70,651	3,765	-	74,416
Total Community Services	11,564,573	94,725	95,562	11,563,736
Governmental Activities	866,323	162,734	68,790	960,267
Internal Service Funds	369,082,714	9,313,909	462,704	377,933,919
Total Governmental Funds	\$ 369,082,714	\$ 9,313,909	\$ 462,704	\$ 377,933,919

Klamath County, Oregon
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
For the Fiscal Year Ended June 30, 2008

Function and Activity	Land	Buildings	Machinery & equipment	Vehicles	Infrastructure	Construction in progress	Total
General Government:							
Treasurer	\$ -	\$ -	\$ 4,397	\$ -	\$ -	\$ -	\$ 4,397
Assessor	-	-	102,623	122,521	-	-	225,144
Tax Collector	-	-	24,470	-	-	-	24,470
Commissioners	-	157,300	25,703	-	-	-	183,003
Clerk	-	-	168,289	-	-	-	168,289
Government Center	287,182	9,164,354	695,698	-	-	-	10,147,234
Property Sales	-	-	4,021	-	-	-	4,021
Watermaster	-	1,750	756	-	-	-	2,506
Maintenance	-	35,000	71,070	135,247	-	-	241,317
OSU Extension	-	357,005	-	27,539	-	-	384,544
Experiment Station	500	220,500	86,115	1,209	-	-	308,324
Electrical - Building Dept	-	-	157,483	316,526	-	-	474,009
Total General Government	287,682	9,935,909	1,340,625	603,042	-	-	12,167,258
Public Safety:							
Sheriff	-	7,653,972	1,019,384	408,917	-	-	9,082,273
Domestic Violence	-	-	20,784	-	-	-	20,784
Emergency Services	-	-	49,891	-	-	-	49,891
Justice Court	-	-	14,365	-	-	-	14,365
Courtsecurity	-	-	9,375	-	-	-	9,375
District Attorney	-	-	142,306	-	-	-	142,306
D.A. Enforcement	-	-	11,564	25,448	-	-	37,012
Juvenile	-	162,500	93,450	212,246	-	-	468,196
Community Corrections	-	-	363,671	236,986	-	-	600,657
Risk Management	-	-	7,093	-	-	-	7,093
Search and Rescue	1,000	16,000	122,411	244,873	-	-	384,284
Animal Control	-	-	34,587	95,996	-	-	130,583
Total Public Safety	1,000	7,832,472	1,888,881	1,224,466	-	-	10,946,819
Highway and Streets:							
Roads	-	-	-	-	299,766,120	-	299,766,120
Bridges	-	-	-	-	24,583,173	-	24,583,173
Public Works	2,000	388,890	7,654,857	6,050,181	-	-	14,095,928
Total Highway and Streets	2,000	388,890	7,654,857	6,050,181	324,349,293	-	338,445,221
Community and Economic Development:							
Community Development	-	-	76,982	-	-	-	76,982
Surveyor	-	-	6,790	-	-	-	6,790
Planning	-	-	61,962	-	-	-	61,962
Economic Development	-	-	145,734	-	-	-	145,734
Health and Welfare:							
Health Department	-	-	176,591	156,348	-	-	332,939
Mental Health Department	-	2,617,791	395,702	318,880	-	-	3,332,373
Youth Services Comm	-	-	29,494	-	-	-	29,494
Veterans Services	-	-	10,078	-	-	-	10,078
Total Health and Welfare	-	2,617,791	611,865	475,228	-	-	3,704,884
Culture and recreation							
Parks	83,936	4,000	55,515	16,169	-	-	159,620
Museum	-	358,000	92,399	8,400	-	-	458,799
Library	-	700,000	3,940,342	55,584	-	-	4,695,926
Fairgrounds	128,500	4,854,994	1,073,668	117,813	-	-	6,174,975
Law Library	-	-	74,416	-	-	-	74,416
Total Community Services	212,436	5,916,994	5,236,340	197,966	-	-	11,563,736
Governmental Activities							
Internal Service Funds	-	-	852,274	107,993	-	-	960,267
Total Governmental Activities	\$ 503,118	\$ 26,692,056	\$ 17,730,576	\$ 8,658,876	\$ 324,349,293	\$ -	\$ 377,933,919

