

KLAMATH COUNTY, OREGON
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2010



Certified Public Accountants

Klamath County, Oregon
June 30, 2010

Board of Commissioners

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
John Elliott	Commissioner	January 3, 2011
Al Switzer	Commissioner	January 3, 2013
Cheryl Hukill	Commissioner	January 3, 2013

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 Peace	January 3, 2011

Contact Officers

Michael Long	Finance Director
Melodee Spiker	Assistant Finance Director

Mailing Address

Klamath County Commissioners
Government Center
305 Main Street
P.O. Box 340
Klamath Falls, Oregon 97601
Phone: (541) 883-5100 Fax: (541)883-5163
www.klamathcounty.org

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

Certified Public Accountants

Independent Auditors' Report

Board of Commissioners
Klamath County, Oregon
Klamath Falls, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Klamath County, Oregon (County), as of and for the year ended June 30, 2010, 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.

As discussed in Note 6 to the financial statements, management has improperly recorded certain capital assets in governmental and business-type activities and, accordingly, the depreciation expense on those assets is misstated. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would change the assets and expenses of the governmental and business-type activities. The amount by which this departure would affect the assets and expenses of the governmental and business-type activities is not reasonably determinable.

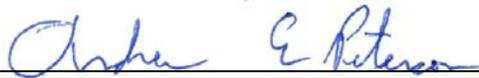
In our opinion, except for the effects of improper recording of capital assets on assets, depreciation, and accumulated depreciation as describing in the preceding paragraph the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental, activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2010, the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2011, 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, the budgetary comparison information, and the schedule of finding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Molatore, Scroggin, Peterson & Co. LLP



Andrew E. Peterson, Partner

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The County's net assets exceeded its liabilities at the close of the most recent fiscal year by \$347,709,016 (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 decreased by \$3,131,202. This decrease 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 \$125,911,563, a decrease of \$10,022,074, in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,039,360.
- Klamath County's total long-term debt decreased by \$609,254 during the current fiscal year. The decrease was the annual retirement of debt issued.
- Klamath County operates two solid waste landfills. The County built a transfer station which has begun shipping the municipal solid waste at the Klamath Falls landfill to a regional site location. The Klamath Falls landfill site is now authorized by the State to continue to receive construction and demolition waste only. The Chemult site is still full service. The County has been recognizing and reserving funds each year to cover cost of closure and replacement.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds: The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its 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 16-18 of this report.

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Klamath County, assets exceeded liabilities by \$347,709,016 at 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, building, roads, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since that capital assets themselves cannot be used to liquidate these liabilities.

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Klamath County's Net Assets

	Governmental activities		Business-type activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 135,580,489	\$ 141,721,367	\$ 9,110,392	\$ 6,918,100	\$ 144,690,881	\$ 148,639,467
Capital assets	219,840,073	220,047,481	2,062,194	645,632	221,902,267	220,693,113
Total assets	<u>355,420,562</u>	<u>361,768,848</u>	<u>11,172,586</u>	<u>7,563,732</u>	<u>366,593,148</u>	<u>369,332,580</u>
Long-term liabilities outstanding	416,156	2,721,473	6,409,628	5,051,020	6,825,784	7,772,493
Other liabilities	11,715,682	7,394,087	342,666	379,643	12,058,348	7,773,730
Total liabilities	<u>12,131,838</u>	<u>10,115,560</u>	<u>6,752,294</u>	<u>5,430,663</u>	<u>18,884,132</u>	<u>15,546,223</u>
Net assets:						
Invested in capital assets, net of related debt	216,200,060	216,414,030	2,062,195	645,632	218,262,255	217,059,662
Restricted	3,651,513	87,920,541	-	-	3,651,513	87,920,541
Unrestricted	<u>123,437,151</u>	<u>47,318,717</u>	<u>2,358,097</u>	<u>1,487,437</u>	<u>125,795,248</u>	<u>48,806,154</u>
Total net assets	<u>\$ 343,288,724</u>	<u>351,653,288</u>	<u>\$ 4,420,292</u>	<u>2,133,069</u>	<u>\$ 347,709,016</u>	<u>353,786,357</u>

The County's net assets balance of unrestricted net assets, which amounts to \$125,795,248, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities: Governmental activities decreased the County's net assets by \$3,507,571. Key elements of this decrease are as follows:

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

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

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	Klamath County's Changes in Net Assets					
	Governmental activities		Business-type activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 8,972,282	\$ 16,632,787	4,513,010	\$ 4,286,975	\$ 13,485,292	\$ 20,919,762
Operating grants & contributions	32,524,562	23,843,214	-	-	32,524,562	23,843,214
General revenues:						
Property taxes	13,121,354	9,915,777	-	-	13,121,354	9,915,777
Other taxes	1,760,535	4,702,867	-	-	1,760,535	4,702,867
Grants & contributions, not restricted to specific programs	3,941,792	3,364,418	-	-	3,941,792	3,364,418
Unrestricted investment earnings	2,157,746	5,415,583	133,702	155,493	2,291,448	5,571,076
Miscellaneous	1,242,345	2,062,549	2,155	40	1,244,500	2,062,589
Proceeds on the sale of assets	23,992	-	-	-	23,992	-
Total revenues	<u>63,744,608</u>	<u>65,937,195</u>	<u>4,648,867</u>	<u>4,442,508</u>	<u>68,393,475</u>	<u>70,379,703</u>
Expenses:						
General government	6,443,057	6,351,043	-	-	6,443,057	6,351,043
Public safety	17,002,871	15,916,250	-	-	17,002,871	15,916,250
Public works	19,259,327	17,516,960	-	-	19,259,327	17,516,960
Human services	11,660,985	11,207,840	-	-	11,660,985	11,207,840
Community services	7,403,972	6,085,527	-	-	7,403,972	6,085,527
Community development	4,340,495	4,060,352	-	-	4,340,495	4,060,352
Agriculture	362,285	-	-	-	362,285	-
Interest on long-term debt	202,437	280,458	-	-	202,437	280,458
Solid waste	-	-	3,660,945	4,205,467	3,660,945	4,205,467
Recycling	-	-	169,009	82,196	169,009	82,196
Weed control	-	-	218,548	205,317	218,548	205,317
Landfill	-	-	125,949	335,447	125,949	335,447
Interoperable radio communications	-	-	371,776	-	371,776	-
Drainage district	-	-	129,263	-	129,263	-
Total expenses	<u>66,675,429</u>	<u>61,418,430</u>	<u>4,675,490</u>	<u>4,828,427</u>	<u>71,350,919</u>	<u>66,246,857</u>
Increase in net assets, before transfers	(2,930,821)	4,518,765	(26,623)	(385,919)	(2,957,444)	4,132,846
Transfers	(576,750)	(713,928)	402,992	713,928	(173,758)	-
Increase in net assets	<u>(3,507,571)</u>	<u>3,804,837</u>	<u>376,369</u>	<u>328,009</u>	<u>(3,131,202)</u>	<u>4,132,846</u>
Net Assets:						
Beginning	351,653,288	348,360,186	2,133,069	1,414,728	353,786,357	349,774,914
Restated	346,796,295	347,848,451	4,043,923	1,805,060	350,840,218	349,653,511
Ending	<u>\$ 343,288,724</u>	<u>\$ 351,653,288</u>	<u>\$ 4,420,292</u>	<u>\$ 2,133,069</u>	<u>\$ 347,709,016</u>	<u>\$ 353,786,357</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 \$254,678. The excess of revenues over expenses in the business-type activities led to the increase in net assets.

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Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the Klamath County. The fund balance of the County's general fund was decreased by \$1,513,177 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 road fund is the main operating fund for the public works department. The fund balance was increased by \$2,860,905 during the current fiscal year. The key factors are as follows:

- Receipts from gas tax apportionment and secure rural schools were in excess of funds spent on maintaining the County's roads.

The road reserve fund is the reserves held by the public works department for the future road projects. The fund balance decreased by \$11,294,007 during the current fiscal year. The key factors are as follows:

- Distributed a combined \$3,000,000 to Klamath County's two public school districts
- Construction projects for \$9,000,000 in the current year.

The mental health fund accounts for Klamath County's administration of mental health programs. The fund balance decreased by \$396,299 during the current fiscal year. The key factors are as follows:

- Capital outlay for the construction of new facilities.

Proprietary funds: Unrestricted net assets of the landfill and solid waste operations amounted to \$(142,629). The internal service fund amounts are included in the governmental activities of the County. Factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type and governmental activities.

Budgetary Highlights

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

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

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

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$221,902,267 (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:

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- 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.

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

	Governmental activities		Business-type activities		Totals	
	2010	2009	2010	2009	2010	2009
Land and construction in progress	\$ 10,008,231	\$ 502,618	\$ -	\$ 239,857	\$ 10,008,231	\$ 742,475
Building and improvements	18,738,023	15,722,422	-	34,588	18,738,023	15,757,010
Machinery and equipment	2,787,997	8,028,465	2,062,194	246,012	4,850,191	8,274,477
Vehicles	1,783,491	2,499,294	-	125,175	1,783,491	2,624,469
Infrastructure	186,522,331	193,294,682	-	-	186,522,331	193,294,682
Total	\$ 219,840,073	\$ 220,047,481	\$ 2,062,194	\$ 645,632	\$ 221,902,267	\$ 220,693,113

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

Long-Term Debt: At the end of the current fiscal year, the County had total bonded debt outstanding of \$1,587,197. 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.

	Governmental activities		Business-type activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds - 1997A series	\$ 1,515,000	\$ 2,955,000	\$ -	\$ -	\$ 1,515,000	\$ 2,955,000
Series 1999	-	600,000	-	-	-	600,000
Notes payable	72,197	78,451	-	-	72,197	78,451
Total	\$ 1,587,197	\$ 3,633,451	\$ -	\$ -	\$ 1,587,197	\$ 3,633,451

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, 2010, \$5,333,175 is part of the investment pool and is held for these purposes. The fund is reported as restricted assets on the balance sheet. The total liability to date is recorded in the business-type fund; Landfill site reserve. This reserve fund is restricted for the purpose of closure/post-closure maintenance. This amount represents a portion of the total cost of closure and post-closure based on the percent of the estimated capacity used and the portion/part of post-closure care that has been completed for the closed part of the Klamath Falls MSW LF portion of the site. Each year an estimated amount of expense is recognized based on the capacity filled and any changes to the expected costs so that at the present time, total cost has been recognized. The County has now begun shipping the municipal solid waste at the Klamath Falls to a regional site location. The Klamath Falls landfill site is now authorized by the State to continue to receive construction and demolition waste

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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 2009-10 and 2010-11 fiscal years.

The County will have to adjust the amount of spending available in the 2010-11 fiscal year depending on the federal state budgets. Program services will have to be adjusted or eliminated to balance the budget. No taxes can be increased, other than the allowable 3 percent increase on property taxes allowed by state law.

General Information

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

Request for Information

This financial report is designed to provide a general overview of Klamath County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the 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, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component</u> <u>Units</u>
Assets				
Cash and investments	\$ 127,780,972	\$ 7,860,439	\$ 135,641,411	\$ 368,544
Accounts receivable, net	2,957,305	1,187,129	4,144,434	-
Taxes receivable, net	1,434,384	-	1,434,384	-
Other receivables	836,178	25,824	862,002	-
Internal balances	(19,081)	19,081	-	-
Inventories	2,114,391	17,919	2,132,310	-
Prepaid expenses	39,440	-	39,440	-
Other assets	436,900	-	436,900	-
Capital assets				
Land	725,218	-	725,218	-
Construction in progress	9,283,013	-	9,283,013	-
Buildings and improvements, net	18,738,023	-	18,738,023	-
Machinery and equipment, net	2,787,997	2,062,194	4,850,191	-
Vehicles, net	1,783,491	-	1,783,491	-
Infrastructure, net	186,522,331	-	186,522,331	-
Total Assets	<u>355,420,562</u>	<u>11,172,586</u>	<u>366,593,148</u>	<u>368,544</u>
Liabilities				
Book overdraft	263,896	1,524	265,420	-
Accounts payable	3,266,776	229,824	3,496,600	-
Accrued expenses	813,910	-	813,910	-
Deferred revenues	1,444,410	-	1,444,410	-
Long-term liabilities:				
Due within one year				
Bonds, capital leases and contracts	1,522,007	-	1,522,007	-
Compensated absences	2,988,583	111,318	3,099,901	-
Claims and judgments	1,416,100	-	1,416,100	-
Due in more than one year				
Bonds, capital leases and contracts	65,190	-	65,190	-
OPEB liability	12,669	690	13,359	-
Pension liability	338,297	18,349	356,646	-
Accrued landfill closure/postclosure care costs	-	6,390,589	6,390,589	-
Total Liabilities	<u>12,131,838</u>	<u>6,752,294</u>	<u>18,884,132</u>	<u>-</u>
Net Assets				
Invested in capital assets, net of related debt	216,200,060	2,062,195	218,262,255	-
Restricted for:				
Debt service	1,518,479	-	1,518,479	-
Inventory	2,093,594	-	2,093,594	-
Prepays	39,440	-	39,440	-
Unrestricted	123,437,151	2,358,097	125,795,248	368,544
Total Net Assets	<u>\$ 343,288,724</u>	<u>\$ 4,420,292</u>	<u>\$ 347,709,016</u>	<u>\$ 368,544</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Units
	Expenses	Program Revenue			Primary Government		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government								
Governmental Activities								
General government	\$ 6,443,057	\$ 1,439,348	\$ -	\$ -	\$ (5,003,709)		\$ (5,003,709)	
Public safety	17,002,871	2,853,483	4,600,138	-	(9,549,250)		(9,549,250)	
Public works	19,259,327	258,206	13,092,184	-	(5,908,937)		(5,908,937)	
Human services	11,660,985	1,834,423	9,404,916	-	(421,646)		(421,646)	
Community services	7,403,972	1,253,657	3,550,938	-	(2,599,377)		(2,599,377)	
Community development	4,340,495	1,319,534	1,872,722	-	(1,148,239)		(1,148,239)	
Agriculture	362,285	13,631	3,664	-	(344,990)		(344,990)	
Interest on long-term debt	202,437	-	-	-	(202,437)		(202,437)	
Total governmental activities	66,675,429	8,972,282	32,524,562	-	(25,178,585)		(25,178,585)	
Business-type activities								
Solid waste	3,660,945	3,938,531	-	-		277,586	277,586	
Recycling	169,009	86,495	-	-		(82,514)	(82,514)	
Weed control	218,548	170,292	-	-		(48,256)	(48,256)	
Landfill	125,949	-	-	-		(125,949)	(125,949)	
Interoperable radio communications	371,776	102,786	-	-		(268,990)	(268,990)	
Drainage district	129,263	214,906	-	-		85,643	85,643	
Total business-type activities	4,675,490	4,513,010	-	-		(162,480)	(162,480)	
County Totals	71,350,919	13,485,292	32,524,562	-	(25,178,585)	(162,480)	(25,341,065)	
Component Units								
Museum foundation	3,784	986	-	-				(2,798)
Total component units	3,784	986	-	-				(2,798)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					10,789,136	-	10,789,136	-
Property taxes, levied for debt service					2,332,218	-	2,332,218	-
Other taxes					1,760,535	-	1,760,535	-
Grants and contributions not restricted to specific programs					3,941,792	-	3,941,792	-
Unrestricted investment earnings					2,157,746	133,702	2,291,448	29,113
Miscellaneous					1,242,345	2,155	1,244,500	12,272
Special item - gain on sale of asset					23,992	-	23,992	-
Transfers					(576,750)	402,992	(173,758)	-
Total general revenues and transfers					21,671,014	538,849	22,209,863	41,385
Change in net assets					(3,507,571)	376,369	(3,131,202)	38,587
Net assets - beginning, as originally stated					351,653,288	2,133,069	353,786,357	329,957
Prior period adjustment					(4,856,993)	1,910,854	(2,946,139)	-
Net assets - beginning, as restated					346,796,295	4,043,923	350,840,218	329,957
Net assets - ending					\$ 343,288,724	\$ 4,420,292	\$ 347,709,016	\$ 368,544

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Balance Sheet
Governmental Funds
June 30, 2010

	<u>Major Special Revenue Funds</u>					Total Governmental Funds
	<u>General Fund</u>	<u>Roads</u>	<u>Road Reserve</u>	<u>Mental Health</u>	<u>Other Funds</u>	
Assets						
Pooled cash and investments	\$ 1,125,852	\$ 36,040,361	\$ 67,561,027	\$ 1,061,754	\$ 18,874,807	\$ 124,663,801
Accounts receivable	762,230	376,084	-	188,348	1,608,222	2,934,884
Taxes receivable, net	898,266	-	-	-	536,118	1,434,384
Due from other funds	111,699	-	-	-	1,286,418	1,398,117
Assessments receivable	-	13,808	-	-	-	13,808
Notes receivable	-	-	-	-	822,369	822,369
Inventories	36,285	2,027,012	-	-	30,297	2,093,594
Prepaid expenses	-	-	-	-	39,440	39,440
Other assets	-	-	-	-	436,900	436,900
Total assets	<u>2,934,332</u>	<u>38,457,265</u>	<u>67,561,027</u>	<u>1,250,102</u>	<u>23,634,571</u>	<u>133,837,297</u>
Liabilities and Fund Balances						
Liabilities:						
Book overdraft	-	-	-	-	263,896	263,896
Accounts payable	41,443	902,488	544,018	98,576	1,503,097	3,089,622
Due to other funds	236,108	-	-	363,120	489,430	1,088,658
Deferred revenue	767,226	13,808	-	-	1,888,614	2,669,648
Other accrued expenses	813,910	-	-	-	-	813,910
Total liabilities	<u>1,858,687</u>	<u>916,296</u>	<u>544,018</u>	<u>461,696</u>	<u>4,145,037</u>	<u>7,925,734</u>
Fund balances:						
Reserved for:						
Inventories	36,285	2,027,012	-	-	30,297	2,093,594
Prepaid expenses	-	-	-	-	39,440	39,440
Debt service	-	-	-	-	1,309,799	1,309,799
Unreserved, reported in:						
General Fund	1,039,360	-	-	-	-	1,039,360
Special revenue funds	-	35,513,957	67,017,009	788,406	14,908,154	118,227,526
Capital projects funds	-	-	-	-	3,201,844	3,201,844
Total fund balances	<u>1,075,645</u>	<u>37,540,969</u>	<u>67,017,009</u>	<u>788,406</u>	<u>19,489,534</u>	<u>125,911,563</u>
Total liabilities and fund balances	<u>\$ 2,934,332</u>	<u>\$ 38,457,265</u>	<u>\$ 67,561,027</u>	<u>\$ 1,250,102</u>	<u>\$ 23,634,571</u>	<u>\$ 133,837,297</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets
June 30, 2010

Total fund balance, governmental funds	\$ 125,911,563
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	219,840,073
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	1,459,411
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	(3,922,323)
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 343,288,724</u>

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, 2010

	<u>Major Special Revenue Funds</u>					<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Roads Fund</u>	<u>Road Reserve Fund</u>	<u>Mental Health Fund</u>	<u>Other Funds</u>	
Revenues						
Property Taxes	\$ 8,121,259	\$ -	\$ -	\$ -	\$ 4,857,165	\$ 12,978,424
Sales and miscellaneous taxes	75,380	-	-	-	1,685,155	1,760,535
Fines and forfeitures	377,347	-	-	-	191,553	568,900
Licenses, fees, and permits	732,808	-	-	-	582,144	1,314,952
Intergovernmental	4,544,090	13,058,225	-	7,494,106	11,369,934	36,466,355
Charges for services	1,192,918	2,58,206	-	638,267	4,978,622	7,068,013
Investment earnings	25,341	599,271	1,216,553	17,794	286,481	2,145,440
Miscellaneous	548,792	10,956	-	(65,142)	685,609	1,180,215
Total revenues	<u>15,617,935</u>	<u>13,926,658</u>	<u>1,216,553</u>	<u>8,085,025</u>	<u>24,636,663</u>	<u>63,482,834</u>
Expenditures						
Current:						
General government	3,861,777	-	-	-	1,956,317	5,818,094
Public safety	11,542,808	-	-	-	5,734,172	17,276,980
Public works	-	8,620,017	3,227,546	-	155,378	12,002,941
Human services	-	-	-	7,988,569	3,626,513	11,615,082
Community services	-	-	-	-	4,254,987	4,254,987
Community development	-	-	-	-	4,363,227	4,363,227
Agriculture	457,805	-	-	-	2,972,423	3,430,228
Debt Service:						
Principal	-	-	-	6,408	2,040,000	2,046,408
Interest and other charges	4,540	-	-	13,679	184,218	202,437
Capital Outlay	496,256	1,437,006	9,283,014	439,319	633,027	12,288,622
Total Expenditures	<u>16,363,186</u>	<u>10,057,023</u>	<u>12,510,560</u>	<u>8,447,975</u>	<u>25,920,262</u>	<u>73,299,006</u>
Excess (deficiency) of revenues over expenditures	<u>(745,251)</u>	<u>3,869,635</u>	<u>(11,294,007)</u>	<u>(362,950)</u>	<u>(1,283,599)</u>	<u>(9,816,172)</u>
Other Financing Sources (Uses)						
Transfers in	893,137	101,706	-	29,352	4,536,005	5,560,200
Transfers out	(1,661,063)	(1,133,648)	-	(62,701)	(2,933,312)	(5,790,724)
Total other financing sources and uses	<u>(767,926)</u>	<u>(1,031,942)</u>	<u>-</u>	<u>(33,349)</u>	<u>1,602,693</u>	<u>(2,305,244)</u>
SPECIAL ITEM						
Proceeds from sale of assets	-	23,212	-	-	780	23,992
Net change in fund balances	<u>(1,513,177)</u>	<u>2,860,905</u>	<u>(11,294,007)</u>	<u>(396,299)</u>	<u>319,874</u>	<u>(10,022,704)</u>
Fund balances - beginning	2,571,787	38,092,028	78,311,016	2,160,985	18,299,430	139,435,246
Prior period adjustments	8,251	(3,068,914)	-	(976,280)	800,493	(3,236,450)
Fund balances - beginning, as restated	<u>2,580,038</u>	<u>35,023,114</u>	<u>78,311,016</u>	<u>1,184,705</u>	<u>19,099,923</u>	<u>136,198,796</u>
Fund balances - change in inventory	8,784	(343,050)	-	-	30,297	(303,969)
Fund balances - change in prepaid expenses	-	-	-	-	39,440	39,440
Fund balances - ending	<u>\$ 1,075,645</u>	<u>\$ 37,540,969</u>	<u>\$ 67,017,009</u>	<u>\$ 788,406</u>	<u>\$ 19,489,534</u>	<u>\$ 125,911,563</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, 2010

Net change in fund balances - total governmental funds: \$ (10,022,704)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$3,545,359 exceeded depreciation \$648,860 in the current period. 2,896,499

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 1,003,814

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. 2,046,408

Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 568,412

Change in net assets of governmental activities \$ (3,507,571)

Klamath County, Oregon
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Enterprise Funds				Total	Internal Service Funds
	Landfill Site Reserve	Solid Waste	Drainage District	Other Enterprise Funds		
Assets						
Current assets:						
Cash and investments	\$ 5,333,175	\$ 86,876	\$ 2,162,145	\$ 278,243	\$ 7,860,439	\$ 3,117,173
Accounts receivable, net	820,048	319,718	3,723	43,639	1,187,128	22,422
Assessments receivables	-	-	25,824	-	25,824	-
Inventories	-	-	-	17,919	17,919	20,799
Total current assets	<u>6,153,223</u>	<u>406,594</u>	<u>2,191,692</u>	<u>339,801</u>	<u>9,091,310</u>	<u>3,160,394</u>
Non-current assets:						
Capital Assets:						
Vehicles	-	566,185	-	114,916	681,101	141,476
Buildings	-	46,362	-	29,011	75,373	35,000
Machinery and equipment	-	2,286,437	-	2,641,203	4,927,640	843,801
Less Accumulated depreciation	-	(2,833,172)	-	(788,748)	(3,621,920)	(601,503)
Total non-current assets	<u>-</u>	<u>65,812</u>	<u>-</u>	<u>1,996,382</u>	<u>2,062,194</u>	<u>418,774</u>
Total assets	<u><u>6,153,223</u></u>	<u><u>472,406</u></u>	<u><u>2,191,692</u></u>	<u><u>2,336,183</u></u>	<u><u>11,153,504</u></u>	<u><u>3,579,168</u></u>
Liabilities						
Current Liabilities:						
Book overdraft	-	-	-	1,524	1,524	-
Accounts payable	-	189,046	36,192	4,585	229,823	177,152
Due to other funds	-	-	-	-	-	309,460
Compensated absences	-	105,910	-	5,408	111,318	185,346
Claims and judgments	-	-	-	-	-	1,416,100
Total current liabilities	<u>-</u>	<u>294,956</u>	<u>36,192</u>	<u>11,517</u>	<u>342,665</u>	<u>2,088,058</u>
Non-current liabilities:						
Net OPEB liability	-	610	-	80	690	830
Post-closure liabilities	6,390,589	-	-	-	6,390,589	-
Pension liability	-	16,291	-	2,058	18,349	30,869
Total non-current liabilities	<u>6,390,589</u>	<u>16,901</u>	<u>-</u>	<u>2,138</u>	<u>6,409,628</u>	<u>31,699</u>
Total liabilities	<u>6,390,589</u>	<u>311,857</u>	<u>36,192</u>	<u>13,655</u>	<u>6,752,293</u>	<u>2,119,757</u>
Net Assets						
Invested in capital assets, net of related debt	-	65,812	-	1,996,382	2,062,194	418,774
Unrestricted	(237,366)	94,737	2,155,500	326,146	2,339,017	1,040,637
Total net assets	<u>\$ (237,366)</u>	<u>\$ 160,549</u>	<u>\$ 2,155,500</u>	<u>\$ 2,322,528</u>	<u>4,401,211</u>	<u>\$ 1,459,411</u>

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business Activities of the Statement of Net Assets.

