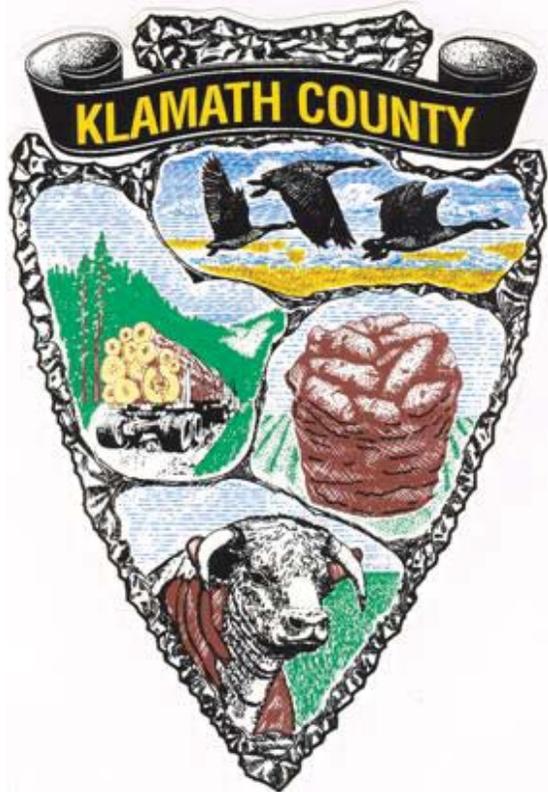


KLAMATH COUNTY, OREGON



ANNUAL FINANCIAL REPORT

June 30, 2013

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Klamath County, Oregon
Annual Financial Report
June 30, 2013
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INTRODUCTORY SECTION

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Klamath County, Oregon
Elected and Appointed Officials
June 30, 2013

Board of Commissioners

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Al Switzer/Tom Mallams	Commissioner	January 3, 2013/2017
Dennis Linthicum	Commissioner	January 5, 2015
Cheryl Hukill/Jim Bellet	Commissioner	January 3, 2013/2017

Other Elected Officials

Rafael Hernandez/Leonard Hill	Assessor	January 3, 2013/2017
Linda Smith	Clerk	January 5, 2015
Ed Caleb/Rob Patridge	District Attorney	January 5, 2015/Dec 31, 2015
Tim Evinger/Frank Skrah	Sheriff	January 3, 2013/2017
Michael Markus	Surveyor	January 3, 2013
Jason Link	Treasurer	January 7, 2017
Karen Oakes	Justice of Peace	January 5, 2015

Appointed Officials

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

Mailing Address

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

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Auditor Report

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REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
 Klamath County, Oregon

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Klamath County, Oregon (the "the County") as of and for the year ended June 30, 2013, and the related notes to the financial statements. We were not engaged to audit the aggregate discretely presented component units. These financial statements collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregately Discretely Presented Component Units	Disclaimer
Governmental Fund – General Fund	Unmodified
Governmental Fund – Road Fund	Unmodified
Governmental Fund – Mental Health Fund	Unmodified
Enterprise Fund – Solid Waste Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified



Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of Klamath County Library Foundation (KCLF), Friends of the Klamath County Library (FKCL), and Klamath County Museum Foundation (KCMF) have not been audited, and we were not engaged to audit the KCLF, FKCL, and KCMF's financial statements as part of our audit of the County's basic financial statements. KCLF, FKCL, and KCMF's financial activities are included in the County's basic financial statements as discretely presented component units and collectively represent 100% of the assets, net position, and revenues, of the County's aggregate discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the County. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the County recorded a correction of an error related to capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, and the schedules of funding progress on pages 4 through 10 and 46 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and the schedules of funding progress as described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The budgetary comparison information described above is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

MOSS ADAMS LLP*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements on pages 54 through 73, other supplementary schedules on pages 74 through 130, and the schedule of expenditures of federal awards on pages 135 through 136 as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; each as listed in the table of contents (collectively, the supplementary information), are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as described above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 3, 2014 on our consideration of the County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



James C. Lanzarotta
For Moss Adams LLP
Eugene, Oregon
January 3, 2014

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Management's Discussion and Analysis

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Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- Government wide, assets exceeded liabilities at the close of the most recent fiscal year by \$347,199,866 (net position). Of this amount, governmental activities exceeded by \$334,036,763 and Business-type Activities exceeded by \$13,163,103.
- The government's total net position decreased by \$7,442,807, in comparison with the prior year.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$123,433,855, a decrease of \$2,417,366, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,675,349.
- Klamath County's total long-term debt decreased by \$11,712 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 position presents information on all the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, public works, human services, community services, community development, and agriculture. The business-type activities of the County include solid waste and other activities. The government-wide financial statements can be found on pages 11-12 of this report.

