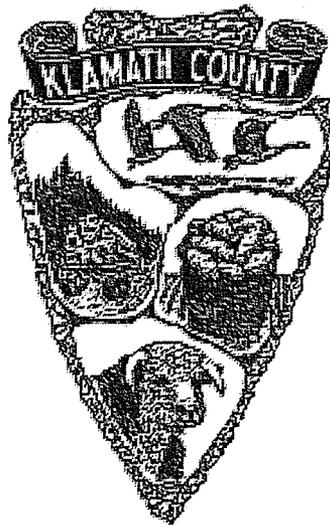


**KLAMATH COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT**

**June 30, 2009**

COUNTY  
*Klamath*  
OREGON



## **KLAMATH COUNTY, OREGON**

**June 30, 2009**

### **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 (elected January 2009)

### **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  
<http://www.co.klamath.or.us>

**KLAMATH COUNTY, OREGON  
ANNUAL FINANCIAL REPORT  
June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>FINANCIAL SECTION:</b>	
<b>Report of the Independent Auditors</b>	
<b>Management's Discussion and Analysis</b>	(1)-(7)
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Balance Sheet to the Statement of Net Assets	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6
Statement of Net Assets - Proprietary Funds	7
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	8
Statement of Cash Flows - Proprietary Funds	9
Statement of Fiduciary Net Assets	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	11
Roads Fund	12
Road Reserve Fund	13
Mental Health Fund	14
Notes to the Basic Financial Statements	15-41
<b>Other Supplementary Information:</b>	
Combining and Individual Fund Statements	
Nonmajor Governmental Fund Types:	
Combining Balance Sheet	42-43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	44-45

**KLAMATH COUNTY, OREGON  
ANNUAL FINANCIAL REPORT  
June 30, 2009**

**TABLE OF CONTENTS (Continued)**

	<u>Page</u>
<b>Other Supplementary Information (Continued):</b>	
Combining and Individual Fund Statements (Continued)	
Nonmajor Governmental fund Types (Continued):	
Combining Balance Sheet - Special Revenue Funds	46-51
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds	52-57
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Special Revenue Funds	58-89
Debt Service Funds	90-91
Capital Project Funds	92
Enterprise Funds:	
Combining Statement of Net Assets - Nonmajor	93
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor	94
Combining Statement of Cash Flows - Nonmajor	95
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (All Enterprise):	96-99
Internal Service Funds:	
Combining Statement of Net Assets	100
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	101
Combining Statement of Cash Flows	102
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	103-106
Other Schedules:	
Capital Assets Used in the Operation of Governmental Funds	107-108
Schedule of Property Tax Transactions	109
Schedule of Cash and Investments Held by Elected Officials	110

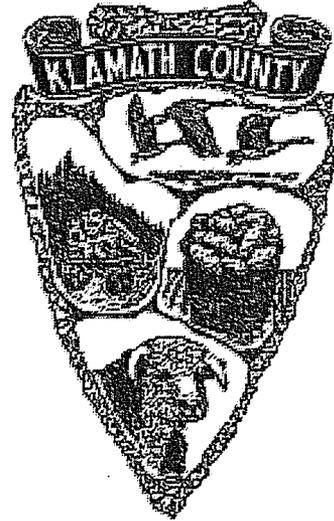
**KLAMATH COUNTY, OREGON  
ANNUAL FINANCIAL REPORT  
June 30, 2009**

**TABLE OF CONTENTS (Continued)**

	<u>Page</u>
<b>COMPLIANCE SECTION:</b>	
<b>Comments of the Independent Auditors Required by the State of Oregon Minimum Standards for Audits of Oregon Municipal Corporations</b>	111-113
<b>Single Audit Report:</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	114-115
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	116-117
Schedule of Expenditures of Federal Awards	118
Notes to the Schedule of Expenditures of Federal Awards	119
Schedule of Findings and Questioned Costs	120-122

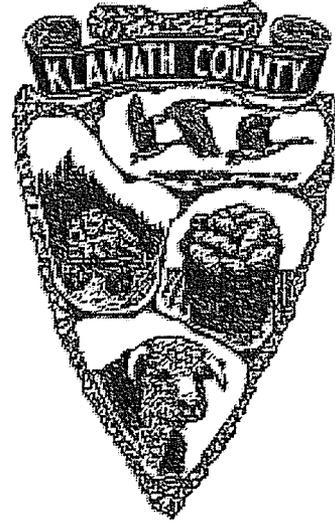
FINANCIAL SECTION

COUNTY  
*Klamath*  
OREGON

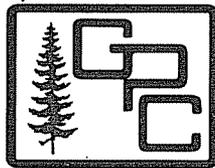


*REPORT OF THE INDEPENDENT AUDITORS*

COUNTY  
*Klamath*  
OREGON



450 COUNTRY CLUB ROAD  
SUITE 155  
EUGENE, OREGON 97401-6078



GREGOR PROFESSIONAL  
C O R P O R A T I O N

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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, 2009, 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.

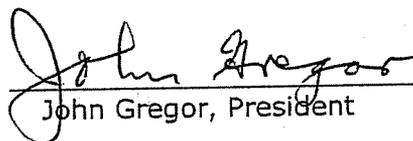
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2009, the respective 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 31, 2010, 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 31, 2010

## 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, 2009, 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.

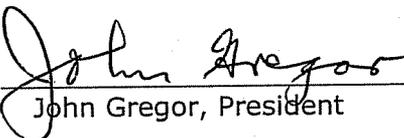
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2009, the respective 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 31, 2010, 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 31, 2010

*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, 2009. 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 \$351,653 (*net assets*). Of this amount, \$48,806 (*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 \$4,133. 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 \$130,745, an increase of \$3,939 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,572.
- Klamath County's total long-term debt decreased by \$1,876 during the current fiscal year. The decrease was the annual retirement of debt issued.
- Klamath County operates two solid waste landfills. The County built a transfer station which has begun shipping the municipal solid waste at the Klamath Falls landfill to a regional site location. The Klamath Falls landfill site is now authorized by the State to continue to receive construction and demolition waste only. The Chemult site is still full service. The County has been recognizing and reserving funds each year to cover cost of closure and replacement.

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

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

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

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

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

Both the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, human services, community development, and culture and recreation. The business-type activities of the County include landfill, solid waste, recycling, and weed control. The government-wide financial statements can be found on pages 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 pages 5-6.

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 3-6 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 7-9 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 10 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 15-41 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Klamath County, assets exceeded liabilities by \$342,359 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (61.4 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		Business-types		Totals	
	2009	2008	2009	2008	2009	2008
<b>ASSETS:</b>						
Current & other assets	\$ 141,722	\$ 137,844	\$ 6,918	\$ 5,573	\$ 148,640	\$ 143,417
Capital assets	220,047	223,280	646	933	220,693	224,213
Total assets	<u>361,769</u>	<u>361,124</u>	<u>7,564</u>	<u>6,506</u>	<u>369,333</u>	<u>367,630</u>
<b>LIABILITIES:</b>						
Long-term liabilities	5,297	7,106	5,116	4,779	10,413	11,885
Other liabilities	4,819	5,658	314	312	5,133	5,970
Total liabilities	<u>10,116</u>	<u>12,764</u>	<u>5,430</u>	<u>5,091</u>	<u>15,546</u>	<u>17,855</u>
<b>NET ASSETS:</b>						
Invested capital assets, net of related debt	216,414	217,770	646	933	217,060	218,703
Restricted	87,920	86,719	-	-	87,920	86,719
Unrestricted	47,319	43,871	1,487	482	48,806	44,353
Total net assets	<u>\$ 351,653</u>	<u>\$ 348,360</u>	<u>\$ 2,133</u>	<u>\$ 1,415</u>	<u>\$ 353,786</u>	<u>\$ 349,775</u>

The County's net assets balance of *unrestricted net assets*, which amounts to \$48,806, 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 \$3,805. 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		Business-types		Totals	
	2009	2008	2009	2008	2009	2008
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 16,633	\$ 16,471	\$ 4,287	\$ 4,448	\$ 20,920	\$ 20,919
Operating grants & contributions	23,843	20,473	-	-	23,843	20,473
General revenues:						
Property taxes	7,804	9,039	-	-	7,804	9,039
Other taxes	6,814	5,212	-	-	6,814	5,212
Grants & contributions, not restricted						
To specific programs	3,364	3,520	-	-	3,364	3,520
Other	7,479	7,125	155	231	7,634	7,356
Total revenues	<u>65,937</u>	<u>61,840</u>	<u>4,442</u>	<u>4,679</u>	<u>70,379</u>	<u>66,519</u>
<b>EXPENSES</b>						
General government	6,351	5,999	-	-	6,351	5,999
Public safety	15,916	14,641	-	-	15,916	14,641
Highway & streets	17,517	15,828	-	-	17,517	15,828
Human services	11,208	10,949	-	-	11,208	10,949
Culture & recreation	1,725	1,426	-	-	1,725	1,426
Community development	4,060	4,884	-	-	4,060	4,884
Education, paid to school districts	4,361	3,853	-	-	4,361	3,853
Interest on long-term debt	280	367	-	-	280	367
Landfill	-	-	335	683	335	683
Solid waste	-	-	4,206	4,914	4,206	4,914
Recycling	-	-	82	45	82	45
Weed control	-	-	205	229	205	229
Total expenses	<u>61,418</u>	<u>57,947</u>	<u>4,828</u>	<u>5,871</u>	<u>66,246</u>	<u>63,818</u>
Increase in net assets,						
before transfers	4,519	3,893	(386)	(1,192)	4,133	2,701
Transfers	(714)	88	714	(88)	-	-
Increase in net assets	3,805	3,981	328	(1,280)	4,133	2,701
<b>NET ASSETS:</b>						
Beginning	348,360	339,822	1,415	2,537	349,775	342,359
Restated	(512)	4,557	390	158	(122)	4,715
Ending	<u>\$ 351,653</u>	<u>\$ 348,360</u>	<u>\$ 2,133</u>	<u>\$ 1,415</u>	<u>\$ 353,786</u>	<u>\$ 349,775</u>

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

**Business-type activities:** Business-type activities increased Klamath County's net assets by \$328. *The excess of revenues over expenses in the business-type activities led to the increase in net assets.*

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

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

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

The general fund is the chief operating fund of the Klamath County. The fund balance of the County's general fund was increased by \$656 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 \$122, 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 \$482. 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, 2009, amounts to \$217,060 (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)

Assets	Governmental		Business-types		Totals	
	2009	2008	2009	2008	2009	2008
Land & construction inprogress	\$ 503	\$ 503	\$ 240	\$ 240	\$ 743	\$ 743
Building & improvements	15,723	15,697	35	37	15,758	15,734
Machinery & equipment	8,028	7,994	246	437	8,274	8,431
Vehicles	2,499	2,481	125	219	2,624	2,700
Infrastructure (Roads & Bridges)	193,294	196,605	-	-	193,294	196,605
Total	<u>\$ 220,047</u>	<u>\$ 223,280</u>	<u>\$ 646</u>	<u>\$ 933</u>	<u>\$ 220,693</u>	<u>\$ 224,213</u>

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 \$3,555. 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 & Notes Payable

General obligation bonds	Governmental		Business-types		Totals	
	2009	2008	2009	2008	2009	2008
Series 1997A	\$ 2,955	\$ 4,325	\$ -	\$ -	\$ 2,955	\$ 4,325
Series 1999	600	1,100	-	-	600	1,100
Lease payable	78	84	-	-	78	84
Total	<u>\$ 3,633</u>	<u>\$ 5,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,633</u>	<u>\$ 5,509</u>

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, 2009, the \$5,051 is part of the investment pool of \$140,480 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 2008-09 and 2009-10 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: [bocc@co.klamath.or.us](mailto:bocc@co.klamath.or.us)      Web: [www.co.klamath.or.us](http://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, 2009**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 134,167,070	\$ 6,313,114	\$ 140,480,184
Receivables:			
Property taxes	1,002,036	-	1,002,036
Accounts	4,134,636	587,670	4,722,306
Internal balances	-	-	-
Inventories	2,417,625	17,316	2,434,941
Capital assets, net of accumulated depreciation	<u>220,047,481</u>	<u>645,632</u>	<u>220,693,113</u>
Total assets	<u>361,768,848</u>	<u>7,563,732</u>	<u>369,332,580</u>
<b>LIABILITIES</b>			
Accounts & other payable	4,734,552	314,378	5,048,930
Deferred revenues	84,143	-	84,143
Noncurrent liabilities:			
Due within one year	2,575,392	65,265	2,640,657
Due in more than one year	<u>2,721,473</u>	<u>5,051,020</u>	<u>7,772,493</u>
Total liabilities	<u>10,115,560</u>	<u>5,430,663</u>	<u>15,546,223</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	216,414,030	645,632	217,059,662
Restricted for:			
Infrastructure - Roads	78,311,016	-	78,311,016
Debt service	122,195	-	122,195
Community development	59,222	-	59,222
Other purposes	9,428,108	-	9,428,108
Unrestricted	<u>47,318,717</u>	<u>1,487,437</u>	<u>48,806,154</u>
Total net assets	<u>\$ 351,653,288</u>	<u>\$ 2,133,069</u>	<u>\$ 353,786,357</u>

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2009

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<i>Governmental activities:</i>						
General government	\$ 6,351,043	\$ -	\$ -	\$ (2,511,733)	\$ -	\$ (2,511,733)
Public safety	15,916,250	1,444,468	-	(14,157,914)	-	(14,157,914)
Highways and streets	17,516,960	14,920,114	-	(2,596,846)	-	(2,596,846)
Human services	11,207,840	3,412,106	-	(713,102)	-	(713,102)
Culture and recreation	1,725,025	232,377	-	(981,528)	-	(981,528)
Community development	4,060,352	262,960	-	1,088,465	-	1,088,465
Education	4,360,502	3,571,189	-	(789,313)	-	(789,313)
Interest on long-term debt	280,458	-	-	(280,458)	-	(280,458)
Total governmental activities	61,418,430	23,843,214	-	(20,942,429)	-	(20,942,429)
<i>Business-type activities:</i>						
Landfill	335,447	-	-	-	(335,447)	(335,447)
Solid waste	4,205,467	-	-	-	(277,309)	(277,309)
Recycling	82,196	-	-	-	29,114	29,114
Weed control	205,317	-	-	-	42,190	42,190
Total business-type activities	4,828,427	-	-	-	(541,452)	(541,452)
County Totals	\$ 66,246,857	\$ 23,843,214	\$ -	\$ (20,942,429)	\$ (541,452)	\$ (21,483,881)
<i>General revenues:</i>						
Property taxes, levied for general purposes				7,804,474	-	7,804,474
Property taxes, levied for debt service				2,111,303	-	2,111,303
Public service taxes				4,702,867	-	4,702,867
Grants and contributions not restricted to specific programs				3,364,418	-	3,364,418
Interest and investment earnings				5,415,583	155,493	5,571,076
Miscellaneous				2,062,549	40	2,062,589
Transfers				(713,928)	713,928	-
Total general revenues and transfers				24,747,266	869,461	25,616,727
Change in net assets				3,804,837	328,009	4,132,846
Net assets--beginning				348,360,186	1,414,728	349,774,914
Restated beginning net assets				(511,735)	390,332	(121,403)
Net assets--beginning, as restated				347,848,451	1,805,060	349,653,511
Net assets--ending				\$ 351,653,288	\$ 2,133,069	\$ 353,786,357

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY, OREGON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009**

	<b>Major Special Revenue Funds</b>				<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Roads</b>	<b>Road Reserve</b>	<b>Mental Health</b>	<b>Funds (Page 43)</b>	<b>Governmental Funds</b>
<b>ASSETS</b>						
Equity in pooled-						
Cash and investments	\$ 2,427,703	\$ 36,535,059	\$ 78,214,623	\$ 1,591,751	\$ 10,049,270	\$ 128,818,406
Property taxes receivable	819,015	-	-	-	183,021	1,002,036
Accounts receivable	555,542	368,279	178,406	946,716	1,807,425	3,856,368
Assessments receivable	-	79,517	-	-	4,626	84,143
Interfund receivable	1,076,536	-	-	-	-	1,076,536
Inventories	27,502	2,370,062	-	-	-	2,397,564
<b>Total assets</b>	<b>\$ 4,906,298</b>	<b>\$ 39,352,917</b>	<b>\$ 78,393,029</b>	<b>\$ 2,538,467</b>	<b>\$ 12,044,342</b>	<b>\$ 137,235,053</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,568,989	\$ 1,181,372	\$ 82,013	\$ 377,482	\$ 1,170,634	\$ 4,380,490
Deferred tax revenue	765,522	-	-	-	183,021	948,543
Deferred other revenue	-	79,517	-	-	4,626	84,143
Interfund payables	-	-	-	-	1,076,536	1,076,536
<b>Total liabilities</b>	<b>2,334,511</b>	<b>1,260,889</b>	<b>82,013</b>	<b>377,482</b>	<b>2,434,817</b>	<b>6,489,712</b>
<b>FUND BALANCES</b>						
Reserved for:						
Inventories	27,502	2,370,062	-	-	-	2,397,564
Other purpose	-	-	-	-	-	-
Unreserved, reported in:						
General fund	2,544,285	-	-	-	-	2,544,285
Special revenue funds	-	35,721,966	78,311,016	2,160,985	9,478,197	125,672,164
Debt service	-	-	-	-	122,195	122,195
Capital projects	-	-	-	-	9,133	9,133
<b>Total fund balances</b>	<b>2,571,787</b>	<b>38,092,028</b>	<b>78,311,016</b>	<b>2,160,985</b>	<b>9,609,525</b>	<b>130,745,341</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,906,298</b>	<b>\$ 39,352,917</b>	<b>\$ 78,393,029</b>	<b>\$ 2,538,467</b>	<b>\$ 12,044,342</b>	<b>\$ 137,235,053</b>