	19,081
Total net assets per Government-Wide financial statements	\$ 4,420,292

Klamath County, Oregon
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds					Internal Service Funds
	Landfill Site Reserve	Solid Waste	Drainage District	Other Enterprise Funds	Total	
Revenues						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 720	\$ 720	\$ -
Licenses, fees, and permits	-	45,727	214,906	72,629	333,262	-
Intergovernmental	-	-	-	-	-	89,308
Charges for services	-	3,892,804	-	286,223	4,179,027	6,756,366
Total operating revenues	<u>-</u>	<u>3,938,531</u>	<u>214,906</u>	<u>359,572</u>	<u>4,513,009</u>	<u>6,845,674</u>
Operating Expenses						
Personal services	-	1,192,106	-	175,776	1,367,882	2,145,706
Materials and services	125,949	2,242,344	129,263	562,182	3,059,738	3,841,626
Depreciation	-	241,304	-	25,649	266,953	33,444
Total Operating Expenses	<u>125,949</u>	<u>3,675,754</u>	<u>129,263</u>	<u>763,607</u>	<u>4,694,573</u>	<u>6,020,776</u>
Operating income (loss)	<u>(125,949)</u>	<u>262,777</u>	<u>85,643</u>	<u>(404,035)</u>	<u>(181,564)</u>	<u>824,898</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	82,154	11,831	33,893	5,827	133,705	32,725
Miscellaneous revenue	-	-	2,155	-	2,155	62,132
Proceeds from the sale of capital assets	-	-	-	-	-	750
Interest expense	-	-	-	-	-	(5,869)
Total non-operating revenue (expenses)	<u>82,154</u>	<u>11,831</u>	<u>36,048</u>	<u>5,827</u>	<u>135,860</u>	<u>89,738</u>
Income (loss) before contributions and transfers	<u>(43,795)</u>	<u>274,608</u>	<u>121,691</u>	<u>(398,208)</u>	<u>(45,704)</u>	<u>914,636</u>
Capital contributions	-	-	-	-	-	-
Transfers in	1,137,012	-	-	-	1,137,012	2,240,695
Transfers out	-	(632,247)	-	(101,773)	(734,020)	(2,586,919)
Change in net assets	<u>1,093,217</u>	<u>(357,639)</u>	<u>121,691</u>	<u>(499,981)</u>	<u>357,288</u>	<u>568,412</u>
Total net assets - beginning	-	1,636,468	2,033,809	561,824	4,232,101	2,232,690
Prior period adjustments	(1,330,583)	(1,118,280)	-	2,260,685	(188,178)	(1,341,691)
Net assets - beginning, as restated	<u>(1,330,583)</u>	<u>518,188</u>	<u>2,033,809</u>	<u>2,822,509</u>	<u>4,043,923</u>	<u>890,999</u>
Total net assets - ending	<u>\$ (237,366)</u>	<u>\$ 160,549</u>	<u>\$ 2,155,500</u>	<u>\$ 2,322,528</u>	<u>\$ 4,401,211</u>	<u>\$ 1,459,411</u>
Change in net assets, per above					357,288	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.					19,081	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements					<u>\$ 376,369</u>	

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds					Internal Service Funds
	Landfill Site Reserve	Solid Waste	Drainage District	Other Enterprise Funds	Total	
Cash Flows From Operating Activities						
Receipts from customers and users	\$ -	\$ 4,101,421	\$ 219,138	\$ 406,112	\$ 4,726,671	\$ 7,009,790
Payment to suppliers	(116,963)	(2,361,399)	(96,496)	(239,526)	(2,814,384)	(3,499,105)
Payments to employees	-	(1,134,560)	-	(168,230)	(1,302,790)	(1,998,851)
Net Cash Flows Provided (Used) by Operating Activities	(116,963)	605,462	122,642	(1,644)	609,497	1,511,834
Cash Flows From Noncapital Financing Activities						
Transfers from (to) other funds	1,137,012	(632,247)	-	(101,773)	402,992	-
Advances from other funds	(808,680)	-	-	-	(808,680)	(6,619)
Net Cash Provided (Used) by Noncapital Financing	328,332	(632,247)	-	(101,773)	(405,688)	(6,619)
Cash Flows From Capital and Related Financing Activities						
Purchase and construction of depreciable assets	-	-	-	-	-	(475,961)
Proceeds from disposal of depreciable assets	-	18,997	-	369,104	388,101	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	-	18,997	-	369,104	388,101	(475,961)
Cash Flows From Investing Activities						
Investment interest	82,154	11,831	33,893	5,827	133,705	32,725
Net Cash Flows Provided by Investing Activities	82,154	11,831	33,893	5,827	133,705	32,725
Net Increase (Decrease) in Cash and Cash Equivalents	293,523	4,043	156,535	271,514	725,615	1,061,979
Cash and Cash Equivalents, Beginning of Year	5,039,652	82,833	2,005,610	355,192	7,483,287	2,022,455
Cash and Cash Equivalents, End of Year	\$ 5,333,175	\$ 86,876	\$ 2,162,145	\$ 626,706	\$ 8,208,902	\$ 3,084,434
Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities						
Operating (Loss)	\$ (125,949)	\$ 262,777	\$ 85,643	\$ (404,035)	\$ (181,564)	\$ 824,898
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities						
Depreciation expense	-	241,304	-	348,463	589,767	33,444
(Increase) decrease in assets						
Accounts receivable	-	162,890	4,232	47,143	214,265	164,116
Inventory	-	-	-	(603)	(603)	-
Increase (decrease) in liabilities						
Accounts payable	-	(119,055)	32,767	(158)	(86,446)	(147,683)
Landfill closure liability	8,986	-	-	-	8,986	146,855
Accrued employee benefits	-	57,546	-	7,546	65,092	-
Net Cash Flows Provided (Used) by Operating Activities	\$ (116,963)	\$ 605,462	\$ 122,642	\$ (1,644)	\$ 609,497	\$ 1,021,630

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Investment Trust Fund	Pension Trust Fund
Assets		
Cash and cash equivalents	\$ 22,914,641	\$ 3,238,407
Receivables:		
Interest and dividends	-	104,672
Accounts receivable	374,882	116,757
Total receivables	<u>374,882</u>	<u>221,429</u>
Investments:		
U.S. Government obligations	-	1,987,427
Corporate bonds	-	6,273,843
Corporate stocks	-	9,853,448
Other investments	-	6,068,752
Total Investments	<u>-</u>	<u>24,183,470</u>
Total assets	<u>23,289,523</u>	<u>27,643,306</u>
Liabilities		
Accounts payable	-	24,161
Total liabilities	<u>-</u>	<u>24,161</u>
Net Assets		
Held in trust for benefits and other purposes	23,289,523	27,619,146
	<u>\$ 23,289,523</u>	<u>\$ 27,619,146</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

	Investment Trust Fund	Pension Trust Fund
Additions		
Contributions:		
Districts	\$ 59,385,933	\$ -
Employer	-	1,726,112
Plan Members	-	1,150,409
Total contributions	<u>59,385,933</u>	<u>2,876,521</u>
Investment earnings	<u>295,828</u>	<u>3,219,014</u>
Total additions	<u>59,681,761</u>	<u>6,095,535</u>
Deductions		
Distribution to district	45,859,735	-
Benefits	-	2,336,844
Administrative	-	190,338
Total deductions	<u>45,859,735</u>	<u>2,527,182</u>
Change in net assets	<u>13,822,027</u>	<u>3,568,353</u>
Net assets - beginning	<u>9,467,496</u>	<u>24,050,793</u>
Net assets - ending	<u>\$ 23,289,523</u>	<u>\$ 27,619,146</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
Assets	
Pooled cash and investments	\$ 848,779
Receivables:	
Other receivables	6,946
Property taxes receivables	4,877,610
Total receivables	4,884,556
Total assets	<u>\$ 5,733,335</u>
Liabilities	
Amounts held for others	5,733,335
Total liabilities	<u>\$ 5,733,335</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 1 – Summary of Significant Accounting Policies

Organization

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

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

Reporting Entity

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

Blended Component Units

The Klamath County Library Service District (Library District) serves all the citizens of the County and is governed by a board comprised of the County's board of commissioners. The Library District's annual property tax levy is approved by the County commissioners. The Library district is reported in two non-major special revenue funds.

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

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

Discretely Presented Component Units

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

Government-wide and Fund Financial Statements

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

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The County reports the following major governmental funds:

- The general fund is the principal fund of the County and is used to account for all activities not required to be accounted for in another fund.
- The roads fund accounts for the road building and maintenance by the County that is supported by intergovernmental grants and allocations.
- The road reserve fund accounts for resources set aside for future County road projects that are transferred from the road fund.
- The 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 proprietary funds:

- The landfill site reserve fund accounts for resources set aside for future use for landfill closure and post-closure care costs.
- The solid waste fund accounts for solid waste disposal. Revenues are from charges for services.
- The Klamath County Drainage Service District accounts of drainage services within its boundaries and is supported by charges for service.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

Additionally the County reports the following fund types:

- Special Revenue Funds are primarily operating funds that account for resources derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities.
- Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities. Primary resources are transfer in from other funds.
- Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- 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
- Fiduciary Funds include agency funds whose 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 Pension Trust Fund accounts for the assets of the Klamath County Employees' Pension Plan. The Investment Trust Fund accounts for the assets of external entities that choose to place their investments in the County pool. Other 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.

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

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

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

Deposits and Investments

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

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

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

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.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

Deferred Revenues

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

Compensated Absences

It is County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. The County has a policy that employees hired after December 31, 1998 that are separated do not get paid for unpaid accumulated sick leave. 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, a result of employee resignations and retirements at June 30. Liabilities for compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

Other Postemployment Benefits Obligation (OPEB)

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

Long-term Obligations

In the government-wide financial statements and for proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. When incurred, bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The difference between the reacquisition price (funds required to refund the old debt) and the net carrying value of the refunded debt is an economic gain or loss, and is treated as a deferred charge on refunding. This deferred charge is reported as a reduction to the bonds payable on that Statement of Net Assets and is being amortized as a component of interest expense.

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

Fund Equity

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

On the Balance Sheet – Governmental Funds, 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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

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

Use of Estimates

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

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

For the year ending June 30, 2010, actual expenditures on a budgetary basis exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund		
General Government		
	Treasurer	\$ 5,201
	Assessor	138,586
	Tax Collector	64,195
	Commissioners	17,594
	Clerk	41,435
	General Operations	936,013

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund (cont.)		
Public Safety	Justice Court	30,871
	District Attorney	81,603
	Sheriff	885,819
	Juvenile	110,541
	Emergency Services	74,832
Agriculture	Experiment Station	44,274
	Watermaster	16,212
Debt Service	Interest and Other Charges	4,540
Road Reserve	Materials and Services	3,227,546
Mental Health	Capital Outlay	267,543
	Debt Service Principal	6,408
	Debt Service Interest	13,679
Domestic Violence	Personal Services	3,525
Veterans Service	Materials and Services	44,721
Community Grants	Materials and Services	29,721
Sheriff Marine	Materials and Services	1,670
Community Development	Materials and Services	593,751
	Capital Outlay	4,204
Property Sales	Materials and Services	542,497
Museum	Personal Services	674
	Materials and Services	592
	Capital Outlay	27,380
Community Corrections	Materials and Services	225,215
	Debt Service Interest	3,123
County Schools	Materials and Services	2,961,348
Search and Rescue	Materials and Services	7,329
	Capital Outlay	16,076
Animal Control	Materials and Services	32,280

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
Public Health Services	Materials and Services	731,060
Fairgrounds	Materials and Services	176,216
Law Library	Materials and Services	19,113
911 Excise Tax	Materials and Services	369,949
Klamath County Special Revenue	Materials and Services	343,119
Transient Room Tax	Materials and Services	655,296
	Transfers Out	623,248
Capital Projects	Materials and Services	95,901
Landfill Site Reserve	Materials and Services	125,949
Solid Waste	Transfers Out	4,442
Recycling Program	Materials and Services	57,259
Weed Control	Materials and Services	6,497
	Transfers Out	27,751
Interoperable Radio Fund	Materials and Services	23,313
Administrative Services	Personal Services	21,336
	Materials and Services	156,583
	Capital Outlay	94,595
	Debt Service Principal	28,038
	Debt Service Interest	5,869
	Transfers Out	133,546
Space Rent	Personal Services	8,631
Risk Management	Materials and Services	109,605

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 3 – Deposits and Investments

Cash and Investments

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

Cash and investments area comprised of the following:

Demand deposits	\$ 9,402,631
Investments:	
Money market	12,093,500
Certificate of deposit	8,000,000
Local government investment pool	27,108,245
U.S. government agency obligation	81,217,000
Corporate indebtedness	21,952,000
Pension trust fund	27,421,877
	<u>\$ 187,195,253</u>

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

Cash and investments - governmental activities	\$ 127,780,972
Cash and investments - business-type activities	7,860,439
Cash and investments - component units	368,544
Statement of fiduciary net assets	51,185,297
	<u>\$ 187,195,253</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 \$11,873,014.

Custodial Credit Risk

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

Investments

The County’s investments include U.S. Government securities, commercial paper, State Local Government Investment Pool (LGIP), money market accounts and overnight funds. LGIP is managed by the State Treasurer in accordance with the “prudent person rule” and administrative rules that may be subject to change. The investments that make up the State Local Government Pool are those allowed by Oregon Statute and the reported fair value of the investment is the same as the value of the pool shares. The County maintains an external investment pool for the use of taxing districts in the County. Fair values of all investments in the external pool of the County are based on published market prices. The County’s investments are internally pooled. A separate audit of the County Investment Pool is performed. That audit report is available at the Office of Finance Director, Klamath County, 305 Main Street Room 121, Klamath Falls, OR 97601.

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 3 – Deposits and Investments *(continued)*

Credit risk: State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2010, 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 investment in commercial papers rated F-1 by Fitch ratings. Other investments held by the County remain unrated.

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

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

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

At June 30, 2010, the County's investments consisted of:

Security Description	Par Value (X \$1,000)	% of total portfolio
Money markets	\$ 12,094	7%
Certificates of deposit	8,000	4%
U.S. government agencies	81,217	46%
Corporate indebtedness	21,952	12%
Local government investment pool	27,108	15%
Pension trust fund	27,422	15%
Total investments	<u>\$ 177,793</u>	<u>100%</u>

At June 30, 2010, maturities for the County's investments are as follows:

Maturities	Amounts (X \$1,000)	% of total portfolio
01 to 30 days	\$ 72,299	41%
31 to 60 days	1,000	1%
61 to 93 days	-	0%
94 to 360 days	31,032	17%
12 to 18 months	25,866	15%
Over three years	-	0%
Total investments	<u>\$ 177,793</u>	<u>100%</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 4 – Receivables

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

Receivables as of June 30, 2010, were as follows:

	<u>Property Taxes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental activities				
General fund	\$ 898,266	\$ 762,230	\$ -	\$ 1,660,496
Roads	-	376,084	13,808	389,892
Road reserve	-	-	-	-
Mental health	-	188,348	-	188,348
Nonmajor funds	536,118	1,585,801	822,369	2,944,288
Internal service funds	-	22,422	-	22,422
	<u>1,434,384</u>	<u>2,934,885</u>	<u>836,177</u>	<u>5,205,446</u>
Business-type activities				
Landfill site reserve		820,048		820,048
Solid waste		319,718		319,718
Nonmajor funds		43,639		43,639
	<u>-</u>	<u>1,183,405</u>	<u>-</u>	<u>1,183,405</u>
Fiduciary funds				
Agency	4,877,610	381,828	-	5,259,438
Investment trust	-	-	-	-
Pension	-	-	221,430	221,430
	<u>4,877,610</u>	<u>381,828</u>	<u>221,430</u>	<u>5,480,868</u>
Total receivables	<u>\$6,311,994</u>	<u>\$4,500,118</u>	<u>\$1,057,607</u>	<u>\$ 11,869,719</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
Assessment receivable	\$ -	\$ 13,808
Foreclosure assets	-	436,900
Property sale contracts	-	791,119
Medicaid claims	-	78,506
IGOHP/Baby smiles	-	92,827
Sportsman Park note	31,250	-
	<u>31,250</u>	<u>-</u>
Total governmental activities:	<u>\$ 31,250</u>	<u>\$ 1,413,160</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 5 – Other Assets

The County holds, for the benefit of taxing districts within the County, various real properties that have been acquired through foreclosure and abandonment. These assets are held until sold and the proceeds are then turned over to the taxing districts. At June 30, 2010, the estimated market value of these assets at the time of receipt by the County was \$5,307,130. These assets are recorded at the amount of outstanding property taxes and interest thereon of \$436,900. Foreclosed properties sold on the installment basis have outstanding balances of \$4,877,610 at June 30, 2010, which is recorded in the Agency Fund as accounts receivable.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 502,618	\$ -	\$ -	\$ -	\$ 502,618
Construction in progress	-	131,231	9,151,782	-	9,283,013
Total	502,618	131,231	9,151,782	-	9,785,631
Capital assets, being depreciated:					
Building and improvements	26,912,575	682,058	827,594	35,833	28,386,394
Machinery and equipment	18,033,464	(5,456,397)	1,054,424	1,054,848	12,576,643
Vehicles	8,820,736	134,126	243,227	272,625	8,925,464
Infrastructure	327,872,933	(665,973)	823,875	95,767	327,935,068
Subtotal	381,639,708	(5,306,186)	2,949,120	1,459,073	377,823,568
Less accumulated depreciation:					
Building and improvements	11,190,153	166,182	456,434	-	11,812,769
Machinery and equipment	10,004,999	(1,070,999)	887,017	-	9,821,017
Vehicles	6,321,442	512,152	308,379	-	7,141,973
Infrastructure	134,578,251	-	6,834,486	-	141,412,737
Subtotal	162,094,845	(392,665)	8,486,316	-	170,188,496
Total	219,544,863	(4,913,521)	(5,537,196)	1,459,073	207,635,072
Governmental activities, net	<u>\$ 220,047,481</u>	<u>\$ (4,782,290)</u>	<u>\$ 3,614,586</u>	<u>\$ 1,459,073</u>	<u>\$ 217,420,703</u>
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 239,857	\$ (239,857)	\$ -	\$ -	\$ -
Capital assets, being depreciated:					
Building and improvements	192,949	(117,576)	-	-	75,373
Machinery and equipment	2,070,153	2,862,817	-	5,330	4,927,640
Vehicles	963,127	(282,026)	-	-	681,101
Subtotal	3,226,229	2,463,215	-	5,330	5,684,114
Less accumulated depreciation:					
Building and improvements	158,361	(89,529)	6,541	-	75,373
Machinery and equipment	1,824,141	633,061	408,244	-	2,865,446
Vehicles	837,952	(357,482)	200,631	-	681,101
Subtotal	2,820,454	186,050	615,416	-	3,621,920
Total	405,775	2,277,165	(615,416)	5,330	2,062,194
Business-type activities, net	<u>\$ 645,632</u>	<u>\$ 2,037,308</u>	<u>\$ (615,416)</u>	<u>\$ 5,330</u>	<u>\$ 2,062,194</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 6 – Capital Assets *(continued)*

Depreciation expense was charged to functions / programs as follows:

Governmental activities:		
General government	\$	735,850
Public Safety		34,628
Highways and streets		7,346,698
Human services		130,191
Other		238,949
	<u>\$</u>	<u>8,486,316</u>
Business-type activities:		
Solid waste	\$	241,304
Recycling		10,123
Weed control		15,526
Interoperable radio communications		348,463
	<u>\$</u>	<u>615,416</u>

Component Unit – Library District

Capital assets activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 222,600	\$ -	\$ -	\$ -	\$ 222,600
Building and improvements	1,904,240	(1,904,240)	-	-	-
Construction in progress	651,087	-	-	651,087	-
Books, media & micro film	4,529,374	(4,529,374)	-	-	-
Total	<u>7,307,301</u>	<u>(6,433,614)</u>	<u>-</u>	<u>651,087</u>	<u>222,600</u>
Capital assets, being depreciated:					
Building and improvements	-	1,904,240	995,921	-	2,900,161
Machinery and equipment	481,271	(440,183)	29,757	-	70,845
Vehicles	32,860	22,814	-	-	55,674
Subtotal	<u>514,131</u>	<u>1,486,871</u>	<u>1,025,678</u>	<u>-</u>	<u>3,026,680</u>
Less accumulated depreciation:					
Building and improvements	-	672,240	63,523	-	735,763
Machinery and equipment	354,636	(317,576)	1,414	-	38,474
Vehicles	30,261	25,413	-	-	55,674
Subtotal	<u>384,897</u>	<u>380,077</u>	<u>64,937</u>	<u>-</u>	<u>829,911</u>
Total	<u>129,234</u>	<u>1,106,794</u>	<u>960,741</u>	<u>-</u>	<u>2,196,769</u>
Governmental activities, net	<u>\$ 7,436,535</u>	<u>\$ (5,326,820)</u>	<u>\$ 960,741</u>	<u>\$ 651,087</u>	<u>\$ 2,419,369</u>