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

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

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2013

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 14 and 16.

The County maintains 41 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, and mental health fund, which are considered to be major funds. Data from the other 38 funds are combined into a single, aggregated presentation. Combining and individual fund data for each of these non-major governmental funds is provided in the Other Supplementary Information section of 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 13-16 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. 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 17-19 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 20-22 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 23-45 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Klamath County, assets exceeded liabilities by \$347,199,866 at the most recent fiscal year.

By far the largest portion of the County's net position (61.2 percent) reflects its investments in capital assets (e.g., land, building, roads, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since that capital assets themselves cannot be used to liquidate these liabilities.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2013

	Governmental activities		Business-type activities		Totals	
	2013	2012 (restated)*	2013	2012 (restated)*	2013	2012 (restated)*
Current and other assets	\$ 132,752,495	\$ 136,948,749	\$ 11,252,527	\$ 11,323,346	\$ 144,005,022	\$ 148,272,095
Capital assets	209,331,721	212,984,992	3,560,405	3,821,362	212,892,126	216,806,354
Total assets	<u>342,084,216</u>	<u>349,933,741</u>	<u>14,812,932</u>	<u>15,144,708</u>	<u>356,897,148</u>	<u>365,078,449</u>
Long-term liabilities outstanding	1,416,420	962,947	1,296,182	1,205,175	2,712,602	2,168,122
Other liabilities	6,631,033	7,953,640	353,647	314,014	6,984,680	8,267,654
Total liabilities	<u>8,047,453</u>	<u>8,916,587</u>	<u>1,649,829</u>	<u>1,519,189</u>	<u>9,697,282</u>	<u>10,435,776</u>
Net position:						
Invested in Capital Assets	209,195,905	212,927,464	3,560,405	3,821,362	212,756,310	216,748,826
Restricted	113,088,239	123,360,008	5,427,354	2,047,491	118,515,593	125,407,499
Unrestricted	11,752,619	4,729,682	4,175,344	7,756,666	15,927,963	12,486,348
Total net position	<u>\$ 334,036,763</u>	<u>\$ 341,017,154</u>	<u>\$ 13,163,103</u>	<u>\$ 13,625,519</u>	<u>\$ 347,199,866</u>	<u>\$ 354,642,673</u>

*See note 15 for details regarding restatement

The County's net position balance of unrestricted net position, which amounts to \$11,752,619, 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 position, 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 position by \$6,980,391. Key elements of this decrease are as follows:

- Decrease in charges for services for general government and human services programs as activity levels in those programs have been decreasing with the economic downturn.
- Decrease in grants & contributions in public works due to a reduction in intergovernmental revenues from the federal government.
- Decreased investment earnings due to the Federal Reserve keeping interest rates low through quantitative easing measures.
- Increased expenditures in public works related to increases for depreciation expense on capital assets.
- Increased expenditures in community service related to spending out program funds.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities: Business-type activities decreased Klamath County's net position by \$462,416. The primary reason for this decrease was the transfer to governmental-activities to cover operating costs in related departments.

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

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2013

	Governmental activities		Business-type activities		Totals	
	2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)
Revenues:						
Program revenues:						
Charges for services	\$ 6,748,711	\$ 8,089,478	4,501,882	4,835,947	\$ 11,250,593	\$ 12,925,425
Operating grants & contributions	26,952,859	27,630,932	-	-	26,952,859	27,630,932
Capital grants & contributions	114,440	10,000	-	-	114,440	10,000
General revenues:						
Property taxes	11,444,964	11,441,415	-	-	11,444,964	11,441,415
Other taxes	1,563,243	1,884,305	-	-	1,563,243	1,884,305
Grants & contributions, not restricted to specific programs	2,702,794	3,394,616	-	-	2,702,794	3,394,616
Unrestricted investment earnings	352,587	698,854	28,937	58,042	381,524	756,896
Miscellaneous	251,337	655,409	-	24,610	251,337	680,019
Proceeds on Sale of Assets	-	262,055	-	-	-	262,055
Special Item - debt forgiveness	3,333	-	-	-	3,333	-
Total revenues	<u>50,134,268</u>	<u>54,067,064</u>	<u>4,530,819</u>	<u>4,918,599</u>	<u>54,665,087</u>	<u>58,985,663</u>
Expenses:						
General government	3,334,452	5,757,712	-	-	3,334,452	5,757,712
Public safety	13,798,362	14,030,631	-	-	13,798,362	14,030,631
Public works	18,847,904	16,231,671	-	-	18,847,904	16,231,671
Human services	11,012,704	10,250,685	-	-	11,012,704	10,250,685
Community services	7,134,017	5,786,597	-	-	7,134,017	5,786,597
Community development	2,898,386	2,282,308	-	-	2,898,386	2,282,308
Agriculture	426,829	390,227	-	-	426,829	390,227
Interest on long-term debt	6,319	11,025	-	-	6,319	11,025
Solid waste	-	-	4,106,046	(1,388,559)	4,106,046	(1,388,559)
Other Activities	-	-	629,934	1,105,012	629,934	1,105,012
Total expenses	<u>57,458,973</u>	<u>54,740,856</u>	<u>4,735,980</u>	<u>(283,547)</u>	<u>62,194,953</u>	<u>54,457,309</u>
Increase (decrease) in net position, before transfers	(7,324,705)	(673,792)	(205,161)	5,202,146	(7,529,866)	4,528,354
Transfers	344,314	149,780	(257,255)	(149,780)	87,059	-
Increase (decrease) in net position	<u>(6,980,391)</u>	<u>(524,012)</u>	<u>(462,416)</u>	<u>5,052,366</u>	<u>(7,442,807)</u>	<u>4,528,354</u>
Net Position:						
Beginning	341,017,154	343,606,336	13,625,519	6,046,039	354,642,673	349,652,375
Prior Period Adjustment	-	(2,065,170)	-	2,527,114	-	461,944
Beginning - Restated	<u>341,017,154</u>	<u>341,541,166</u>	<u>13,625,519</u>	<u>8,573,153</u>	<u>354,642,673</u>	<u>350,114,319</u>
Ending	<u>\$ 334,036,763</u>	<u>\$ 341,017,154</u>	<u>\$ 13,163,103</u>	<u>\$ 13,625,519</u>	<u>\$ 347,199,866</u>	<u>\$ 354,642,673</u>