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, 2009**

	General	Major Special Revenue Funds			Other Funds (Page 45)	Total Governmental Funds
		Roads	Road Reserve	Mental Health		
<b>REVENUES:</b>						
Property taxes	\$ 7,763,204	\$ -	\$ -	\$ -	\$ 2,111,303	\$ 9,874,507
Other taxes	800,622	3,079,096	-	-	823,149	4,702,867
Licenses, permits and fees	93,257	-	-	-	-	93,257
Charges for Service	1,939,345	-	-	5,251,195	7,786,670	14,977,210
Grants and donations	3,364,418	14,920,114	-	2,760,627	6,162,473	27,207,632
Investment income	1,760,360	972,584	2,194,707	52,630	291,631	5,271,912
Property sales	-	-	-	-	894,316	894,316
Miscellaneous	28,652	771,304	-	285,086	977,507	2,062,549
<b>Total revenues</b>	<b>15,749,858</b>	<b>19,743,098</b>	<b>2,194,707</b>	<b>8,349,538</b>	<b>19,047,049</b>	<b>65,084,250</b>
<b>EXPENDITURES</b>						
Current:						
General government	5,279,063	-	-	-	853,810	6,132,873
Public safety	9,326,825	-	-	-	6,042,671	15,369,496
Highways and streets	-	10,669,526	-	-	6,520	10,676,046
Human services	-	-	-	7,374,040	3,448,789	10,822,829
Culture and recreation	-	-	-	-	1,665,767	1,665,767
Community development	-	-	-	-	3,920,871	3,920,871
Education	-	-	-	-	4,210,710	4,210,710
Capital outlay	2,600	4,210,408	495,919	1,450,260	435,574	6,594,761
Debt service:						
Principal	-	-	-	5,905	1,870,000	1,875,905
Interest	-	-	-	7,295	273,163	280,458
<b>Total expenditures</b>	<b>14,608,488</b>	<b>14,879,934</b>	<b>495,919</b>	<b>8,837,500</b>	<b>22,727,875</b>	<b>61,549,716</b>
Excess (deficiency) of revenues over (under) expenditures	<u>1,141,370</u>	<u>4,863,164</u>	<u>1,698,788</u>	<u>(487,962)</u>	<u>(3,680,826)</u>	<u>3,534,534</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	307,705	2,000	-	-	2,094,563	2,404,268
Transfers out	(793,992)	(1,161,556)	-	-	(43,823)	(1,999,371)
<b>Total other financing sources and uses</b>	<b>(486,287)</b>	<b>(1,159,556)</b>	<b>-</b>	<b>-</b>	<b>2,050,740</b>	<b>404,897</b>
<b>Net change in fund balances</b>	<b>655,083</b>	<b>3,703,608</b>	<b>1,698,788</b>	<b>(487,962)</b>	<b>(1,630,086)</b>	<b>3,939,431</b>
Fund balance - beginning	4,571,341	33,063,659	76,612,228	1,899,887	10,106,972	126,254,087
Restated beginning balance	(2,654,637)	1,324,761	-	749,060	1,132,639	551,823
<b>Fund balance - ending</b>	<b>\$ 2,571,787</b>	<b>\$ 38,092,028</b>	<b>\$ 78,311,016</b>	<b>\$ 2,160,985</b>	<b>\$ 9,609,525</b>	<b>\$ 130,745,341</b>

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, 2009**

Fund Balances - Governmental Funds		\$ 130,745,341
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	382,142,326	
Less accumulated depreciation	<u>(162,094,845)</u>	220,047,481
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.		
	5,138,598	
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>(7,348)</u>	5,131,250
Other resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Property taxes	<u>1,026,081</u>	1,026,081
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	(3,555,000)	
Loans payable	(78,451)	
Claims & judgments	(191,524)	
Accrued compensated absences	<u>(1,471,890)</u>	<u>(5,296,865)</u>
Net Assets of Governmental Activities		<u>\$ 351,653,288</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, 2009**

Net change in fund balances for all governmental funds		\$ 3,939,431
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Expenditures for capital assets	6,594,761	
Less current year's depreciation	<u>(8,307,592)</u>	(1,712,831)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.</p>		
Increase in deferred revenues - property taxes		41,270
<p>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.</p>		
Increase in compensated absences		(31,788)
<p>Debt principal payments are reported as expenditures in the governmental funds but not in the statement of activities.</p>		
Principal payments		1,875,905
<p>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.</p>		
		<u>(307,150)</u>
Change in net assets of governmental activities		<u>\$ 3,804,837</u>

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY, OREGON**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2009**

	<u>Business-type Activities, Enterprise Funds</u>				<u>Governmental</u>
	<u>Landfill Site</u>	<u>Solid Waste</u>	<u>Non-major</u>	<u>Totals</u>	<u>Internal</u>
	<u>Reserve fund</u>	<u>fund</u>	<u>enterprise funds</u>		<u>Service funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 5,039,652	\$ 983,493	\$ 289,969	\$ 6,313,114	\$ 5,348,664
Accounts receivable	11,368	482,608	93,694	587,670	194,125
Inventories	-	-	17,316	17,316	20,061
Total current assets	<u>5,051,020</u>	<u>1,466,101</u>	<u>400,979</u>	<u>6,918,100</u>	<u>5,562,850</u>
Noncurrent assets:					
Capital assets:					
Equipment	-	3,147,202	318,884	3,466,086	990,418
Less accumulated depreciation	-	(2,603,469)	(216,985)	(2,820,454)	(857,188)
Total assets	<u>5,051,020</u>	<u>2,009,834</u>	<u>502,878</u>	<u>7,563,732</u>	<u>5,696,080</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	308,101	6,277	314,378	354,062
Interfund payable	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Total current liabilities	<u>-</u>	<u>308,101</u>	<u>6,277</u>	<u>314,378</u>	<u>354,062</u>
Noncurrent liabilities					
Compensated absences	-	65,265	-	65,265	70,190
Landfill closure and postclosure care costs	5,051,020	-	-	5,051,020	-
Total liabilities	<u>5,051,020</u>	<u>373,366</u>	<u>6,277</u>	<u>5,430,663</u>	<u>424,252</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	543,733	101,899	645,632	133,230
Restricted	-	-	-	-	-
Unrestricted	-	1,092,735	394,702	1,487,437	5,138,598
Total net assets	<u>\$ -</u>	<u>\$ 1,636,468</u>	<u>\$ 496,601</u>	<u>\$ 2,133,069</u>	<u>\$ 5,271,828</u>

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, 2009**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental Activities - Internal Service funds</u>
	<u>Landfill Site Reserve fund</u>	<u>Solid Waste fund</u>	<u>Non-major Enterprise funds</u>		
<b>Operating Revenues:</b>					
Charges for services	\$ -	\$ 3,927,738	\$ 358,817	\$ 4,286,555	\$ 9,624,175
Other income	-	420	-	420	-
Total operating revenues	-	3,928,158	358,817	4,286,975	9,624,175
<b>Operating Expenses:</b>					
Personal services	-	1,158,570	163,575	1,322,145	1,890,651
Materials and services	-	2,406,974	71,879	2,478,853	4,393,365
Depreciation	-	330,812	24,498	355,310	52,369
Other expenses and charges	-	309,111	27,561	336,672	2,619,786
Total operating expenses	-	4,205,467	287,513	4,492,980	8,956,171
Operating income	-	(277,309)	71,304	(206,005)	668,004
<b>Nonoperating Revenues (Expenses):</b>					
Intergovernmental revenues	-	-	-	-	-
Investment income	135,447	10,676	9,370	155,493	143,671
Landfill Closure	(335,447)	-	40	(335,407)	-
Total nonoperating revenues (expenses)	(200,000)	10,676	9,410	(179,914)	143,671
Income before operating transfers	(200,000)	(266,633)	80,714	(385,919)	811,675
Transfers in	200,000	834,000	-	1,034,000	-
Transfers out	-	(308,129)	(11,943)	(320,072)	(1,118,825)
Change in net assets	-	259,238	68,771	328,009	(307,150)
Total net assets - beginning	-	1,009,204	405,524	1,414,728	4,983,755
Restatement beginning balance	-	368,026	22,306	390,332	595,223
Total net assets - ending	\$ -	\$ 1,636,468	\$ 496,601	\$ 2,133,069	\$ 5,271,828

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, 2009**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Landfill Site Reserve fund</b>	<b>Solid Waste fund</b>	<b>Non-major enterprise funds</b>	<b>Totals</b>	<b>Activities - Internal Service funds</b>
<b>Cash Flows from</b>					
<b>Operating Activities</b>					
Cash received for services	\$ -	\$ 4,177,090	\$ 351,537	\$ 4,528,627	\$ 9,652,631
Other cash received	417,575	-	-	417,575	-
Cash paid to suppliers and employ	-	(3,866,030)	(269,538)	(4,135,568)	(9,027,834)
Net cash provided by operating activities	<u>417,575</u>	<u>311,060</u>	<u>81,999</u>	<u>810,634</u>	<u>624,797</u>
<b>Cash Flows from Noncapital</b>					
<b>Financing Activities</b>					
Transfers from (to) other funds	200,000	-	(11,943)	188,057	(1,118,825)
Adjustment	14,231	352,856	(11,048)	356,039	(264,031)
Net cash provided by noncapital financing activities	<u>214,231</u>	<u>352,856</u>	<u>(22,991)</u>	<u>544,096</u>	<u>(1,382,856)</u>
<b>Cash Flows from Capital and</b>					
<b>Related Financing Activities</b>					
Principal payments - contracts	-	-	-	-	-
Other receipts and payments	-	-	27,755	27,755	535,744
Purchase of fixed assets	-	308,151	(39,185)	268,966	51,956
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>308,151</u>	<u>(11,430)</u>	<u>296,721</u>	<u>587,700</u>
<b>Cash Flow from</b>					
<b>Investing activities</b>					
Interest received	121,216	10,676	9,370	141,262	143,671
Net cash provided by investing activities	<u>121,216</u>	<u>10,676</u>	<u>9,370</u>	<u>141,262</u>	<u>143,671</u>
Net change in cash & cash equiva	753,022	982,743	56,948	1,792,713	(26,688)
Balances - beginning of the year	4,286,630	750	233,021	4,520,401	5,375,352
Balances - end of the year	<u>\$ 5,039,652</u>	<u>\$ 983,493</u>	<u>\$ 289,969</u>	<u>\$ 6,313,114</u>	<u>\$ 5,348,664</u>
<b>Reconciliation of Operating</b>					
<b>Income to Net Cash Provided</b>					
<b>by Operating Activities</b>					
Operating income (loss)	\$ -	\$ (277,309)	\$ 71,304	(206,005)	\$ 668,004
Adjustments:					
Depreciation	-	330,812	24,498	355,310	52,369
Receivables, net	417,575	248,932	(7,280)	659,227	28,456
Inventories	-	7,215	(1,644)	5,571	(13,480)
Accounts & other payables	-	1,410	(4,879)	(3,469)	(110,552)
Accrued expenses	-	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 417,575</u>	<u>\$ 311,060</u>	<u>\$ 81,999</u>	<u>\$ 810,634</u>	<u>\$ 624,797</u>

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY, OREGON**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2009**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Pooled cash and investments	\$ 15,360,146
Taxes receivable	4,483,740
Receivables - foreclosed properties	1,043,530
Other assets	<u>5,256,190</u>
Total Assets	<u>\$ 26,143,606</u>
<b>LIABILITIES</b>	
Due to Other Governmental units	<u>\$ 26,143,606</u>
Total Liabilities	<u>\$ 26,143,606</u>

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY**

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

**For the Year Ended June 30, 2009**

	<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>
<b>REVENUES</b>				
Property taxes	\$ 7,961,422	\$ 7,961,422	\$ 7,763,204	\$ (198,218)
Other taxes	907,000	787,000	800,622	13,622
Licenses, permits and fees	182,541	101,100	93,257	(7,843)
Charges for Service	2,026,791	2,078,791	1,939,345	(139,446)
Grants and donations	1,712,592	3,424,845	3,364,418	(60,427)
Miscellaneous	1,221,007	1,179,907	1,760,360	580,453
Investment income	30,000	30,000	28,652	(1,348)
	<u>14,041,353</u>	<u>15,563,065</u>	<u>15,749,858</u>	<u>186,793</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General government	2,759,078	2,848,445	2,519,825	328,620
Public safety	9,690,248	9,693,355	9,326,825	366,530
Health and welfare	-	-	-	-
Culture and recreation	164,384	-	-	-
Miscellaneous	2,598,188	2,760,199	2,759,238	961
Capital outlay	-	-	2,600	(2,600)
Contingencies	12,857	1,427,348	-	1,427,348
	<u>15,224,755</u>	<u>16,729,347</u>	<u>14,608,488</u>	<u>2,120,859</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(1,183,402)</u>	<u>(1,166,282)</u>	<u>1,141,370</u>	<u>2,307,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	592,201	575,081	307,705	(267,376)
Transfers out	<u>(793,992)</u>	<u>(793,992)</u>	<u>(793,992)</u>	<u>-</u>
Total other financing sources (uses)	<u>(201,791)</u>	<u>(218,911)</u>	<u>(486,287)</u>	<u>(267,376)</u>
Net change in fund balance	(1,385,193)	(1,385,193)	655,083	2,040,276
Fund balances - beginning	1,385,193	1,385,193	4,571,341	3,186,148
Restated beginning	<u>-</u>	<u>-</u>	<u>(2,654,637)</u>	<u>(2,654,637)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,571,787</u>	<u>\$ 2,571,787</u>

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY**

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

**For the Year Ended June 30, 2009**

	<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>		
<b>REVENUES</b>				
Motor vehicle taxes	\$ 3,500,000	\$ 3,500,000	\$ 3,079,096	\$ (420,904)
Grants	5,343,802	14,920,114	14,920,114	-
Interest	501,000	501,000	972,584	471,584
Miscellaneous	76,577	625,847	771,304	145,457
Total revenues	<u>9,421,379</u>	<u>19,546,961</u>	<u>19,743,098</u>	<u>196,137</u>
<b>EXPENDITURES</b>				
Highways and streets:				
Personal services	4,342,371	4,342,371	3,784,405	557,966
Materials and services	8,436,399	11,329,660	5,645,312	5,684,348
Other expenses	1,015,201	1,239,809	1,239,809	-
Capital outlay	5,505,000	8,265,817	4,210,408	4,055,409
Contingencies	475,360	8,653,330	-	8,653,330
Total expenditures	<u>19,774,331</u>	<u>33,830,987</u>	<u>14,879,934</u>	<u>18,951,053</u>
Excess (deficiency) of revenues over expenditures	(10,352,952)	(14,284,026)	4,863,164	19,147,190
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000	2,000	2,000	-
Transfers out	<u>(48,828)</u>	<u>(1,161,556)</u>	<u>(1,161,556)</u>	<u>-</u>
Total other financing sources (uses)	<u>(46,828)</u>	<u>(1,159,556)</u>	<u>(1,159,556)</u>	<u>-</u>
Net change in fund balance	(10,399,780)	(15,443,582)	3,703,608	19,147,190
Fund balances - beginning	26,000,000	26,000,000	33,063,659	7,063,659
Restated beginning	-	-	<u>1,324,761</u>	<u>1,324,761</u>
Fund balances - ending	<u>\$ 15,600,220</u>	<u>\$ 10,556,418</u>	<u>\$ 38,092,028</u>	<u>\$ 27,535,610</u>

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY**

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

**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ 2,325,000	\$ 2,325,000	\$ 2,194,707	\$ (130,293)
Miscellaneous	-	-	-	-
Total revenues	<u>2,325,000</u>	<u>2,325,000</u>	<u>2,194,707</u>	<u>(130,293)</u>
<b>EXPENDITURES</b>				
Highways and streets	-	-	-	-
Capital outlay	66,860,000	66,860,000	495,919	66,364,081
Contingencies	-	-	-	-
Total expenditures	<u>66,860,000</u>	<u>66,860,000</u>	<u>495,919</u>	<u>66,364,081</u>
Excess (deficiency) of revenues over expenditures	<u>(64,535,000)</u>	<u>(64,535,000)</u>	<u>1,698,788</u>	<u>66,233,788</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(64,535,000)	(64,535,000)	1,698,788	66,233,788
Fund balances - beginning	<u>77,500,000</u>	<u>77,500,000</u>	<u>76,612,228</u>	<u>(887,772)</u>
Fund balances - ending	<u>\$ 12,965,000</u>	<u>\$ 12,965,000</u>	<u>\$ 78,311,016</u>	<u>\$ 65,346,016</u>

The accompanying notes are an integral part of this statement.

**KLAMATH COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MENTAL HEALTH FUND  
For the Year Ended June 30, 2009**

	<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>
<b>REVENUES</b>				
Charges for services	\$ 6,865,589	\$ 6,865,589	\$ 5,251,195	\$ (1,614,394)
Grants	2,520,000	2,520,000	2,760,627	240,627
Interest	75,000	75,000	52,630	(22,370)
Miscellaneous	8,500	354,814	285,086	(69,728)
Total revenues	<u>9,469,089</u>	<u>9,815,403</u>	<u>8,349,538</u>	<u>(1,465,865)</u>
<b>EXPENDITURES</b>				
Human services:				
Personal services	4,359,211	4,359,211	4,165,724	193,487
Materials and services	5,922,255	5,422,255	2,876,770	2,545,485
Other	331,546	331,546	331,546	-
Debt services:				
Principal	5,905	5,905	5,905	-
Interest	7,295	7,295	7,295	-
Capital outlay	444,659	1,321,773	1,450,260	(128,487)
Contingencies	<u>198,218</u>	<u>167,418</u>	<u>-</u>	<u>167,418</u>
Total expenditures	<u>11,269,089</u>	<u>11,615,403</u>	<u>8,837,500</u>	<u>2,777,903</u>
Excess (deficiency) of revenues over expenditures	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>(487,962)</u>	<u>1,312,038</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,800,000)	(1,800,000)	(487,962)	1,312,038
Fund balances - beginning	1,800,000	1,800,000	1,899,887	99,887
Restated beginning	-	-	749,060	749,060
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,160,985</u>	<u>\$ 2,160,985</u>

The accompanying notes are an integral part of this statement.

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

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#### 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, 2009

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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 non-major 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, 2009

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

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

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

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#### 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 \$1,969,424.

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

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#### 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	Software	5

#### DEFERRED REVENUES

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

## **KLAMATH COUNTY, OREGON**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009**

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#### **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 has 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. The County has a policy that employees hired after December 31, 1998 that is separated do not get paid for unpaid accumulated sick leave. Only employees employed before December 31, 1998 are paid half of their unpaid accumulated sick leave. All vacation pay and compensatory time is accrued when incurred in the government-wide statements and proprietary funds statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, 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, 2009

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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, 2009**

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**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, 2009, 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	capital outlay	2,600	Property sales	material svcs	50,897
Mental Health	capital outlay	128,487	Search & rescue	material svcs	6,242
Domestic violence	material svcs	19,697	Public health	material svcs	43,248
Commission	material svcs	73,895	Veterans services	material svcs	395
DARE	material svcs	43,063	Equipment rent	material svcs	24,633

**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."

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

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Cash and investments are comprised of the following:

Demand deposits	\$ 7,907,973
Investments:	
Money Market	12,000,434
Certificate of Deposits	8,000,000
Overnight Funds	3,024,261
Local Government Investment Pool	23,166,662
U.S. Government Agency Obligation	60,094,000
Corporate Indebtedness	<u>41,647,000</u>
	<u>\$ 155,840,330</u>

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

Cash & Investments - governmental activities	\$ 134,167,070
Cash & Investments - business-type activities	6,313,114
Statement of Fiduciary Net Assets	<u>15,360,146</u>
	<u>\$ 155,840,330</u>

#### DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. Deposits are covered by Federal Depository Insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Oregon State Treasurer. Total bank balances, as shown on the bank's records at year-end were \$3,758,097. Of these deposits, \$627,695 was covered by FDIC and \$3,130,402 was covered by the state collateral pool.