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

Library services	\$ 64,937
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Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 7 – Interfund Receivables, Payables and Transfers

Advances to\from other funds:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General fund	111,699	240,150
Mental health fund	-	365,149
Nonmajor funds	1,286,418	502,439
Internal service funds	-	309,460
	<u>1,398,117</u>	<u>1,417,198</u>
Proprietary funds:		
Solid waste fund	14,807	-
Nonmajor funds	4,274	-
	<u>19,081</u>	<u>-</u>
	<u>\$ 1,417,198</u>	<u>\$ 1,417,198</u>

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

Interfund transfers for the year ended June 30, 2010, consisted of the following:

	<u>Transfer In:</u>							
	<u>General Fund</u>	<u>Road Fund</u>	<u>Mental Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Landfill Reserve Fund</u>	<u>Agency Funds</u>	<u>Total</u>
Transfer out:								
General fund	\$ -	\$ -	\$ -	\$ 1,537,714	\$ -	\$ -	\$ 123,349	\$ 1,661,063
Road fund	-	-	-	1,133,648	-	-	-	1,133,648
Mental health fund	-	-	-	62,701	-	-	-	62,701
Nonmajor governmental funds	647,603	99,706	29,352	1,262,317	23,878	820,048	50,408	2,933,312
Internal service funds	245,534	-	-	124,568	2,216,817	-	-	2,586,919
Landfill reserve fund	-	-	-	-	-	-	-	-
Solid waste fund	-	-	-	315,283	-	316,964	-	632,247
Nonmajor business funds	-	2,000	-	99,773	-	-	-	101,773
Total transfers out	<u>\$ 893,137</u>	<u>\$ 101,706</u>	<u>\$ 29,352</u>	<u>\$ 4,536,004</u>	<u>\$ 2,240,695</u>	<u>\$ 1,137,012</u>	<u>\$ 173,757</u>	<u>\$ 9,111,663</u>
Transfer in to agency funds from governmental funds								(173,757)
Total transfers in								<u>\$ 8,937,906</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

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

Note 8 – Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$84,449 for the year ended June 30, 2010. The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2011	\$ 94,840
2012	103,079
2013	100,572
2014	80,928
2015	71,615
Thereafter	49,319
	<u>\$ 500,353</u>

Note 9 – Long-term Liabilities

General Obligation Bonds

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

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

General obligation bonds currently outstanding are as follows:

Courthouse bonds	
Principal	\$ 1,515,000
Interest	80,295
Total	<u>\$ 1,595,295</u>

The entire balance is due June 1, 2011.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

Notes Payable

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

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

Loans payable currently outstanding are as follows:

Mortgage loans		
Principal	\$	72,197
Interest		<u>27,510</u>
Total	\$	<u><u>99,707</u></u>

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

June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 7,007	\$ 6,193
2012	7,662	5,538
2013	8,379	4,821
2014	9,162	4,038
2015	10,018	3,182
2016	10,955	2,245
2017	11,979	1,221
2018	<u>7,035</u>	<u>272</u>
Total	<u>\$ 72,197</u>	<u>\$ 27,510</u>

Landfill Closure and Post-closure Care

State and federal laws and regulations require the County to place a final cover on its Klamath Falls and Chemult Landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for up to thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$6,390,589 as of June 30, 2010, which is based on 70 percent usage (filled) of the Klamath Falls Landfill and 25 percent usage (filled) of the Chemult Landfill. It is estimated that an additional \$9,300,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the Klamath Falls Landfill is expected to be filled to capacity (2030), and the Chemult Landfill to be filled to capacity (2031). The estimated total current cost of both landfills' closure and postclosure care (\$15,700,000), is based on the amount that would be paid of all equipment, facilities, and services required to close, monitor, and

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

maintain the landfills as of June 30, 2010. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by State and federal laws and regulations to make annual contributions to finance closure and postclosure care. The County is in compliance with the requirements, and at June 30, 2010, investments of \$5,333,175, are held for these purposes. These investments are held and managed by Klamath County. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the trustee. The remaining portion of anticipated future inflation costs (including inadequate earnings in investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, and or proceeds from prospective timber harvesting at the Chemult Landfill.

Financial Assurance: Each year the County demonstrates financial assurance in connection with the closure and post-closure care activities for the Klamath Falls and Chemult Landfills by using the local government financial assurance test described in Title 40 of the Code of Federal regulations, paragraph 258.74. As of June 30, 2010 (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

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,555,000	\$ -	\$ (2,040,000)	\$ 1,515,000	\$ 1,515,000
Loans payable	78,606	-	(6,409)	72,197	7,007
Claims and judgements	925,896	490,204	-	1,416,100	1,416,100
Compensated absences	3,025,066	-	(36,483)	2,988,583	2,988,583
OPEB liability	6,392	6,277	-	12,669	-
Net pension obligation	-	338,297	-	338,297	-
Governmental total	<u>\$ 7,590,960</u>	<u>\$ 834,778</u>	<u>\$ (2,082,892)</u>	<u>\$ 6,342,846</u>	<u>\$ 5,926,690</u>
Business-type activities:					
Landfill closure	\$ 6,381,604	\$ 8,985	\$ -	\$ 6,390,589	\$ -
Compensated absences	117,663	-	(6,345)	111,318	111,318
OPEB liability	370	320	-	690	-
Net pension obligation	-	18,349	-	18,349	-
Total business-type	<u>\$ 6,499,637</u>	<u>\$ 27,654</u>	<u>\$ (6,345)</u>	<u>\$ 6,520,946</u>	<u>\$ 111,318</u>

Note 10 – Contingent Liabilities

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

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

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 11 – Defined Benefit Pension Plans

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

Oregon Public Employees Retirement System (PERS)

Plan Description

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

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

Funding Policy

Members of PERS are required to contribute 6% of their salary covered under the plan but the employer is allowed to pay any and all of the employee's contribution, which is invested in the OPSRP Individual Account Program. The County has elected to contribute the 6% "pickup" or \$114,559 for the year ended June 30, 2010. The County is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2010 were 6.1% and 0% respectively. The OPSRP rate in effect for the year ended June 30, 2010, for public safety employees was 1.57%.

Actuarial Methods and Assumptions

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

The actuarial assumptions, from the December 31, 2007, projected unit credit method were used. The actuarial evaluation include an investment return of 8% 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

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

Klamath County Employees’ Pension Plan

Plan Description

All County employees’ net participants of PERS are participants in the Klamath County Employees’ Pension Plan. This plan is a single employer defined benefit pension plan to which the County makes contributions. The latest actuarial valuation of the plan was made as of January 1, 2009. The plan is a stand alone plan and covered under the Internal Revenue Code 401(a) and the subsequent trust document/restatement.

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

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

Normal retirement is allowed at age 62, otherwise age 65. For members of the Oregon Nurses Association retirement is at age 62 if the participant is a Qualified Employee on or after May 1, 2002. Early retirement is allowed at age 55 with reduced benefits until age 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 under the age of 55.

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

Funding Policy

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

Note: In Fiscal Year 2009-10, Klamath County budgeted and contributed 10%. Currently 10% is budgeted in Fiscal Year 2010-11. The actuarially computed Annual Required Contribution (ARC) is 12.12% for 2010.

Annual Pension Cost

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

For the year ended June 30, 2010, 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.

	July 2009 to June 2010
Annual required contribution (ARC)	\$ 2,038,937
Interest on net pension obligation	-
ARC adjustments	-
Annual pension cost	<u>2,038,937</u>
Contributions made	<u>(1,682,291)</u>
Increase in net pension obligation	356,646
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u>356,646</u>
Interest rate	7.25%
Amortization factor	7.50%

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

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

Actuarial Methods and Assumptions

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

The actuarial assumptions, from the December 31, 2007, projected unit credit method were used. The actuarial evaluation include an investment return of 8.0% on system assets, consumer price inflation of 2.75% per year, future general wage inflation of 3.75% per year, health care cost inflation of 8.0% in 2008, grading down by .06% per year to 5.0% in 2013.

Three-year Trend Information

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

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/2010	\$ 2,038,937	\$ 1,682,291	83%
6/30/2009	1,086,422	1,086,422	100%
6/30/2008	958,468	958,468	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 budgeted 10% in the Fiscal Year 2010-2011.

Note 12 – Post-employment Healthcare Plan

Plan Description

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

Funding Policy

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Annual OPEB Cost and Net OPEB Obligation

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

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

	July 2009 to June 2010
Annual required contribution (ARC)	\$ 13,597
Interest on net OPEB obligation	270
ARC adjustments	9
Annual OPEB cost	13,858
Contributions made	(7,711)
Increase in net OPEB obligation	6,147
Net pension OPEB, beginning of year	7,212
Net pension OPEB, end of year	13,359
Interest rate	3.75%
Amortization factor	30

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
2010	\$ 13,597	47%	\$ 7,212
2009	13,858	56%	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.

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

Actuarial Funding Methods and Assumptions

In the actuarial valuation as of July 1, 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
June 30, 2010

Note 13 – Retirement Health Insurance Account (RHIA)

Plan Description

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

Funding Policy

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

Participating counties are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. A portion of the actuarially determined rate under the OPERF plan and the OPSRP plan goes to fund the retiree health insurance account, RHIA. Of the 6.1%, 0.19% goes to RHIA, of the 0%, 0% goes to RHIA, and of the 1.57%, 0.19% goes to the RHIA. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

The government's contributions to RHIA for the years ending June 30, 2008, 2009, and 2010 were \$655, \$653 and \$544, which equaled the required contribution for the year.

Note 14 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability workers' compensation and unemployment, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2010, interfund premiums exceeded reimbursable expenditures.

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2010

Note 15 – Prior Period Adjustments

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

	General Fund	Road Fund	Mental Health	Nonmajor Governmental Funds	Internal Service Funds
Cash	\$ 1,063,101	\$ (3,068,914)	\$ (530,047)	\$ (120,573)	\$ (265,431)
Due from other funds	-	-	-	1,125,908	-
Fixed assets	-	-	-	-	155,514
Due to other funds	(288,675)	-	(446,233)	(204,842)	(209,403)
Due to other governments	(8,148)	-	-	-	-
Accrued wages payable	(758,027)	-	-	-	-
Compensated absences	-	-	-	-	(96,025)
OPEB liability	-	-	-	-	(450)
Claims and judgements	-	-	-	-	(925,896)
Post-closure liabilities	-	-	-	-	-
Prior period adjustment	<u>\$ 8,251</u>	<u>\$ (3,068,914)</u>	<u>\$ (976,280)</u>	<u>\$ 800,493</u>	<u>\$ (1,341,691)</u>

Continued from chart above....

	Landfill Reserve Fund	Solid Waste	Nonmajor Enterprise Funds	Total
Cash	\$ -	\$ (900,660)	\$ -	\$ (3,822,524)
Due from other funds	-	-	-	1,125,908
Fixed assets	-	(236,616)	2,268,585	2,187,483
Due to other funds	-	-	-	(1,149,153)
Due to other governments	-	-	-	(8,148)
Accrued wages payable	-	63,855	-	(694,172)
Compensated absences	-	(44,529)	(7,870)	(148,424)
OPEB liability	-	(330)	(30)	(810)
Claims and judgements	-	-	-	(925,896)
Post-closure liabilities	(1,330,583)	-	-	(1,330,583)
Prior period adjustment	<u>\$ (1,330,583)</u>	<u>\$ (1,118,280)</u>	<u>\$ 2,260,685</u>	<u>\$ (4,766,319)</u>

Note 16 – Subsequent Events

Subsequent events were evaluated through July 19, 2011, which is the date the financial statements were available to be issued.

Note 17 – New Pronouncements

The Government Accounting Standards Board issued statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which provides guidance on the reporting for Fund Balance. The requirements of this statement will enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The requirements of this standard will be implemented by the County in the fiscal year ending June 30, 2011. The County has not yet determined the impact of this statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Klamath County, Oregon
Budget and Actual (with Variances)
General Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 8,767,726	\$ 8,767,726	\$ 8,121,259	\$ (646,467)
Other taxes	65,000	65,000	75,380	10,380
Licenses and permits	694,420	694,420	732,808	38,388
Intergovernmental	4,334,728	4,334,728	4,544,090	209,362
Charges for services	1,239,484	1,239,484	1,192,918	(46,566)
Fines and forfeitures	456,000	456,000	377,347	(78,653)
Investment earnings	15,000	15,000	25,341	10,341
Miscellaneous	56,650	56,650	548,792	492,142
Total revenues	<u>15,629,008</u>	<u>15,629,008</u>	<u>15,617,935</u>	<u>(11,073)</u>
Expenditures				
General government				
Treasurer	97,639	97,639	102,840	(5,201)
Assessor	798,643	798,643	937,229	(138,586)
Tax collector	238,665	250,665	314,860	(64,195)
Commissioners	302,057	312,057	329,651	(17,594)
Clerk	505,210	505,210	546,645	(41,435)
General operations	1,193,244	1,164,544	2,100,557	(936,013)
Total general government	<u>3,135,458</u>	<u>3,128,758</u>	<u>4,331,782</u>	<u>(1,203,024)</u>
Public safety				
Justice court	193,324	193,324	224,195	(30,871)
District attorney	1,253,430	1,253,430	1,335,033	(81,603)
Support enforcement	154,031	154,031	149,142	4,889
Sheriff	7,217,214	7,217,214	8,103,033	(885,819)
Juvenile	1,450,744	1,450,744	1,561,285	(110,541)
Emergency services	96,539	96,539	171,371	(74,832)
Total public safety	<u>10,365,282</u>	<u>10,365,282</u>	<u>11,544,059</u>	<u>(1,178,777)</u>
Agriculture				
OSU extension	353,496	360,196	266,155	94,041
Experiment station	99,715	99,715	143,989	(44,274)
Watermaster	56,449	56,449	72,661	(16,212)
Total agriculture	<u>509,660</u>	<u>516,360</u>	<u>482,805</u>	<u>33,555</u>
Debt Service				
Interest and other charges	-	-	4,540	(4,540)
Total Expenditures	<u>14,010,400</u>	<u>14,010,400</u>	<u>16,363,186</u>	<u>(2,352,786)</u>
Excess (deficiency) of revenues over expenditures	<u>1,618,608</u>	<u>1,618,608</u>	<u>(745,251)</u>	<u>(2,363,859)</u>
Other Financing Sources (Uses)				
Transfers in	230,341	230,341	893,137	662,796
Transfers out	(4,329,986)	(4,329,986)	(1,661,063)	2,668,923
Total other financing sources and uses	<u>(4,099,645)</u>	<u>(4,099,645)</u>	<u>(767,926)</u>	<u>3,331,719</u>
Special Item				
Proceeds from sale of land	-	-	-	-
Net change in fund balances	(2,481,037)	(2,481,037)	(1,513,177)	967,860
Fund balances - beginning	2,481,037	2,481,037	2,571,787	90,750
Prior period adjustments	-	-	8,251	8,251
Fund balances - beginning, as restated	2,481,037	2,481,037	2,580,038	99,001
Fund balances - change in inventory	-	-	8,784	8,784
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,075,645</u>	<u>\$ 1,075,645</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Road Department Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 11,766,476	\$ 11,766,476	\$ 13,058,225	\$ 1,291,749
Charges for services	170,377	170,377	258,206	87,829
Investment earnings	750,000	750,000	599,271	(150,729)
Miscellaneous	100	100	10,956	10,856
Total revenues	<u>12,686,953</u>	<u>12,686,953</u>	<u>13,926,658</u>	<u>1,239,705</u>
Expenditures				
Public Works				
Personal services	4,532,069	4,532,069	3,929,764	602,305
Materials and services	7,913,427	7,913,427	4,690,253	3,223,174
Capital outlay	3,690,577	3,690,577	1,437,006	2,253,571
Contingencies	3,457,448	3,457,448	-	3,457,448
Reserves	11,563,240	11,563,240	-	11,563,240
Total Expenditures	<u>31,156,761</u>	<u>31,156,761</u>	<u>10,057,023</u>	<u>21,099,738</u>
Excess (deficiency) of revenues over expenditures	<u>(18,469,808)</u>	<u>(18,469,808)</u>	<u>3,869,635</u>	<u>22,339,443</u>
Other Financing Sources (Uses)				
Transfers in	2,000	2,000	101,706	99,706
Transfers out	(1,053,050)	(1,053,050)	(1,133,648)	(80,598)
Total other financing sources and uses	<u>(1,051,050)</u>	<u>(1,051,050)</u>	<u>(1,031,942)</u>	<u>19,108</u>
Special Item				
Proceeds from sale of land	<u>5,000</u>	<u>5,000</u>	<u>23,212</u>	<u>18,212</u>
Net change in fund balances	(19,515,858)	(19,515,858)	2,860,905	22,376,763
Fund balances - beginning	19,515,858	19,515,858	38,092,028	18,576,170
Prior period adjustments	-	-	(3,068,914)	(3,068,914)
Fund balances - beginning, as restated	<u>19,515,858</u>	<u>19,515,858</u>	<u>35,023,114</u>	<u>15,507,256</u>
Fund balances - change in inventory	-	-	(343,050)	(343,050)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,540,969</u>	<u>\$ 37,540,969</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Road Reserve Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 1,950,000	\$ 1,950,000	\$ 1,216,553	\$ (733,447)
Total revenues	<u>1,950,000</u>	<u>1,950,000</u>	<u>1,216,553</u>	<u>(733,447)</u>
Expenditures				
Public Works				
Materials and services	-	-	3,227,546	(3,227,546)
Capital outlay	69,950,000	69,950,000	9,283,014	60,666,986
Reserves	10,000,000	10,000,000	-	10,000,000
Total Expenditures	<u>79,950,000</u>	<u>79,950,000</u>	<u>12,510,560</u>	<u>67,439,440</u>
Excess (deficiency) of revenues over expenditures	<u>(78,000,000)</u>	<u>(78,000,000)</u>	<u>(11,294,007)</u>	<u>66,705,993</u>
Net change in fund balances	(78,000,000)	(78,000,000)	(11,294,007)	66,705,993
Fund balances - beginning	78,000,000	78,000,000	78,311,016	311,016
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,017,009</u>	<u>\$ 67,017,009</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Mental Health Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 9,488,690	\$ 9,488,690	\$ 7,494,106	\$ (1,994,584)
Charges for services	715,216	704,176	638,267	(65,909)
Investment earnings	60,000	60,000	17,794	(42,206)
Miscellaneous	74,582	74,582	(65,142)	(139,724)
Total revenues	<u>10,338,488</u>	<u>10,327,448</u>	<u>8,085,025</u>	<u>(2,242,423)</u>
Expenditures				
Human services				
Personal services	5,307,806	5,337,544	4,645,986	691,558
Materials and services	5,978,940	5,974,587	3,342,583	2,632,004
Capital outlay	81,324	171,776	439,319	(267,543)
Contingencies	377,475	272,679	-	272,679
Debt Service				
Principal	-	-	6,408	(6,408)
Interest and other charges	-	-	13,679	(13,679)
Total Expenditures	<u>11,745,545</u>	<u>11,756,586</u>	<u>8,447,975</u>	<u>3,308,611</u>
Excess (deficiency) of revenues over expenditures	<u>(1,407,057)</u>	<u>(1,429,138)</u>	<u>(362,950)</u>	<u>1,066,188</u>
Other Financing Sources (Uses)				
Transfers in	-	-	29,352	29,352
Transfers out	(392,943)	(392,943)	(62,701)	330,242
Total other financing sources and uses	<u>(392,943)</u>	<u>(392,943)</u>	<u>(33,349)</u>	<u>359,594</u>
Net change in fund balances	(1,800,000)	(1,822,081)	(396,299)	1,425,782
Fund balances - beginning	1,800,000	1,800,000	2,160,985	360,985
Prior period adjustments	-	-	(976,280)	(976,280)
Fund balances - beginning, as restated	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,184,705</u>	<u>(615,295)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (22,081)</u>	<u>\$ 788,406</u>	<u>\$ 810,487</u>

Klamath County, Oregon
Required Supplementary Information
For the Year Ended June 30, 2010

Klamath County Employees' Pension Plan
Schedule of Funding Progress
(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)
1/1/2008	31,523	37,481	5,958	84%	15,532	38%
1/1/2009	29,158	40,678	11,520	72%	16,576	69%

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

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

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2010

Non-Major Governmental Funds

Special Revenue Funds

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

Domestic Violence

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

Veterans

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

Commission on Children & Families

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

District Attorney Enforcement

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

Tourism

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

Community Grants

This fund was established for grant funds for woodstove replacement.

Sheriff Special Revenue

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

Bicycle Trails

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

Marine Board (Sheriff)

This fund is provide accounting of the State and County partnership of the parole and safety on the waterways of the County

Taylor Grazing

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

Federal Forest Title III

This fund was established to account for the special revenues from the federal rural school funds law for use on federal forest lands.

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2010

Court Facilities Security

This fund is to account for funds received under ORS 137.308(2) and maintained by the county treasurer per ORS 1.182 to provide court security for the courts.

O&C Title III

This fund was established to account for the special revenues from the federal rural school funds law for use on bureau of land management lands.

Klamath Falls Streets

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

Surveyor/Land Corner Restoration

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

Equipment Rent & Revolving

This fund is intended as a reserve fund to account for vehicle and major equipment operations, maintenance and replacement. Also included are two other programs; telephone equipment reserve and technology reserve funded by all departments.

Park Reserves

This fund was established to reserve funds from sales of timber on park lands to improve future county parks.

Park

This fund was established to account for the dedicated resources that come from RV licenses and revenues derived from the RV parks.

Juvenile Special Projects

This fund was established to receive and expend the proceeds from juvenile projects.

Experiment Station Field Research Project

This fund was established to receive and expend the proceeds of the sales of agriculture products produced by the Klamath County/OSU Agriculture Research Station.

Community Development Department

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

Property Sales

This fund receives the proceeds from the sale of tax delinquent properties. A portion of the revenues are used for administration of the foreclosure and sales activities. The remainder is transferred to all taxing districts.

Museum Complex / Sales and Donations

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

Economic Development

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

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2010

Community Corrections

The county has chosen to go with the Option II level of administration for Community Corrections Services. This entails having the state provide adult parole and probation services, while the county provides for utilization of enhancement grant funds.

County School Fund

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

Search and Rescue Fund

This fund was established to provide operation funds for search and rescue.

Animal Control Fund

This fund operates under the provisions of ORS chapter 609 for control of dogs in the county. Revenues are from license fees and fines.

Health Services Fund

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

Mental Health Fund

The Mental Health Fund administers mental health programs and is the recipient of intergovernmental (primarily state) revenues, and client fees. The Mental Health expenditures are recorded on a departmental basis to facilitate reporting to the various state and federal agencies.

Fairgrounds Fund

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

Law Library

This fund is a special revenue fund for the operation of the county Law Library. Revenues are primarily from an allocation of court fees. An amount is also transferred from the General fund for the cost of the Law Library Jail Branch.