KLAMATH COUNTY, OREGON
SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS
HELD BY ELECTED OFFICIALS:
June 30, 2008

	<u>Cash and cash equivalents July 1, 2007</u>	<u>Receipts</u>	<u>Turnovers to Treasurer</u>	<u>Disbursements</u>	<u>Cash and cash equivalents June 30, 2008</u>
Assessor	\$ 50	\$ 264,569	\$ 264,569	\$ -	\$ 50
Clerk	100	658,052	658,052	-	100
District Attorney	895	396,007	390,891	4,783	1,228
Sheriff	42,916	1,548,940	1,522,492	48,483	20,881
Surveyor	-	130,799	130,799	-	-
Justice of the Peace	83,765	970,947	298,479	716,096	40,137
Commissioners	50	2,056	2,056	-	50
Tax Collector	400	50,823,343	50,823,343	-	400
Treasurer	142,944,182	129,896,070	-	125,228,531	147,611,721
	<u>\$ 143,072,358</u>	<u>\$ 184,690,783</u>	<u>\$ 54,090,681</u>	<u>\$ 125,997,893</u>	<u>\$ 147,674,567</u>

COMPOSITION OF CASH AND CASH EQUIVALENTS AND INVESTMENTS:

	<u>Cash on Hand</u>	<u>Cash in Banks & State Pool</u>	<u>Certificates of Deposit</u>	<u>Investments</u>	<u>Total</u>
Assessor	\$ 50	\$ -	\$ -	\$ -	\$ 50
Clerk	100	-	-	-	-
District Attorney	-	1,228	-	-	1,228
Sheriff	50	20,831	-	-	20,881
Surveyor	-	-	-	-	-
Justice of the Peace	100	40,037	-	-	40,137
Commissioners	50	-	-	-	50
Tax Collector	400	-	-	-	400
Treasurer	-	25,344,487	8,000,000	113,767,234	147,611,721
	<u>\$ 750</u>	<u>\$ 25,906,583</u>	<u>\$ 8,000,000</u>	<u>\$ 113,767,234</u>	<u>\$ 147,674,567</u>

COMPLIANCE SECTION

*COMMENTS OF INDEPENDENT AUDITORS REQUIRED
BY MINIMUM STANDARDS FOR AUDITS
OF OREGON MUNICIPAL CORPORATIONS*



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SUITE 155
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COMMENTS OF INDEPENDENT AUDITORS
REQUIRED BY MINIMUM STANDARDS FOR
AUDITS OF OREGON MUNICIPAL CORPORATIONS

Board of County Commissioners
Klamath County
Klamath Falls, Oregon

We have audited the basic financial statements of Klamath County, Oregon as of and for the year ended June 30, 2008, and have issued our report thereon dated May 29, 2009.

Pursuant to the provisions of Oregon Revised Statutes (ORS) 297.465, Oregon Administrative Rules (OAR) 162-10-050 through 162-10-320 incorporates the *Minimum Standards for Audits of Oregon Municipal Corporations*. These standards have been approved by the Oregon Board of Accountancy, and have been adopted by the Secretary of State as Administrative Rules under the provisions of ORS Chapter 183.

The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth following.

Internal Control

In planning and performing our audit, we considered the County's internal control over financial reporting (internal control) 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 the County's internal control.

Our report on the County's internal control over financial reporting is presented on pages 118 to 120 of this report.

Indebtedness

The County's short-term and long-term debts were found to be within legal limitations on the amount of debt which incurred, liquidation of debt were within the prescribed period of time, and indentures were in compliance with provisions of bond or other agreements, including restrictions on the use of moneys available to retire indebtedness.

Adequacy of Collateral Securing Depository Balances

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated that collateral was not sufficient during the year ended June 30, 2008.

Budget Compliance

The County has complied with Local Budget Laws in the preparation, adoption and execution for fiscal year ending June 30, 2008; preparation and adoption for the fiscal year ending June 30, 2009. All procedures were found in compliance with statutory requirements, except noncompliance relating to overexpenditures of budgeted appropriations described in note 2 of the County's basic financial statements.