Effective July 1, 2008, the Oregon State Treasurer became responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25% or 110% of public funds on deposit depending primary on the capitalization level of the depository bank. The \$21,155,097 in County deposits covered by the state collateral pool is exposed to custodial credit risk because the collateral is not held by a third-party custodial bank in the County's name.

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

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#### INVESTMENTS

The County's investments include U.S. Government securities, commercial paper, State Local Government Investment Pool (LGIP), money market accounts and overnight funds. LGIP is managed by the State Treasurer in accordance with the "prudent person rule" and administrative rules that may be subject to change. The investments that make up the State Local Government 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, 2009, 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.

*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.

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

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, 2009, the County's investments consisted of:

<u>Security Description</u>	<u>Par Value (X \$1,000)</u>	<u>% of total portfolio</u>
Money Markets	\$ 12,000	8.12%
Certificates of Deposit	8,000	5.41%
U.S. Government Agencies	60,094	40.62%
Corporate Indebtedness	41,648	28.15%
Overnight Funds	3,024	2.04%
Local Government Investment Pool	23,167	15.66%
Total Investments	<u>\$ 147,933</u>	<u>100.00%</u>

At June 30, 2009, 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	\$ 43,542	29.43%
31 to 60 days	700	0.47%
61 to 93 days	11,204	7.57%
94 to 360 days	47,513	32.12%
12 to 18 months	14,225	9.62%
19 to 36 months	29,749	20.11%
Over three years	1,000	0.68%
Total Investments	<u>\$ 147,933</u>	<u>100.00%</u>

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

#### 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, 2009 were as follows:

	<u>Property Taxes</u>	<u>Accounts</u>	<u>Assessments</u>	<u>Total</u>
Governmental activities:				
General fund	\$ 819,015	\$ 555,542	\$ -	\$ 1,374,557
Roads	-	368,279	79,517	447,796
Road reserve	-	178,406	-	178,406
Mental health	-	946,716	-	946,716
Nonmajor funds	183,021	1,807,425	4,626	1,995,072
Internal service funds	-	194,125	-	194,125
	<u>1,002,036</u>	<u>4,050,493</u>	<u>84,143</u>	<u>5,136,672</u>
Business-type activities	-	587,670	-	587,670
Total receivables	<u>\$ 1,002,036</u>	<u>\$ 4,638,163</u>	<u>\$ 84,143</u>	<u>\$ 5,724,342</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, 2009, the estimated market value of these assets at the time of receipt by the County was \$1,043,530 and it is recorded in the Treasurer Agency fund. Some foreclosed properties sold on installment payment basis represent \$5,256,190 at June 30, 2009, 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, 2009

#### D. Capital Assets

Capital assets activities for the fiscal year ended June 30, 2009 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 503,118	\$ -	\$ 500	\$ 502,618
Capital assets, being depreciated:				
Buildings and improvements	26,692,056	499,565	279,046	26,912,575
Machinery & equipment	17,730,576	686,164	383,276	18,033,464
Vehicles	8,658,876	366,679	204,819	8,820,736
Infrastructure	324,349,293	3,523,640	-	327,872,933
Sub total	377,430,801	5,076,048	867,141	381,639,708
Less accumulated depreciation:				
Buildings and improvements	10,995,153	474,046	279,046	11,190,153
Machinery & equipment	9,737,162	651,113	383,276	10,004,999
Vehicles	6,178,313	347,948	204,819	6,321,442
Infrastructure	127,743,765	6,834,486	-	134,578,251
Total	154,654,393	8,307,593	867,141	162,094,845
Sub total	222,776,408	(3,231,545)	-	219,544,863
Governmental activities, net	\$ 223,279,526	\$ (3,231,545)	\$ 500	\$ 220,047,481
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 239,857	\$ -	\$ -	\$ 239,857
Capital assets, being depreciated:				
Buildings and improvements	192,949	-	-	192,949
Machinery & equipment	2,066,277	13,184	9,308	2,070,153
Vehicles	942,461	54,301	33,635	963,127
Total	3,201,687	67,485	42,943	3,226,229
Less accumulated depreciation:				
Buildings and improvements	155,976	2,385	-	158,361
Machinery & equipment	1,629,407	204,042	9,308	1,824,141
Vehicles	722,703	148,884	33,635	837,952
Total	2,508,086	355,311	42,943	2,820,454
Capital assets, net	693,601	(287,826)	-	405,775
Business-type activities, net	\$ 933,458	\$ (287,826)	\$ -	\$ 645,632

**KLAMATH COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

Depreciation expense was charged to functions / programs as follows:

Governmental activities:	
General government	\$ 237,742
Public safety	527,507
Highways and streets	6,834,486
Human services	371,458
Culture and recreation	57,172
Community development	134,708
Education	<u>144,519</u>
Governmental activities total	<u>\$ 8,307,592</u>
Business-type activities:	
Solid waste	\$ 330,812
Recycling	13,450
Weed control	<u>11,048</u>
Business-type activities total	<u>\$ 355,310</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 6/30/2009</u>
Governmental activities	Nov. 1996	June 2011	3.70~5.30	\$17,000,000	\$ 2,955,000
Governmental activities	June 2000	June 2010	4.00~4.20	4,500,000	<u>600,000</u>
					<u>\$ 3,555,000</u>

**KLAMATH COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

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
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
<b>Total</b>	<b>\$ 2,955,000</b>	<b>\$ 236,190</b>	<b>\$ 600,000</b>	<b>\$ 25,200</b>	<b>\$ 3,555,000</b>	<b>\$ 261,390</b>

**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 6/30/2009
Governmental activities	Aug. 1988	Oct. 2017	8.97%	\$ 80,394	\$ 45,255
Governmental activities	Feb. 1989	June 2018	8.97%	55,690	33,196
					<u>\$ 78,451</u>

Annual debt service requirements to maturity are as follows:

Fiscal Year	1988 Loan		1989 Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	5,603	2,197	3,628	1,772	9,231	3,969
2015-18	21,638	3,047	17,903	3,222	39,541	6,269
<b>Total</b>	<b>\$ 45,255</b>	<b>\$ 18,430</b>	<b>\$ 33,196</b>	<b>\$ 14,929</b>	<b>\$ 78,451</b>	<b>\$ 33,359</b>

**KLAMATH COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

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 \$5,051,020 reported as landfill closure and postclosure care liability at June 30, 2009, 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 2009. 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, 2009, was as follows:

	<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2009</u>	<u>Due within one-year</u>
<i>Governmental activities:</i>					
General obligation bonds	\$ 5,425,000	\$ -	\$ 1,870,000	\$ 3,555,000	\$ 2,040,000
Loans payable	84,356	-	5,905	78,451	6,457
Claims and judgments*	156,460	57,608	22,544	191,524	38,305
Compensated absences	<u>1,440,102</u>	<u>31,788</u>	-	<u>1,471,890</u>	<u>490,630</u>
Governmental total	<u>\$ 7,105,918</u>	<u>\$ 89,396</u>	<u>\$ 1,898,449</u>	<u>\$ 5,296,865</u>	<u>\$ 2,575,392</u>
<i>Business-type activities:</i>					
Landfill closure	\$ 4,715,573	\$ 335,447	\$ -	\$ 5,051,020	\$ -
Compensated absences	<u>63,855</u>	<u>1,410</u>	-	<u>65,265</u>	<u>65,265</u>
Total business-type	<u>\$ 4,779,428</u>	<u>\$ 336,857</u>	<u>\$ -</u>	<u>\$ 5,116,285</u>	<u>\$ 65,265</u>

\* See note 4C, Risk Management, for claims and judgments.

**KLAMATH COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

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**F. Interfund transfers**

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfers to general fund from:	
Internal service fund	\$ 284,825
Nonmajor governmental funds	<u>22,880</u>
	<u>\$ 307,705</u>
Transfers from general fund to various funds	<u>\$ 793,992</u>
Transfers from roads fund to:	
Nonmajor Governmental Funds	<u>\$ 1,161,556</u>
Transfers from nonmajor enterprise funds to:	
Roads fund	\$ 2,000
Nonmajor Governmental Funds	<u>9,943</u>
	<u>\$ 11,943</u>
Transfers from solid waste fund to:	
Nonmajor Governmental Funds	\$ 108,129
Landfill fund from solid waste fund	<u>200,000</u>
	<u>\$ 308,129</u>
Transfers to solid waste fund from:	
Internal service fund	<u>\$ 834,000</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, 2009, consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	<u>\$ 836,260</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, 2009

### 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	<u>\$ (511,735)</u>	<u>\$ 390,332</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 and four employees of the Community Corrections 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 and are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides 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, 2009

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 &amp; 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions, from the December 31, 2007, 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, 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, 2009**

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
06/30/09	\$ 343,753	\$ 343,753	100%
06/30/08	344,980	344,980	100%
06/30/07	405,646	405,646	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)
12/31/03	\$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%
12/31/09	-	-	-	-	-	-

PENSION PLAN FOR EMPLOYEES OF KLAMATH COUNTY

PLAN DESCRIPTION

Klamath County employees, other than Sheriff's department personnel are participants in the Klamath County Employees' Pension Plan. This plan is a single employer defined benefit pension plan to which the County makes contributions. The latest actuarial valuation of the plan was made as of January 1, 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, 2009

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 62, 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 until age 60. At age 60, retirement is allowed at an unreduced benefit level. Retirement benefits are based on salary and length of service; is calculated using a formula and are payable monthly using several payment options. The plan also provides death and disability benefits. A lump sum or rollover distribution can be made if the participant is 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 office 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>2009</u>	<u>2008</u>
Employer ~ (Annual Required Contribution)	12.12%	7.87%
Employee	<u>6.00%</u>	<u>6.00%</u>
Total	<u>18.12%</u>	<u>13.87%</u>

Note: In Fiscal Year 2009-10, Klamath County budgeted and contributed their Annual Required Contribution at 10%. Currently 10% is budgeted in Fiscal Year 2010-11.

#### 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, 2009

For the year ended June 30, 2009, 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions, from the December 31, 2007, 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, 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
06/30/09	\$1,131,449	\$1,131,449	100%
06/30/08	1,149,143	1,149,143	100%
06/30/07	996,847	996,847	100%

Klamath County's policy prior to Fiscal Year 2009-2010 was 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. As of Fiscal Year 2009-2010, Klamath County has contributed 10% and has budget 10% in Fiscal Year 2010-2011.

**KLAMATH COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

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)
1/1/2006	\$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%
1/1/2009	29,158	40,678	11,520	72%	16,576	69%

**B. Postemployment Health Care Benefits**

Health Insurance Continuation

*Plan Description*

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

**KLAMATH COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

*Funding Policy*

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

*Annual OPEB Cost and Net OPEB Obligation*

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

The following table shows the components of the County's annual OPEB cost, the amount actually contributed to the plan, and changes in the County's net OPEB obligation as of June 30, 2009 and 2010:

	July 2008 to June 2009	July 2009 to June 2010
Annual Required Contribution (ARC)	\$ 13,597	\$ 13,597
Interest on net OPEB obligation	-	270
ARC Adjustments	-	(9)
Annual OPEB Cost	<u>13,597</u>	<u>13,858</u>
Contributions Made	<u>(6,385)</u>	<u>(7,711)</u>
Increase in Net OPEB Obligation	7,212	6,147
Net OPEB Obligation, beginning of year	-	7,212
Net OPEB Obligation, end of year	\$ 7,212	\$ 13,359
Interest Rate	3.75%	3.75%
Amortization Factor	30.0	30.0

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

#### *Annual OPEB Cost*

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 13,597	47.00%	\$ 7,212
2010	13,858	56.00%	13,359

#### *Funded Status and Funding Progress*

As of July 1, 2008, the most recent actuarial valuation date, the actuarially accrued liability was \$79,568, all of which is unfunded because the County has not set aside any assets to pre-fund the OPEB based on the implicit rate subsidy.

#### *Schedule of Funding Progress*

Following is the schedule of funding progress.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2008	\$0	\$79,568	\$79,568	0.00%	\$17,375,060	0.50%

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

#### *Actuarial Funding Methods and Assumptions*

In the actuarial valuation conducted as of July 1, 2008, the projected unit credit method of funding was used. The objective under this method is to fund each participant's employment benefits. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by plan assets, there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

The actuarial assumptions included (a) a discount rate 3.75% per annum, and payroll growth 3.75% per annum (b) an annual retiree health care cost trend increase rate of 9.5% initially, grading down by 0.5% per year to 5.0% by the year 2018.

**KLAMATH COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**C. 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, 2009, 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.

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

	Fiscal year ending	
	<u>6/30/2009</u>	<u>6/30/2008</u>
Unpaid claims, beginning of the year	\$ 156,460	\$ 144,124
Incurred claims, including IBNRs	57,608	23,650
Actuarial adjustments	-	-
Claim payments	<u>22,544</u>	<u>11,314</u>
Unpaid claims, end of the year	<u>\$ 191,524</u>	<u>\$ 156,460</u>

## KLAMATH COUNTY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2009

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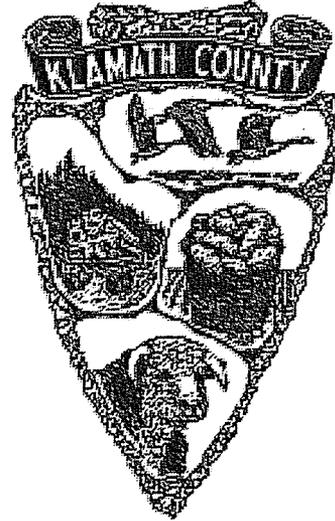
#### **D. Contingent Liabilities**

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.

*OTHER SUPPLEMENTARY INFORMATION*

COUNTY  
*Klamath*  
OREGON



*COMBINING AND INDIVIDUAL FUND STATEMENTS*

**KLAMATH COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2009**

	<u>Special Revenue Funds</u>			
	<u>Page 47</u>	<u>Page 49</u>	<u>Page 51</u>	<u>Total</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,415,282	\$ 7,289,753	\$ 1,244,438	\$ 9,949,473
Receivables:				
Accounts	1,087,225	87,338	593,983	1,768,546
Property taxes	-	-	14,072	14,072
Special assessments	-	-	-	-
Notes	4,626	-	-	4,626
Interfund receivable	-	-	-	-
Total assets	<u>\$ 2,507,133</u>	<u>\$ 7,377,091</u>	<u>\$ 1,852,493</u>	<u>\$ 11,736,717</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 165,987	\$ 872,327	\$ 132,320	\$ 1,170,634
Deferred revenue	4,626	-	14,072	18,698
Interfund payable	819,249	104,941	144,998	1,069,188
Other liabilities	-	-	-	-
Total liabilities	<u>989,862</u>	<u>977,268</u>	<u>291,390</u>	<u>2,258,520</u>
<b>FUND BALANCES:</b>				
Reserved	-	-	-	-
Unreserved	<u>1,517,271</u>	<u>6,399,823</u>	<u>1,561,103</u>	<u>9,478,197</u>
Total fund balances	<u>1,517,271</u>	<u>6,399,823</u>	<u>1,561,103</u>	<u>9,478,197</u>
Total liabilities and fund balances	<u>\$ 2,507,133</u>	<u>\$ 7,377,091</u>	<u>\$ 1,852,493</u>	<u>\$ 11,736,717</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 &amp; Interest</u>	<u>Total</u>	<u>Fairground</u>	<u>Funds</u>
\$ 90,684	\$ -	\$ 90,684	\$ 9,113	\$ 10,049,270
29,558	9,301	38,859	20	1,807,425
130,974	37,975	168,949	-	183,021
-	-	-	-	-
-	-	-	-	4,626
-	-	-	-	-
<u>\$ 251,216</u>	<u>\$ 47,276</u>	<u>\$ 298,492</u>	<u>\$ 9,133</u>	<u>\$ 12,044,342</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,170,634
130,974	37,975	168,949	-	187,647
-	7,348	7,348	-	1,076,536
-	-	-	-	-
<u>130,974</u>	<u>45,323</u>	<u>176,297</u>	<u>-</u>	<u>2,434,817</u>
-	-	-	-	-
<u>120,242</u>	<u>1,953</u>	<u>122,195</u>	<u>9,133</u>	<u>9,609,525</u>
<u>120,242</u>	<u>1,953</u>	<u>122,195</u>	<u>9,133</u>	<u>9,609,525</u>
<u>\$ 251,216</u>	<u>\$ 47,276</u>	<u>\$ 298,492</u>	<u>\$ 9,133</u>	<u>\$ 12,044,342</u>

**KLAMATH COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Special Revenue Funds</u>			
	<u>Page 53</u>	<u>Page 55</u>	<u>Page 57</u>	<u>Total</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 4,292	\$ 1,661,001	\$ 6,121,377	\$ 7,786,670
Federal grants	1,108,415	116,192	3,481,757	4,706,364
State & other grants	944,647	232,377	279,085	1,456,109
General revenue:				
Property tax	-	-	119,603	119,603
Transient room & vehicle tax	156,447	107,440	504,029	767,916
Special assessment	19,405	-	35,828	55,233
Investment income	58,729	160,713	58,589	278,031
Property sales	-	894,316	-	894,316
Miscellaneous	387,227	374,719	190,068	952,014
Total revenue	<u>2,679,162</u>	<u>3,546,758</u>	<u>10,790,336</u>	<u>17,016,256</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	853,810	-	853,810
Public safety	1,722,195	103,003	4,217,473	6,042,671
Highways and streets	6,520	-	-	6,520
Health and Welfare	-	-	2,602,550	2,602,550
Culture and recreation	-	609,425	1,056,342	1,665,767
Community Development	669,027	2,983,612	268,232	3,920,871
Human services	729,565	-	116,674	846,239
Education	-	-	4,210,710	4,210,710
Capital outlay	96,094	227,354	112,126	435,574
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>3,223,401</u>	<u>4,777,204</u>	<u>12,584,107</u>	<u>20,584,712</u>
Excess of revenues over expenditures	(544,239)	(1,230,446)	(1,793,771)	(3,568,456)
Transfers in	34,632	1,666,147	393,784	2,094,563
Transfers out	(5,880)	(37,943)	-	(43,823)
Changes in fund balances	(515,487)	397,758	(1,399,987)	(1,517,716)
Fund balances - beginning	1,950,226	5,778,305	2,134,743	9,863,274
Restated beginning balance	82,532	223,760	826,347	1,132,639
Fund balances - ending	<u>\$ 1,517,271</u>	<u>\$ 6,399,823</u>	<u>\$ 1,561,103</u>	<u>\$ 9,478,197</u>