Emergency Telephone Excise Tax

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

Klamath County Special Revenue Fund

This fund is created to account for monies collected or reserved for the Clerk, Ambulance Advisory Training Committee, Mental Health Department, and the State of Oregon Public Employee Retirement System.

Transient Room Tax Fund

This fund accounts for the collection and distribution of County's transient room tax as established by Klamath County Code Section 603.

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2010

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

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

Fairground Bond

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

Capital Projects Funds

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

Public Works ODOT Reserve Fund

This fund is created to account for monies transferred to a restricted account from which the Oregon Department of Transportation is performing work on behalf of the County.

Klamath County, Oregon
Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	<u>Debt Service Funds</u>				Total Nonmajor Governmental Funds
	Special Revenue Funds	Courthouse Bond & Interest Fund	Fairgrounds Bond & Interest Fund	Capital Projects Fund	
Assets					
Pooled cash and investments	\$ 15,474,129	\$ 179,487	\$ 19,347	\$ 3,201,844	\$ 18,874,807
Accounts receivable	1,608,222	-	-	-	1,608,222
Taxes receivable, net	277,574	190,362	68,182	-	536,118
Due from other funds	1,286,418	-	-	-	1,286,418
Assessments receivable	-	-	-	-	-
Notes receivable	822,369	-	-	-	822,369
Inventories	30,297	-	-	-	30,297
Prepaid expenses	39,440	-	-	-	39,440
Other assets	436,900	-	-	-	436,900
Total assets	<u>\$ 19,975,349</u>	<u>\$ 369,849</u>	<u>\$ 87,529</u>	<u>\$ 3,201,844</u>	<u>\$ 23,634,571</u>
Liabilities and Fund Balances					
Liabilities:					
Book overdraft	\$ 263,896	\$ -	\$ -	\$ -	\$ 263,896
Accounts payable	1,503,097	-	-	-	1,503,097
Due to other funds	489,430	-	-	-	489,430
Deferred revenue	1,667,684	162,918	58,012	-	1,888,614
Total liabilities	<u>3,924,107</u>	<u>162,918</u>	<u>58,012</u>	<u>-</u>	<u>4,145,037</u>
Fund balances:					
Reserved for:					
Inventories	30,297	-	-	-	30,297
Prepaid expenses	39,440	-	-	-	39,440
Debt service	1,073,351	206,931	29,517	-	1,309,799
Unreserved	14,908,154	-	-	3,201,844	18,109,998
Total fund balances	<u>16,051,242</u>	<u>206,931</u>	<u>29,517</u>	<u>3,201,844</u>	<u>19,489,534</u>
Total liabilities and fund balances	<u>\$ 19,975,349</u>	<u>\$ 369,849</u>	<u>\$ 87,529</u>	<u>\$ 3,201,844</u>	<u>\$ 23,634,571</u>

Klamath County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Debt Service Funds				Total Nonmajor Governmental Funds
	Special Revenue Funds	Courthouse Bond & Interest Fund	Fairgrounds Bond & Interest Fund	Capital Projects Fund	
Revenues					
Property Taxes	\$ 2,537,107	\$ 1,670,892	\$ 649,166	\$ -	\$ 4,857,165
Sales and miscellaneous taxes	1,685,155	-	-	-	1,685,155
Fines and forfeitures	191,553	-	-	-	191,553
Licenses, fees, and permits	582,144	-	-	-	582,144
Intergovernmental	11,369,934	-	-	-	11,369,934
Charges for services	4,978,622	-	-	-	4,978,622
Investment earnings	248,796	12,188	4,083	21,414	286,481
Miscellaneous	685,609	-	-	-	685,609
Total revenues	<u>22,278,920</u>	<u>1,683,080</u>	<u>653,249</u>	<u>21,414</u>	<u>24,636,663</u>
Expenditures					
Current:					
General government	1,859,921	495	-	95,901	1,956,317
Public safety	5,734,172	-	-	-	5,734,172
Public works	155,378	-	-	-	155,378
Human services	3,626,513	-	-	-	3,626,513
Community services	4,254,502	-	485	-	4,254,987
Community development	4,363,227	-	-	-	4,363,227
Agriculture	2,972,423	-	-	-	2,972,423
Debt Service					
Principal	-	1,440,000	600,000	-	2,040,000
Interest and other charges	3,123	155,895	25,200	-	184,218
Capital Outlay	633,027	-	-	-	633,027
Total Expenditures	<u>23,602,286</u>	<u>1,596,390</u>	<u>625,685</u>	<u>95,901</u>	<u>25,920,262</u>
Excess (deficiency) of revenues over expenditures	<u>(1,323,366)</u>	<u>86,690</u>	<u>27,564</u>	<u>(74,487)</u>	<u>(1,283,599)</u>
Other Financing Sources (Uses)					
Transfers in	4,536,005	-	-	-	4,536,005
Transfers out	(2,933,312)	-	-	-	(2,933,312)
Total other financing sources and uses	<u>1,602,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,602,693</u>
Net change in fund balances	<u>280,107</u>	<u>86,690</u>	<u>27,564</u>	<u>(74,487)</u>	<u>319,874</u>
Fund balances - beginning	14,900,905	120,241	1,953	3,276,331	18,299,430
Prior period adjustments	800,493	-	-	-	800,493
Fund balances - beginning, as restated	<u>15,701,398</u>	<u>120,241</u>	<u>1,953</u>	<u>3,276,331</u>	<u>19,099,923</u>
Fund balances - change in inventory	30,297	-	-	-	30,297
Fund balances - change in prepaid expenses	39,440	-	-	-	39,440
Fund balances - ending	<u>\$ 16,051,242</u>	<u>\$ 206,931</u>	<u>\$ 29,517</u>	<u>\$ 3,201,844</u>	<u>\$ 19,489,534</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010**

	<u>Domestic Violence Fund</u>	<u>Veterans Fund</u>	<u>Commission of Children and Families Fund</u>	<u>D.A. Enforcement Fund</u>
Assets				
Pooled cash and investments	\$ -	\$ 15,831	\$ 222,594	\$ 24,072
Accounts receivable	62,498	12,169	9,953	330
Taxes receivable, net	-	18,332	-	-
Total assets	<u>\$ 62,498</u>	<u>\$ 46,332</u>	<u>\$ 232,547</u>	<u>\$ 24,402</u>
Liabilities and Fund Balances				
Liabilities:				
Book overdraft	\$ 2,364	\$ -	\$ -	\$ -
Accounts payable	12,332	432	63,101	-
Deferred revenue	-	15,658	-	-
Total liabilities	<u>14,696</u>	<u>16,090</u>	<u>63,101</u>	<u>-</u>
Fund balances:				
Unreserved	47,802	30,242	169,446	24,402
Total fund balances	<u>47,802</u>	<u>30,242</u>	<u>169,446</u>	<u>24,402</u>
Total liabilities and fund balances	<u>\$ 62,498</u>	<u>\$ 46,332</u>	<u>\$ 232,547</u>	<u>\$ 24,402</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010**

	<u>Tourism Fund</u>	<u>Community Grants Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>
Assets				
Pooled cash and investments	\$ 110,400	\$ 26,940	\$ 150,677	\$ 229,744
Accounts receivable	1,870	30,000	2,803	2,773
Due from other funds	28,044	-	-	-
Total assets	<u>\$ 140,314</u>	<u>\$ 56,940</u>	<u>\$ 153,480</u>	<u>\$ 232,517</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 10,857	\$ 84,963
Total liabilities	<u>-</u>	<u>-</u>	<u>10,857</u>	<u>84,963</u>
Fund balances:				
Unreserved	140,314	56,940	142,623	147,554
Total fund balances	<u>140,314</u>	<u>56,940</u>	<u>142,623</u>	<u>147,554</u>
Total liabilities and fund balances	<u>\$ 140,314</u>	<u>\$ 56,940</u>	<u>\$ 153,480</u>	<u>\$ 232,517</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010

	<u>Sheriff Marine Fund</u>	<u>Taylor Grazing Fund</u>	<u>Federal Forest Title III Fund</u>	<u>Court Facility Security Fund</u>
Assets				
Pooled cash and investments	\$ -	\$ -	\$ 2,395,656	\$ 47,482
Accounts receivable	187,431	-	-	4,564
Total assets	<u>\$ 187,431</u>	<u>\$ -</u>	<u>\$ 2,395,656</u>	<u>\$ 52,046</u>
Liabilities and Fund Balances				
Liabilities:				
Book overdraft	\$ 84,215	\$ -	\$ -	\$ -
Accounts payable	1,338	-	39,066	-
Due to other funds	-	-	79,618	-
Total liabilities	<u>85,553</u>	<u>-</u>	<u>118,684</u>	<u>-</u>
Fund balances:				
Unreserved	<u>101,878</u>	<u>-</u>	<u>2,276,972</u>	<u>52,046</u>
Total fund balances	<u>101,878</u>	<u>-</u>	<u>2,276,972</u>	<u>52,046</u>
Total liabilities and fund balances	<u>\$ 187,431</u>	<u>\$ -</u>	<u>\$ 2,395,656</u>	<u>\$ 52,046</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010**

	<u>O&C Title III Fund</u>	<u>Klamath Falls Streets Fund</u>	<u>Surveyor Fund</u>	<u>Equipment Reserve Fund</u>
Assets				
Pooled cash and investments	\$ 419,718	\$ 2,500,510	\$ 1,075,222	\$ 3,557,882
Accounts receivable	-	-	442	-
Due from other funds	-	-	-	1,073,351
Prepaid expenses	-	-	-	39,440
Total assets	<u>\$ 419,718</u>	<u>\$ 2,500,510</u>	<u>\$ 1,075,664</u>	<u>\$ 4,670,673</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	<u>\$ 11,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 827,961</u>
Total liabilities	<u>11,675</u>	<u>-</u>	<u>-</u>	<u>827,961</u>
Fund balances:				
Reserved for:				
Prepaid expenses	-	-	-	39,440
Debt service	-	-	-	1,073,351
Unreserved	<u>408,043</u>	<u>2,500,510</u>	<u>1,075,664</u>	<u>2,729,921</u>
Total fund balances	<u>408,043</u>	<u>2,500,510</u>	<u>1,075,664</u>	<u>3,842,712</u>
Total liabilities and fund balances	<u>\$ 419,718</u>	<u>\$ 2,500,510</u>	<u>\$ 1,075,664</u>	<u>\$ 4,670,673</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010**

	<u>Parks Reserve</u>	<u>Parks</u>	<u>Juvenile Special Projects</u>	<u>Experimental Station Research</u>
Assets				
Pooled cash and investments	\$ 133,601	\$ 136,446	\$ 4,086	\$ 19,692
Accounts receivable	-	18,720	-	-
Notes receivable	31,250	-	-	-
Total assets	<u>\$ 164,851</u>	<u>\$ 155,166</u>	<u>\$ 4,086</u>	<u>\$ 19,692</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 1,724	\$ -	\$ -
Deferred revenue	31,250	-	-	-
Total liabilities	<u>31,250</u>	<u>1,724</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved	<u>133,601</u>	<u>153,442</u>	<u>4,086</u>	<u>19,692</u>
Total fund balances	<u>133,601</u>	<u>153,442</u>	<u>4,086</u>	<u>19,692</u>
Total liabilities and fund balances	<u>\$ 164,851</u>	<u>\$ 155,166</u>	<u>\$ 4,086</u>	<u>\$ 19,692</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010**

	<u>Community Development</u>	<u>Property Sales</u>	<u>Museum</u>	<u>Economic Development</u>
Assets				
Pooled cash and investments	\$ 269,837	\$ 343,693	\$ 199,275	\$ -
Accounts receivable	11,238	4,358	1,859	54,579
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	24,038	-
Notes receivable	-	791,119	-	-
Other assets	-	436,900	-	-
Total assets	<u>\$ 281,075</u>	<u>\$ 1,576,070</u>	<u>\$ 225,172</u>	<u>\$ 54,579</u>
Liabilities and Fund Balances				
Liabilities:				
Book overdraft	\$ -	\$ -	\$ -	\$ 15,987
Accounts payable	11,445	3,478	674	17,999
Deferred revenue	-	1,228,019	-	-
Total liabilities	<u>11,445</u>	<u>1,231,497</u>	<u>674</u>	<u>33,986</u>
Fund balances:				
Unreserved	<u>269,630</u>	<u>344,573</u>	<u>224,498</u>	<u>20,593</u>
Total fund balances	<u>269,630</u>	<u>344,573</u>	<u>224,498</u>	<u>20,593</u>
Total liabilities and fund balances	<u>\$ 281,075</u>	<u>\$ 1,576,070</u>	<u>\$ 225,172</u>	<u>\$ 54,579</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010**

	<u>Community Corrections</u>	<u>County School</u>	<u>Search & Rescue</u>	<u>Animal Control</u>
Assets				
Pooled cash and investments	\$ 295,931	\$ 330,526	\$ -	\$ 71,073
Accounts receivable	67,294	177,933	102,647	1,579
Due from other funds	79,618	-	-	-
Total assets	<u>\$ 442,843</u>	<u>\$ 508,459</u>	<u>\$ 102,647</u>	<u>\$ 72,652</u>
Liabilities and Fund Balances				
Liabilities:				
Book overdraft	\$ -	\$ -	\$ 8,099	\$ -
Accounts payable	32,021	-	1,160	526
Due to other funds	273,959	-	-	-
Total liabilities	<u>305,980</u>	<u>-</u>	<u>9,259</u>	<u>526</u>
Fund balances:				
Unreserved	<u>136,863</u>	<u>508,459</u>	<u>93,388</u>	<u>72,126</u>
Total fund balances	<u>136,863</u>	<u>508,459</u>	<u>93,388</u>	<u>72,126</u>
Total liabilities and fund balances	<u>\$ 442,843</u>	<u>\$ 508,459</u>	<u>\$ 102,647</u>	<u>\$ 72,652</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010

Assets	Public Health	Fairgrounds	Law Library	911 Excise Tax
Pooled cash and investments	\$ -	\$ 760,129	\$ 48,362	\$ -
Accounts receivable	630,713	26,063	6,533	-
Due from other funds	-	81,367	-	-
Inventories	30,297	-	-	-
Total assets	<u>\$ 661,010</u>	<u>\$ 867,559</u>	<u>\$ 54,895</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Book overdraft	\$ 153,231	\$ -	\$ -	\$ -
Accounts payable	137,560	22,659	1,229	-
Payable to other governments	-	-	-	-
Deferred revenue	171,333	-	-	-
Total liabilities	<u>462,124</u>	<u>22,659</u>	<u>1,229</u>	<u>-</u>
Fund balances:				
Reserved for:				
Inventories	30,297	-	-	-
Unreserved	168,589	844,900	53,666	-
Total fund balances	<u>198,886</u>	<u>844,900</u>	<u>53,666</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 661,010</u>	<u>\$ 867,559</u>	<u>\$ 54,895</u>	<u>\$ -</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010

	<u>Klamath County Special Revenue</u>	<u>Transient Room Tax</u>	<u>Klamath County Revolving Loan</u>	<u>Library Service District</u>
Assets				
Pooled cash and investments	\$ 204,654	\$ 161,826	\$ -	\$ 1,589,066
Accounts receivable	3,049	162,695	-	24,129
Taxes receivable, net	-	-	-	259,242
Total assets	<u>\$ 207,703</u>	<u>\$ 324,521</u>	<u>\$ -</u>	<u>\$ 1,872,437</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 184,649	\$ -	\$ 36,248
Due to other funds	-	135,853	-	-
Deferred revenue	-	-	-	221,424
Total liabilities	<u>-</u>	<u>320,502</u>	<u>-</u>	<u>257,672</u>
Fund balances:				
Unreserved	<u>207,703</u>	<u>4,019</u>	<u>-</u>	<u>1,614,765</u>
Total fund balances	<u>207,703</u>	<u>4,019</u>	<u>-</u>	<u>1,614,765</u>
Total liabilities and fund balances	<u>\$ 207,703</u>	<u>\$ 324,521</u>	<u>\$ -</u>	<u>\$ 1,872,437</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2010