Insurance and Fidelity Bonds

We have reviewed the County's insurance and fidelity bond coverage at June 30, 2008. We ascertained that such policies appeared to be in force and comply with legal requirements relating to insurance and fidelity bond coverage. We are not experts in insurance to comment on the adequacy of the insurance policies.

Investments

Our review of investment pertaining to the investments of public funds indicated that the County was in compliance with ORS 294, during the year ended June 30, 2008.

Public Contracting and Purchasing

Our review of the County's public contracting, purchasing procedures and construction of public improvement requirements (ORS 279) indicated that the County was in compliance.

Schedule of Accountability of Independently Elected Officials

A schedule of accountability for independently elected County officials collecting or receiving money is included as other supplementary information.

Use of State Highway Funds

The County has complied with the legal requirements pertaining to the use of revenue from taxes on motor vehicle use and fuel, and roads funds.

Programs Funded from Outside Sources

We have reviewed the County's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies. The County is in compliance with the guidelines in all material respects.

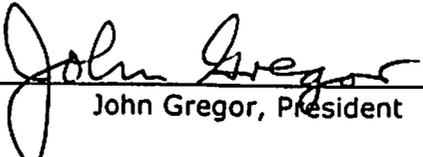
Accounting Records

The accounting records were generally adequate for the audit, except items mentioned on compliance audit section.

Board of Commissioners
Klamath County
Page 3 of 3

This report is intended solely for the information of the County Commissioners, management, and federal and state awarding agencies and pass-through entities, and the Secretary of State Audits Division and is not intended to be and should not be used by anyone other than these specified parties.

GREGOR PROFESSIONAL CORPORATION
Certified Public Accountants

By 
John Gregor, President

Eugene, Oregon
May 29, 2009

SINGLE AUDIT REPORT

KLAMATH COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Federal Grantor/Pass Through Grantor /Program Title	Federal CFDA Number	Federal Awards Received	Expended
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Oregon Department of Administrative Services			
Federal Forest Receipts (Schools and Roads)*	10.665	\$ 15,390,147	\$ 15,571,025
Women, Infants and Children Nutrition Program	10.557	331,839	331,839
WIC Grants To States	10.578	<u>8,750</u>	<u>8,750</u>
Total U.S. Department of Agriculture		<u>15,730,736</u>	<u>15,911,614</u>
U.S. DEPARTMENT OF INTERIOR:			
Disposal of Federal Surplus Real Property	39.002	1,961	1,961
Non-Sale Disposals of Mineral Material	15.214	1,271	1,271
Distribution of Receipts to State and Local Governments	15.227	<u>2,629,663</u>	<u>2,629,663</u>
Total U.S. Department of Interior		<u>2,632,895</u>	<u>2,632,895</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
Family Planning	93.217	23,705	23,705
Community Mental Health	93.958	25,075	25,075
Early Detection Substance Abuse	93.959	379,933	379,933
Bioterrorism	93.283	161,208	161,208
HIV Care Consortia Title II	93.917	24,569	24,569
Maternal & Child Health	93.994	50,039	50,039
Immunization Special Payments	93.778	20,878	20,878
HIV Prevention	93.940	1,975	1,975
Temporary Assistance for Needy Families	93.558	6,000	6,000
Stars	93.235	12,166	12,166
TB Case Management	93.116	<u>20,000</u>	<u>20,000</u>
Total U.S. Department of Health and Human Services		<u>725,548</u>	<u>725,548</u>
ENVIRONMENTAL PROTECTION AGENCY			
Water System Supervision	66.432	20,650	20,650
Drinking Water Revolving Fund	66.468	<u>22,979</u>	<u>22,979</u>
Total Environmental Protection Agency		<u>43,629</u>	<u>43,629</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Volcanic Legacy Scenic Byway	14.228	<u>49,665</u>	<u>49,665</u>
U.S. DEPARTMENT OF JUSTICE:			
Marijuana Education Grant	16.580	6,000	6,000
Violence Against Women Formula Grants*	16.588	204,318	204,318
Crime Victim Assistance	16.575	43,297	43,297
Edward Byrne Memorial Enforcement Assistance Discretionary	16.738	277,032	19,392
Child Support Enforcement	93.563	<u>135,176</u>	<u>135,176</u>
Total U.S. Department of Justice		<u>665,823</u>	<u>408,183</u>
U.S. DEPARTMENT OF HOME LAND SECURITY			
Emergency Management Performance Grant	97.042	<u>503,767</u>	<u>503,767</u>
OREGON COMMISSION ON CHILDREN & FAMILY			
Family Preservation & Support - Title IV	93.556	24,513	24,513
Early Child Care / CCDF	93.575	13,280	13,280
Youth Investment - Title XX	93.667	<u>24,948</u>	<u>24,948</u>
Total Oregon Commission Children & Family		<u>62,741</u>	<u>62,741</u>
U.S. Fish & Wildlife			
Ecosystem Restoration Office	81.450	<u>92,611</u>	<u>92,611</u>
OTHERS			
Watershed Council Support Grant	11.438	92,611	92,611
Surplus Property	Unknown	272	272
USDA Food Reimbursement	10.555	26,988	26,988
Taylor Grazing	15.227	3,763	3,763
DEQ	Unknown	<u>16,800</u>	<u>16,800</u>
Total others		<u>140,434</u>	<u>140,434</u>
Total Federal Awards and Expenditures		<u>\$ 20,647,849</u>	<u>\$ 20,571,087</u>