<b>Debt Service Funds</b>			<b>Capital</b>	<b>Total</b>
<b>Court</b>	<b>Fairgrounds</b>		<b>Project Fund</b>	<b>Nonmajor</b>
<b>House</b>	<b>Bonds &amp; Interest</b>	<b>Total</b>	<b>Fairground</b>	<b>Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 7,786,670
-	-	-	-	4,706,364
-	-	-	-	1,456,109
1,520,774	470,926	1,991,700	-	2,111,303
-	-	-	-	767,916
-	-	-	-	55,233
9,881	3,465	13,346	254	291,631
-	-	-	-	894,316
<u>19,484</u>	<u>6,009</u>	<u>25,493</u>	-	<u>977,507</u>
<u>1,550,139</u>	<u>480,400</u>	<u>2,030,539</u>	<u>254</u>	<u>19,047,049</u>
-	-	-	-	853,810
-	-	-	-	6,042,671
-	-	-	-	6,520
-	-	-	-	2,602,550
-	-	-	-	1,665,767
-	-	-	-	3,920,871
-	-	-	-	846,239
-	-	-	-	4,210,710
-	-	-	-	435,574
1,370,000	500,000	1,870,000	-	1,870,000
<u>226,945</u>	<u>46,218</u>	<u>273,163</u>	-	<u>273,163</u>
<u>1,596,945</u>	<u>546,218</u>	<u>2,143,163</u>	-	<u>22,727,875</u>
(46,806)	(65,818)	(112,624)	254	(3,680,826)
-	-	-	-	2,094,563
-	-	-	-	(43,823)
<u>(46,806)</u>	<u>(65,818)</u>	<u>(112,624)</u>	<u>254</u>	<u>(1,630,086)</u>
167,048	67,771	234,819	8,879	10,106,972
-	-	-	-	1,132,639
<u>\$ 120,242</u>	<u>\$ 1,953</u>	<u>\$ 122,195</u>	<u>\$ 9,133</u>	<u>\$ 9,609,525</u>

**KLAMATH COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2009**

	<u>Domestic Violence</u>	<u>Comm Child &amp; Family</u>	<u>D. A. Enforcement</u>	<u>Tourism</u>	<u>Community Grants</u>
<b>ASSETS</b>					
Pooled cash and investments	\$ 7,216	\$ 201,857	\$ 24,295	\$ 157,797	\$ 70,588
Receivables:					
Accounts	10,778	50,075	202	33,839	30,164
Property taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Interfund receivable	-	-	-	-	-
<b>Total assets</b>	<u>\$ 17,994</u>	<u>\$ 251,932</u>	<u>\$ 24,497</u>	<u>\$ 191,636</u>	<u>\$ 100,752</u>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 15,298	\$ 146,272	\$ -	\$ 2,426	\$ -
Deferred revenue	-	-	-	-	-
Interfund payable	502	-	-	-	-
Other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<u>15,800</u>	<u>146,272</u>	<u>-</u>	<u>2,426</u>	<u>-</u>
<b>FUND BALANCES:</b>					
Reserved	-	-	-	-	-
Unreserved	<u>2,194</u>	<u>105,660</u>	<u>24,497</u>	<u>189,210</u>	<u>100,752</u>
<b>Total fund balances</b>	<u>2,194</u>	<u>105,660</u>	<u>24,497</u>	<u>189,210</u>	<u>100,752</u>
<b>Total liabilities and fund balances</b>	<u>\$ 17,994</u>	<u>\$ 251,932</u>	<u>\$ 24,497</u>	<u>\$ 191,636</u>	<u>\$ 100,752</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 &amp; C Title III</u>	<u>Total</u>
\$ 59,037	\$ 269,755	\$ -	\$ -	\$ -	\$ 624,737	\$1,415,282
747,834	3,170	209,609	-	-	1,554	1,087,225
-	-	-	-	-	-	-
-	-	-	4,626	-	-	4,626
-	-	-	-	-	-	-
<u>\$ 806,871</u>	<u>\$ 272,925</u>	<u>\$ 209,609</u>	<u>\$ 4,626</u>	<u>\$ -</u>	<u>\$ 626,291</u>	<u>\$2,507,133</u>
\$ -	\$ -	\$ 1,991	\$ -	\$ -	\$ -	\$ 165,987
-	-	-	4,626	-	-	4,626
672,375	-	146,372	-	-	-	819,249
-	-	-	-	-	-	-
<u>672,375</u>	<u>-</u>	<u>148,363</u>	<u>4,626</u>	<u>-</u>	<u>-</u>	<u>989,862</u>
-	-	-	-	-	-	-
<u>134,496</u>	<u>272,925</u>	<u>61,246</u>	<u>-</u>	<u>-</u>	<u>626,291</u>	<u>1,517,271</u>
<u>134,496</u>	<u>272,925</u>	<u>61,246</u>	<u>-</u>	<u>-</u>	<u>626,291</u>	<u>1,517,271</u>
<u>\$ 806,871</u>	<u>\$ 272,925</u>	<u>\$ 209,609</u>	<u>\$ 4,626</u>	<u>\$ -</u>	<u>\$ 626,291</u>	<u>\$2,507,133</u>

**KLAMATH COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2009**

	<u>Court Facility Security</u>	<u>Klamath Falls Streets</u>	<u>Corner Restoration</u>	<u>Park Reserve</u>	<u>Parks</u>
<b>ASSETS</b>					
Pooled cash and investments	\$ 90,142	\$2,047,696	\$1,052,923	\$ 120,120	\$ 118,743
Receivables:					
Accounts	6,345	1,999	2,391	262	20,358
Property taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 96,487</u>	<u>\$2,049,695</u>	<u>\$1,055,314</u>	<u>\$ 120,382</u>	<u>\$ 139,101</u>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 17	\$ 150,000	\$ 1,176	\$ -	\$ 3,175
Deferred revenue	-	-	-	-	-
Interfund payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>17</u>	<u>150,000</u>	<u>1,176</u>	<u>-</u>	<u>3,175</u>
<b>FUND BALANCES:</b>					
Reserved	-	-	-	-	-
Unreserved	<u>96,470</u>	<u>1,899,695</u>	<u>1,054,138</u>	<u>120,382</u>	<u>135,926</u>
Total fund balances	<u>96,470</u>	<u>1,899,695</u>	<u>1,054,138</u>	<u>120,382</u>	<u>135,926</u>
Total liabilities and fund balances	<u>\$ 96,487</u>	<u>\$2,049,695</u>	<u>\$1,055,314</u>	<u>\$ 120,382</u>	<u>\$ 139,101</u>

<u>Juvenile Special Project</u>	<u>Experimental Station Research</u>	<u>Electrical</u>	<u>Property Sales</u>	<u>Museum Sales &amp; Donations</u>	<u>Federal Forest Title III</u>	<u>Total</u>
\$ 4,010	\$ 21,223	\$ 591,331	\$1,171,256	\$ 304,307	\$1,768,002	\$7,289,753
9	1,738	17,151	2,685	30,172	4,228	87,338
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,019</u>	<u>\$ 22,961</u>	<u>\$ 608,482</u>	<u>\$1,173,941</u>	<u>\$ 334,479</u>	<u>\$1,772,230</u>	<u>\$7,377,091</u>
\$ -	\$ -	\$ 14,030	\$ 700,742	\$ 3,187	\$ -	\$ 872,327
-	-	-	-	-	-	-
-	-	-	104,941	-	-	104,941
-	-	-	-	-	-	-
-	-	14,030	805,683	3,187	-	977,268
-	-	-	-	-	-	-
<u>4,019</u>	<u>22,961</u>	<u>594,452</u>	<u>368,258</u>	<u>331,292</u>	<u>1,772,230</u>	<u>6,399,823</u>
<u>4,019</u>	<u>22,961</u>	<u>594,452</u>	<u>368,258</u>	<u>331,292</u>	<u>1,772,230</u>	<u>6,399,823</u>
<u>\$ 4,019</u>	<u>\$ 22,961</u>	<u>\$ 608,482</u>	<u>\$1,173,941</u>	<u>\$ 334,479</u>	<u>\$1,772,230</u>	<u>\$7,377,091</u>

**KLAMATH COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2009**

	<u>Economic Develop- ment</u>	<u>Community Corrections</u>	<u>County Schools</u>	<u>Search and Rescue</u>	<u>Search/ Rescue Maintenance</u>
<b>ASSETS</b>					
Pooled cash and investments	\$ 18,844	\$ 581,770	\$ 6,178	\$ 14,742	\$ 3,037
Receivables:					
Accounts	51,199	82,586	35,374	398	7
Property taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 70,043</u>	<u>\$ 664,356</u>	<u>\$ 41,552</u>	<u>\$ 15,140</u>	<u>\$ 3,044</u>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 10,821	\$ 28,932	\$ -	\$ 10,261	\$ -
Deferred revenue	-	-	-	-	-
Interfund payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>10,821</u>	<u>28,932</u>	<u>-</u>	<u>10,261</u>	<u>-</u>
<b>FUND BALANCES:</b>					
Reserved	-	-	-	-	-
Unreserved	<u>59,222</u>	<u>635,424</u>	<u>41,552</u>	<u>4,879</u>	<u>3,044</u>
Total fund balances	<u>59,222</u>	<u>635,424</u>	<u>41,552</u>	<u>4,879</u>	<u>3,044</u>
Total liabilities and fund balances	<u>\$ 70,043</u>	<u>\$ 664,356</u>	<u>\$ 41,552</u>	<u>\$ 15,140</u>	<u>\$ 3,044</u>

<u>Dog Control</u>	<u>Public Health</u>	<u>Fairgrounds</u>	<u>Law Library</u>	<u>Veterans Services</u>	<u>KLCAS</u>	<u>Totals</u>
\$ 132,895	\$ 350	\$ 355,010	\$ 47,700	\$ 83,912	\$ -	\$1,244,438
10,668	252,265	142,639	7,425	11,422	-	593,983
-	-	-	-	14,072	-	14,072
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 143,563</u>	<u>\$ 252,615</u>	<u>\$ 497,649</u>	<u>\$ 55,125</u>	<u>\$ 109,406</u>	<u>\$ -</u>	<u>\$1,852,493</u>
\$ 13,112	\$ 43,898	\$ 23,533	\$ 1,014	\$ 749	\$ -	\$ 132,320
-	-	-	-	14,072	-	14,072
-	144,998	-	-	-	-	144,998
-	-	-	-	-	-	-
<u>13,112</u>	<u>188,896</u>	<u>23,533</u>	<u>1,014</u>	<u>14,821</u>	<u>-</u>	<u>291,390</u>
-	-	-	-	-	-	-
<u>130,451</u>	<u>63,719</u>	<u>474,116</u>	<u>54,111</u>	<u>94,585</u>	<u>-</u>	<u>1,561,103</u>
<u>130,451</u>	<u>63,719</u>	<u>474,116</u>	<u>54,111</u>	<u>94,585</u>	<u>-</u>	<u>1,561,103</u>
<u>\$ 143,563</u>	<u>\$ 252,615</u>	<u>\$ 497,649</u>	<u>\$ 55,125</u>	<u>\$ 109,406</u>	<u>\$ -</u>	<u>\$1,852,493</u>

**KLAMATH COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Domestic Violence</u>	<u>Comm Child &amp; Family</u>	<u>D. A. Enforcement</u>	<u>Tourism</u>	<u>Community Grants</u>
<b>REVENUES</b>					
Program Revenue:					
Charges for service	\$ -	\$ -	\$ 4,292	\$ -	\$ -
Federal grants	209,357	-	-	-	-
State, other grants, donations	-	605,384	-	27,679	96,975
General revenue:					
Property tax	-	-	-	-	-
Room tax and vehicle tax	-	-	-	125,345	-
Special assessment	-	-	-	19,405	-
Investment income	353	12,760	642	3,983	2,449
Property sales	-	-	-	-	-
Miscellaneous	-	7,626	-	-	-
	<u>-</u>	<u>7,626</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>209,710</u>	<u>625,770</u>	<u>4,934</u>	<u>176,412</u>	<u>99,424</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	230,460	-	3,906	-	-
Highways and streets	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community Development	-	-	-	127,244	117,773
Human services	-	729,565	-	-	-
Education	-	-	-	-	-
Capital outlay	947	3,091	-	-	-
	<u>947</u>	<u>3,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>231,407</u>	<u>732,656</u>	<u>3,906</u>	<u>127,244</u>	<u>117,773</u>
Excess of revenues over expenditures	(21,697)	(106,886)	1,028	49,168	(18,349)
Transfers in	-	-	-	-	-
Transfers out	-	-	(5,880)	-	-
	<u>-</u>	<u>-</u>	<u>(5,880)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(21,697)	(106,886)	(4,852)	49,168	(18,349)
Fund balances - beginning	10,971	164,012	29,349	140,042	117,686
Restated beginning balance	12,920	48,534	-	-	1,415
	<u>12,920</u>	<u>48,534</u>	<u>-</u>	<u>-</u>	<u>1,415</u>
Fund balances - ending	<u>\$ 2,194</u>	<u>\$ 105,660</u>	<u>\$ 24,497</u>	<u>\$ 189,210</u>	<u>\$ 100,752</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 &amp; C Title III</u>	<u>Page Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,292
876,944	-	-	-	3,777	18,337	1,108,415
5,000	-	209,609	-	-	-	944,647
-	-	-	-	-	-	-
-	31,102	-	-	-	-	156,447
-	-	-	-	-	-	19,405
2,954	8,670	-	-	-	26,918	58,729
-	-	-	-	-	-	-
379,587	-	-	14	-	-	387,227
<u>1,264,485</u>	<u>39,772</u>	<u>209,609</u>	<u>14</u>	<u>3,777</u>	<u>45,255</u>	<u>2,679,162</u>
-	-	-	-	-	-	-
1,277,173	-	210,656	-	-	-	1,722,195
-	6,520	-	-	-	-	6,520
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,777	420,233	669,027
-	-	-	-	-	-	729,565
-	-	-	-	-	-	-
22,280	69,776	-	-	-	-	96,094
<u>1,299,453</u>	<u>76,296</u>	<u>210,656</u>	<u>-</u>	<u>3,777</u>	<u>420,233</u>	<u>3,223,401</u>
(34,968)	(36,524)	(1,047)	14	-	(374,978)	(544,239)
-	-	34,632	-	-	-	34,632
-	-	-	-	-	-	(5,880)
(34,968)	(36,524)	33,585	14	-	(374,978)	(515,487)
169,464	309,449	7,998	(14)	-	1,001,269	1,950,226
-	-	19,663	-	-	-	82,532
<u>\$ 134,496</u>	<u>\$ 272,925</u>	<u>\$ 61,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,291</u>	<u>\$ 1,517,271</u>

**KLAMATH COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Court Facility Security</u>	<u>Klamath Falls Streets</u>	<u>Corner Restoration</u>	<u>Park Reserve</u>	<u>Parks</u>
<b>REVENUES</b>					
Program Revenue:					
Charges for service	\$ 57,227	\$ -	\$ 61,446	\$ -	\$ 87,611
Federal grants	-	-	-	-	-
State, other grants, donations	-	-	-	-	105,954
General revenue:					
Property tax	-	-	-	-	-
Room tax and vehicle tax	-	-	-	-	-
Special assessment	-	-	-	-	-
Investment income	3,223	24,743	28,825	2,999	3,774
Property sales	-	-	-	-	-
Miscellaneous	-	-	9,153	9,375	-
Total revenue	<u>60,450</u>	<u>24,743</u>	<u>99,424</u>	<u>12,374</u>	<u>197,339</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	103,003	-	-	-	-
Highways and streets	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	104,672
Community Development	-	-	30,473	-	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	150,000	-	-	77,354
Total expenditures	<u>103,003</u>	<u>150,000</u>	<u>30,473</u>	<u>-</u>	<u>182,026</u>
Excess of revenues over expenditures	(42,553)	(125,257)	68,951	12,374	15,313
Transfers in	-	1,161,556	6,000	5,000	-
Transfers out	-	-	(4,000)	-	(14,943)
Net changes in fund balances	(42,553)	1,036,299	70,951	17,374	370
Fund balances - beginning	128,939	863,396	983,187	103,008	129,193
Restated beginning balance	10,084	-	-	-	6,363
Fund balances - ending	<u>\$ 96,470</u>	<u>\$1,899,695</u>	<u>\$1,054,138</u>	<u>\$ 120,382</u>	<u>\$ 135,926</u>

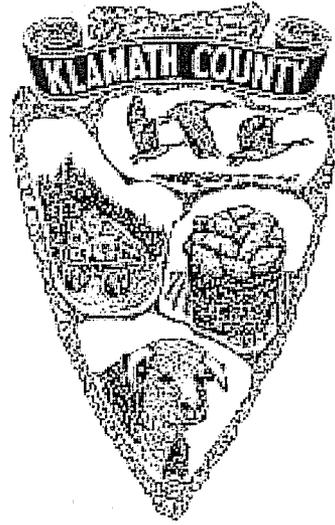
<u>Juvenile Special Project</u>	<u>Experimental Station Research</u>	<u>Electrical</u>	<u>Property Sales</u>	<u>Museum Sales &amp; Donations</u>	<u>Federal Forest Title III</u>	<u>Page Total</u>
\$ -	\$ -	\$1,418,432	\$ -	\$ 36,285	\$ -	\$1,661,001
-	-	-	-	-	116,192	116,192
-	-	-	-	126,423	-	232,377
-	-	-	-	-	-	-
-	-	-	-	107,440	-	107,440
-	-	-	-	-	-	-
-	718	17,398	14,428	5,968	58,637	160,713
-	-	-	894,316	-	-	894,316
<u>114</u>	<u>27,549</u>	<u>17,425</u>	<u>11</u>	<u>311,092</u>	<u>-</u>	<u>374,719</u>
<u>114</u>	<u>28,267</u>	<u>1,453,255</u>	<u>908,755</u>	<u>587,208</u>	<u>174,829</u>	<u>3,546,758</u>
-	-	-	853,810	-	-	853,810
-	-	-	-	-	-	103,003
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	504,753	-	609,425
-	14,565	2,257,427	-	-	681,147	2,983,612
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	227,354
<u>-</u>	<u>14,565</u>	<u>2,257,427</u>	<u>853,810</u>	<u>504,753</u>	<u>681,147</u>	<u>4,777,204</u>
114	13,702	(804,172)	54,945	82,455	(506,318)	(1,230,446)
-	-	467,791	-	25,800	-	1,666,147
<u>-</u>	<u>(13,000)</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>(37,943)</u>
114	702	(336,381)	48,945	108,255	(506,318)	397,758
3,986	22,259	763,831	312,243	189,715	2,278,548	5,778,305
(81)	-	167,002	7,070	33,322	-	223,760
<u>\$ 4,019</u>	<u>\$ 22,961</u>	<u>\$ 594,452</u>	<u>\$ 368,258</u>	<u>\$ 331,292</u>	<u>\$1,772,230</u>	<u>\$6,399,823</u>