	<u>Library Reserve</u>	<u>Total</u>
Assets		
Pooled cash and investments	\$ 129,204	\$ 15,474,129
Accounts receivable	-	1,608,222
Taxes receivable, net	-	277,574
Due from other funds	-	1,286,418
Assessments receivable	-	-
Notes receivable	-	822,369
Inventories	-	30,297
Prepaid expenses	-	39,440
Other assets	-	436,900
Total assets	<u>\$ 129,204</u>	<u>\$ 19,975,349</u>
Liabilities and Fund Balances		
Liabilities:		
Book overdraft	\$ -	\$ 263,896
Accounts payable	-	1,503,097
Due to other funds	-	489,430
Deferred revenue	-	1,667,684
Total liabilities	<u>-</u>	<u>3,924,107</u>
Fund balances:		
Reserved for:		
Inventories	-	30,297
Prepaid expenses	-	39,440
Debt service	-	1,073,351
Unreserved	129,204	14,908,154
Total fund balances	<u>129,204</u>	<u>16,051,242</u>
Total liabilities and fund balances	<u>\$ 129,204</u>	<u>\$ 19,975,349</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Domestic Violence Fund</u>	<u>Veterans Fund</u>	<u>Commission of Children and Families Fund</u>	<u>D.A. Enforcement Fund</u>
Revenues				
Property Taxes	\$ -	\$ 116,035	\$ -	\$ -
Fines and forfeitures	-	-	-	6,582
Intergovernmental	233,609	48,676	480,689	-
Charges for services	-	13	50,629	-
Investment earnings	338	645	2,012	339
Miscellaneous	-	-	8,567	900
Total revenues	<u>233,947</u>	<u>165,369</u>	<u>541,897</u>	<u>7,821</u>
Expenditures				
Current:				
Public safety	199,335	-	-	3,445
Public works	-	-	-	-
Human services	-	227,106	474,506	-
Total Expenditures	<u>199,335</u>	<u>227,106</u>	<u>474,506</u>	<u>3,445</u>
Excess (deficiency) of revenues over expenditures	<u>34,612</u>	<u>(61,737)</u>	<u>67,391</u>	<u>4,376</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(2,606)	(3,606)	(4,471)
Total other financing sources and uses	<u>-</u>	<u>(2,606)</u>	<u>(3,606)</u>	<u>(4,471)</u>
Net change in fund balances	<u>34,612</u>	<u>(64,343)</u>	<u>63,785</u>	<u>(95)</u>
Fund balances - beginning	2,194	94,585	105,661	24,497
Prior period adjustments	10,996	-	-	-
Fund balances - beginning, as restated	<u>13,190</u>	<u>94,585</u>	<u>105,661</u>	<u>24,497</u>
Fund balances - ending	<u>\$ 47,802</u>	<u>\$ 30,242</u>	<u>\$ 169,446</u>	<u>\$ 24,402</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Tourism Fund</u>	<u>Community Grants Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 24,485	\$ -
Intergovernmental	526,030	30,000	153,631	33,959
Charges for services	59,646	-	450	-
Investment earnings	2,462	1,249	1,280	3,950
Miscellaneous	-	-	78,319	-
Total revenues	<u>588,138</u>	<u>31,249</u>	<u>258,165</u>	<u>37,909</u>
Expenditures				
Current:				
Public safety	-	-	199,630	-
Public works	-	-	-	5,378
Human services	-	59,200	-	-
Community development	748,907	-	-	-
Capital Outlay	-	-	-	157,902
Total Expenditures	<u>748,907</u>	<u>59,200</u>	<u>199,630</u>	<u>163,280</u>
Excess (deficiency) of revenues over expenditures	<u>(160,769)</u>	<u>(27,951)</u>	<u>58,535</u>	<u>(125,371)</u>
Other Financing Sources (Uses)				
Transfers in	111,873	-	-	-
Transfers out	-	-	(50,408)	-
Total other financing sources and uses	<u>111,873</u>	<u>-</u>	<u>(50,408)</u>	<u>-</u>
Net change in fund balances	<u>(48,896)</u>	<u>(27,951)</u>	<u>8,127</u>	<u>(125,371)</u>
Fund balances - beginning	189,210	100,752	134,496	272,925
Prior period adjustments	-	(15,861)	-	-
Fund balances - beginning, as restated	<u>189,210</u>	<u>84,891</u>	<u>134,496</u>	<u>272,925</u>
Fund balances - ending	<u>\$ 140,314</u>	<u>\$ 56,940</u>	<u>\$ 142,623</u>	<u>\$ 147,554</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Sheriff Marine Fund</u>	<u>Taylor Grazing Fund</u>	<u>Federal Forest Title III Fund</u>	<u>Court Facility Security Fund</u>
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 50,402
Intergovernmental	187,431	3,664	975,503	-
Charges for services	-	-	-	-
Investment earnings	8	-	31,885	879
Total revenues	<u>187,439</u>	<u>3,664</u>	<u>1,007,388</u>	<u>51,281</u>
Expenditures				
Current:				
Public safety	174,943	-	-	95,706
Community development	-	-	502,646	-
Agriculture	-	3,664	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>174,943</u>	<u>3,664</u>	<u>502,646</u>	<u>95,706</u>
Excess (deficiency) of revenues over expenditures	<u>12,496</u>	<u>-</u>	<u>504,742</u>	<u>(44,425)</u>
Other Financing Sources (Uses)				
Transfers in	28,136	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>28,136</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>40,632</u>	<u>-</u>	<u>504,742</u>	<u>(44,425)</u>
Fund balances - beginning	61,246	-	1,772,230	96,471
Prior period adjustments	-	-	-	-
Fund balances - beginning, as restated	<u>61,246</u>	<u>-</u>	<u>1,772,230</u>	<u>96,471</u>
Fund balances - ending	<u>\$ 101,878</u>	<u>\$ -</u>	<u>\$ 2,276,972</u>	<u>\$ 52,046</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>O&C Title III Fund</u>	<u>Klamath Falls Streets Fund</u>	<u>Surveyor Fund</u>	<u>Equipment Reserve Fund</u>
Revenues				
Licenses, fees, and permits	\$ -	\$ -	\$ 65,802	\$ -
Intergovernmental	154,029	-	-	-
Investment earnings	9,125	29,555	17,250	72,656
Miscellaneous	-	-	261	-
Total revenues	<u>163,154</u>	<u>29,555</u>	<u>83,313</u>	<u>72,656</u>
Expenditures				
Current:				
General government	-	-	-	143,366
Public works	-	150,000	-	-
Community development	381,403	-	61,301	-
Total Expenditures	<u>381,403</u>	<u>150,000</u>	<u>61,301</u>	<u>143,366</u>
Excess (deficiency) of revenues over expenditures	<u>(218,249)</u>	<u>(120,445)</u>	<u>22,012</u>	<u>(70,710)</u>
Other Financing Sources (Uses)				
Transfers in	-	721,261	6,000	1,372,923
Transfers out	-	-	(6,485)	(1,663,485)
Total other financing sources and uses	<u>-</u>	<u>721,261</u>	<u>(485)</u>	<u>(290,562)</u>
Net change in fund balances	<u>(218,249)</u>	<u>600,816</u>	<u>21,527</u>	<u>(361,272)</u>
Fund balances - beginning	626,292	1,899,694	1,054,137	3,039,138
Prior period adjustments	-	-	-	1,125,406
Fund balances - beginning, as restated	<u>626,292</u>	<u>1,899,694</u>	<u>1,054,137</u>	<u>4,164,544</u>
Fund balances - change in prepaid expenses	-	-	-	39,440
Fund balances - ending	<u>\$ 408,043</u>	<u>\$ 2,500,510</u>	<u>\$ 1,075,664</u>	<u>\$ 3,842,712</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Parks Reserve</u>	<u>Parks</u>	<u>Juvenile Special Projects</u>	<u>Experimental Station Research</u>
Revenues				
Intergovernmental	\$ -	\$ 108,420	\$ -	\$ -
Charges for services	6,250	-	-	13,631
Investment earnings	1,969	2,096	67	318
Total revenues	<u>8,219</u>	<u>110,516</u>	<u>67</u>	<u>13,949</u>
Expenditures				
Current:				
Community services	-	73,727	-	-
Agriculture	-	-	-	7,411
Total Expenditures	<u>-</u>	<u>73,727</u>	<u>-</u>	<u>7,411</u>
Excess (deficiency) of revenues over expenditures	<u>8,219</u>	<u>36,789</u>	<u>67</u>	<u>6,538</u>
Other Financing Sources (Uses)				
Transfers in	5,000	-	-	-
Transfers out	-	(19,273)	-	(9,807)
Total other financing sources and uses	<u>5,000</u>	<u>(19,273)</u>	<u>-</u>	<u>(9,807)</u>
Net change in fund balances	<u>13,219</u>	<u>17,516</u>	<u>67</u>	<u>(3,269)</u>
Fund balances - beginning	120,382	135,926	4,019	22,961
Prior period adjustments	-	-	-	-
Fund balances - beginning, as restated	<u>120,382</u>	<u>135,926</u>	<u>4,019</u>	<u>22,961</u>
Fund balances - ending	<u>\$ 133,601</u>	<u>\$ 153,442</u>	<u>\$ 4,086</u>	<u>\$ 19,692</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Community Development</u>	<u>Property Sales</u>	<u>Museum</u>	<u>Economic Development</u>
Revenues				
Property Taxes	\$ -	\$ 175,637	\$ -	\$ -
Fines and forfeitures	6,402	-	-	-
Licenses, fees, and permits	19,743	22,214	-	-
Intergovernmental	-	-	12,697	217,160
Charges for services	1,167,940	496,152	20,791	-
Investment earnings	5,044	8,326	3,560	74
Miscellaneous	16,038	-	419,490	10,000
Total revenues	<u>1,215,167</u>	<u>702,329</u>	<u>456,538</u>	<u>227,234</u>
Expenditures				
Current:				
General government	-	713,514	-	-
Community services	-	-	686,974	-
Community development	2,403,107	-	-	265,863
Capital Outlay	11,804	-	27,380	-
Total Expenditures	<u>2,414,911</u>	<u>713,514</u>	<u>714,354</u>	<u>265,863</u>
Excess (deficiency) of revenues over expenditures	<u>(1,199,744)</u>	<u>(11,185)</u>	<u>(257,816)</u>	<u>(38,629)</u>
Other Financing Sources (Uses)				
Transfers in	1,122,310	-	171,484	-
Transfers out	<u>(374,605)</u>	<u>(12,499)</u>	<u>(20,461)</u>	<u>-</u>
Total other financing sources and uses	<u>747,705</u>	<u>(12,499)</u>	<u>151,023</u>	<u>-</u>
Net change in fund balances	<u>(452,039)</u>	<u>(23,684)</u>	<u>(106,793)</u>	<u>(38,629)</u>
Fund balances - beginning	594,452	368,257	331,291	59,222
Prior period adjustments	127,217	-	-	-
Fund balances - beginning, as restated	<u>721,669</u>	<u>368,257</u>	<u>331,291</u>	<u>59,222</u>
Fund balances - ending	<u>\$ 269,630</u>	<u>\$ 344,573</u>	<u>\$ 224,498</u>	<u>\$ 20,593</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Community Corrections</u>	<u>County School</u>	<u>Search & Rescue</u>	<u>Animal Control</u>
Revenues				
Sales and miscellaneous taxes	\$ -	\$ 37,591	\$ -	\$ -
Fines and forfeitures	-	874	-	13,028
Licenses, fees, and permits	235	-	-	269,145
Intergovernmental	3,300,482	3,387,858	102,647	-
Charges for services	1,004,722	-	-	1,705
Investment earnings	7,507	1,932	-	1,186
Miscellaneous	967	-	5,671	-
Total revenues	<u>4,313,913</u>	<u>3,428,255</u>	<u>108,318</u>	<u>285,064</u>
Expenditures				
Current:				
Public safety	4,296,612	-	54,684	339,868
Community services	-	2,961,348	-	-
Debt Service				
Interest and other charges	3,123	-	-	-
Capital Outlay	28,952	-	23,398	-
Total Expenditures	<u>4,328,687</u>	<u>2,961,348</u>	<u>78,082</u>	<u>339,868</u>
Excess (deficiency) of revenues over expenditures	<u>(14,774)</u>	<u>466,907</u>	<u>30,236</u>	<u>(54,804)</u>
Other Financing Sources (Uses)				
Transfers in	28,952	-	55,229	-
Transfers out	(74,400)	-	-	(4,301)
Total other financing sources and uses	<u>(45,448)</u>	<u>-</u>	<u>55,229</u>	<u>(4,301)</u>
SPECIAL ITEM				
Proceeds from sale of land	-	-	-	780
Net change in fund balances	<u>(60,222)</u>	<u>466,907</u>	<u>85,465</u>	<u>(58,325)</u>
Fund balances - beginning	635,424	41,552	7,923	130,451
Prior period adjustments	(438,339)	-	-	-
Fund balances - beginning, as restated	<u>197,085</u>	<u>41,552</u>	<u>7,923</u>	<u>130,451</u>
Fund balances - ending	<u>\$ 136,863</u>	<u>\$ 508,459</u>	<u>\$ 93,388</u>	<u>\$ 72,126</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Public Health</u>	<u>Fairgrounds</u>	<u>Law Library</u>	<u>911 Excise Tax</u>
Revenues				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ 369,949
Fines and forfeitures	-	-	89,780	-
Licenses, fees, and permits	166,060	-	-	-
Intergovernmental	1,351,445	41,963	-	-
Charges for services	979,455	1,069,780	7,782	-
Investment earnings	-	1,820	1,236	-
Miscellaneous	46,514	-	-	-
Total revenues	<u>2,543,474</u>	<u>1,113,563</u>	<u>98,798</u>	<u>369,949</u>
Expenditures				
Current:				
Public safety	-	-	-	369,949
Human services	2,865,701	-	-	-
Community services	-	1,149,264	56,428	-
Capital Outlay	-	9,000	-	-
Total Expenditures	<u>2,865,701</u>	<u>1,158,264</u>	<u>56,428</u>	<u>369,949</u>
Excess (deficiency) of revenues over expenditures	<u>(322,227)</u>	<u>(44,701)</u>	<u>42,370</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	456,408	415,485	-	-
Transfers out	<u>(20,385)</u>	<u>-</u>	<u>(42,814)</u>	<u>-</u>
Total other financing sources and uses	<u>436,023</u>	<u>415,485</u>	<u>(42,814)</u>	<u>-</u>
Net change in fund balances	<u>113,796</u>	<u>370,784</u>	<u>(444)</u>	<u>-</u>
Fund balances - beginning	63,719	474,116	54,110	-
Prior period adjustments	<u>(8,926)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning, as restated	<u>54,793</u>	<u>474,116</u>	<u>54,110</u>	<u>-</u>
Fund balances - change in inventory	<u>30,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 198,886</u></u>	<u><u>\$ 844,900</u></u>	<u><u>\$ 53,666</u></u>	<u><u>\$ -</u></u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Klamath County Special Revenue</u>	<u>Transient Room Tax</u>	<u>Klamath County Revolving Loan</u>	<u>Library Service District</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ 2,245,435
Miscellaneous taxes	-	1,277,615	-	-
Licenses, fees, and permits	32,530	-	-	6,415
Intergovernmental	-	-	-	20,041
Charges for services	43,065	-	4,626	25,985
Investment earnings	3,070	4,948	-	32,010
Miscellaneous	94,351	-	-	4,531
Total revenues	<u>173,016</u>	<u>1,282,563</u>	<u>4,626</u>	<u>2,334,417</u>
Expenditures				
Current:				
General government	343,119	655,296	4,626	-
Community services	-	-	-	2,288,109
Total Expenditures	<u>343,119</u>	<u>655,296</u>	<u>4,626</u>	<u>2,288,109</u>
Excess (deficiency) of revenues over expenditures	<u>(170,103)</u>	<u>627,267</u>	<u>-</u>	<u>46,308</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	40,944
Transfers out	-	(623,248)	-	(458)
Total other financing sources and uses	<u>-</u>	<u>(623,248)</u>	<u>-</u>	<u>40,486</u>
Net change in fund balances	<u>(170,103)</u>	<u>4,019</u>	<u>-</u>	<u>86,794</u>
Fund balances - beginning	377,806	-	-	1,527,971
Prior period adjustments	-	-	-	-
Fund balances - beginning, as restated	<u>377,806</u>	<u>-</u>	<u>-</u>	<u>1,527,971</u>
Fund balances - ending	<u>\$ 207,703</u>	<u>\$ 4,019</u>	<u>\$ -</u>	<u>\$ 1,614,765</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	Library Reserve	Total
Revenues		
Property Taxes	\$ -	\$ 2,537,107
Miscellaneous taxes	-	1,685,155
Fines and forfeitures	-	191,553
Licenses, fees, and permits	-	582,144
Intergovernmental	-	11,369,934
Charges for services	26,000	4,978,622
Investment earnings	-	248,796
Miscellaneous	-	685,609
Total revenues	26,000	22,278,920
Expenditures		
Current:		
General government	-	1,859,921
Public safety	-	5,734,172
Public works	-	155,378
Human services	-	3,626,513
Community services	-	4,254,502
Community development	-	4,363,227
Agriculture	-	2,972,423
Debt Service		
Interest and other charges	-	3,123
Capital Outlay	374,591	633,027
Total Expenditures	374,591	23,602,286
Excess (deficiency) of revenues over expenditures	(348,591)	(1,323,366)
Other Financing Sources (Uses)		
Transfers in	-	4,536,005
Transfers out	-	(2,933,312)
Total other financing sources and uses	-	1,602,693
SPECIAL ITEM		
Proceeds from sale of land	-	780
Net change in fund balances	(348,591)	280,107
Fund balances - beginning	477,795	14,900,905
Prior period adjustments	-	800,493
Fund balances - beginning, as restated	477,795	15,701,398
Fund balances - change in inventory	-	30,297
Fund balances - change in prepaid expenses	-	39,440
Fund balances - ending	\$ 129,204	\$ 16,051,242

Klamath County, Oregon
Budget and Actual (with Variances)
Domestic Violence Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 238,527	\$ 238,527	\$ 233,609	\$ (4,918)
Investment earnings	1,675	1,675	338	(1,337)
Total revenues	<u>240,202</u>	<u>240,202</u>	<u>233,947</u>	<u>(6,255)</u>
Expenditures				
Public safety				
Personal services	163,910	163,910	167,435	(3,525)
Materials and services	74,000	74,000	31,900	42,100
Capital outlay	1,500	1,500	-	1,500
Total Expenditures	<u>239,410</u>	<u>239,410</u>	<u>199,335</u>	<u>40,075</u>
Excess (deficiency) of revenues over expenditures	<u>792</u>	<u>792</u>	<u>34,612</u>	<u>33,820</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(792)	(792)	-	792
Total other financing sources and uses	<u>(792)</u>	<u>(792)</u>	<u>-</u>	<u>792</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>34,612</u>	<u>34,612</u>
Fund balances - beginning	-	-	2,194	2,194
Prior period adjustments	-	-	10,996	10,996
Fund balances - beginning, as restated	-	-	13,190	13,190
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,802</u>	<u>\$ 47,802</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Veterans Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues				
Property taxes	\$ 126,145	\$ 126,145	\$ 116,035	\$ (10,110)
Intergovernmental	9,666	48,062	48,676	614
Charges for services	-	-	13	13
Investment earnings	100	100	645	545
Miscellaneous	1,826	1,826	-	(1,826)
Total revenues	<u>137,737</u>	<u>176,133</u>	<u>165,369</u>	<u>(10,764)</u>
Expenditures				
Human services				
Personal services	133,386	146,319	141,594	4,725
Materials and services	16,525	40,791	85,512	(44,721)
Capital outlay	-	1,197	-	1,197
Total Expenditures	<u>149,911</u>	<u>188,307</u>	<u>227,106</u>	<u>(38,799)</u>
Excess (deficiency) of revenues over expenditures	<u>(12,174)</u>	<u>(12,174)</u>	<u>(61,737)</u>	<u>(49,563)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(39,909)</u>	<u>(39,909)</u>	<u>(2,606)</u>	<u>37,303</u>
Total other financing sources and uses	<u>(39,909)</u>	<u>(39,909)</u>	<u>(2,606)</u>	<u>37,303</u>
Net change in fund balances	<u>(52,083)</u>	<u>(52,083)</u>	<u>(64,343)</u>	<u>(12,260)</u>
Fund balances - beginning	<u>52,083</u>	<u>52,083</u>	<u>94,585</u>	<u>42,502</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,242</u>	<u>\$ 30,242</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Commission of Children & Families Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 506,591	\$ 506,591	\$ 480,689	\$ (25,902)
Charges for services	95,937	95,937	50,629	(45,308)
Investment earnings	4,000	4,000	2,012	(1,988)
Miscellaneous	4,152	4,152	8,567	4,415
Total revenues	<u>610,680</u>	<u>610,680</u>	<u>541,897</u>	<u>(68,783)</u>
Expenditures				
Human services				
Personal services	262,978	262,978	159,632	103,346
Materials and services	319,530	319,530	314,874	4,656
Contingencies	24,329	24,329	-	24,329
Total Expenditures	<u>606,837</u>	<u>606,837</u>	<u>474,506</u>	<u>132,331</u>
Excess (deficiency) of revenues over expenditures	<u>3,843</u>	<u>3,843</u>	<u>67,391</u>	<u>63,548</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(28,286)	(28,286)	(3,606)	24,680
Total other financing sources and uses	<u>(28,286)</u>	<u>(28,286)</u>	<u>(3,606)</u>	<u>24,680</u>
Net change in fund balances	<u>(24,443)</u>	<u>(24,443)</u>	<u>63,785</u>	<u>88,228</u>
Fund balances - beginning	<u>24,443</u>	<u>24,443</u>	<u>105,661</u>	<u>81,218</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,446</u>	<u>\$ 169,446</u>

Klamath County, Oregon
Budget and Actual (with Variances)
D.A. Enforcement Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ 3,000	\$ 3,000	\$ 6,582	\$ 3,582
Investment earnings	500	500	339	(161)
Miscellaneous	-	-	900	900
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>7,821</u>	<u>4,321</u>
Expenditures				
Public safety				
Personal services	13,224	13,224	277	12,947
Materials and services	8,275	8,275	3,168	5,107
Total Expenditures	<u>21,499</u>	<u>21,499</u>	<u>3,445</u>	<u>18,054</u>
Excess (deficiency) of revenues over expenditures	<u>(17,999)</u>	<u>(17,999)</u>	<u>4,376</u>	<u>22,375</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(4,471)	(4,471)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(4,471)</u>	<u>(4,471)</u>
Net change in fund balances	<u>(17,999)</u>	<u>(17,999)</u>	<u>(95)</u>	<u>17,904</u>
Fund balances - beginning	<u>17,999</u>	<u>17,999</u>	<u>24,497</u>	<u>6,498</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,402</u>	<u>\$ 24,402</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Tourism Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues				
Other taxes	\$ 99,353	\$ 99,353	\$ -	\$ (99,353)
Intergovernmental	30,000	590,000	526,030	(63,970)
Charges for services	20,000	20,000	59,646	39,646
Investment earnings	500	500	2,462	1,962
Total revenues	<u>149,853</u>	<u>709,853</u>	<u>588,138</u>	<u>(121,715)</u>
Expenditures				
Community development				
Materials and services	270,818	830,818	748,907	81,911
Total Expenditures	<u>270,818</u>	<u>830,818</u>	<u>748,907</u>	<u>81,911</u>
Excess (deficiency) of revenues over expenditures	<u>(120,965)</u>	<u>(120,965)</u>	<u>(160,769)</u>	<u>(39,804)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	111,873	111,873
Transfers out	(5,000)	(5,000)	-	5,000
Total other financing sources and uses	<u>(5,000)</u>	<u>(5,000)</u>	<u>111,873</u>	<u>116,873</u>
Net change in fund balances	<u>(125,965)</u>	<u>(125,965)</u>	<u>(48,896)</u>	<u>77,069</u>
Fund balances - beginning	<u>125,965</u>	<u>125,965</u>	<u>189,210</u>	<u>63,245</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,314</u>	<u>\$ 140,314</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Grants Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 32,224	\$ 32,224	\$ 30,000	\$ (2,224)
Investment earnings	-	-	1,249	1,249
Total revenues	<u>32,224</u>	<u>32,224</u>	<u>31,249</u>	<u>(975)</u>
Expenditures				
Human services				
Personal services	58,986	58,986	29,479	29,507
Materials and services	-	-	29,721	(29,721)
Total Expenditures	<u>58,986</u>	<u>58,986</u>	<u>59,200</u>	<u>(214)</u>
Excess (deficiency) of revenues over expenditures	<u>(26,762)</u>	<u>(26,762)</u>	<u>(27,951)</u>	<u>(1,189)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(26,762)</u>	<u>(26,762)</u>	<u>(27,951)</u>	<u>(1,189)</u>
Fund balances - beginning	26,762	26,762	100,752	73,990
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(15,861)</u>	<u>(15,861)</u>
Fund balances - beginning, as restated	<u>26,762</u>	<u>26,762</u>	<u>84,891</u>	<u>58,129</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,940</u>	<u>\$ 56,940</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Special Revenue Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 24,485	\$ 19,485
Intergovernmental	616,724	616,724	153,631	(463,093)
Charges for services	1,000	1,000	450	(550)
Investment earnings	2,400	2,400	1,280	(1,120)
Miscellaneous	73,676	73,676	78,319	4,643
Total revenues	<u>698,800</u>	<u>698,800</u>	<u>258,165</u>	<u>(440,635)</u>
Expenditures				
Public safety				
Materials and services	632,194	632,194	199,630	432,564
Capital outlay	248,722	248,722	-	248,722
Total Expenditures	<u>880,916</u>	<u>880,916</u>	<u>199,630</u>	<u>681,286</u>
Excess (deficiency) of revenues over expenditures	<u>(182,116)</u>	<u>(182,116)</u>	<u>58,535</u>	<u>240,651</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(50,408)	(50,408)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(50,408)</u>	<u>(50,408)</u>
Net change in fund balances	<u>(182,116)</u>	<u>(182,116)</u>	<u>8,127</u>	<u>190,243</u>
Fund balances - beginning	<u>182,116</u>	<u>182,116</u>	<u>134,496</u>	<u>(47,620)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,623</u>	<u>\$ 142,623</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Bicycle Trails Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 28,000	\$ 28,000	\$ 33,959	\$ 5,959
Investment earnings	4,500	4,500	3,950	(550)
Total revenues	<u>32,500</u>	<u>32,500</u>	<u>37,909</u>	<u>5,409</u>
Expenditures				
Public Works				
Personal services	100	100	-	100
Materials and services	15,200	15,200	5,378	9,822
Capital outlay	157,902	157,902	157,902	-
Contingencies	30,000	30,000	-	30,000
Total Expenditures	<u>203,202</u>	<u>203,202</u>	<u>163,280</u>	<u>39,922</u>
Excess (deficiency) of revenues over expenditures	<u>(170,702)</u>	<u>(170,702)</u>	<u>(125,371)</u>	<u>45,331</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(170,702)</u>	<u>(170,702)</u>	<u>(125,371)</u>	<u>45,331</u>
Fund balances - beginning	<u>170,702</u>	<u>170,702</u>	<u>272,925</u>	<u>102,223</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,554</u>	<u>\$ 147,554</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Marine Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 216,567	\$ 216,567	\$ 187,431	\$ (29,136)
Investment earnings	-	-	8	8
Total revenues	<u>216,567</u>	<u>216,567</u>	<u>187,439</u>	<u>(29,128)</u>
Expenditures				
Public safety				
Personal services	189,285	189,285	129,398	59,887
Materials and services	43,875	43,875	45,545	(1,670)
Total Expenditures	<u>233,160</u>	<u>233,160</u>	<u>174,943</u>	<u>58,217</u>
Excess (deficiency) of revenues over expenditures	<u>(16,593)</u>	<u>(16,593)</u>	<u>12,496</u>	<u>29,089</u>
Other Financing Sources (Uses)				
Transfers in	28,136	28,136	28,136	-
Transfers out	<u>(11,543)</u>	<u>(11,543)</u>	<u>-</u>	<u>11,543</u>
Total other financing sources and uses	<u>16,593</u>	<u>16,593</u>	<u>28,136</u>	<u>11,543</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>40,632</u>	<u>40,632</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>61,246</u>	<u>61,246</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,878</u>	<u>\$ 101,878</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Taylor Grazing Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 3,664	\$ (3,836)
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>3,664</u>	<u>(3,836)</u>
Expenditures				
Agriculture				
Materials and services	7,500	7,500	3,664	3,836
Total Expenditures	<u>7,500</u>	<u>7,500</u>	<u>3,664</u>	<u>3,836</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Federal Forest Title III Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 91,663	\$ 91,663	\$ 975,503	\$ 883,840
Investment earnings	5,000	5,000	31,885	26,885
Total revenues	<u>96,663</u>	<u>96,663</u>	<u>1,007,388</u>	<u>910,725</u>
Expenditures				
Community development				
Materials and services	1,603,690	1,603,690	502,646	1,101,044
Total Expenditures	<u>1,603,690</u>	<u>1,603,690</u>	<u>502,646</u>	<u>1,101,044</u>
Excess (deficiency) of revenues over expenditures	<u>(1,507,027)</u>	<u>(1,507,027)</u>	<u>504,742</u>	<u>2,011,769</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,507,027)</u>	<u>(1,507,027)</u>	<u>504,742</u>	<u>2,011,769</u>
Fund balances - beginning	<u>1,507,027</u>	<u>1,507,027</u>	<u>1,772,230</u>	<u>265,203</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,276,972</u>	<u>\$ 2,276,972</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Court Facility Security Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 56,268	\$ 56,268	\$ 50,402	\$ (5,866)
Investment earnings	500	500	879	379
Total revenues	<u>56,768</u>	<u>56,768</u>	<u>51,281</u>	<u>(5,487)</u>
Expenditures				
Public safety				
Personal services	103,982	103,982	93,066	10,916
Materials and services	4,000	4,000	2,640	1,360
Capital outlay	16,972	16,972	-	16,972
Total Expenditures	<u>124,954</u>	<u>124,954</u>	<u>95,706</u>	<u>29,248</u>
Excess (deficiency) of revenues over expenditures	<u>(68,186)</u>	<u>(68,186)</u>	<u>(44,425)</u>	<u>23,761</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(68,186)</u>	<u>(68,186)</u>	<u>(44,425)</u>	<u>23,761</u>
Fund balances - beginning	<u>68,186</u>	<u>68,186</u>	<u>96,471</u>	<u>28,285</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,046</u>	<u>\$ 52,046</u>