* Indicates a major program.

Klamath County, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Klamath County, Oregon 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 the preparation of, the basic financial statements.

Klamath County, Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? √ yes ___ no
- Significant deficiencies identified that are not considered to be material weaknesses? √ yes ___ none reported

Noncompliance material to financial statements noted? ___ yes √ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___ yes √ no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes √ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___ yes √ no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.665	Federal Forest Receipts
16.588	Violence Against Women Formula Grant

Dollar threshold used to distinguish between type A & type B programs: \$ 617,133

Auditee qualified as low-risk auditee? √ yes ___ no

Klamath County, Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section II - Financial Statement Findings

FINDING 2008-01: Material Weakness in internal control for preparation of financial statements in accordance with GAAP

Criteria: A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Condition & Perspective Information: For the year ended June 30, 2008, there was no one on staff sufficient knowledge to prepare GAAP-based financial statements. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is unusual in the entity of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal control cost.

Effect: Certain material adjustments were required to be made to the accounting subsequent to the start of the audit process. Material adjustments include the recording of prior year audit adjustments. Since these adjustments resulted in material misstatements of the financial statements, this deficiency is deemed to be a material weakness.

Cause: The County had a weakness in internal control for preparation of financial statements in accordance with GAAP. The County has maintained its financial records with two different general ledgers - treasurer's trial balance, including agency and trust funds and fund based general ledgers. Differences between these two general ledgers have been adjusted for audit purpose by several adjusting items.

Recommendation: implementing an integral internal control system is an on-going process. As such, we continue to recommend that management assess its internal control system and implement additional controls appropriate to the size and needs of the County. We also urge that the County needs to maintain only one combined general ledger. Using one record would be more practical and effective for good internal control.

Views of the Responsible Officials: The County will use new accounting system starting fiscal year ending June 30, 2009. When the new system is up and running, no significant adjustments are necessary.

Klamath County, Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

FINDING 2008-02: Significant deficiency in internal control for Municipal Solid Waste Landfill

Criteria: A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Condition & Perspective Information: Generally accepted accounting principles states that landfill closure and post closure care costs are required to be estimated and accrued over the period in which the land fill accepts solid waste. The generally accepted method of recognizing the liability requires the County to take the ratio of the total estimated capacity and the cumulative capacities used and apply to the ratio of total estimated cost adjusting annually for inflation. During our testing of the County's landfill closure and post closure care liability estimates, we noted the County did not properly and timely report the total estimated closure and post closure costs when calculating the liability as of June 30, 2008.

Effect: Material misstatements in the presentation and disclosure of the financial statements in accordance with GAAP may not be prevented or detected.

Cause: The County had a weakness in internal control over landfill closure monitoring.

Recommendation: We recommend that the County implement stronger internal controls, such as management review or recalculation procedures, to the completeness and accuracy of the County's landfill liability estimates recorded in the County's financial statements on a timely basis. In accordance with State Regulations for Financial Assurance, we also recommend that the County conduct the third-party review of Landfill Site Reserve Fund Account.