**KLAMATH COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Economic Develop- ment</u>	<u>Community Corrections</u>	<u>County Schools</u>	<u>Search and Rescue</u>	<u>Search/ Rescue Maintenance</u>
<b>REVENUES</b>					
Program Revenue:					
Charges for service	\$ 244,388	\$3,323,875	\$ -	\$ -	\$ -
Federal grants	-	143,558	3,292,104	-	-
State, other grants, donations	-	-	279,085	-	-
General revenue:					
Property tax	-	-	-	-	-
Room tax and vehicle tax	-	-	-	-	-
Special assessment	-	-	35,828	-	-
Investment income	628	24,731	14,182	-	85
Property sales	-	-	-	-	-
Miscellaneous	-	1,396	14,482	7,873	-
Total revenue	<u>245,016</u>	<u>3,493,560</u>	<u>3,635,681</u>	<u>7,873</u>	<u>85</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	3,867,837	-	72,879	-
Highways and streets	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community Development	268,232	-	-	-	-
Human services	-	-	-	-	-
Education	-	-	4,210,710	-	-
Capital outlay	-	13,704	-	-	-
Total expenditures	<u>268,232</u>	<u>3,881,541</u>	<u>4,210,710</u>	<u>72,879</u>	<u>-</u>
Excess of revenues over expenditures	(23,216)	(387,981)	(575,029)	(65,006)	85
Transfers in	-	-	-	25,487	-
Transfers out	-	-	-	-	-
Net changes in fund balances	(23,216)	(387,981)	(575,029)	(39,519)	85
Fund balances - beginning	82,438	570,391	616,581	(106,859)	2,959
Restated beginning balance	-	453,014	-	151,257	-
Fund balances - ending	<u>\$ 59,222</u>	<u>\$ 635,424</u>	<u>\$ 41,552</u>	<u>\$ 4,879</u>	<u>\$ 3,044</u>

<u>Dog Control</u>	<u>Public Health</u>	<u>Fairgrounds</u>	<u>Law Library</u>	<u>Veterans Services</u>	<u>KLCAS</u>	<u>Page Total</u>
\$ 252,349	\$1,831,437	\$ 387,224	\$ 82,104	\$ -	\$ -	\$6,121,377
-	-	-	-	46,095	-	3,481,757
-	-	-	-	-	-	279,085
-	-	-	-	119,603	-	119,603
-	-	504,029	-	-	-	504,029
-	-	-	-	-	-	35,828
4,088	324	9,061	2,487	3,003	-	58,589
-	-	-	-	-	-	-
-	33,592	16,048	-	3	116,674	190,068
<u>256,437</u>	<u>1,865,353</u>	<u>916,362</u>	<u>84,591</u>	<u>168,704</u>	<u>116,674</u>	<u>10,790,336</u>
-	-	-	-	-	-	-
276,757	-	-	-	-	-	4,217,473
-	2,360,313	-	-	242,237	-	2,602,550
-	-	920,118	136,224	-	-	1,056,342
-	-	-	-	-	-	268,232
-	-	-	-	-	116,674	116,674
-	-	-	-	-	-	4,210,710
-	-	93,804	-	4,618	-	112,126
<u>276,757</u>	<u>2,360,313</u>	<u>1,013,922</u>	<u>136,224</u>	<u>246,855</u>	<u>116,674</u>	<u>12,584,107</u>
(20,320)	(494,960)	(97,560)	(51,633)	(78,151)	-	(1,793,771)
-	368,297	-	-	-	-	393,784
-	-	-	-	-	-	-
(20,320)	(126,663)	(97,560)	(51,633)	(78,151)	-	(1,399,987)
132,546	63,719	515,700	105,744	151,524	-	2,134,743
18,225	126,663	55,976	-	21,212	-	826,347
<u>\$ 130,451</u>	<u>\$ 63,719</u>	<u>\$ 474,116</u>	<u>\$ 54,111</u>	<u>\$ 94,585</u>	<u>\$ -</u>	<u>\$1,561,103</u>

COUNTY  
*Klamath*  
OREGON



## 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 Fair Board 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.

KLCAS - This fund accounts for receipts and expenditures of the Klamath & Lake Community Action Services.

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Domestic Violence Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	216,105	216,105	209,357	(6,748)
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	353	353
Miscellaneous	-	-	-	-
Total revenue	<u>216,105</u>	<u>216,105</u>	<u>209,710</u>	<u>(6,395)</u>
<b>EXPENDITURES</b>				
Personal services	163,465	154,465	150,123	4,342
Materials and services	52,640	60,640	80,337	(19,697)
Capital outlay	-	1,000	947	53
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>216,105</u>	<u>216,105</u>	<u>231,407</u>	<u>(15,302)</u>
Excess of revenues over expenditures	-	-	(21,697)	(21,697)
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	(21,697)	(21,697)
FUND BALANCE - JULY 1	-	-	10,971	10,971
Restated Beginning Balance	-	-	12,920	12,920
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,194</u>	<u>\$ 2,194</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	831,869	602,404	605,384	2,980
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	5,000	5,000	12,760	7,760
Miscellaneous	1,000	1,000	7,626	6,626
Total revenue	<u>837,869</u>	<u>608,404</u>	<u>625,770</u>	<u>17,366</u>
<b>EXPENDITURES</b>				
Personal services	427,531	219,436	217,122	2,314
Materials and services	390,664	392,963	466,858	(73,895)
Capital outlay	-	3,500	3,091	409
Other expenditures	60,813	45,585	45,585	-
Contingency	60,159	48,218	-	48,218
Total expenditures	<u>939,167</u>	<u>709,702</u>	<u>732,656</u>	<u>(22,954)</u>
Excess of revenues over expenditures	(101,298)	(101,298)	(106,886)	(5,588)
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(101,298)	(101,298)	(106,886)	(5,588)
FUND BALANCE - JULY 1	101,298	101,298	164,012	62,714
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>48,534</u>	<u>48,534</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,660</u>	<u>\$ 105,660</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 3,000	\$ 3,000	\$ 4,292	\$ 1,292
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	500	500	642	142
Miscellaneous	-	-	-	-
Total revenue	<u>3,500</u>	<u>3,500</u>	<u>4,934</u>	<u>1,434</u>
<b>EXPENDITURES</b>				
Personal services	15,000	15,000	3,306	11,694
Materials and services	8,500	4,620	600	4,020
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>23,500</u>	<u>19,620</u>	<u>3,906</u>	<u>15,714</u>
Excess of revenues over expenditures	(20,000)	(16,120)	1,028	17,148
Transfer in	-	-	-	-
Transfer out	-	(5,880)	(5,880)	-
Excess of revenues over expenditures after transfers	(20,000)	(22,000)	(4,852)	17,148
FUND BALANCE - JULY 1	20,000	22,000	29,349	7,349
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,497</u>	<u>\$ 24,497</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Tourism Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	27,679	27,679
General revenue:				
Property tax	-	-	-	-
Transient room tax	137,972	137,972	125,345	(12,627)
Special assessment	19,000	19,000	19,405	405
Investment income	2,859	2,859	3,983	1,124
Miscellaneous	-	-	-	-
Total revenue	<u>159,831</u>	<u>159,831</u>	<u>176,412</u>	<u>16,581</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	269,191	269,191	127,244	141,947
Capital outlay	-	-	-	-
Other expenditures	5,000	5,000	-	5,000
Contingency	-	-	-	-
Total expenditures	<u>274,191</u>	<u>274,191</u>	<u>127,244</u>	<u>146,947</u>
Excess of revenues over expenditures	(114,360)	(114,360)	49,168	163,528
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(114,360)	(114,360)	49,168	163,528
FUND BALANCE - JULY 1	114,360	114,360	140,042	25,682
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,210</u>	<u>\$ 189,210</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Community Grants Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	250,000	250,000	96,975	(153,025)
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	6,856	6,856	2,449	(4,407)
Miscellaneous	-	-	-	-
Total revenue	<u>256,856</u>	<u>256,856</u>	<u>99,424</u>	<u>(157,432)</u>
<b>EXPENDITURES</b>				
Personal services	55,256	55,256	16,223	39,033
Materials and services	261,600	261,600	101,550	160,050
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>316,856</u>	<u>316,856</u>	<u>117,773</u>	<u>199,083</u>
Excess of revenues over expenditures	(60,000)	(60,000)	(18,349)	41,651
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(60,000)	(60,000)	(18,349)	41,651
FUND BALANCE - JULY 1	60,000	60,000	117,686	57,686
Restated Beginning Balance	-	-	1,415	1,415
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,752</u>	<u>\$ 100,752</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	424,161	1,225,497	876,944	(348,553)
State grants	4,000	4,000	5,000	1,000
Other grants & donations	7,000	7,000	15,144	8,144
General revenue:	-	-	-	-
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	2,400	2,400	2,954	554
Miscellaneous	357,873	465,048	364,443	(100,605)
Total revenue	<u>795,434</u>	<u>1,703,945</u>	<u>1,264,485</u>	<u>(439,460)</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	142,179	1,234,110	1,277,173	(43,063)
Capital outlay	723,903	540,483	22,280	518,203
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>866,082</u>	<u>1,774,593</u>	<u>1,299,453</u>	<u>475,140</u>
Excess of revenues over expenditures	(70,648)	(70,648)	(34,968)	35,680
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(70,648)	(70,648)	(34,968)	35,680
FUND BALANCE - JULY 1	70,648	70,648	169,464	98,816
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,496</u>	<u>\$ 134,496</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Bicycle Trails Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	30,000	30,000	31,102	1,102
Special assessment	-	-	-	-
Investment income	7,000	7,000	8,670	1,670
Miscellaneous	-	-	-	-
Total revenue	<u>37,000</u>	<u>37,000</u>	<u>39,772</u>	<u>2,772</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	15,200	15,200	6,520	8,680
Capital outlay	200,000	200,000	69,776	130,224
Other expenditures	-	-	-	-
Contingency	<u>101,800</u>	<u>101,800</u>	-	<u>101,800</u>
Total expenditures	<u>317,000</u>	<u>317,000</u>	<u>76,296</u>	<u>240,704</u>
Excess of revenues over expenditures	(280,000)	(280,000)	(36,524)	243,476
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(280,000)	(280,000)	(36,524)	243,476
FUND BALANCE - JULY 1	280,000	280,000	309,449	29,449
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,925</u>	<u>\$ 272,925</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Marine Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	203,691	203,691	209,609	5,918
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>203,691</u>	<u>203,691</u>	<u>209,609</u>	<u>5,918</u>
<b>EXPENDITURES</b>				
Personal services	182,758	182,758	163,022	19,736
Materials and services	45,138	45,138	37,207	7,931
Capital outlay	-	-	-	-
Other expenditures	10,427	10,427	10,427	-
Contingency	-	-	-	-
Total expenditures	<u>238,323</u>	<u>238,323</u>	<u>210,656</u>	<u>27,667</u>
Excess of revenues over expenditures	(34,632)	(34,632)	(1,047)	33,585
Transfer in	34,632	34,632	34,632	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	33,585	33,585
FUND BALANCE - JULY 1	-	-	7,998	7,998
Restated Beginning Balance	-	-	<u>19,663</u>	<u>19,663</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,246</u>	<u>\$ 61,246</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	14	14
Total revenue	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
<b>EXPENDITURES</b>				
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	-	-	14	14
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	14	14
FUND BALANCE - JULY 1	-	-	(14)	(14)
Restated Beginning Balance	-	-	-	-
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**  
**Taylor Grazing Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	7,500	7,500	3,777	(3,723)
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>3,777</u>	<u>(3,723)</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Other expenditures	7,500	7,500	3,777	3,723
Contingency	-	-	-	-
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>3,777</u>	<u>3,723</u>
Excess of revenues over expenditures	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	-	-
FUND BALANCE - JULY 1	-	-	-	-
Restated Beginning Balance	-	-	-	-
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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	18,337	18,337
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	11,300	11,300	26,918	15,618
Miscellaneous	-	-	-	-
Total revenue	<u>11,300</u>	<u>11,300</u>	<u>45,255</u>	<u>33,955</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	916,893	916,893	420,233	496,660
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>916,893</u>	<u>916,893</u>	<u>420,233</u>	<u>496,660</u>
Excess of revenues over expenditures	(905,593)	(905,593)	(374,978)	530,615
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(905,593)	(905,593)	(374,978)	530,615
FUND BALANCE - JULY 1	905,593	905,593	1,001,269	95,676
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,291</u>	<u>\$ 626,291</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 54,750	\$ 54,750	\$ 57,227	\$ 2,477
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	2,700	2,700	3,223	523
Miscellaneous	-	-	-	-
Total revenue	<u>57,450</u>	<u>57,450</u>	<u>60,450</u>	<u>3,000</u>
<b>EXPENDITURES</b>				
Personal services	51,347	106,347	100,104	6,243
Materials and services	22,000	22,000	2,899	19,101
Capital outlay	92,243	37,243	-	37,243
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>165,590</u>	<u>165,590</u>	<u>103,003</u>	<u>62,587</u>
Excess of revenues over expenditures	(108,140)	(108,140)	(42,553)	65,587
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(108,140)	(108,140)	(42,553)	65,587
FUND BALANCE - JULY 1	108,140	108,140	128,939	20,799
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>10,084</u>	<u>10,084</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,470</u>	<u>\$ 96,470</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	500	500	24,743	24,243
Miscellaneous	-	-	-	-
Total revenue	<u>500</u>	<u>500</u>	<u>24,743</u>	<u>24,243</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	899,328	899,328	150,000	749,328
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>899,328</u>	<u>899,328</u>	<u>150,000</u>	<u>749,328</u>
Excess of revenues over expenditures	(898,828)	(898,828)	(125,257)	773,571
Transfer in	48,828	48,828	1,161,556	1,112,728
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(850,000)	(850,000)	1,036,299	1,886,299
FUND BALANCE - JULY 1	850,000	850,000	863,396	13,396
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,899,695</u>	<u>\$ 1,899,695</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Corner Restoration Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 80,000	\$ 80,000	\$ 61,446	\$ (18,554)
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	14,250	14,250	28,825	14,575
Miscellaneous	-	12,041	9,153	(2,888)
Total revenue	<u>94,250</u>	<u>106,291</u>	<u>99,424</u>	<u>(6,867)</u>
<b>EXPENDITURES</b>				
Personal services	10,328	20,655	20,068	587
Materials and services	1,024,914	1,029,219	4,030	1,025,189
Capital outlay	-	-	-	-
Other expenditures	5,008	8,417	6,375	2,042
Contingency	-	-	-	-
Total expenditures	<u>1,040,250</u>	<u>1,058,291</u>	<u>30,473</u>	<u>1,027,818</u>
Excess of revenues over expenditures	(946,000)	(952,000)	68,951	1,020,951
Transfer in	-	6,000	6,000	-
Transfer out	(4,000)	(4,000)	(4,000)	-
Excess of revenues over expenditures after transfers	(950,000)	(950,000)	70,951	1,020,951
FUND BALANCE - JULY 1	950,000	950,000	983,187	33,187
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,054,138</u>	<u>\$ 1,054,138</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Park Reserve Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	1,000	1,000	2,999	1,999
Miscellaneous	6,250	6,250	9,375	3,125
Total revenue	<u>7,250</u>	<u>7,250</u>	<u>12,374</u>	<u>5,124</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	106,250	106,250	-	106,250
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>106,250</u>	<u>106,250</u>	<u>-</u>	<u>106,250</u>
Excess of revenues over expenditures	(99,000)	(99,000)	12,374	111,374
Transfer in	5,000	5,000	5,000	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(94,000)	(94,000)	17,374	111,374
FUND BALANCE - JULY 1	94,000	94,000	103,008	9,008
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,382</u>	<u>\$ 120,382</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Parks Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 28,600	\$ 28,600	\$ 87,611	\$ 59,011
Federal grants	-	-	-	-
State grants	175,000	175,000	105,954	(69,046)
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	3,600	3,600	3,774	174
Miscellaneous	-	-	-	-
Total revenue	<u>207,200</u>	<u>207,200</u>	<u>197,339</u>	<u>(9,861)</u>
<b>EXPENDITURES</b>				
Personal services	63,307	63,307	54,922	8,385
Materials and services	44,720	44,720	23,836	20,884
Capital outlay	130,000	130,000	77,354	52,646
Other expenditures	25,914	25,914	25,914	-
Contingency	<u>28,316</u>	<u>28,316</u>	-	<u>28,316</u>
Total expenditures	<u>292,257</u>	<u>292,257</u>	<u>182,026</u>	<u>110,231</u>
Excess of revenues over expenditures	(85,057)	(85,057)	15,313	100,370
Transfer in	-	-	-	-
Transfer out	<u>(14,943)</u>	<u>(14,943)</u>	<u>(14,943)</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(100,000)	(100,000)	370	100,370
FUND BALANCE - JULY 1	100,000	100,000	129,193	29,193
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>6,363</u>	<u>6,363</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,926</u>	<u>\$ 135,926</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	114	114
Total revenue	<u>-</u>	<u>-</u>	<u>114</u>	<u>114</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	3,824	3,824	-	3,824
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>3,824</u>	<u>3,824</u>	<u>-</u>	<u>3,824</u>
Excess of revenues over expenditures	(3,824)	(3,824)	114	3,938
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(3,824)	(3,824)	114	3,938
FUND BALANCE - JULY 1	3,824	3,824	3,986	162
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>(81)</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,019</u>	<u>\$ 4,019</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	500	500	718	218
Miscellaneous	18,900	18,900	27,549	8,649
Total revenue	<u>19,400</u>	<u>19,400</u>	<u>28,267</u>	<u>8,867</u>
<b>EXPENDITURES</b>				
Personal services	7,879	7,879	166	7,713
Materials and services	16,421	16,421	14,299	2,122
Capital outlay	-	-	-	-
Other expenditures	100	100	100	-
Contingency	-	-	-	-
Total expenditures	<u>24,400</u>	<u>24,400</u>	<u>14,565</u>	<u>9,835</u>
Excess of revenues over expenditures	(5,000)	(5,000)	13,702	18,702
Transfer in	-	-	-	-
Transfer out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(18,000)	(18,000)	702	18,702
FUND BALANCE - JULY 1	18,000	18,000	22,259	4,259
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,961</u>	<u>\$ 22,961</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Electrical Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 1,883,395	\$ 1,883,395	\$ 1,418,432	\$ (464,963)
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	31,100	31,100	17,398	(13,702)
Miscellaneous	2,650	17,146	17,425	279
Total revenue	<u>1,917,145</u>	<u>1,931,641</u>	<u>1,453,255</u>	<u>(478,386)</u>
<b>EXPENDITURES</b>				
Personal services	2,168,369	2,087,922	1,754,913	333,009
Materials and services	394,260	390,968	171,643	219,325
Capital outlay	6,783	6,783	-	6,783
Other expenditures	402,297	416,794	330,871	85,923
Contingency	87,102	206,185	-	206,185
Total expenditures	<u>3,058,811</u>	<u>3,108,652</u>	<u>2,257,427</u>	<u>851,225</u>
Excess of revenues over expenditures	(1,141,666)	(1,177,011)	(804,172)	372,839
Transfer in	467,791	503,136	467,791	(35,345)
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(673,875)	(673,875)	(336,381)	337,494
FUND BALANCE - JULY 1	673,875	673,875	763,831	89,956
Restated Beginning Balance	-	-	167,002	167,002
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,452</u>	<u>\$ 594,452</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Property Sales Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property sales	582,650	582,650	894,316	311,666
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	4,500	4,500	14,428	9,928
Miscellaneous	1,000	1,000	11	(989)
Total revenue	<u>588,150</u>	<u>588,150</u>	<u>908,755</u>	<u>320,605</u>
<b>EXPENDITURES</b>				
Personal services	63,629	89,629	75,603	14,026
Materials and services	103,800	103,800	42,589	61,211
Capital outlay	-	-	-	-
Other expenditures	684,721	684,721	735,618	(50,897)
Contingency	30,000	4,000	-	4,000
Total expenditures	<u>882,150</u>	<u>882,150</u>	<u>853,810</u>	<u>28,340</u>
Excess of revenues over expenditures	(294,000)	(294,000)	54,945	348,945
Transfer in	-	-	-	-
Transfer out	(6,000)	(6,000)	(6,000)	-
Excess of revenues over expenditures after transfers	(300,000)	(300,000)	48,945	348,945
FUND BALANCE - JULY 1	300,000	300,000	312,243	12,243
Restated Beginning Balance	-	-	7,070	7,070
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,258</u>	<u>\$ 368,258</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ 73,800	\$ 36,285	\$ (37,515)
Federal grants	-	-	-	-
State grants	725,000	725,000	126,423	(598,577)
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	120,000	107,440	(12,560)
Special assessment	-	-	-	-
Investment income	-	-	5,968	5,968
Miscellaneous	10,000	43,600	311,092	267,492
Total revenue	<u>735,000</u>	<u>962,400</u>	<u>587,208</u>	<u>(375,192)</u>
<b>EXPENDITURES</b>				
Personal services	-	155,134	143,145	11,989
Materials and services	910,000	925,350	304,692	620,658
Capital outlay	-	-	-	-
Other expenditures	-	56,916	56,916	-
Contingency	-	25,800	-	25,800
Total expenditures	<u>910,000</u>	<u>1,163,200</u>	<u>504,753</u>	<u>658,447</u>
Excess of revenues over expenditures	(175,000)	(200,800)	82,455	283,255
Transfer in	-	25,800	25,800	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(175,000)	(175,000)	108,255	283,255
FUND BALANCE - JULY 1	175,000	175,000	189,715	14,715
Restated Beginning Balance	-	-	33,322	33,322
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,292</u>	<u>\$ 331,292</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	116,192	116,192
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	25,000	25,000	58,637	33,637
Miscellaneous	-	-	-	-
Total revenue	<u>25,000</u>	<u>25,000</u>	<u>174,829</u>	<u>149,829</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	1,636,503	1,636,503	681,147	955,356
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>1,636,503</u>	<u>1,636,503</u>	<u>681,147</u>	<u>955,356</u>
Excess of revenues over expenditures	(1,611,503)	(1,611,503)	(506,318)	1,105,185
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(1,611,503)	(1,611,503)	(506,318)	1,105,185
FUND BALANCE - JULY 1	1,611,503	1,611,503	2,278,548	667,045
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,772,230</u>	<u>\$ 1,772,230</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Economic Development Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 286,324	\$ 286,324	\$ 244,388	\$ (41,936)
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	1,200	1,200	628	(572)
Miscellaneous	-	-	-	-
Total revenue	<u>287,524</u>	<u>287,524</u>	<u>245,016</u>	<u>(42,508)</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	198,586	198,586	132,232	66,354
Capital outlay	-	-	-	-
Other expenditures	136,000	136,000	136,000	-
Contingency	-	-	-	-
Total expenditures	<u>334,586</u>	<u>334,586</u>	<u>268,232</u>	<u>66,354</u>
Excess of revenues over expenditures	(47,062)	(47,062)	(23,216)	23,846
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(47,062)	(47,062)	(23,216)	23,846
FUND BALANCE - JULY 1	47,062	47,062	82,438	35,376
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,222</u>	<u>\$ 59,222</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Community Corrections Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 3,608,101	\$ 3,754,649	\$ 3,323,875	\$ (430,774)
Federal grants	185,000	176,961	143,558	(33,403)
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	17,000	19,500	24,731	5,231
Miscellaneous	300	300	1,396	1,096
Total revenue	<u>3,810,401</u>	<u>3,951,410</u>	<u>3,493,560</u>	<u>(457,850)</u>
<b>EXPENDITURES</b>				
Personal services	1,937,962	2,153,603	2,068,040	85,563
Materials and services	1,790,517	1,774,816	1,481,002	293,814
Capital outlay	13,500	19,300	13,704	5,596
Other expenditures	373,795	373,795	318,795	55,000
Contingency	5,704	5,704	-	5,704
Total expenditures	<u>4,121,478</u>	<u>4,327,218</u>	<u>3,881,541</u>	<u>445,677</u>
Excess of revenues over expenditures	(311,077)	(375,808)	(387,981)	(12,173)
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(311,077)	(375,808)	(387,981)	(12,173)
FUND BALANCE - JULY 1	311,077	375,808	570,391	194,583
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>453,014</u>	<u>453,014</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635,424</u>	<u>\$ 635,424</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**County Schools Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	100,000	3,622,136	3,292,104	(330,032)
State grants	300,000	300,000	279,085	(20,915)
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	30,000	35,828	35,828	-
Investment income	2,000	17,146	14,182	(2,964)
Miscellaneous	10,000	10,000	14,482	4,482
Total revenue	<u>442,000</u>	<u>3,985,110</u>	<u>3,635,681</u>	<u>(349,429)</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Other expenditures	667,600	4,210,710	4,210,710	-
Contingency	-	-	-	-
Total expenditures	<u>667,600</u>	<u>4,210,710</u>	<u>4,210,710</u>	<u>-</u>
Excess of revenues over expenditures	(225,600)	(225,600)	(575,029)	(349,429)
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(225,600)	(225,600)	(575,029)	(349,429)
FUND BALANCE - JULY 1	225,600	225,600	616,581	390,981
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,552</u>	<u>\$ 41,552</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	64,950	64,950	-	(64,950)
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	9,750	9,750	7,873	(1,877)
Total revenue	<u>74,700</u>	<u>74,700</u>	<u>7,873</u>	<u>(66,827)</u>
<b>EXPENDITURES</b>				
Personal services	60,187	25,187	887	24,300
Materials and services	30,750	65,750	71,992	(6,242)
Capital outlay	2,931	2,931	-	2,931
Other expenditures	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>93,868</u>	<u>93,868</u>	<u>72,879</u>	<u>20,989</u>
Excess of revenues over expenditures	(19,168)	(19,168)	(65,006)	(45,838)
Transfer in	16,237	16,237	25,487	9,250
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(2,931)	(2,931)	(39,519)	(36,588)
FUND BALANCE - JULY 1	2,931	2,931	(106,859)	(109,790)
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>151,257</u>	<u>151,257</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,879</u>	<u>\$ 4,879</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	85	85
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>85</u>	<u>85</u>
<b>EXPENDITURES</b>				
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	-	-	85	85
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	85	85
FUND BALANCE - JULY 1	-	-	2,959	2,959
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,044</u>	<u>\$ 3,044</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Dog Control Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 234,852	\$ 234,852	\$ 252,349	\$ 17,497
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	1,501	1,501	4,088	2,587
Miscellaneous	-	-	-	-
Total revenue	<u>236,353</u>	<u>236,353</u>	<u>256,437</u>	<u>20,084</u>
<b>EXPENDITURES</b>				
Personal services	161,614	173,614	162,085	11,529
Materials and services	98,150	98,150	75,476	22,674
Capital outlay	-	-	-	-
Other expenditures	39,196	39,196	39,196	-
Contingency	<u>14,703</u>	<u>2,703</u>	-	<u>2,703</u>
Total expenditures	<u>313,663</u>	<u>313,663</u>	<u>276,757</u>	<u>36,906</u>
Excess of revenues over expenditures	(77,310)	(77,310)	(20,320)	56,990
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(77,310)	(77,310)	(20,320)	56,990
FUND BALANCE - JULY 1	87,310	87,310	132,546	45,236
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>18,225</u>	<u>18,225</u>
FUND BALANCE - JUNE 30	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 130,451</u>	<u>\$ 120,451</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Public Health Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 1,836,381	\$ 1,836,381	\$ 1,831,437	\$ (4,944)
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	-	-	324	324
Miscellaneous	92,038	92,038	33,592	(58,446)
Total revenue	<u>1,928,419</u>	<u>1,928,419</u>	<u>1,865,353</u>	<u>(63,066)</u>
<b>EXPENDITURES</b>				
Personal services	1,644,862	1,652,862	1,643,211	9,651
Materials and services	396,973	388,973	432,221	(43,248)
Capital outlay	-	-	-	-
Other expenditures	284,881	284,881	284,881	-
Contingency	-	-	-	-
Total expenditures	<u>2,326,716</u>	<u>2,326,716</u>	<u>2,360,313</u>	<u>(33,597)</u>
Excess of revenues over expenditures	(398,297)	(398,297)	(494,960)	(96,663)
Transfer in	368,297	368,297	368,297	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(30,000)	(30,000)	(126,663)	(96,663)
FUND BALANCE - JULY 1	30,000	30,000	63,719	33,719
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>126,663</u>	<u>126,663</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 401,260	\$ 401,260	\$ 387,224	\$ (14,036)
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	500,900	500,900	504,029	3,129
Special assessment	-	-	-	-
Investment income	9,900	9,900	9,061	(839)
Miscellaneous	14,800	14,800	16,048	1,248
Total revenue	<u>926,860</u>	<u>926,860</u>	<u>916,362</u>	<u>(10,498)</u>
<b>EXPENDITURES</b>				
Personal services	490,573	490,573	424,280	66,293
Materials and services	461,012	461,012	410,094	50,918
Capital outlay	98,000	98,000	93,804	4,196
Other expenditures	85,744	85,744	85,744	-
Contingency	14,759	14,759	-	14,759
Total expenditures	<u>1,150,088</u>	<u>1,150,088</u>	<u>1,013,922</u>	<u>136,166</u>
Excess of revenues over expenditures	(223,228)	(223,228)	(97,560)	125,668
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(223,228)	(223,228)	(97,560)	125,668
FUND BALANCE - JULY 1	223,228	223,228	515,700	292,472
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>55,976</u>	<u>55,976</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,116</u>	<u>\$ 474,116</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Veterans Services Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ -	\$ -	\$ -	\$ -
Federal grants	12,000	50,727	46,095	(4,632)
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	122,471	122,471	119,603	
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	1,000	1,000	3,003	2,003
Miscellaneous	11	11	3	(8)
Total revenue	<u>135,482</u>	<u>174,209</u>	<u>168,704</u>	<u>(2,637)</u>
<b>EXPENDITURES</b>				
Personal services	156,496	167,996	125,789	42,207
Materials and services	16,325	83,403	83,798	(395)
Capital outlay	-	4,618	4,618	-
Other expenditures	32,650	32,650	32,650	-
Contingency	23,477	23,477	-	23,477
Total expenditures	<u>228,948</u>	<u>312,144</u>	<u>246,855</u>	<u>65,289</u>
Excess of revenues over expenditures	(93,466)	(137,935)	(78,151)	62,652
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(93,466)	(137,935)	(78,151)	62,652
FUND BALANCE - JULY 1	93,466	137,935	151,524	13,589
Restated Beginning Balance	-	-	21,212	21,212
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,585</u>	<u>\$ 97,453</u>