Klamath County, Oregon
Budget and Actual (with Variances)
O&C Title III Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 14,466	\$ 14,466	\$ 154,029	\$ 139,563
Investment earnings	9,000	9,000	9,125	125
Total revenues	<u>23,466</u>	<u>23,466</u>	<u>163,154</u>	<u>139,688</u>
Expenditures				
Community development				
Materials and services	921,732	921,732	381,403	540,329
Total Expenditures	<u>921,732</u>	<u>921,732</u>	<u>381,403</u>	<u>540,329</u>
Excess (deficiency) of revenues over expenditures	<u>(898,266)</u>	<u>(898,266)</u>	<u>(218,249)</u>	<u>680,017</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(898,266)</u>	<u>(898,266)</u>	<u>(218,249)</u>	<u>680,017</u>
Fund balances - beginning	<u>898,266</u>	<u>898,266</u>	<u>626,292</u>	<u>(271,974)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408,043</u>	<u>\$ 408,043</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Klamath Falls Streets Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 611,000	\$ 611,000	\$ -	\$ (611,000)
Investment earnings	30,000	30,000	29,555	(445)
Total revenues	<u>641,000</u>	<u>641,000</u>	<u>29,555</u>	<u>(611,445)</u>
Expenditures				
Public Works				
Materials and services	1,250,000	1,250,000	150,000	1,100,000
Capital outlay	150,000	150,000	-	150,000
Contingencies	954,905	954,905	-	954,905
Total Expenditures	<u>2,354,905</u>	<u>2,354,905</u>	<u>150,000</u>	<u>2,204,905</u>
Excess (deficiency) of revenues over expenditures	<u>(1,713,905)</u>	<u>(1,713,905)</u>	<u>(120,445)</u>	<u>1,593,460</u>
Other Financing Sources (Uses)				
Transfers in	-	-	721,261	721,261
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>721,261</u>	<u>721,261</u>
Net change in fund balances	<u>(1,713,905)</u>	<u>(1,713,905)</u>	<u>600,816</u>	<u>2,314,721</u>
Fund balances - beginning	<u>1,713,905</u>	<u>1,713,905</u>	<u>1,899,694</u>	<u>185,789</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500,510</u>	<u>\$ 2,500,510</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Surveyor Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Licenses and permits	\$ 79,491	\$ 79,491	\$ 65,802	\$ (13,689)
Investment earnings	20,591	20,591	17,250	(3,341)
Miscellaneous	100	100	261	161
Total revenues	<u>100,182</u>	<u>100,182</u>	<u>83,313</u>	<u>(16,869)</u>
Expenditures				
Community development				
Personal services	21,136	22,136	21,906	230
Materials and services	<u>1,093,958</u>	<u>1,092,958</u>	<u>39,395</u>	<u>1,053,563</u>
Total Expenditures	<u>1,115,094</u>	<u>1,115,094</u>	<u>61,301</u>	<u>1,053,793</u>
Excess (deficiency) of revenues over expenditures	<u>(1,014,912)</u>	<u>(1,014,912)</u>	<u>22,012</u>	<u>1,036,924</u>
Other Financing Sources (Uses)				
Transfers in	6,000	6,000	6,000	-
Transfers out	<u>(11,088)</u>	<u>(11,088)</u>	<u>(6,485)</u>	<u>4,603</u>
Total other financing sources and uses	<u>(5,088)</u>	<u>(5,088)</u>	<u>(485)</u>	<u>4,603</u>
Net change in fund balances	<u>(1,020,000)</u>	<u>(1,020,000)</u>	<u>21,527</u>	<u>1,041,527</u>
Fund balances - beginning	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,054,137</u>	<u>34,137</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,075,664</u>	<u>\$ 1,075,664</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Equipment Reserve Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 49,000	\$ 49,000	\$ 72,656	\$ 23,656
Total revenues	<u>49,000</u>	<u>49,000</u>	<u>72,656</u>	<u>23,656</u>
Expenditures				
General government				
Materials and services	17,000	167,000	143,366	23,634
Debt Service	-	-	128,095	(128,095)
Capital outlay	2,700,000	2,700,000	-	2,700,000
Contingencies	407,550	257,550	-	257,550
Reserves	1,408,733	1,408,733	-	1,408,733
Total Expenditures	<u>4,533,283</u>	<u>4,533,283</u>	<u>271,461</u>	<u>4,261,822</u>
Excess (deficiency) of revenues over expenditures	<u>(4,484,283)</u>	<u>(4,484,283)</u>	<u>(198,805)</u>	<u>4,285,478</u>
Other Financing Sources (Uses)				
Transfers in	1,374,791	1,374,791	1,372,923	(1,868)
Transfers out	-	-	(1,663,485)	(1,663,485)
Interfund loan proceeds	-	-	180,150	180,150
Total other financing sources and uses	<u>1,374,791</u>	<u>1,374,791</u>	<u>(110,412)</u>	<u>(1,485,203)</u>
Net change in fund balances	<u>(3,109,492)</u>	<u>(3,109,492)</u>	<u>(309,217)</u>	<u>2,800,275</u>
Fund balances - beginning	3,109,492	3,109,492	3,039,138	(70,354)
Prior period adjustments	-	-	1,125,406	1,125,406
Fund balances - beginning, as restated	<u>3,109,492</u>	<u>3,109,492</u>	<u>4,164,544</u>	<u>1,055,052</u>
Fund balances - change in prepaids	-	-	39,440	39,440
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,894,767</u>	<u>\$ 3,894,767</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Parks Reserve Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 6,250	\$ 6,250	\$ 6,250	\$ -
Investment earnings	1,000	1,000	1,969	969
Total revenues	<u>7,250</u>	<u>7,250</u>	<u>8,219</u>	<u>969</u>
Expenditures				
Community services				
Capital outlay	120,250	120,250	-	120,250
Total Expenditures	<u>120,250</u>	<u>120,250</u>	<u>-</u>	<u>120,250</u>
Excess (deficiency) of revenues over expenditures	<u>(113,000)</u>	<u>(113,000)</u>	<u>8,219</u>	<u>121,219</u>
Other Financing Sources (Uses)				
Transfers in	5,000	5,000	5,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	<u>(108,000)</u>	<u>(108,000)</u>	<u>13,219</u>	<u>121,219</u>
Fund balances - beginning	<u>108,000</u>	<u>108,000</u>	<u>120,382</u>	<u>12,382</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,601</u>	<u>\$ 133,601</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Parks Department Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 79,269	\$ 79,269	\$ 108,420	\$ 29,151
Investment earnings	3,000	3,000	2,096	(904)
Total revenues	<u>82,269</u>	<u>82,269</u>	<u>110,516</u>	<u>28,247</u>
Expenditures				
Community services				
Personal services	55,285	55,285	24,373	30,912
Materials and services	50,631	50,631	49,354	1,277
Capital outlay	5,000	5,000	-	5,000
Contingencies	37,095	37,095	-	37,095
Total Expenditures	<u>148,011</u>	<u>148,011</u>	<u>73,727</u>	<u>74,284</u>
Excess (deficiency) of revenues over expenditures	<u>(65,742)</u>	<u>(65,742)</u>	<u>36,789</u>	<u>102,531</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(44,258)</u>	<u>(44,258)</u>	<u>(19,273)</u>	<u>24,985</u>
Total other financing sources and uses	<u>(44,258)</u>	<u>(44,258)</u>	<u>(19,273)</u>	<u>24,985</u>
Net change in fund balances	<u>(110,000)</u>	<u>(110,000)</u>	<u>17,516</u>	<u>127,516</u>
Fund balances - beginning	<u>110,000</u>	<u>110,000</u>	<u>135,926</u>	<u>25,926</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,442</u>	<u>\$ 153,442</u>

**Klamath County, Oregon
Budget and Actual (with Variances)
Juvenile Special Project Fund
For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 67	\$ 67
Total revenues	-	-	67	67
Expenditures				
Public safety				
Materials and services	4,038	4,038	-	4,038
Total Expenditures	4,038	4,038	-	4,038
Excess (deficiency) of revenues over expenditures	(4,038)	(4,038)	67	4,105
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(4,038)	(4,038)	67	4,105
Fund balances - beginning	4,038	4,038	4,019	(19)
Fund balances - ending	\$ -	\$ -	\$ 4,086	\$ 4,086

Klamath County, Oregon
Budget and Actual (with Variances)
Experiment Station Field Research Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 3,600	\$ 3,600	\$ -	\$ (3,600)
Charges for services	21,725	21,725	13,631	(8,094)
Investment earnings	700	700	318	(382)
Total revenues	<u>26,025</u>	<u>26,025</u>	<u>13,949</u>	<u>(12,076)</u>
Expenditures				
Agriculture				
Personal services	11,020	11,020	231	10,789
Materials and services	19,693	19,693	7,180	12,513
Contingencies	7,005	7,005	-	7,005
Total Expenditures	<u>37,718</u>	<u>37,718</u>	<u>7,411</u>	<u>30,307</u>
Excess (deficiency) of revenues over expenditures	<u>(11,693)</u>	<u>(11,693)</u>	<u>6,538</u>	<u>18,231</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(9,807)</u>	<u>(9,807)</u>	<u>(9,807)</u>	<u>-</u>
Total other financing sources and uses	<u>(9,807)</u>	<u>(9,807)</u>	<u>(9,807)</u>	<u>-</u>
Net change in fund balances	<u>(21,500)</u>	<u>(21,500)</u>	<u>(3,269)</u>	<u>18,231</u>
Fund balances - beginning	<u>21,500</u>	<u>21,500</u>	<u>22,961</u>	<u>1,461</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,692</u>	<u>\$ 19,692</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Development Department Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 2,250	\$ 2,250	\$ 6,402	\$ 4,152
Licenses and permits	44,707	44,707	19,743	(24,964)
Charges for services	1,887,360	1,887,360	1,167,940	(719,420)
Investment earnings	10,500	10,500	5,044	(5,456)
Miscellaneous	3,150	3,150	16,038	12,888
Total revenues	<u>1,947,967</u>	<u>1,947,967</u>	<u>1,215,167</u>	<u>(732,800)</u>
Expenditures				
Community development				
Personal services	2,017,907	2,017,907	1,573,118	444,789
Materials and services	236,238	236,238	829,989	(593,751)
Capital outlay	7,600	7,600	11,804	(4,204)
Contingencies	48,869	48,869	-	48,869
Total Expenditures	<u>2,310,614</u>	<u>2,310,614</u>	<u>2,414,911</u>	<u>(104,297)</u>
Excess (deficiency) of revenues over expenditures	<u>(362,647)</u>	<u>(362,647)</u>	<u>(1,199,744)</u>	<u>(837,097)</u>
Other Financing Sources (Uses)				
Transfers in	981,643	981,643	1,122,310	140,667
Transfers out	<u>(725,496)</u>	<u>(725,496)</u>	<u>(374,605)</u>	<u>350,891</u>
Total other financing sources and uses	<u>256,147</u>	<u>256,147</u>	<u>747,705</u>	<u>491,558</u>
Net change in fund balances	<u>(106,500)</u>	<u>(106,500)</u>	<u>(452,039)</u>	<u>(345,539)</u>
Fund balances - beginning	106,500	106,500	594,452	487,952
Prior period adjustments	-	-	127,217	127,217
Fund balances - beginning, as restated	<u>106,500</u>	<u>106,500</u>	<u>721,669</u>	<u>615,169</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,630</u>	<u>\$ 269,630</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Property Sales Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 300,000	\$ 300,000	\$ 175,637	\$ (124,363)
Licenses and permits	25,500	25,500	22,214	(3,286)
Charges for services	380,750	380,750	496,152	115,402
Investment earnings	6,000	6,000	8,326	2,326
Miscellaneous	1,395	1,395	-	(1,395)
Total revenues	<u>713,645</u>	<u>713,645</u>	<u>702,329</u>	<u>(11,316)</u>
Expenditures				
General government				
Personal services	77,757	77,757	77,467	290
Materials and services	93,550	93,550	636,047	(542,497)
Contingencies	30,000	30,000	-	30,000
Total Expenditures	<u>201,307</u>	<u>201,307</u>	<u>713,514</u>	<u>(512,207)</u>
Excess (deficiency) of revenues over expenditures	<u>512,338</u>	<u>512,338</u>	<u>(11,185)</u>	<u>(523,523)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(812,338)	(812,338)	(12,499)	799,839
Total other financing sources and uses	<u>(812,338)</u>	<u>(812,338)</u>	<u>(12,499)</u>	<u>799,839</u>
Net change in fund balances	<u>(300,000)</u>	<u>(300,000)</u>	<u>(23,684)</u>	<u>276,316</u>
Fund balances - beginning	<u>300,000</u>	<u>300,000</u>	<u>368,257</u>	<u>68,257</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,573</u>	<u>\$ 344,573</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Museum Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues				
Other taxes	\$ 102,000	\$ 102,000	\$ -	\$ (102,000)
Intergovernmental	369,000	369,000	12,697	(356,303)
Charges for services	19,000	19,000	20,791	1,791
Investment earnings	3,000	3,000	3,560	560
Miscellaneous	33,700	33,700	419,490	385,790
Total revenues	<u>526,700</u>	<u>526,700</u>	<u>456,538</u>	<u>(70,162)</u>
Expenditures				
Community services				
Personal services	144,571	160,571	161,245	(674)
Materials and services	541,137	525,137	525,729	(592)
Capital outlay	-	-	27,380	(27,380)
Total Expenditures	<u>685,708</u>	<u>685,708</u>	<u>714,354</u>	<u>(28,646)</u>
Excess (deficiency) of revenues over expenditures	<u>(159,008)</u>	<u>(159,008)</u>	<u>(257,816)</u>	<u>(98,808)</u>
Other Financing Sources (Uses)				
Transfers in	48,213	64,213	171,484	107,271
Transfers out	(79,205)	(95,205)	(20,461)	74,744
Total other financing sources and uses	<u>(30,992)</u>	<u>(30,992)</u>	<u>151,023</u>	<u>182,015</u>
Net change in fund balances	<u>(190,000)</u>	<u>(190,000)</u>	<u>(106,793)</u>	<u>83,207</u>
Fund balances - beginning	<u>190,000</u>	<u>190,000</u>	<u>331,291</u>	<u>141,291</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,498</u>	<u>\$ 224,498</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Economic Development Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 254,038	\$ 254,038	\$ 217,160	\$ (36,878)
Investment earnings	100	100	74	(26)
Miscellaneous	-	-	10,000	10,000
Total revenues	<u>254,138</u>	<u>254,138</u>	<u>227,234</u>	<u>(26,904)</u>
Expenditures				
Community development				
Materials and services	311,046	311,046	265,863	45,183
Total Expenditures	<u>311,046</u>	<u>311,046</u>	<u>265,863</u>	<u>45,183</u>
Excess (deficiency) of revenues over expenditures	<u>(56,908)</u>	<u>(56,908)</u>	<u>(38,629)</u>	<u>18,279</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(56,908)</u>	<u>(56,908)</u>	<u>(38,629)</u>	<u>18,279</u>
Fund balances - beginning	<u>56,908</u>	<u>56,908</u>	<u>59,222</u>	<u>2,314</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,593</u>	<u>\$ 20,593</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Corrections Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 200	\$ 200	\$ 235	\$ 35
Intergovernmental	3,594,783	3,594,784	3,300,482	(294,302)
Charges for services	1,059,361	1,059,361	1,004,722	(54,639)
Investment earnings	18,000	18,000	7,507	(10,493)
Miscellaneous	41,348	41,348	967	(40,381)
Total revenues	<u>4,713,692</u>	<u>4,713,693</u>	<u>4,313,913</u>	<u>(399,780)</u>
Expenditures				
Public safety				
Personal services	2,360,579	2,373,579	2,258,377	115,202
Materials and services	1,813,020	1,813,020	2,038,235	(225,215)
Capital outlay	29,407	29,407	28,952	455
Contingencies	27,680	14,680	-	14,680
Reserves	41,185	41,185	-	41,185
Debt Service				
Interest and other charges	-	-	3,123	(3,123)
Total Expenditures	<u>4,271,871</u>	<u>4,271,871</u>	<u>4,328,687</u>	<u>(56,816)</u>
Excess (deficiency) of revenues over expenditures	<u>441,821</u>	<u>441,822</u>	<u>(14,774)</u>	<u>(456,596)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	28,952	28,952
Transfers out	(469,900)	(469,900)	(74,400)	395,500
Total other financing sources and uses	<u>(469,900)</u>	<u>(469,900)</u>	<u>(45,448)</u>	<u>424,452</u>
Net change in fund balances	<u>(28,079)</u>	<u>(28,078)</u>	<u>(60,222)</u>	<u>(32,144)</u>
Fund balances - beginning	28,079	28,078	635,424	607,346
Prior period adjustments	-	-	(438,339)	(438,339)
Fund balances - beginning, as restated	28,079	28,078	197,085	169,007
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,863</u>	<u>\$ 136,863</u>

Klamath County, Oregon
Budget and Actual (with Variances)
County Schools Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 36,000	\$ 36,000	\$ 37,591	\$ 1,591
Fines and forfeitures	-	-	874	874
Intergovernmental	3,028,434	3,028,434	3,387,858	359,424
Investment earnings	1,500	1,500	1,932	432
Total revenues	<u>3,065,934</u>	<u>3,065,934</u>	<u>3,428,255</u>	<u>362,321</u>
Expenditures				
Community services				
Materials and services	-	-	2,961,348	(2,961,348)
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,961,348</u>	<u>(2,961,348)</u>
Excess (deficiency) of revenues over expenditures	<u>3,065,934</u>	<u>3,065,934</u>	<u>466,907</u>	<u>(2,599,027)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(3,165,934)</u>	<u>(3,165,934)</u>	<u>-</u>	<u>3,165,934</u>
Total other financing sources and uses	<u>(3,165,934)</u>	<u>(3,165,934)</u>	<u>-</u>	<u>3,165,934</u>
Net change in fund balances	<u>(100,000)</u>	<u>(100,000)</u>	<u>466,907</u>	<u>566,907</u>
Fund balances - beginning	<u>100,000</u>	<u>100,000</u>	<u>41,552</u>	<u>(58,448)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,459</u>	<u>\$ 508,459</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Search and Rescue Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 55,472	\$ 55,472	\$ 102,647	\$ 47,175
Miscellaneous	1,655	1,655	5,671	4,016
Total revenues	<u>57,127</u>	<u>57,127</u>	<u>108,318</u>	<u>51,191</u>
Expenditures				
Public safety				
Personal services	47,820	47,820	6,217	41,603
Materials and services	41,138	41,138	48,467	(7,329)
Capital outlay	7,322	7,322	23,398	(16,076)
Total Expenditures	<u>96,280</u>	<u>96,280</u>	<u>78,082</u>	<u>18,198</u>
Excess (deficiency) of revenues over expenditures	<u>(39,153)</u>	<u>(39,153)</u>	<u>30,236</u>	<u>69,389</u>
Other Financing Sources (Uses)				
Transfers in	31,831	31,831	55,229	23,398
Transfers out	-	-	-	-
Total other financing sources and uses	<u>31,831</u>	<u>31,831</u>	<u>55,229</u>	<u>23,398</u>
Net change in fund balances	<u>(7,322)</u>	<u>(7,322)</u>	<u>85,465</u>	<u>92,787</u>
Fund balances - beginning	<u>7,322</u>	<u>7,322</u>	<u>7,923</u>	<u>601</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,388</u>	<u>\$ 93,388</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Animal Control Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 13,028	\$ 6,028
Licenses and permits	270,908	270,908	269,145	(1,763)
Charges for services	2,400	2,400	1,705	(695)
Investment earnings	575	575	1,186	611
Total revenues	<u>280,883</u>	<u>280,883</u>	<u>285,064</u>	<u>4,181</u>
Expenditures				
Public safety				
Personal services	218,314	218,314	209,638	8,676
Materials and services	91,950	97,950	130,230	(32,280)
Contingencies	12,565	6,565	-	6,565
Reserves	15,000	15,000	-	15,000
Total Expenditures	<u>337,829</u>	<u>337,829</u>	<u>339,868</u>	<u>(2,039)</u>
Excess (deficiency) of revenues over expenditures	<u>(56,946)</u>	<u>(56,946)</u>	<u>(54,804)</u>	<u>2,142</u>
Other Financing Sources (Uses)				
Transfers in	3,331	3,331	-	(3,331)
Transfers out	(47,143)	(47,143)	(4,301)	42,842
Total other financing sources and uses	<u>(43,812)</u>	<u>(43,812)</u>	<u>(4,301)</u>	<u>39,511</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	780	780
Net change in fund balances	<u>(100,758)</u>	<u>(100,758)</u>	<u>(58,325)</u>	<u>42,433</u>
Fund balances - beginning	<u>100,758</u>	<u>100,758</u>	<u>130,451</u>	<u>29,693</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,126</u>	<u>\$ 72,126</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 145,400	\$ 145,400	\$ 166,060	\$ 20,660
Intergovernmental	1,181,384	1,181,384	1,351,445	170,061
Charges for services	847,081	847,081	979,455	132,374
Investment earnings	500	500	-	(500)
Miscellaneous	100,000	100,000	46,514	(53,486)
Total revenues	<u>2,274,365</u>	<u>2,274,365</u>	<u>2,543,474</u>	<u>269,109</u>
Expenditures				
Human services				
Personal services	1,840,416	1,840,416	1,621,641	218,775
Materials and services	513,000	513,000	1,244,060	(731,060)
Capital outlay	1,500	1,500	-	1,500
Contingencies	68,379	68,379	-	68,379
Total Expenditures	<u>2,423,295</u>	<u>2,423,295</u>	<u>2,865,701</u>	<u>(442,406)</u>
Excess (deficiency) of revenues over expenditures	<u>(148,930)</u>	<u>(148,930)</u>	<u>(322,227)</u>	<u>(173,297)</u>
Other Financing Sources (Uses)				
Transfers in	456,408	456,408	456,408	-
Transfers out	<u>(317,478)</u>	<u>(317,478)</u>	<u>(20,385)</u>	<u>297,093</u>
Total other financing sources and uses	<u>138,930</u>	<u>138,930</u>	<u>436,023</u>	<u>297,093</u>
Net change in fund balances	<u>(10,000)</u>	<u>(10,000)</u>	<u>113,796</u>	<u>123,796</u>
Fund balances - beginning	10,000	10,000	63,719	53,719
Prior period adjustments	-	-	<u>(8,926)</u>	<u>(8,926)</u>
Fund balances - beginning, as restated	10,000	10,000	54,793	44,793
Fund balances - change in inventory	-	-	30,297	30,297
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,886</u>	<u>\$ 198,886</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Fairgrounds Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 500,900	\$ 500,900	\$ -	\$ (500,900)
Intergovernmental	49,100	49,100	41,963	(7,137)
Charges for services	387,100	387,100	1,069,780	682,680
Investment earnings	16,869	16,869	1,819	(15,050)
Total revenues	<u>953,969</u>	<u>953,969</u>	<u>1,113,562</u>	<u>159,593</u>
Expenditures				
Community services				
Personal services	511,698	511,698	453,197	58,501
Materials and services	519,850	519,850	696,066	(176,216)
Capital outlay	80,800	90,800	9,000	81,800
Contingencies	14,760	4,760	-	4,760
Total Expenditures	<u>1,127,108</u>	<u>1,127,108</u>	<u>1,158,263</u>	<u>(31,155)</u>
Excess (deficiency) of revenues over expenditures	<u>(173,139)</u>	<u>(173,139)</u>	<u>(44,701)</u>	<u>128,438</u>
Other Financing Sources (Uses)				
Transfers in	-	-	415,485	415,485
Transfers out	(90,423)	(90,423)	-	90,423
Total other financing sources and uses	<u>(90,423)</u>	<u>(90,423)</u>	<u>415,485</u>	<u>505,908</u>
Net change in fund balances	<u>(263,562)</u>	<u>(263,562)</u>	<u>370,784</u>	<u>634,346</u>
Fund balances - beginning	<u>263,562</u>	<u>263,562</u>	<u>474,116</u>	<u>210,554</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,900</u>	<u>\$ 844,900</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Law Library Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 76,000	\$ 76,000	\$ 89,780	\$ 13,780
Charges for services	5,000	5,000	7,782	2,782
Investment earnings	2,500	2,500	1,236	(1,264)
Total revenues	<u>83,500</u>	<u>83,500</u>	<u>98,798</u>	<u>15,298</u>
Expenditures				
Community services				
Materials and services	32,315	37,315	56,428	(19,113)
Contingencies	21,793	16,793	-	16,793
Total Expenditures	<u>54,108</u>	<u>54,108</u>	<u>56,428</u>	<u>(2,320)</u>
Excess (deficiency) of revenues over expenditures	<u>29,392</u>	<u>29,392</u>	<u>42,370</u>	<u>12,978</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(63,394)</u>	<u>(63,394)</u>	<u>(42,814)</u>	<u>20,580</u>
Total other financing sources and uses	<u>(63,394)</u>	<u>(63,394)</u>	<u>(42,814)</u>	<u>20,580</u>
Net change in fund balances	<u>(34,002)</u>	<u>(34,002)</u>	<u>(444)</u>	<u>33,558</u>
Fund balances - beginning	<u>34,002</u>	<u>34,002</u>	<u>54,110</u>	<u>20,108</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,666</u>	<u>\$ 53,666</u>