Views of the Responsible Officials: The County has implemented procedures to ensure the correct calculation methodology is used to compute the County's total landfill closure and post closure care liability using the known total future estimated capacity as the basis. The County will conduct a third -party to review of the County's Landfill Site Reserve Fund Account.

FINDING 2008-03: Significant Deficiency in internal control on Infrastructure

Criteria: A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Klamath County, Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Condition & Perspective Information: During the course of our audit for the financial statements, we noticed the County has not maintained the depreciation schedule for the infrastructure which required by the Statement 34 of Government Accounting Standard Board. With the GASB 34, infrastructure assets should be depreciated unless the County adopts *modified approach* (see below).

Effect: Infrastructure assets are significant part of the County's total assets. Therefore, inadequate recording of depreciation expenses of the infrastructure assets resulted in material misstatements of the financial statements.

Cause: The County had a weakness in internal control over infrastructure monitoring.

Recommendation: We recommend that the County adopt the modified approach based on GASB 34. The Statement indicates that infrastructure assets are not required to be depreciated as long as two requirements are met. First the County manages the eligible infrastructure assets using an asset management system that has the characteristics set forth; second, the County documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the County. Please refer paragraphs 23 to 26 of GASB 34.

Views of the Responsible Officials: The County will take the auditor's recommendation for adopting modified approach.

Section III - Federal Award Findings & Questioned Costs

None

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners
Klamath County
Klamath Falls, Oregon

We have audited the basic financial statements of Klamath County, Oregon, as of and for the year ended June 30, 2008, and have issued our report thereon dated May 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County'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 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.

Our consideration of internal control 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be 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 a 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. We consider the following deficiencies in the entity's internal control to be material weaknesses:

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP

The internal control structure of the County has focused primarily on the object of effectiveness and efficiency of operations. However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with generally accepted accounting principles. For the year ended June 30, 2008, there was no one on staff sufficient knowledge to prepare GAAP-based financial statements. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is unusual in the County of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal control cost.

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. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

MUNICIPAL SOLID WASTE LANDFILL

Generally accepted accounting principles states that landfill closure and post closure care costs are required to be estimated and accrued over the period in which the land fill accepts solid waste. The generally accepted method of recognizing the liability requires the County to take the ratio of the total estimated capacity and the cumulative capacities used and apply to the ratio of total estimated cost adjusting annually for inflation. During our testing of the County's landfill closure and post closure care liability estimates, we noted the County did not properly and timely report the total estimated closure and post closure costs when calculating the liability as of June 30, 2008.

INFRASTRUCTURE

During the course of our audit for the financial statements, we noticed the County has not maintained the depreciation schedule for the infrastructure which required by the Statement 34 of Government Accounting Standard Board. With the GASB 34, infrastructure assets should be depreciated unless the County adopts *modified approach*.

Compliance and Other Matters

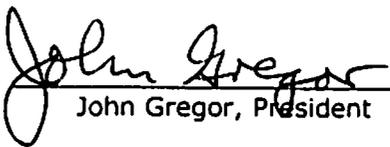
As part of obtaining reasonable assurance about whether the financial statements of the County are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of County Commissioners
Klamath County
Page 3 of 3

We noted certain matters that we reported to management in our separate letter dated May 29, 2009.

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

GREGOR PROFESSIONAL CORPORATION
Certified Public Accountants

By: 
John Gregor, President

Eugene, Oregon
May 29, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners
Klamath County
Klamath Falls, 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 (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County'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 County's management. Our responsibility is to express an opinion on the compliance of the County based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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 the County'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 the County's compliance with those requirements.

In our opinion, the County 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, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine 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 the County's internal control over compliance.

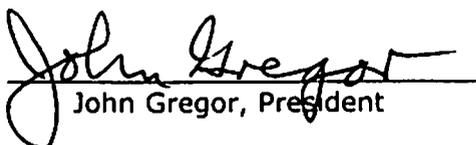
A *control deficiency* in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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

GREGOR PROFESSIONAL CORPORATION
Certified Public Accountants

By: 
John Gregor, President

Eugene, Oregon
May 29, 2009