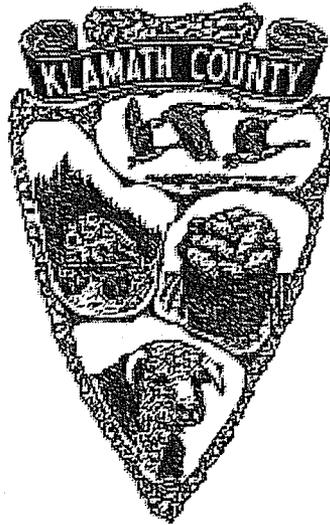
**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**Law Library Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Program Revenue:				
Charges for service	\$ 79,600	\$ 79,600	\$ 82,104	\$ 2,504
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants & donations	-	-	-	-
General revenue:				
Property tax	-	-	-	-
Transient room tax	-	-	-	-
Special assessment	-	-	-	-
Investment income	1,000	1,000	2,487	1,487
Miscellaneous	1,000	1,000	-	(1,000)
Total revenue	<u>81,600</u>	<u>81,600</u>	<u>84,591</u>	<u>2,991</u>
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	40,675	40,675	35,589	5,086
Capital outlay	-	-	-	-
Other expenditures	100,635	100,635	100,635	-
Contingency	35,809	35,809	-	35,809
Total expenditures	<u>177,119</u>	<u>177,119</u>	<u>136,224</u>	<u>40,895</u>
Excess of revenues over expenditures	(95,519)	(95,519)	(51,633)	43,886
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	(95,519)	(95,519)	(51,633)	43,886
FUND BALANCE - JULY 1	95,519	95,519	105,744	10,225
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,111</u>	<u>\$ 54,111</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**KLCAS**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	240,636	116,674	(123,962)
Total revenues	-	240,636	116,674	(123,962)
<b>EXPENDITURES</b>				
Personal services	-	216,967	108,740	108,227
Materials and services	-	22,531	7,934	14,597
Capital outlay	-	-	-	-
Other expenditures	-	1,138	-	1,138
Total expenditures	-	240,636	116,674	123,962
Excess of revenues over expenditures	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	-	-
FUND BALANCE - JULY 1	-	-	-	-
FUND BALANCE - JUNE 30	\$ -	\$ -	\$ -	\$ -

COUNTY  
*Klamath*  
OREGON



### 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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 1,504,102	\$ 1,504,102	\$ 1,520,774	\$ 16,672
Investment income	17,000	17,000	9,881	(7,119)
Other	-	-	19,484	19,484
Total revenues	<u>1,521,102</u>	<u>1,521,102</u>	<u>1,550,139</u>	<u>29,037</u>
<b>EXPENDITURES</b>				
Materials and services	3,000	3,000	495	2,505
Debt service:				
Principal	1,370,000	1,370,000	1,370,000	-
Interest	<u>226,450</u>	<u>226,450</u>	<u>226,450</u>	<u>-</u>
Total expenditures	<u>1,599,450</u>	<u>1,599,450</u>	<u>1,596,945</u>	<u>2,505</u>
Excess of revenues over expenditures	(78,348)	(78,348)	(46,806)	31,542
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(78,348)	(78,348)	(46,806)	31,542
FUND BALANCE - JULY 1	95,348	95,348	167,048	71,700
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 120,242</u>	<u>\$ 103,242</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 465,322	\$ 465,322	\$ 470,926	\$ 5,604
Investment income	4,500	4,500	3,465	(1,035)
Other	-	-	6,009	6,009
Total revenues	<u>469,822</u>	<u>469,822</u>	<u>480,400</u>	<u>10,578</u>
<b>EXPENDITURES</b>				
Materials and services	1,500	1,500	518	982
Debt service:				
Principal	500,000	500,000	500,000	-
Interest	<u>45,700</u>	<u>45,700</u>	<u>45,700</u>	<u>-</u>
Total expenditures	<u>547,200</u>	<u>547,200</u>	<u>546,218</u>	<u>982</u>
Excess of revenues over expenditures	(77,378)	(77,378)	(65,818)	11,560
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures after transfers	(77,378)	(77,378)	(65,818)	11,560
FUND BALANCE - JULY 1	77,378	77,378	67,771	(9,607)
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,953</u>	<u>\$ 1,953</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 254	\$ 254
Other	-	-	-	-
Total revenues	-	-	254	254
<b>EXPENDITURES</b>				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Other expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	254	254
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Excess of revenues over expenditures after transfers	-	-	254	254
FUND BALANCE - JULY 1	-	-	8,879	8,879
Restated Beginning Balance	-	-	-	-
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,133</u>	<u>\$ 9,133</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:

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, 2009**

	<u>Recycling Program</u>	<u>Weed Control</u>	<u>Totals</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 159,448	\$ 130,521	\$ 289,969
Accounts receivable	7,491	86,203	93,694
Inventory, at cost	-	17,316	17,316
Property, plant and equipment	127,957	190,927	318,884
Less accumulated depreciation	<u>(26,458)</u>	<u>(190,527)</u>	<u>(216,985)</u>
Total assets	<u>\$ 268,438</u>	<u>\$ 234,440</u>	<u>\$ 502,878</u>
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 3,439	\$ 2,838	\$ 6,277
Compensated absences payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,439</u>	<u>2,838</u>	<u>6,277</u>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	101,499	400	101,899
Unrestricted	<u>163,500</u>	<u>231,202</u>	<u>394,702</u>
Total net assets	<u>\$ 264,999</u>	<u>\$ 231,602</u>	<u>\$ 496,601</u>

**KLAMATH COUNTY, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET FUND ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Recycling Program</u>	<u>Weed Control</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 111,310	\$ 247,507	\$ 358,817
Other income	-	-	-
Total operating revenues	<u>111,310</u>	<u>247,507</u>	<u>358,817</u>
<b>OPERATING EXPENSES</b>			
Personal services	33,360	130,215	163,575
Materials and services	35,386	36,493	71,879
Depreciation expense	13,450	11,048	24,498
Other operating expenses	-	27,561	27,561
Total operating expenses	<u>82,196</u>	<u>205,317</u>	<u>287,513</u>
Operating income (loss)	<u>29,114</u>	<u>42,190</u>	<u>71,304</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental operating grants	-	-	-
Interest income	4,511	4,859	9,370
Miscellaneous income (expenses)	-	40	40
Total nonoperating revenues (expenses)	<u>4,511</u>	<u>4,899</u>	<u>9,410</u>
Income (loss) before transfers	33,625	47,089	80,714
Transfers in	-	-	-
Transfers out	<u>(9,943)</u>	<u>(2,000)</u>	<u>(11,943)</u>
Change in net assets	23,682	45,089	68,771
Total net assets - beginning	235,187	170,337	405,524
Restated beginning net assets	<u>6,130</u>	<u>16,176</u>	<u>22,306</u>
Total net assets - ending	<u>\$ 264,999</u>	<u>\$ 231,602</u>	<u>\$ 496,601</u>