Klamath County, Oregon
Budget and Actual (with Variances)
911 Excise Tax Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ -	\$ -	\$ 369,949	\$ 369,949
Total revenues	-	-	369,949	369,949
Expenditures				
Public safety				
Materials and services	-	-	369,949	(369,949)
Total Expenditures	-	-	369,949	(369,949)
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Klamath County, Oregon
Budget and Actual (with Variances)
Klamath County Special Revenue Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ -	\$ -	\$ 32,530	\$ 32,530
Charges for services	-	-	43,065	43,065
Investment earnings	-	-	3,070	3,070
Miscellaneous	-	-	94,351	94,351
Total revenues	-	-	173,016	173,016
Expenditures				
General government				
Materials and services	-	-	343,119	(343,119)
Total Expenditures	-	-	343,119	(343,119)
Excess (deficiency) of revenues over expenditures	-	-	(170,103)	(170,103)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	(170,103)	(170,103)
Fund balances - beginning	-	-	377,806	377,806
Fund balances - ending	\$ -	\$ -	\$ 207,703	\$ 207,703

Klamath County, Oregon
Budget and Actual (with Variances)
Transient Room Tax Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ -	\$ -	\$ 1,277,615	\$ 1,277,615
Investment earnings	-	-	4,948	4,948
Total revenues	-	-	1,282,563	1,282,563
Expenditures				
General government				
Materials and services	-	-	655,296	(655,296)
Total Expenditures	-	-	655,296	(655,296)
Excess (deficiency) of revenues over expenditures	-	-	627,267	627,267
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(623,248)	(623,248)
Total other financing sources and uses	-	-	(623,248)	(623,248)
Net change in fund balances	-	-	4,019	4,019
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 4,019	\$ 4,019

**Klamath County, Oregon
Budget and Actual (with Variances)
Courthouse Bond & Interest Fund
For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,597,395	\$ 1,597,395	\$ 1,670,892	\$ 73,497
Investment earnings	-	-	12,188	12,188
Total revenues	<u>1,597,395</u>	<u>1,597,395</u>	<u>1,683,080</u>	<u>85,685</u>
Expenditures				
General government				-
Materials and services	3,000	3,000	495	2,505
Debt Service				
Principal	1,440,000	1,440,000	1,440,000	-
Interest and other charges	155,895	155,895	155,895	-
Total Expenditures	<u>1,598,895</u>	<u>1,598,895</u>	<u>1,596,390</u>	<u>2,505</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500)</u>	<u>(1,500)</u>	<u>86,690</u>	<u>88,190</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,500)</u>	<u>(1,500)</u>	<u>86,690</u>	<u>(88,190)</u>
Fund balances - beginning	<u>1,500</u>	<u>1,500</u>	<u>120,241</u>	<u>(118,741)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,931</u>	<u>\$ (206,931)</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Fairgrounds Bond & Interest Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 625,700	\$ 625,700	\$ 649,166	\$ 23,466
Investment earnings	-	-	4,083	4,083
Total revenues	<u>625,700</u>	<u>625,700</u>	<u>653,249</u>	<u>27,549</u>
Expenditures				
Community services				
Materials and services	1,500	1,500	485	1,015
Debt Service				
Principal	600,000	600,000	600,000	-
Interest and other charges	25,200	25,200	25,200	-
Total Expenditures	<u>626,700</u>	<u>626,700</u>	<u>625,685</u>	<u>1,015</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>27,564</u>	<u>28,564</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,000)</u>	<u>(1,000)</u>	<u>27,564</u>	<u>(28,564)</u>
Fund balances - beginning	<u>1,000</u>	<u>1,000</u>	<u>1,953</u>	<u>(953)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,517</u>	<u>\$ (29,517)</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Capital Projects Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 21,414	\$ 21,414
Total revenues	-	-	21,414	21,414
Expenditures				
General government				
Materials and services	-	-	95,901	(95,901)
Total Expenditures	-	-	95,901	(95,901)
Excess (deficiency) of revenues over expenditures	-	-	(74,487)	(74,487)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	(74,487)	(74,487)
Fund balances - beginning	-	-	3,276,331	3,276,331
Fund balances - ending	\$ -	\$ -	\$ 3,201,844	\$ 3,201,844

Klamath County, Oregon
Non-Major Enterprise Funds
June 30, 2010

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 was established to ensure that funds are available to acquire a new landfill site when the present site is filled. The reserve fund will be funded by the solid waste fund and assumes a twenty-year life of the present site. Also, cover closure/post-closure costs of the Landfill.

Solid Waste

The Solid Waste Fund exists as an enterprise fund for the operation of the county sanitary landfills. Revenues are derived from landfill user fees and the sale of scrape metals.

Recycling

The recycling program operates as an enterprise fund. This fund also includes the recycling education program.

Weed Control

Weed operates on an enterprise basis. The fund is responsible for noxious weed eradication in the county. Revenues are derived primarily from charges for services.

Interoperable Radio Communications Fund

This fund operates as an enterprise fund. It was created to construct, operate and maintain a county wide interoperable radio communications system.

Klamath County, Oregon
Combining Statement of Net Assets
Non-Major Enterprise Funds
June 30, 2010

	Non-Major Enterprise Funds			
	Recycling	Weed Control	Interoperable Radio Communications	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 131,853	\$ 146,390	\$ 278,243
Accounts Receivable, net	6,035	37,604	-	43,639
Inventories	-	17,919	-	17,919
Total current assets	<u>6,035</u>	<u>187,376</u>	<u>146,390</u>	<u>339,801</u>
Non-current assets:				
Capital Assets:				
Vehicles	33,365	81,551	-	114,916
Buildings	-	29,011	-	29,011
Machinery and Equipment	100,142	77,846	2,463,215	2,641,203
Less Accumulated depreciation	(81,591)	(170,524)	(536,633)	(788,748)
Total non-current assets	<u>51,916</u>	<u>17,884</u>	<u>1,926,582</u>	<u>1,996,382</u>
Total assets	<u>57,951</u>	<u>205,260</u>	<u>2,072,972</u>	<u>2,336,183</u>
Liabilities				
Current Liabilities:				
Book overdraft	1,524	-	-	1,524
Accounts payable	1,757	2,828	-	4,585
Compensated absences	-	5,408	-	5,408
Total current liabilities	<u>3,281</u>	<u>8,236</u>	<u>-</u>	<u>11,517</u>
Non-current liabilities:				
Net OPEB liability	20	60	-	80
Pension liability	485	1,573	-	2,058
Total non-current liabilities	<u>505</u>	<u>1,633</u>	<u>-</u>	<u>2,138</u>
Total liabilities	<u>3,786</u>	<u>9,869</u>	<u>-</u>	<u>13,655</u>
Net Assets				
Invested in capital assets, net of related debt	51,916	17,884	1,926,582	1,996,382
Unrestricted	2,249	177,507	146,390	326,146
Total net assets	<u>\$ 54,165</u>	<u>\$ 195,391</u>	<u>\$ 2,072,972</u>	<u>\$ 2,322,528</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Enterprise Funds
For the Year Ended June 30, 2010

	Non-Major Enterprise Funds			
	Interoperable			Total
	Recycling	Weed Control	Radio Communications	
Revenues				
Fines and forfeitures	\$ -	\$ 720	\$ -	\$ 720
Licenses, fees, and permits	72,629	-	-	72,629
Charges for services	13,865	169,572	102,786	286,223
Total operating revenues	<u>86,494</u>	<u>170,292</u>	<u>102,786</u>	<u>359,572</u>
Operating Expenses				
Personal services	35,127	140,649	-	175,776
Materials and services	123,759	66,647	371,776	562,182
Depreciation	10,123	15,526	-	25,649
Total Operating Expenses	<u>169,009</u>	<u>222,822</u>	<u>371,776</u>	<u>763,607</u>
Operating income (loss)	<u>(82,515)</u>	<u>(52,530)</u>	<u>(268,990)</u>	<u>(404,035)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	<u>1,924</u>	<u>2,209</u>	<u>1,694</u>	<u>5,827</u>
Total non-operating revenue (expenses)	<u>1,924</u>	<u>2,209</u>	<u>1,694</u>	<u>5,827</u>
Income (loss) before contributions and transfers	<u>(80,591)</u>	<u>(50,321)</u>	<u>(267,296)</u>	<u>(398,208)</u>
Transfers out	<u>(90,773)</u>	<u>(11,000)</u>	<u>-</u>	<u>(101,773)</u>
Change in net assets	<u>(171,364)</u>	<u>(61,321)</u>	<u>(267,296)</u>	<u>(499,981)</u>
Total net assets - beginning	264,999	231,602	65,223	561,824
Prior period adjustments	(39,470)	25,110	2,275,045	2,260,685
Net assets - beginning, as restated	<u>225,529</u>	<u>256,712</u>	<u>2,340,268</u>	<u>2,822,509</u>
Total net assets - ending	<u>\$ 54,165</u>	<u>\$ 195,391</u>	<u>\$ 2,072,972</u>	<u>\$ 2,322,528</u>

Klamath County, Oregon
Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2010

	Enterprise Funds			
	Recycling	Weed Control	Interoperable Radio Communications	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 85,038	\$ 218,288	\$ 102,786	\$ 406,112
Payment to suppliers	(134,040)	(82,173)	(23,313)	(239,526)
Payments to employees	(34,622)	(133,608)	-	(168,230)
Net Cash Flows Provided (Used) by Operating Activities	<u>(83,624)</u>	<u>2,507</u>	<u>79,473</u>	<u>(1,644)</u>
Cash Flows From Noncapital Financing Activities				
Transfers from (to) other funds	(90,773)	(11,000)	-	(101,773)
Advances from (to) other funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing	<u>(90,773)</u>	<u>(11,000)</u>	<u>-</u>	<u>(101,773)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from disposal of depreciable assets	13,025	7,616	348,463	369,104
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>13,025</u>	<u>7,616</u>	<u>348,463</u>	<u>369,104</u>
Cash Flows From Investing Activities				
Investment interest	1,924	2,209	1,694	5,827
Net Cash Flows Provided by Investing Activities	<u>1,924</u>	<u>2,209</u>	<u>1,694</u>	<u>5,827</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(159,448)	1,332	429,630	271,514
Cash and Cash Equivalents, Beginning of Year	159,448	130,521	65,223	355,192
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 131,853</u>	<u>\$ 494,853</u>	<u>\$ 626,706</u>
Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating (Loss)	\$ (82,515)	\$ (52,530)	\$ (268,990)	\$ (404,035)
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	-	-	348,463	348,463
(Increase) decrease in assets				
Accounts receivable	(1,456)	48,599	-	47,143
Inventory	-	(603)	-	(603)
Increase (decrease) in liabilities				
Accounts payable	(158)	-	-	(158)
Landfill closure liability	-	-	-	-
Accrued employee benefits	505	7,041	-	7,546
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ (83,624)</u>	<u>\$ 2,507</u>	<u>\$ 79,473</u>	<u>\$ (1,644)</u>

**Klamath County, Oregon
Budget & Actual (with Variances)
Landfill Site Reserve Fund
For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 120,000	\$ 120,000	\$ 82,154	\$ (37,846)
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>82,154</u>	<u>(37,846)</u>
Expenditures				
Public Works				
Materials and services	-	-	125,949	(125,949)
Capital outlay	100,000	925,000	-	925,000
Reserves	5,252,000	5,252,000	-	5,252,000
Total Expenditures	<u>5,352,000</u>	<u>6,177,000</u>	<u>125,949</u>	<u>6,051,051</u>
Excess (deficiency) of revenues over expenditures	<u>(5,232,000)</u>	<u>(6,057,000)</u>	<u>(43,795)</u>	<u>6,013,205</u>
Other Financing Sources (Uses)				
Transfers in	200,000	1,025,000	1,137,012	112,012
Transfers out	-	-	-	-
Total other financing sources and uses	<u>200,000</u>	<u>1,025,000</u>	<u>1,137,012</u>	<u>112,012</u>
Net change in fund balances	<u>(5,032,000)</u>	<u>(5,032,000)</u>	<u>1,093,217</u>	<u>6,125,217</u>
Fund balances - beginning	5,032,000	5,032,000	-	5,032,000
Prior period adjustments	-	-	(1,330,583)	1,330,583
Fund balances - beginning, as restated	<u>5,032,000</u>	<u>5,032,000</u>	<u>(1,330,583)</u>	<u>6,362,583</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (237,366)</u>	<u>\$ 237,366</u>

Klamath County, Oregon
Budget & Actual (with Variances)
Solid Waste Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 45,400	\$ 45,400	\$ 45,727	\$ 327
Intergovernmental	18,144	18,144	-	(18,144)
Charges for services	4,700,000	4,700,000	3,892,804	(807,196)
Investment earnings	30,000	30,000	11,831	(18,169)
Miscellaneous	100	100	-	(100)
Total revenues	<u>4,793,644</u>	<u>4,793,644</u>	<u>3,950,362</u>	<u>(843,282)</u>
Expenditures				
Public Works				
Personal services	1,329,112	1,329,112	1,192,106	137,006
Materials and services	2,843,300	2,843,300	2,242,342	600,958
Capital outlay	105,000	105,000	-	105,000
Contingencies	79,543	79,543	-	79,543
Total Expenditures	<u>4,356,955</u>	<u>4,356,955</u>	<u>3,434,448</u>	<u>922,507</u>
Excess (deficiency) of revenues over expenditures	<u>436,689</u>	<u>436,689</u>	<u>515,914</u>	<u>79,225</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(636,689)</u>	<u>(636,689)</u>	<u>(632,247)</u>	<u>4,442</u>
Total other financing sources and uses	<u>(636,689)</u>	<u>(636,689)</u>	<u>(632,247)</u>	<u>4,442</u>
Net change in fund balances	(200,000)	(200,000)	(116,333)	83,667
Fund balances - beginning	200,000	200,000	1,636,468	1,436,468
Prior period adjustments	-	-	<u>(1,425,396)</u>	<u>(1,425,396)</u>
Fund balances - beginning, as restated	200,000	200,000	211,072	11,072
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>94,739</u>	<u>\$ 94,739</u>
Reconciliation to GAAP basis:				
Capital outlay			307,114	
Depreciation			<u>(241,304)</u>	
Fund balance - GAAP basis			<u>\$ 160,549</u>	

Klamath County, Oregon
Budget & Actual (with Variances)
Recycling Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 70,000	\$ 70,000	\$ 72,629	\$ 2,629
Charges for services	55,000	55,000	13,865	(41,135)
Investment earnings	4,515	4,515	1,924	(2,591)
Total revenues	<u>129,515</u>	<u>129,515</u>	<u>88,418</u>	<u>(41,097)</u>
Expenditures				
Public Works				
Personal services	37,464	37,464	35,127	2,337
Materials and services	66,500	66,500	123,759	(57,259)
Capital outlay	5,000	5,000	-	5,000
Contingencies	54,778	54,778	-	54,778
Total Expenditures	<u>163,742</u>	<u>163,742</u>	<u>158,886</u>	<u>4,856</u>
Excess (deficiency) of revenues over expenditures	<u>(34,227)</u>	<u>(34,227)</u>	<u>(70,468)</u>	<u>(36,241)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(90,773)</u>	<u>(90,773)</u>	<u>(90,773)</u>	<u>-</u>
Total other financing sources and uses	<u>(90,773)</u>	<u>(90,773)</u>	<u>(90,773)</u>	<u>-</u>
Net change in fund balances	<u>(125,000)</u>	<u>(125,000)</u>	<u>(161,241)</u>	<u>(36,241)</u>
Fund balances - beginning	125,000	125,000	264,999	(139,999)
Prior period adjustments	-	-	(101,509)	101,509
Fund balances - beginning, as restated	<u>125,000</u>	<u>125,000</u>	<u>163,490</u>	<u>38,490</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,249</u>	<u>\$ 2,249</u>
Reconciliation to GAAP basis:				
Capital outlay			62,039	
Depreciation			<u>(10,123)</u>	
Fund balance - GAAP basis			<u>\$ 54,165</u>	

Klamath County, Oregon
Budget & Actual (with Variances)
Weed Control Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 720	\$ (280)
Intergovernmental	17,000	17,000	-	(17,000)
Charges for services	200,000	200,000	169,572	(30,428)
Investment earnings	5,000	5,000	2,209	(2,791)
Total revenues	<u>223,000</u>	<u>223,000</u>	<u>172,501</u>	<u>(50,499)</u>
Expenditures				
Public Works				
Personal services	183,136	183,136	140,649	42,487
Materials and services	60,150	60,150	66,647	(6,497)
Contingencies	7,699	7,699	-	7,699
Total Expenditures	<u>250,985</u>	<u>250,985</u>	<u>207,296</u>	<u>43,689</u>
Excess (deficiency) of revenues over expenditures	<u>(27,985)</u>	<u>(27,985)</u>	<u>(34,795)</u>	<u>(6,810)</u>
Other Financing Sources (Uses)				
Transfers in	2,036	2,036	-	(2,036)
Transfers out	<u>(38,751)</u>	<u>(38,751)</u>	<u>(11,000)</u>	<u>27,751</u>
Total other financing sources and uses	<u>(36,715)</u>	<u>(36,715)</u>	<u>(11,000)</u>	<u>25,715</u>
Net change in fund balances	<u>(64,700)</u>	<u>(64,700)</u>	<u>(45,795)</u>	<u>18,905</u>
Fund balances - beginning	64,700	64,700	231,602	166,902
Prior period adjustments	-	-	(8,300)	(8,300)
Fund balances - beginning, as restated	<u>64,700</u>	<u>64,700</u>	<u>223,302</u>	<u>158,602</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>177,507</u>	<u>\$ 177,507</u>
Reconciliation to GAAP basis:				
Capital outlay			33410	
Depreciation			<u>(15,526)</u>	
Fund balance - GAAP basis			<u>\$ 195,391</u>	

**Klamath County, Oregon
Budget & Actual (with Variances)
Interoperable Radio Communications Fund
For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 102,786	\$ 102,786
Investment earnings	-	-	1,694	1,694
Total revenues	-	-	104,480	104,480
Expenditures				
Public Works				
Materials and services	-	-	23,313	(23,313)
Total Expenditures	-	-	23,313	(23,313)
Excess (deficiency) of revenues over expenditures	-	-	81,167	81,167
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	81,167	81,167
Fund balances - beginning	-	-	65,223	65,223
Prior period adjustments	-	-	2,275,045	2,275,045
Fund balances - beginning, as restated	-	-	2,340,268	2,340,268
Fund balances - ending	\$ -	\$ -	2,421,435	\$ 2,421,435
Reconciliation to GAAP basis:				
Depreciation			(348,463)	
Fund balance - GAAP basis			\$ 2,072,972	

Klamath County, Oregon
Internal Service Funds
June 30, 2010

Internal Service Funds

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

Internal Services

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

Space Rent and Revolving

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

Risk Management

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

Klamath County, Oregon
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

Assets	Internal Services	Space Rent	Risk Management	Total
Current assets:				
Pooled cash and investments	\$ 382,885	\$ 1,229,097	\$ 1,505,191	\$ 3,117,173
Accounts receivables, net	13,354	-	9,068	22,422
Inventories	20,799	-	-	20,799
Total current assets	<u>417,038</u>	<u>1,229,097</u>	<u>1,514,259</u>	<u>3,160,394</u>
Non-current assets:				
Capital Assets:				
Buildings	-	35,000	-	35,000
Vehicles	-	141,476	-	141,476
Machinery and Equipment	777,418	60,799	5,584	843,801
Less Accumulated depreciation	<u>(396,114)</u>	<u>(202,035)</u>	<u>(3,354)</u>	<u>(601,503)</u>
Total non-current assets	<u>381,304</u>	<u>35,240</u>	<u>2,230</u>	<u>418,774</u>
Total assets	<u>798,342</u>	<u>1,264,337</u>	<u>1,516,489</u>	<u>3,579,168</u>
Liabilities				
Current Liabilities:				
Accounts payable	28,707	49,760	98,685	177,152
Due to other funds	309,460	-	-	309,460
Compensated absences	109,740	75,606	-	185,346
Claims and judgments	-	-	1,416,100	1,416,100
Total current liabilities	<u>447,907</u>	<u>125,366</u>	<u>1,514,785</u>	<u>2,088,058</u>
Non-current liabilities:				
Net OPEB liability	610	200	20	830
Pension liability	23,913	5,933	1,023	30,869
Total non-current liabilities	<u>24,523</u>	<u>6,133</u>	<u>1,043</u>	<u>31,699</u>
Total liabilities	<u>472,430</u>	<u>131,499</u>	<u>1,515,828</u>	<u>2,119,757</u>
Net Assets				
Invested in capital assets, net of related debt	381,304	35,240	2,230	418,774
Unrestricted	<u>(55,392)</u>	<u>1,097,598</u>	<u>(1,569)</u>	<u>1,040,637</u>
Total net assets	<u>\$ 325,912</u>	<u>\$ 1,132,838</u>	<u>\$ 661</u>	<u>\$ 1,459,411</u>