**KLAMATH COUNTY, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Recycling Program</u>	<u>Weed Control</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash received for services	\$ 126,125	\$ 225,412	\$ 351,537
Cash paid to suppliers and employees	<u>(72,261)</u>	<u>(197,277)</u>	<u>(269,538)</u>
Net cash provided (used) by operating activities	<u>53,864</u>	<u>28,135</u>	<u>81,999</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating transfers	<u>(9,943)</u>	<u>(2,000)</u>	<u>(11,943)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Adjustments	6,130	10,577	16,707
Purchase of fixed assets	<u>(39,185)</u>	<u>-</u>	<u>(39,185)</u>
Net cash provided by capital and related financing activities	<u>(33,055)</u>	<u>10,577</u>	<u>(22,478)</u>
<b>Cash Flow from Investing activities</b>			
Interest received	<u>4,511</u>	<u>4,859</u>	<u>9,370</u>
Net increase (decrease) in cash and cash equivalents	15,377	41,571	56,948
Balances - beginning of the year	<u>144,071</u>	<u>88,950</u>	<u>233,021</u>
Balances - end of the year	<u>\$ 159,448</u>	<u>\$ 130,521</u>	<u>\$ 289,969</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ 29,114	\$ 42,190	\$ 71,304
Adjustments:			
Depreciation	13,450	11,048	24,498
Receivables, net	14,815	(22,095)	(7,280)
Inventories	-	(1,644)	(1,644)
Accounts & other payables	(3,515)	(1,364)	(4,879)
Accrued expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 53,864</u>	<u>\$ 28,135</u>	<u>\$ 81,999</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**Landfill Site Reserve Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Grants	-	-	-	-
Investment income	160,000	160,000	135,447	(24,553)
Miscellaneous revenues	-	-	-	-
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>135,447</u>	<u>(24,553)</u>
<b>EXPENSES</b>				
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	60,000	60,000	135,447	75,447
Transfers in	400,000	400,000	200,000	(200,000)
Transfers out	-	-	-	-
Net change in fund balance	460,000	460,000	335,447	(124,553)
Fund balance - beginning	4,300,000	4,300,000	4,715,573	415,573
Restated Beginning Balance	-	-	-	-
Fund balance - ending	<u>\$ 4,760,000</u>	<u>\$ 4,760,000</u>	<u>\$ 5,051,020</u>	<u>\$ 291,020</u>
Reconciliation to GAAP Basis:				
Landfill closure & postclosure care costs			(5,051,020)	
			<u>-</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 4,200,000	\$ 4,152,000	\$ 3,765,915	\$ (386,085)
Grants	38,000	86,000	161,823	75,823
Investment income	50,000	50,000	10,676	(39,324)
Miscellaneous revenues	300	300	420	120
Total revenues	<u>4,288,300</u>	<u>4,288,300</u>	<u>3,938,834</u>	<u>(349,466)</u>
<b>EXPENSES</b>				
Personal services	1,263,441	1,263,441	1,158,570	104,871
Materials and services	3,163,730	3,070,377	2,736,751	333,626
Capital outlay	118,000	118,000	1,995	116,005
Depreciation/amortization	-	-	-	-
Contingency	205,000	498,353	-	498,353
Total expenses	<u>4,750,171</u>	<u>4,950,171</u>	<u>3,897,316</u>	<u>1,052,855</u>
Excess (deficiency) of revenues over expenses	(461,871)	(661,871)	41,518	703,389
Transfers in	-	-	834,000	834,000
Transfers out	<u>(538,129)</u>	<u>(338,129)</u>	<u>(308,129)</u>	<u>30,000</u>
Net change in fund balance	(1,000,000)	(1,000,000)	567,389	1,567,389
Fund balance - beginning	1,000,000	1,000,000	1,009,204	9,204
Restated Beginning Balance	-	-	368,026	368,026
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,944,619</u>	<u>\$ 1,944,619</u>
Reconciliation to GAAP Basis: Capital assets			<u>(308,151)</u>	
FUND BALANCE - GAAP Basis			<u>\$ 1,636,468</u>	

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**Recycling Program Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 70,000	\$ 70,000	\$ 71,015	\$ 1,015
Grants	68,000	68,000	40,295	(27,705)
Investment income	4,000	4,000	4,511	511
Miscellaneous revenues	-	-	-	-
Total revenues	<u>142,000</u>	<u>142,000</u>	<u>115,821</u>	<u>(26,179)</u>
<b>EXPENSES</b>				
Personal services	35,126	35,126	33,360	1,766
Materials and services	114,700	114,700	74,571	40,129
Capital outlay	5,000	5,000	-	5,000
Depreciation/amortization	-	-	-	-
Contingency	77,231	77,231	-	77,231
Total expenses	<u>232,057</u>	<u>232,057</u>	<u>107,931</u>	<u>124,126</u>
Excess (deficiency) of revenues over expenses	(90,057)	(90,057)	7,890	97,947
Transfers in	-	-	-	-
Transfers out	<u>(9,943)</u>	<u>(9,943)</u>	<u>(9,943)</u>	<u>-</u>
Net change in fund balance	(100,000)	(100,000)	(2,053)	97,947
Fund balance - beginning	100,000	100,000	235,187	135,187
Restated Beginning Balance	-	-	6,130	6,130
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,264</u>	<u>\$ 239,264</u>
Reconciliation to GAAP Basis:				
Capital assets			<u>25,735</u>	
FUND BALANCE - GAAP Basis			<u>\$ 264,999</u>	

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**Weed Control Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 210,500	\$ 210,500	\$ 247,507	\$ 37,007
Grants	-	-	-	-
Investment income	5,000	5,000	4,859	(141)
Miscellaneous revenues	-	-	40	40
Total revenues	<u>215,500</u>	<u>215,500</u>	<u>252,406</u>	<u>36,906</u>
<b>EXPENSES</b>				
Personal services	171,603	171,603	130,215	41,388
Materials and services	86,450	86,450	69,693	16,757
Capital outlay	-	-	-	-
Depreciation/amortization	-	-	-	-
Contingency	447	447	-	447
Total expenses	<u>258,500</u>	<u>258,500</u>	<u>199,908</u>	<u>58,592</u>
Excess (deficiency) of revenues over expenses	(43,000)	(43,000)	52,498	95,498
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)	50,498	95,498
Fund balance - beginning	45,000	45,000	170,337	125,337
Restated Beginning Balance	-	-	16,176	16,176
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,011</u>	<u>\$ 237,011</u>
Reconciliation to GAAP Basis:				
Increase capital assets			5,639	
Depreciation expenses			<u>(11,048)</u>	
FUND BALANCE - GAAP Basis			<u>\$ 231,602</u>	

### INTERNAL SERVICE FUNDS

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

Administrative Services - This fund is used to identify and allocate the costs of administrative services among the County's operating funds. The fund contains General Administration, Finance, Personnel, Data Processing, County Counsel and various non-departmental costs.

Equipment Rent and Revolving Fund - This fund is used to account for vehicle and major equipment operations, maintenance, and replacement. Revenues were initially from vehicle rent charges.

Space Rent and Revolving Fund - This fund was established to insure adequate maintenance, operation, and major maintenance reserve for all county owned facilities and real property. A rent policy has been enacted for most county occupied facilities. A reserve was established for county buildings specifically and transferred from the emergency repair reserve fund. Other revenues accrue from all departments for space rent under the policy.

Risk Management - This fund was initiated to collect a set amount from each employing department and to remit assessments to the State Workman's Compensation Fund.

**KLAMATH COUNTY**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2009**

	<u>Admin Services</u>	<u>Equipment Rent and Revolving</u>	<u>Space Rent and Revolving</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>					
Pooled cash and investments	\$ 519,636	\$ 3,060,778	\$ 929,540	\$ 838,710	\$ 5,348,664
Accounts Receivable	182,998	7,587	1,800	1,740	194,125
Inventory	20,061	-	-	-	20,061
Property, plant and equipment	990,418	-	-	-	990,418
Less accumulated depreciation	<u>(857,188)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(857,188)</u>
Total assets	<u>855,925</u>	<u>3,068,365</u>	<u>931,340</u>	<u>840,450</u>	<u>5,696,080</u>
<b>LIABILITIES &amp; FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts payable	77,002	29,227	96,633	131,789	334,651
Interfund payable	-	-	-	-	-
Claims and judgments	-	-	-	-	-
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>121,339</u>	<u>29,227</u>	<u>139,639</u>	<u>134,047</u>	<u>424,252</u>
<b>NET ASSETS</b>					
Capital assets, net of related debt	133,230	-	-	-	133,230
Unrestricted	<u>601,356</u>	<u>3,039,138</u>	<u>791,701</u>	<u>706,403</u>	<u>5,138,598</u>
Total net assets	<u>\$ 734,586</u>	<u>\$ 3,039,138</u>	<u>\$ 791,701</u>	<u>\$ 706,403</u>	<u>\$ 5,271,828</u>

**KLAMATH COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Admin Services</u>	<u>Equipment Rent and Revolving</u>	<u>Space Rent and Revolving</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,744,265	\$ 1,298,830	\$ 1,725,047	\$ 1,856,033	\$ 9,624,175
Other revenues	-	-	-	-	-
Total operating revenues	<u>4,744,265</u>	<u>1,298,830</u>	<u>1,725,047</u>	<u>1,856,033</u>	<u>9,624,175</u>
<b>OPERATING EXPENSES</b>					
Personal services	1,452,422	-	378,119	60,110	1,890,651
Materials and services	884,868	1,299,967	988,817	1,219,713	4,393,365
Depreciation expense	52,369	-	-	-	52,369
Other operating expenses	2,286,374	-	76,094	257,318	2,619,786
Total operating expenses	<u>4,676,033</u>	<u>1,299,967</u>	<u>1,443,030</u>	<u>1,537,141</u>	<u>8,956,171</u>
Operating income (loss)	<u>68,232</u>	<u>(1,137)</u>	<u>282,017</u>	<u>318,892</u>	<u>668,004</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	-	112,248	17,753	13,670	143,671
Miscellaneous	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>112,248</u>	<u>17,753</u>	<u>13,670</u>	<u>143,671</u>
Income (loss) before transfers	68,232	111,111	299,770	332,562	811,675
Transfers in	-	-	-	-	-
Transfers out	-	(1,118,825)	-	-	(1,118,825)
Change in net assets	68,232	(1,007,714)	299,770	332,562	(307,150)
Total net assets - beginning	129,540	4,031,576	458,087	364,552	4,983,755
Restated beginning net assets	536,814	15,276	33,844	9,289	595,223
Total net assets - ending	<u>\$ 734,586</u>	<u>\$ 3,039,138</u>	<u>\$ 791,701</u>	<u>\$ 706,403</u>	<u>\$ 5,271,828</u>

**KLAMATH COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2009**

	<u>Admin Services</u>	<u>Equipment Rent and Revolving</u>	<u>Space Rent and Revolving</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Cash Flows from</b>					
<b>Operating Activities</b>					
Cash received for services	\$ 4,715,876	\$ 1,333,132	\$ 1,745,344	\$ 1,858,279	\$ 9,652,631
Cash paid to suppliers & employees	(4,618,235)	(1,389,664)	(1,500,454)	(1,519,481)	(9,027,834)
Other cash received	-	-	-	-	-
Net cash provided (used) by operating activities	<u>97,641</u>	<u>(56,532)</u>	<u>244,890</u>	<u>338,798</u>	<u>624,797</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from (to) other funds	-	(1,118,825)	-	-	(1,118,825)
Cash received (paid) misc sources	(96,083)	-	-	(167,948)	(264,031)
Net cash provided (used) by noncapital financing activities	<u>(96,083)</u>	<u>(1,118,825)</u>	<u>-</u>	<u>(167,948)</u>	<u>(1,382,856)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Principal paid on debt	-	-	-	-	-
Other receipts and payments	465,847	15,276	33,844	20,777	535,744
Purchases(sold) of capital assets	51,956	-	-	-	51,956
Net cash provided by capital and related financing activities	<u>517,803</u>	<u>15,276</u>	<u>33,844</u>	<u>20,777</u>	<u>587,700</u>
<b>Cash Flow from Investing activities</b>					
Interest received	-	112,248	17,753	13,670	143,671
Net cash provided by investing activities	<u>-</u>	<u>112,248</u>	<u>17,753</u>	<u>13,670</u>	<u>143,671</u>
Net increase (decrease) in cash and cash equivalents	519,361	(1,047,833)	296,487	205,297	(26,688)
Balances - beginning of the year	<u>275</u>	<u>4,108,611</u>	<u>633,053</u>	<u>633,413</u>	<u>5,375,352</u>
Balances - end of the year	<u>\$ 519,636</u>	<u>\$ 3,060,778</u>	<u>\$ 929,540</u>	<u>\$ 838,710</u>	<u>\$ 5,348,664</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 68,232	\$ (1,137)	\$ 282,017	\$ 318,892	\$ 668,004
Adjustments:					
Depreciation	52,369	-	-	-	52,369
Receivables, net	(28,389)	34,302	20,297	2,246	28,456
Inventories	(13,480)	-	-	-	(13,480)
Accounts & other payables	18,909	(89,697)	(57,424)	17,660	(110,552)
Accrued expenses	-	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 97,641</u>	<u>\$ (56,532)</u>	<u>\$ 244,890</u>	<u>\$ 338,798</u>	<u>\$ 624,797</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**Administrative Services Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 4,905,617	\$ 5,095,671	\$ 4,744,265	\$ (351,406)
Investment income	270	270	-	(270)
Miscellaneous revenues	-	-	-	-
Total revenues	<u>4,905,887</u>	<u>5,095,941</u>	<u>4,744,265</u>	<u>(161,622)</u>
<b>EXPENSES</b>				
Personal services	1,454,672	1,464,672	1,452,422	12,250
Materials and services	3,244,984	3,465,038	3,144,353	320,685
Capital outlay	20,000	45,000	26,889	18,111
Contingency	<u>319,121</u>	<u>254,121</u>	<u>-</u>	<u>254,121</u>
Total expenses	<u>5,038,777</u>	<u>5,228,831</u>	<u>4,623,664</u>	<u>605,167</u>
Excess (deficiency) of revenues over expenses	(132,890)	(132,890)	120,601	253,491
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(132,890)	(132,890)	120,601	253,491
Fund balance - beginning	132,890	132,890	129,540	(3,350)
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>536,814</u>	<u>536,814</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,955</u>	<u>\$ 786,955</u>
Reconciliation to GAAP Basis: Current depreciation			<u>(52,369)</u>	
FUND BALANCE - GAAP Basis			<u>\$ 734,586</u>	

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**Equipment Rent and Revolving Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 1,438,066	\$ 1,438,066	\$ 1,298,830	\$ (139,236)
Investment income	95,000	95,000	112,248	17,248
Miscellaneous revenues	-	-	-	-
Total revenues	<u>1,533,066</u>	<u>1,533,066</u>	<u>1,411,078</u>	<u>(121,988)</u>
<b>EXPENSES</b>				
Personal services	-	-	-	-
Materials and services	15,000	15,000	39,633	(24,633)
Capital outlay	1,850,000	2,065,175	1,260,334	804,841
Contingency	<u>215,175</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,080,175</u>	<u>2,080,175</u>	<u>1,299,967</u>	<u>780,208</u>
Excess (deficiency) of revenues over expenses	(547,109)	(547,109)	111,111	658,220
Transfers in	-	-	-	-
Transfers out	<u>(284,825)</u>	<u>(284,825)</u>	<u>(1,118,825)</u>	<u>(834,000)</u>
Net change in fund balance	(831,934)	(831,934)	(1,007,714)	(175,780)
Fund balance - beginning	3,704,782	3,704,782	4,031,576	326,794
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>15,276</u>	<u>15,276</u>
Fund balance - ending	<u>\$ 2,872,848</u>	<u>\$ 2,872,848</u>	<u>\$ 3,039,138</u>	<u>\$ 151,014</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**Space Rent and Revolving Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 1,663,005	\$ 1,663,005	\$ 1,725,047	\$ 62,042
Investment income	7,500	7,500	17,753	10,253
Miscellaneous revenues	-	-	-	-
Total revenues	<u>1,670,505</u>	<u>1,670,505</u>	<u>1,742,800</u>	<u>72,295</u>
<b>EXPENSES</b>				
Personal services	388,739	388,739	378,119	10,620
Materials and services	1,816,487	1,816,487	968,278	848,209
Capital outlay	113,000	113,000	96,633	16,367
Contingency	<u>20,001</u>	<u>20,001</u>	<u>-</u>	<u>20,001</u>
Total expenses	<u>2,338,227</u>	<u>2,338,227</u>	<u>1,443,030</u>	<u>895,197</u>
Excess (deficiency) of revenues over expenses	(667,722)	(667,722)	299,770	967,492
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(667,722)	(667,722)	299,770	967,492
Fund balance - beginning	667,722	667,722	458,087	(209,635)
Restated Beginning Balance	<u>-</u>	<u>-</u>	<u>33,844</u>	<u>33,844</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,701</u>	<u>\$ 791,701</u>

**KLAMATH COUNTY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**Risk Management Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 1,724,581	\$ 1,724,581	\$ 1,856,033	\$ 131,452
Investment income	2,550	2,550	13,670	11,120
Miscellaneous revenues	-	-	-	-
Total revenues	<u>1,727,131</u>	<u>1,727,131</u>	<u>1,869,703</u>	<u>142,572</u>
<b>EXPENSES</b>				
Personal services	62,683	62,683	60,110	2,573
Materials and services	1,766,448	1,766,448	1,477,031	289,417
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total expenses	<u>1,829,131</u>	<u>1,829,131</u>	<u>1,537,141</u>	<u>291,990</u>
Excess (deficiency) of revenues over expenses	(102,000)	(102,000)	332,562	434,562
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balance	(102,000)	(102,000)	332,562	434,562
Fund balance - beginning	102,000	102,000	364,552	262,552
Restated Beginning Balance	-	-	9,289	9,289
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 706,403</u>	<u>\$ 706,403</u>

*OTHER SCHEDULES*

**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, 2009**

<u>Function and Activity</u>	<u>Audit Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Audit Balance June 30, 2009</u>
<b>General Government:</b>				
Treasurer	\$ 4,397	\$ -	\$ -	\$ 4,397
Assessor	225,144	46,357	40,385	231,116
Tax Collector	24,470	-	1,030	23,440
Commissioners	183,003	557	1,668	181,892
Clerk	168,289	8,577	2,441	174,425
Government Center	10,147,234	-	-	10,147,234
Property Sales	4,021	-	435	3,586
Watermaster	2,506	-	-	2,506
Maintenance	241,317	-	4,510	236,807
OSU Extension	384,544	-	-	384,544
Experiment Station	308,324	113,375	114,325	307,374
Electrical - Bldg Dept	474,009	182,552	143,398	513,163
<b>Total General Government</b>	<b>12,167,258</b>	<b>351,418</b>	<b>308,192</b>	<b>12,210,484</b>
<b>Public Safety:</b>				
Sheriff	9,082,273	169,411	79,826	9,171,858
Domestic Violence	20,784	-	840	19,944
Emergency Services	49,891	64,761	-	114,652
Justice Court	14,365	-	999	13,366
Court Security	9,375	-	-	9,375
District Attorney	142,306	4,847	14,372	132,781
D.A. Enforcement	37,012	-	6,733	30,279
Juvenile	468,196	345	4,325	464,216
Community Corrections	600,657	31,857	10,481	622,033
Risk management	7,093	-	1,314	5,779
Search and Rescue	384,284	53,000	28,821	408,463
Animal Control	130,583	52,184	69,353	113,414
<b>Total Public Safety</b>	<b>10,946,819</b>	<b>376,405</b>	<b>217,064</b>	<b>11,106,160</b>
<b>Highway and Streets:</b>				
Roads	299,766,120	73,600	-	299,839,720
Bridges	24,583,173	3,450,040	-	28,033,213
Public Works	14,095,928	623,587	18,836	14,700,679
<b>Total Highway and Streets</b>	<b>338,445,221</b>	<b>4,147,227</b>	<b>18,836</b>	<b>342,573,612</b>
<b>Community and Economic Development:</b>				
Community Development	76,982	1,350	2,048	76,284
Surveyor	6,790	-	-	6,790
Planning	61,962	161	61,962	161
<b>Total CED</b>	<b>145,734</b>	<b>1,511</b>	<b>64,010</b>	<b>83,235</b>
<b>Health and Welfare:</b>				
Health Department	332,939	17,324	28,415	321,848
Mental Health Department	3,332,373	38,528	80,156	3,290,745
Youth Services Commission	29,494	3,768	1,816	31,446
Veterans Services	10,078	-	1,840	8,238
<b>Total Health and Welfare</b>	<b>3,704,884</b>	<b>59,620</b>	<b>112,227</b>	<b>3,652,277</b>
<b>Culture and Recreation</b>				
Parks	159,620	-	600	159,020
Museum	458,799	3,910	430	462,279
Library	4,695,926	37,352	60,942	4,672,336
Fairgrounds	6,174,975	7,411	21,851	6,160,535
Law Library	74,416	400	2,846	71,970
<b>Total Culture and Recreation</b>	<b>11,563,736</b>	<b>49,073</b>	<b>86,669</b>	<b>11,526,140</b>
<b>Internal Service Funds</b>	<b>960,267</b>	<b>90,794</b>	<b>60,643</b>	<b>990,418</b>
<b>Total Governmental Funds</b>	<b>\$ 377,933,919</b>	<b>\$ 5,076,048</b>	<b>\$ 867,641</b>	<b>\$ 382,142,326</b>

**Klamath County, Oregon**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
**For the Fiscal Year Ended June 30, 2009**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery &amp; equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in progress</u>	<u>Total</u>
<b>General Government:</b>							
Treasurer	\$ -	\$ -	\$ 4,397	\$ -	\$ -	\$ -	\$ 4,397
Assessor	-	-	108,595	122,521	-	-	231,116
Tax Collector	-	-	23,440	-	-	-	23,440
Commissioners	-	157,300	24,592	-	-	-	181,892
Clerk	-	-	174,425	-	-	-	174,425
Government Center	287,182	9,164,354	695,698	-	-	-	10,147,234
Property Sales	-	-	3,586	-	-	-	3,586
Watermaster	-	1,750	756	-	-	-	2,506
Maintenance	-	35,000	66,560	135,247	-	-	236,807
OSU Extension	-	357,005	-	27,539	-	-	384,544
Experiment Station	-	307,374	-	-	-	-	307,374
Electrical - Building Dept	-	-	163,093	350,070	-	-	513,163
<b>Total General Government</b>	<b>287,182</b>	<b>10,022,783</b>	<b>1,265,142</b>	<b>635,377</b>	<b>-</b>	<b>-</b>	<b>12,210,484</b>
<b>Public Safety:</b>							
Sheriff	-	7,653,972	1,040,904	476,982	-	-	9,171,858
Domestic Violence	-	-	19,944	-	-	-	19,944
Emergency Services	-	-	114,652	-	-	-	114,652
Justice Court	-	-	13,366	-	-	-	13,366
Courtsecurity	-	-	9,375	-	-	-	9,375
District Attorney	-	-	132,781	-	-	-	132,781
D.A. Enforcement	-	-	4,831	25,448	-	-	30,279
Juvenile	-	162,500	93,795	207,921	-	-	464,216
Community Corrections	-	-	385,047	236,986	-	-	622,033
Risk Management	-	-	5,779	-	-	-	5,779
Search and Rescue	1,000	16,000	123,090	268,373	-	-	408,463
Animal Control	-	-	35,510	77,904	-	-	113,414
<b>Total Public Safety</b>	<b>1,000</b>	<b>7,832,472</b>	<b>1,979,074</b>	<b>1,293,614</b>	<b>-</b>	<b>-</b>	<b>11,106,160</b>
<b>Highway and Streets:</b>							
Roads	-	-	-	-	299,839,720	-	299,839,720
Bridges	-	-	-	-	28,033,213	-	28,033,213
Public Works	2,000	388,890	7,908,410	6,401,379	-	-	14,700,679
<b>Total Highway and Streets</b>	<b>2,000</b>	<b>388,890</b>	<b>7,908,410</b>	<b>6,401,379</b>	<b>327,872,933</b>	<b>-</b>	<b>342,573,612</b>
<b>Community and Economic Development:</b>							
Community Development	-	-	76,284	-	-	-	76,284
Surveyor	-	-	6,790	-	-	-	6,790
Planning	-	-	161	-	-	-	161
<b>Economic Development</b>	<b>-</b>	<b>-</b>	<b>83,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,235</b>
<b>Health and Welfare:</b>							
Health Department	-	-	165,500	156,348	-	-	321,848
Mental Health Department	-	2,575,291	390,642	324,812	-	-	3,290,745
Youth Services Comm	-	-	31,446	-	-	-	31,446
Veterans Services	-	-	8,238	-	-	-	8,238
<b>Total Health and Welfare</b>	<b>-</b>	<b>2,575,291</b>	<b>595,826</b>	<b>481,160</b>	<b>-</b>	<b>-</b>	<b>3,652,277</b>
<b>Culture and recreation</b>							
Parks	83,936	4,000	54,915	16,169	-	-	159,020
Museum	-	358,000	95,879	8,400	-	-	462,279
Library	-	700,000	3,916,752	55,584	-	-	4,672,336
Fairgrounds	128,500	4,837,994	1,079,423	114,618	-	-	6,160,535
Law Library	-	-	71,970	-	-	-	71,970
<b>Total Community Services</b>	<b>212,436</b>	<b>5,899,994</b>	<b>5,218,939</b>	<b>194,771</b>	<b>-</b>	<b>-</b>	<b>11,526,140</b>
<b>Governmental Activities</b>							
Internal Service Funds	-	-	882,425	107,993	-	-	990,418
<b>Total Governmental Activities</b>	<b>\$ 502,618</b>	<b>\$ 26,719,430</b>	<b>\$ 17,933,051</b>	<b>\$ 9,114,294</b>	<b>\$ 327,872,933</b>	<b>\$ -</b>	<b>\$ 382,142,326</b>

**KLAMATH COUNTY, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS**  
For the Year Ended June 30, 2009

<u>Year End June 30</u>	<u>Levy &amp; Balance as of July 1, 2008</u>	<u>Discounts and Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Balance as of June 30, 2009</u>
<b>ALL KLAMATH COUNTY FUNDS AND GOVERNMENTS:</b>					
2008-2009	\$ 55,789,268	\$ (1,365,463)	\$ 37,388	\$ 51,613,581	\$ 2,847,612
2007-2008	2,278,614	(114,728)	70,845	991,014	1,243,717
2006-2007	1,041,296	(88,163)	59,338	338,806	673,665
2005-2006	573,750	(96,833)	92,663	337,220	232,360
2004-2005	203,471	(44,486)	39,807	119,723	79,069
2003-2004	87,826	(10,246)	4,963	11,523	71,020
2002-2003	51,348	(9,626)	4,417	6,475	39,664
Prior Years	327,153	(29,302)	18,318	17,500	298,669
Total	<u>\$ 60,352,726</u>	<u>\$ (1,758,847)</u>	<u>\$ 327,739</u>	<u>\$ 53,435,842</u>	<u>\$ 5,485,776</u>

**ALL BUDGETED COUNTY FUNDS - BY YEAR OF LEVY:**

2008-2009	\$ 10,150,368	\$ (535,694)	\$ 6,802	\$ 9,103,377	\$ 518,099
2007-2008	811,468	(99,748)	33,857	473,610	271,967
2006-2007	197,918	49,587	35,480	202,585	80,400
2005-2006	112,205	(18,938)	18,122	65,948	45,441
2004-2005	38,223	(8,358)	7,478	22,490	14,853
2003-2004	17,521	(2,044)	990	2,299	14,168
2002-2003	10,536	(1,975)	906	1,329	8,138
Prior Years	119,719	(70,884)	3,004	2,869	48,970
Total	<u>\$ 11,457,958</u>	<u>\$ (688,054)</u>	<u>\$ 106,639</u>	<u>\$ 9,874,507</u>	<u>\$ 1,002,036</u>

**ALL BUDGETED COUNTY FUNDS - BY FUND:**

General Fund	\$ 9,133,138	\$ (635,921)	\$ 85,002	\$ 7,763,204	\$ 819,015
Courthouse Bond	1,663,696	(27,432)	15,484	1,520,774	130,974
Fairground Bond	482,380	22,031	4,490	470,926	37,975
Veterans Service	178,744	(46,732)	1,663	119,603	14,072
Total	<u>\$ 11,457,958</u>	<u>\$ (688,054)</u>	<u>\$ 106,639</u>	<u>\$ 9,874,507</u>	<u>\$ 1,002,036</u>

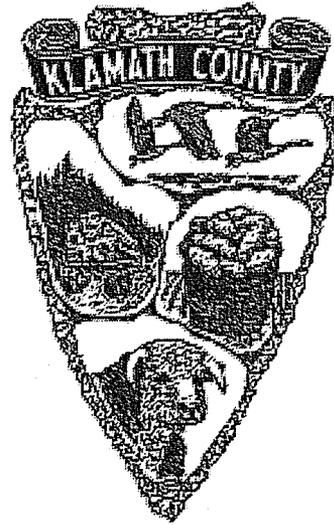
**KLAMATH COUNTY, OREGON**  
**SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS**  
**HELD BY ELECTED OFFICIALS:**  
**June 30, 2009**

	<u>Cash and cash equivalents July 1, 2008</u>	<u>Receipts</u>	<u>Turnovers to Treasurer</u>	<u>Disbursements</u>	<u>Cash and cash equivalents June 30, 2009</u>
Assessor	\$ 50	\$ 296,962	\$ 296,962	\$ -	\$ 50
Clerk	100	475,585	475,585	-	100
District Attorney	1,228	339,822	338,459	-	2,591
Sheriff	20,881	2,023,324	1,208,205	789,475	46,525
Surveyor	-	105,424	105,424	-	-
Justice of the Peace	40,137	767,795	369,336	350,178	88,418
Commissioners	50	2,194	2,194	-	50
Tax Collector	400	54,635,327	54,635,327	-	400
Treasurer	147,611,721	138,828,170	-	130,737,695	155,702,196
	<u>\$ 147,674,567</u>	<u>\$ 197,474,603</u>	<u>\$ 57,431,492</u>	<u>\$ 131,877,348</u>	<u>\$ 155,840,330</u>

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

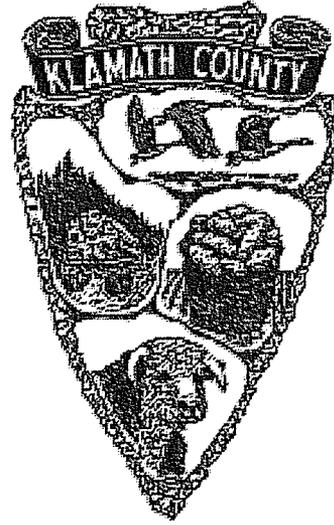
	<u>Cash on Hand</u>	<u>Cash in Banks &amp; State Pool</u>	<u>Certificates of Deposit</u>	<u>Investments</u>	<u>Total</u>
Assessor	\$ 50	\$ -	\$ -	\$ -	\$ 50
Clerk	100	-	-	-	100
District Attorney	-	2,591	-	-	2,591
Sheriff	50	46,525	-	-	46,575
Surveyor	-	-	-	-	-
Justice of the Peace	100	88,318	-	-	88,418
Commissioners	50	-	-	-	50
Tax Collector	400	-	-	-	400
Treasurer	-	41,755,858	8,000,000	105,946,288	155,702,146
	<u>\$ 750</u>	<u>\$ 41,893,292</u>	<u>\$ 8,000,000</u>	<u>\$ 105,946,288</u>	<u>\$ 155,840,330</u>

COUNTY  
*Klamath*  
OREGON



COMPLIANCE SECTION

COUNTY  
*Klamath*  
OREGON



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

450 COUNTRY CLUB ROAD  
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EUGENE, OREGON 97401-6078



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COMMENTS OF INDEPENDENT AUDITORS  
REQUIRED BY THE STATE OF OREGON  
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, 2009, and have issued our report thereon dated May 31, 2010.

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 114 to 117 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.

*Collateral*

The County has complied with Oregon Revised Statutes (ORS) Chapter 295 in relation to deposit accounts.

*Budget Compliance*

The County has complied with Local Budget Laws in the preparation, adoption and execution for fiscal year ending June 30, 2009; preparation and adoption for the fiscal year ending June 30, 2010. All procedures were found in compliance with statutory requirements, except noncompliance relating to over expenditures 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, 2009. 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, 2009.

*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.

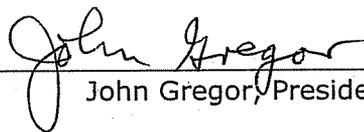
*Accounting Records*

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.

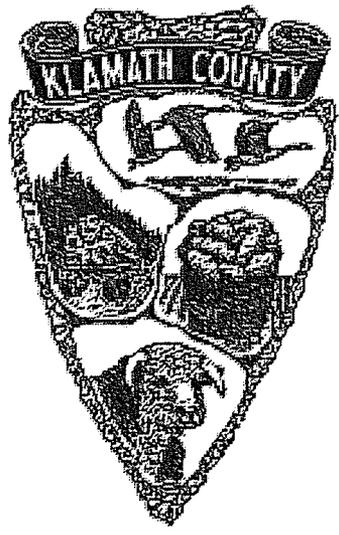
GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By  \_\_\_\_\_  
John Gregor, President

Eugene, Oregon  
May 31, 2010

*SINGLE AUDIT REPORT*

COUNTY  
*Klamath*  
OREGON





450 COUNTRY CLUB ROAD  
SUITE 155  
EUGENE, OREGON 97401-6078

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**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, 2009, and have issued our report thereon dated May 31, 2010. 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, 2009, besides the finance director, 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:

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*.

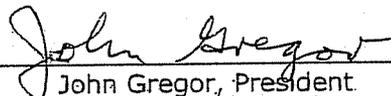
Compliance and Other Matters

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*.

We noted certain matters that we reported to management in our separate letter dated May 31, 2010.

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 31, 2010

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**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, 2009. 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, 2009.

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.

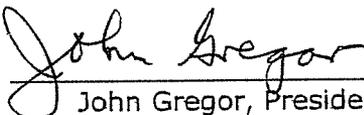
A *control deficiency* in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal 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 31, 2010

**KLAMATH COUNTY, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2009**

Federal Grantor/Pass Through Grantor /Program Title	Federal CFDA Number	Federal Awards Received	Expended
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
Passed through Oregon Department of Administrative Services			
Federal Forest Receipts (Schools and Roads)*	10.665	\$ 13,284,608	\$ 13,284,608
Women, Infants and Children Nutrition Program	10.557	350,017	350,017
WIC Grants To States	10.578	688	688
Total U.S. Department of Agriculture		<u>13,635,313</u>	<u>13,635,313</u>
<b>U.S. DEPARTMENT OF INTERIOR:</b>			
Disposal of Federal Surplus Real Property	39.002	6,068	6,068
Non-Sale Disposals of Mineral Material	15.214	918	918
Distribution of Receipts to State and Local Governments	15.227	2,096,511	2,096,511
Total U.S. Department of Interior		<u>2,103,497</u>	<u>2,103,497</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>			
Family Planning	93.217	22,516	22,516
Community Mental Health	93.958	22,526	22,526
Early Detection Substance Abuse	93.959	384,673	384,673
Bioterrorism	93.069	108,276	108,276
HIV Care Consortia Title II	93.917	23,210	23,210
Maternal & Child Health	93.994	7,480	7,480
Asthma	93.283	21,041	21,041
Immunization Program	93.268	1,600	1,600
Youth Investment	93.667	130,456	130,456
Stars	93.235	7,404	7,404
Total U.S. Department of Health and Human Services		<u>729,182</u>	<u>729,182</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Water System Supervision	66.432	16,696	16,696
Total Environmental Protection Agency		<u>16,696</u>	<u>16,696</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
Volcanic Legacy Scenic Byway	14.228	14,139	14,139
		<u>14,139</u>	<u>14,139</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
Marijuana Education Grant	16.580	12,305	12,305
Violence Against Women Discretionary	16.588	209,357	209,357
Crime Victim Assistance	16.575	38,257	38,257
Child Support Enforcement	93.563	132,457	132,457
SCAAP	Unknown	15,285	15,285
Total U.S. Department of Justice		<u>407,661</u>	<u>407,661</u>
<b>U.S. DEPARTMENT OF HOME LAND SECURITY</b>			
Homeland Security Program	97.073	120,882	120,882
Law Enforcement Terrorism Prevention	97.074	503,520	503,520
Emergency Management Performance Grant	97.042	56,369	56,369
Total U.S. Department of Homeland Security		<u>680,771</u>	<u>680,771</u>
<b>OREGON COMMISSION ON CHILDREN &amp; FAMILY</b>			
Family Preservation & Support - Title IV	93.556	10,184	10,184
Early Child Care / CCDF	93.575	41,754	41,754
Healthy Start Title XIX	93.778	12,803	12,803
Youth Investment - Title XX	93.667	86,686	86,686
Total Oregon Commission Children & Family		<u>151,427</u>	<u>151,427</u>
<b>OTHERS</b>			
USDA Food Reimbursement	10.555	16,629	16,629
Commodities	10.XXX	546	546
Taylor Grazing	15.227	3,777	3,777
Public Safety Interoperable Comm. Projects	11.555	222,542	222,542
DEQ	Unknown	30,000	30,000
Total others		<u>273,494</u>	<u>273,494</u>
Total Federal Awards and Expenditures		<u>\$ 18,012,180</u>	<u>\$ 18,012,180</u>

\* Indicates a major program.

The accompanying notes are an integral part of this statement

**Klamath County, Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

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***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, 2009**

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**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

Dollar threshold used to distinguish between type A & type B programs: \$ 540,365

Auditee qualified as low-risk auditee? √ yes         no

**Klamath County, Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2009**

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**Section II - Financial Statement Findings**

FINDING 2009-01: 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, 2009, besides the finance director, 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, 2010. 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, 2009**

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FINDING 2009-02: 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.

*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 Coasts**

None

COUNTY  
*Klamath*  
OREGON