Klamath County, Oregon
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

	Internal Services	Space Rent	Risk Management	Total
Revenues				
Intergovernmental	\$ 89,308	\$ -	\$ -	\$ 89,308
Charges for services	2,969,329	1,864,341	1,922,696	6,756,366
Total operating revenues	<u>3,058,637</u>	<u>1,864,341</u>	<u>1,922,696</u>	<u>6,845,674</u>
Operating Expenses				
Personal services	1,656,982	420,982	67,742	2,145,706
Materials and services	1,153,578	1,043,943	1,644,105	3,841,626
Depreciation	25,483	7,778	183	33,444
Total operating expenses	<u>2,836,043</u>	<u>1,472,703</u>	<u>1,712,030</u>	<u>6,020,776</u>
Operating income (loss)	<u>222,594</u>	<u>391,638</u>	<u>210,666</u>	<u>824,898</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	4,132	15,589	13,004	32,725
Miscellaneous revenue	20,782	41,350	-	62,132
Proceeds from the sale of capital assets	-	750	-	750
Interest expense	<u>(5,869)</u>	<u>-</u>	<u>-</u>	<u>(5,869)</u>
Total non-operating revenue (expenses)	<u>19,045</u>	<u>57,689</u>	<u>13,004</u>	<u>89,738</u>
Income (loss) before contributions and transfers	241,639	449,327	223,670	914,636
Transfers in	2,216,817	23,878	-	2,240,695
Transfers out	<u>(2,472,424)</u>	<u>(107,124)</u>	<u>(7,371)</u>	<u>(2,586,919)</u>
Change in net assets	<u>(13,968)</u>	<u>366,081</u>	<u>216,299</u>	<u>568,412</u>
Total net assets - beginning	734,586	791,701	706,403	2,232,690
Prior period adjustments	<u>(394,706)</u>	<u>(24,944)</u>	<u>(922,041)</u>	<u>(1,341,691)</u>
Net assets - beginning, as restated	<u>339,880</u>	<u>766,757</u>	<u>(215,638)</u>	<u>890,999</u>
Total net assets - ending	<u>\$ 325,912</u>	<u>\$ 1,132,838</u>	<u>\$ 661</u>	<u>\$ 1,459,411</u>

Klamath County, Oregon
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

	<u>Internal Services</u>	<u>Space Rent</u>	<u>Risk Management</u>	<u>Total</u>
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 3,228,281	\$ 1,866,141	\$ 1,915,368	\$ 7,009,790
Payment to suppliers	(1,201,873)	(1,110,227)	(1,187,005)	(3,499,105)
Payments to employees	(1,567,056)	(362,838)	(68,957)	(1,998,851)
Net Cash Flows Provided (Used) by Operating Activities	<u>459,352</u>	<u>393,076</u>	<u>659,406</u>	<u>1,511,834</u>
Cash Flows From Noncapital Financing Activities				
Advances from other funds	309,460	-	-	309,460
Transfer from other funds	2,216,817	23,878	-	2,240,695
Transfer to other funds	(2,472,424)	(107,124)	(7,371)	(2,586,919)
Other income	20,782	41,350	-	62,132
Interest paid on interfund loans	(5,869)	(750)	-	(6,619)
Net Cash Provided (Used) by Noncapital Financing	<u>68,766</u>	<u>(42,646)</u>	<u>(7,371)</u>	<u>18,749</u>
Cash Flows From Capital and Related Financing Activities				
Purchase and construction of depreciable assets	(403,570)	(66,462)	(5,929)	(475,961)
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(403,570)</u>	<u>(66,462)</u>	<u>(5,929)</u>	<u>(475,961)</u>
Cash Flows From Investing Activities				
Investment interest	4,132	15,589	13,004	32,725
Net Cash Flows Provided by Investing Activities	<u>4,132</u>	<u>15,589</u>	<u>13,004</u>	<u>32,725</u>
Net Increase (Decrease) in Cash and Cash Equivalents	128,680	299,557	659,110	1,087,347
Cash and Cash Equivalents, Beginning of Year	254,205	929,540	838,710	2,022,455
Cash and Cash Equivalents, End of Year	<u>\$ 382,885</u>	<u>\$ 1,229,097</u>	<u>\$ 1,497,820</u>	<u>\$ 3,109,802</u>
Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating (Loss)	\$ 222,594	\$ 391,638	\$ 210,666	\$ 824,898
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	25,483	7,778	183	33,444
(Increase) decrease in assets				
Accounts receivable	169,644	1,800	(7,328)	164,116
Increase (decrease) in liabilities				
Accounts payable	(48,295)	(66,284)	(33,104)	(147,683)
Claims and judgments	-	-	490,204	490,204
Accrued employee benefits	89,926	58,144	(1,215)	146,855
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 459,352</u>	<u>\$ 393,076</u>	<u>\$ 659,406</u>	<u>\$ 1,511,834</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Internal Services Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 154,359	\$ 154,359	\$ 89,308	\$ (65,051)
Charges for services	310,700	310,700	2,969,329	2,658,629
Investment earnings	100	100	4,132	4,032
Miscellaneous	200	200	20,782	20,582
Total revenues	<u>465,359</u>	<u>465,359</u>	<u>3,083,551</u>	<u>2,618,192</u>
Expenditures				
Internal support services				
Personal services	1,635,646	1,635,646	1,656,982	(21,336)
Materials and services	996,995	996,995	1,153,578	(156,583)
Capital outlay	20,000	45,000	139,595	(94,595)
Contingencies	64,664	39,664	-	39,664
Debt Service				
Principal	-	-	28,038	(28,038)
Interest and other charges	-	-	5,869	(5,869)
Total Expenditures	<u>2,717,305</u>	<u>2,717,305</u>	<u>2,984,062</u>	<u>(266,757)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,251,946)</u>	<u>(2,251,946)</u>	<u>99,489</u>	<u>2,351,435</u>
Other Financing Sources (Uses)				
Transfers in	4,857,916	4,857,916	2,216,817	2,641,099
Transfers out	(2,605,970)	(2,605,970)	(2,472,424)	(133,546)
Interfund loan proceeds	-	-	128,095	(128,095)
Total other financing sources and uses	<u>2,251,946</u>	<u>2,251,946</u>	<u>(127,512)</u>	<u>2,379,458</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(28,023)</u>	<u>28,023</u>
Fund balances - beginning	-	-	734,586	(734,586)
Prior period adjustments	-	-	(661,898)	661,898
Fund balances - beginning, as restated	-	-	72,688	(72,688)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>44,665</u>	<u>\$ (44,665)</u>
Reconciliation to GAAP basis:				
Capital outlay			406,787	
Depreciation			(25,483)	
Interfund Loan			(100,057)	
Fund balance - GAAP basis			<u>\$ 325,912</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Space Rent Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,377	\$ 1,377	\$ 750	\$ (627)
Charges for services	-	-	1,864,341	1,864,341
Investment earnings	3,000	3,000	15,589	12,589
Miscellaneous	-	-	41,350	41,350
Total revenues	<u>4,377</u>	<u>4,377</u>	<u>1,922,030</u>	<u>1,917,653</u>
Expenditures				
Internal support services				
Personal services	412,351	412,351	420,982	(8,631)
Materials and services	1,109,280	1,109,280	1,043,943	65,337
Capital outlay	140,000	140,000	23,878	116,122
Contingencies	20,000	20,000	-	20,000
Reserves	632,589	632,589	-	632,589
Total Expenditures	<u>2,314,220</u>	<u>2,314,220</u>	<u>1,488,803</u>	<u>825,417</u>
Excess (deficiency) of revenues over expenditures	<u>(2,309,843)</u>	<u>(2,309,843)</u>	<u>433,227</u>	<u>2,743,070</u>
Other Financing Sources (Uses)				
Transfers in	1,854,258	1,854,258	23,878	1,830,380
Transfers out	<u>(78,176)</u>	<u>(78,176)</u>	<u>(107,124)</u>	<u>28,948</u>
Total other financing sources and uses	<u>1,776,082</u>	<u>1,776,082</u>	<u>(83,246)</u>	<u>1,859,328</u>
Net change in fund balances	<u>(533,761)</u>	<u>(533,761)</u>	<u>349,981</u>	<u>(883,742)</u>
Fund balances - beginning	533,761	533,761	791,701	(257,940)
Prior period adjustments	-	-	(44,084)	44,084
Fund balances - beginning, as restated	<u>533,761</u>	<u>533,761</u>	<u>747,617</u>	<u>(213,856)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,097,598</u>	<u>\$ (1,097,598)</u>
Reconciliation to GAAP basis:				
Capital outlay			43,018	
Depreciation			<u>(7,778)</u>	
Fund balance - GAAP basis			<u>\$ 1,132,838</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Risk Management Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 329,914	\$ 329,914	\$ 1,922,696	\$ 1,592,782
Investment earnings	3,000	3,000	13,004	10,004
Total revenues	<u>332,914</u>	<u>332,914</u>	<u>1,935,700</u>	<u>1,602,786</u>
Expenditures				
Internal support services				
Personal services	68,534	68,534	67,742	792
Materials and services	1,534,500	1,534,500	1,644,105	(109,605)
Total Expenditures	<u>1,603,034</u>	<u>1,603,034</u>	<u>1,711,847</u>	<u>(108,813)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,270,120)</u>	<u>(1,270,120)</u>	<u>223,853</u>	<u>1,493,973</u>
Other Financing Sources (Uses)				
Transfers in	1,247,480	1,247,480	-	1,247,480
Transfers out	<u>(82,984)</u>	<u>(82,984)</u>	<u>(7,371)</u>	<u>(75,613)</u>
Total other financing sources and uses	<u>1,164,496</u>	<u>1,164,496</u>	<u>(7,371)</u>	<u>1,171,867</u>
Net change in fund balances	<u>(105,624)</u>	<u>(105,624)</u>	<u>216,482</u>	<u>(322,106)</u>
Fund balances - beginning	105,624	105,624	706,403	(600,779)
Prior period adjustments	-	-	<u>(924,454)</u>	<u>924,454</u>
Fund balances - beginning, as restated	105,624	105,624	<u>(218,051)</u>	<u>323,675</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>(1,569)</u>	<u>\$ 1,569</u>
Reconciliation to GAAP basis:				
Capital outlay			2,413	
Depreciation			<u>(183)</u>	
Fund balance - GAAP basis			<u>\$ 661</u>	

OTHER SCHEDULES

Klamath County, Oregon
Schedule of Property Tax Transactions
For the Year Ended June 30, 2010

<u>Year End June 30</u>	<u>Levy & Balance as of July 1, 2009</u>	<u>Discounts and Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Balance as of June 30, 2010</u>
All Klamath County Funds and Governments:					
2009-2010	\$ 57,321,702	\$ (1,464,575)	\$ 40,617	\$ 52,646,557	\$ 3,251,187
2008-2009	2,847,612	151,144	105,236	1,523,636	1,580,356
2007-2008	1,243,717	115,222	75,650	535,588	899,001
2006-2007	673,665	151,476	96,783	487,667	434,257
2005-2006	232,360	71,265	47,788	217,440	133,973
2004-2005	79,069	4,938	7,624	30,038	61,593
2003-2004	71,020	4,420	6,711	22,913	59,238
Prior	338,333	(14,767)	9,137	24,944	307,759
	<u>\$ 62,807,478</u>	<u>\$ (980,877)</u>	<u>\$ 389,545</u>	<u>\$ 55,488,783</u>	<u>\$ 6,727,363</u>

All Budgeted County Funds - by Year of Levy:

2009-2010	\$ 13,011,476	\$ (332,444)	\$ 9,220	\$ 11,950,263	\$ 737,989
2008-2009	698,891	(30,153)	23,468	339,779	352,427
2007-2008	320,701	(23,564)	16,541	117,108	196,570
2006-2007	224,370	(33,735)	22,358	112,676	100,317
2005-2006	87,485	(15,759)	11,290	51,371	31,645
2004-2005	20,023	(786)	1,746	6,879	14,105
2003-2004	19,167	(1,061)	1,611	5,499	14,218
Prior	83,100	(3,627)	2,244	6,127	75,591
	<u>\$ 14,465,213</u>	<u>\$ (441,129)</u>	<u>\$ 88,478</u>	<u>\$ 12,589,702</u>	<u>\$ 1,522,860</u>

All Budgeted County Funds - by Fund:

General Fund	\$ 9,203,569	\$ (280,914)	\$ 56,343	\$ 8,020,130	\$ 958,868
Courthouse Fund	1,904,265	(58,583)	12,061	1,655,320	202,423
Fairground Fund	732,837	(22,180)	4,138	642,475	72,320
Veterans Service	14,072	-	-	-	14,072
Library Fund	2,610,470	(79,452)	15,936	2,271,777	275,177
	<u>\$ 14,465,213</u>	<u>\$ (441,129)</u>	<u>\$ 88,478</u>	<u>\$ 12,589,702</u>	<u>\$ 1,522,860</u>

Klamath County, Oregon
Schedule of Cash and Investments Held by Elected Officials
For the Year Ended June 30, 2010

	Cash and cash equivalents July 1, 2009	Receipts	Turnovers to Treasurer from other departments	Turnovers to Treasurer from from Elected Officials	Disbursements	Cash and cash equivalents June 30, 2010
Assessor	\$ 50	\$ 257,276	\$ -	\$ (257,076)	\$ -	\$ 250
Clerk	100	392,561	-	(391,793)	(768)	100
District Attorney	2,591	570,794	-	(559,950)	(8,246)	5,189
Sheriff	46,525	2,827,477	-	(1,879,784)	(927,474)	66,744
Surveyor	-	83,312	-	(83,312)	-	-
Justice of the Peace	88,418	293,508	-	(293,508)	(35,808)	52,610
Commissioners	50	693	-	(693)	-	50
Treasurer	155,702,196	3,797,179	126,878,080	-	(127,946,347)	158,431,109
	<u>\$ 155,839,930</u>	<u>\$ 8,222,801</u>	<u>\$ 126,878,080</u>	<u>\$ (3,466,116)</u>	<u>\$ (128,918,643)</u>	<u>\$ 158,556,052</u>

COMPOSITION OF CASH AND CASH EQUIVALENTS AND INVESTMENTS:

	Cash on Hand	Cash in banks and state pool	Certificates of Deposit	Investments	Total
Assessor	\$ 250	\$ -	\$ -	\$ -	\$ 250
Clerk	100	-	-	-	100
District Attorney	-	5,189	-	-	5,189
Sheriff	200	66,544	-	-	66,744
Justice of the Peace	100	52,510	-	-	52,610
Commissioners	50	-	-	-	50
Treasurer	-	37,340,057	8,000,000	11,309,105	158,431,109
	<u>\$ 700</u>	<u>\$ 37,464,300</u>	<u>\$ 8,000,000</u>	<u>\$ 11,309,105</u>	<u>\$ 158,556,052</u>

GOVERNMENT AUDITING STANDARDS SECTION



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

Certified Public Accountants

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

Independent Auditor's Report

Klamath County Board of Commissioners
Klamath County, Oregon

We have audited the basic financial statements of Klamath County, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated July 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2, and 2010-3 that we consider to be material weaknesses in internal control over financial reporting. A *material weakness* is a significant deficiency, or a combination of significant deficiencies, in internal control that results in more than a remote likelihood that material misstatement of the entity's statements will not be prevented or detected by the entity on a timely basis.

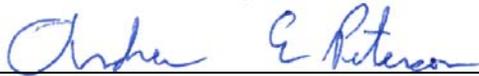
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Klamath County, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements,

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Molatore, Scroggin, Peterson & Co. LLP.



Andrew E. Peterson, Partner

July 15, 2011

**SINGLE AUDIT
SECTION**



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

Certified Public Accountants

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

Independent Auditor's Report

Board of County Commissioners
Klamath County, Oregon

Compliance

We have audited the compliance of Klamath County, Oregon with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Klamath County, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management. Our responsibility is to express an opinion on Klamath County, Oregon's compliance based on our audit.

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

In our opinion, Klamath County, Oregon complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures did not disclose instances of noncompliance with those requirements that are required to be reported in accordance with [Circular A-133](#).

Internal Control over Compliance

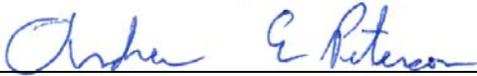
The management of Klamath County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Klamath County, Oregon's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

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

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

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

Molatore, Scroggin, Peterson & Co. LLP.



Andrew E. Peterson, Partner
July 15, 2011

Klamath County, Oregon
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal Grantor/Pass Through Grantor /Program Title	Federal CFDA Number	Federal Awards	
		Received	Expended
U.S. Department of Agriculture:			
Passed through Oregon Department of Administrative Services			
Federal Forest Receipts (Schools and Roads)*	10.665	\$ 12,993,215	\$ 12,993,215
Women, Infants and Children Nutrition Program	10.557	384,452	384,452
Total U.S. Department of Agriculture		13,377,667	13,377,667
U.S. Department of Interior:			
Disposal of Federal Surplus Real Property	39.002	511	511
Non-Sale Disposals of Mineral Material	15.214	4,208	4,208
Distribution of Receipts to State and Local Governments*	15.227	2,024,386	2,024,386
Total U.S. Department of Interior		2,029,105	2,029,105
U.S. Department of Health & Human Services:			
Family Planning	93.217	37,434	37,434
Community Mental Health	93.958	24,560	24,560
Early Detection Substance Abuse	93.959	501,465	501,465
Bioterrorism	93.069	159,803	159,803
HIV Care Consortia Title II	93.917	25,360	25,360
Maternal & Child Health	93.994	52,588	52,588
Asthma	93.283	30,828	30,828
Immunization Program	93.268	1,200	1,200
Healthy Communities - Tobacco	93.070	6,502	6,502
State Supplemental Public Health	93.991	3,500	3,500
DDS	96.001	2,411	2,411
Basic 110	84.126	43	43
Medicaid	93.778	129,380	129,380
Rehab Svcs VR Recovery Act	84.390	18	18
Youth Investment	93.667	(11,977)	(11,977)
HIV Prevention	93.940	2,727	2,727
Temporary Assistance for Needy Families	93.558	(5,212)	(5,212)
Staus	93.235	(2,233)	(2,233)
TB Case Management	93.116	432	432
Total U.S. Department of Health and Human Services		958,829	958,829
Environmental Protection Agency:			
Water System Supervision	66.432	26,383	26,383
Drinking Water Revolving Fund	66.468	15,645	15,645
Total Environmental Protection Agency		42,028	42,028
U.S. Department of Justice:			
Violence Against Women Formula Grant	16.588	233,609	233,609
Crime Victim Assistance	16.575	14,939	14,939
Edward Byrne Memorial Jag Grant	16.804	14,796	14,796
Secure our Schools		70,271	70,271
Child Support Enforcement	93.563	69,476	69,476
SCAAP		18,370	18,370
Total U.S. Department of Justice		421,461	421,461
U.S. Department of Home Land Security:			
Homeland Security Program	97.073	96,967	96,967
Emergency Management Performance Grant	97.042	99,308	99,308
Total U.S. Department of Homeland Security		196,275	196,275
Oregon Commission on Children & Family:			
Family Preservation & Support - Title IV	93.556	33,220	33,220
Healthy Start Title XIX	93.778	4,101	4,101
Youth Investment - Title XX	93.667	44,160	44,160
Total Oregon Commission Children & Family		81,481	81,481
Others:			
Taylor Grazing	15.227	3,664	3,664
Public Safety Interoperable Comm Proj	11.555	168,279	168,279
Total others		171,943	171,943
Total Federal Awards and Expenditures		\$ 17,278,789	\$ 17,278,789

* Indicates a major program.

Klamath County, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Note 1- Basis of Presentation

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

Klamath County, Oregon
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

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

Federal Forest Receipts	CFDA# 10.665
Distribution of Receipts to State and Local Governments	CFDA# 15.227
8. The threshold for distinguishing Types A and B programs was \$700,000.
9. Klamath County was determined to not be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Three material weaknesses relating to the audit of the basic financial statements were noted.

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

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

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

D. MATERIAL WEAKNESSES

2010-1

Condition: Bonds payable and long-term debt were not entered onto the accounting system.

Criteria: Internal controls should be in place to ensure the completeness of the accounting system and reconciliation of amounts included therein.

Effect: Because the liabilities were not entered on the system, no controls existed over those liabilities.

Recommendation: Internal controls should be established that require the entry and timely reconciliation of all balances on the general ledger.

Klamath County, Oregon
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2010

2010-2

Condition: Component units were not included in prior financial statements.

Criteria: Internal controls should be in place to ensure that all material component units are included in the financial statements.

Effect: The exclusion of component units from the financial statements resulted in material misstatements of the financial statements.

Recommendation: Internal controls should be implemented to ensure that all component units are identified and included in the entity's financial statements.

2010-3

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

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

Effect: Fixed assets and depreciation are materially misstated.

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

STATE OF OREGON COMPLIANCE SECTION

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



824 Pine Street
Klamath Falls, OR 97601
(541) 884-414
Fax: (541) 883-1232

Certified Public Accountants

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

Board of County Commissioners
Klamath County
Klamath Falls, Oregon

We have audited the basic financial statements of Klamath County, Oregon, (County) as of and for the year ended June 30, 2010, and have issued our report thereon dated July 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Compliance

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

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

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

Budget Compliance

The County has not complied with Local Budget Laws in the preparation, adoption and execution of its budget for the fiscal year ending June 30, 2010, or in the preparation and adoption for the fiscal year ending June 30, 2011.

The County did not budget the following funds:

- 911 Excise Tax
- Klamath County Special Revenue
- Transient Room Tax
- Capital Projects
- Interoperable Radio Communications

In preparing its budget for the years ended June 30, 2010 and 2011, the County did not budget within appropriate categories.

The County over expended many appropriations during the year ended June 30, 2010 as listed in the schedule in the notes to the financial statements. Many of these over expenditures were the result of inappropriate budgeting.

Investments

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

Klamath County has a significant number of investments with maturities greater than 18 months. The investment policy was adopted July 5th, 2005. Upon inquiry, we found no evidence that the policy has been readopted since that date, violating both Oregon Revised Statutes and the County Investment policy.

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

Klamath County currently has a significant amount of other political subdivision's funds in custody. Upon inquiry with Klamath County, there are no written orders from other political subdivisions allowing the County Treasurer to invest such funds.

ORS 294.155 states that the custodial officer for a local government that holds and invests funds on behalf of another government unit shall at least once a year submit an audited report to that government unit for which funds are invested. An audit report shall be submitted to the local governmental unit or units within 30 days after receipt of the audit report by the custodial officer's governing body.

Based on a search of County records and inquiry, no audit reports have been provided to other governmental units for which the County invests funds.

Accounting Records

The accounting records were not adequate to perform an audit when we began the audit process. The following items were not reconciled or required significant adjustments:

- Cash
- Accounts Receivable
- Other Receivables
- Prepaids
- Other Assets
- Capital Assets
- Accounts Payable

- Accrued Expenses
- Deferred Revenues
- Bonds Payable
- Compensated Absences
- Claims and Judgements

The County had implemented a new accounting system without reconciling the old system or entering the entire trial balance.

There were no County personnel with adequate background and training to provide the necessary records at that time. The process of analyzing and adjusting the records began in January, 2011, and was essentially complete June 24, 2011.

Internal Control

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We identified several deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. Those deficiencies are listed in the accompanying *Schedule of Findings and Questioned Costs*. We noted certain other matters that we reported to management of the County, in a separate letter dated July 15, 2011.

Molatore, Scroggin, Peterson & Co. LLP



Andrew E. Peterson, Partner

Klamath Falls, Oregon
July 15, 2011