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the Klamath County. The fund balance of the County's general fund was increased by \$1,630,069 during the current fiscal year. The key factor is:

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

The road fund is the major public works fund for Klamath County. The fund balance decreased by \$4,650,150 during the current fiscal year. The key factor is:

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2013

- Funds spent on major capital projects plus maintenance, repair and operations of county roads were in excess of receipts from federal forest funds, Oregon's motor vehicle apportionment and other miscellaneous revenue sources.

The mental health fund accounts for Klamath County's administration of mental health programs. The fund balance increased by \$323,053 during the current fiscal year. The key factor is:

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

The solid waste fund accounts for the operations of the County's two landfill sites and transfer stations. The net position decreased by \$370,638 during the current fiscal year. The key factor is:

- The transfer out to the Community Development Fund for operational expenses in that program.

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 investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$212,892,126 (net of accumulated depreciation). This investment in capital assets includes construction-in-progress, land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

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

	Governmental activities		Business-type activities		Totals	
	2013	2012 (restated)*	2013	2012 (restated)*	2013	2012 (restated)*
Land and construction in progress	\$ 4,712,981	\$ 16,011,496	\$ 1,831,569	\$ 1,831,569	\$ 6,544,550	\$ 17,843,065
Building and improvements	31,136,399	20,640,647	154,774	161,984	31,291,173	20,802,631
Machinery and equipment	2,984,043	2,432,505	1,413,682	1,659,297	4,397,725	4,091,802
Vehicles	1,036,498	1,116,687	160,380	168,511	1,196,878	1,285,198
Infrastructure	169,461,800	172,783,659	-	-	169,461,800	172,783,659
Total	\$ 209,331,721	\$ 212,984,994	\$ 3,560,405	\$ 3,821,361	\$ 212,892,126	\$ 216,806,355

*See note 15 for details regarding restatement

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

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

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2013

	Governmental activities		Business-type activities		Totals	
	2013	2012	2013	2012	2013	2012
Notes payable	\$ 135,817	\$ 147,528	\$ -	\$ -	\$ 135,817	\$ 147,528
Total	<u>\$ 135,817</u>	<u>\$ 147,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,817</u>	<u>\$ 147,528</u>

The County's total debt decreased by retirement of principal and interest payments made during the 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, 2013, \$5,427,354 is part of the investment pool and is held for these purposes. The fund is reported as restricted assets on the statement of fund net position. 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 municipal solid waste landfill portion of the site. Each year an estimated amount of expense is recognized based on the capacity filled and any changes to the expected costs so that at the present time, total cost has been recognized. The County has now begun shipping the municipal solid waste at the Klamath Falls to a regional site location. The Klamath Falls landfill site is now authorized by the State to continue to receive construction and demolition waste only. A transfer station was built to ship waste to a contracted regional landfill. The Chemult landfill site continues to be authorized for full service.

Economic Factors and Next Year's Budgets

- The State of Oregon has hired new law enforcement officers in the Klamath Basin that will affect the safety of the area. A permanent solution for funding the Sheriff's Office has not been reached.
- The state unemployment rate has decreased along with the unemployment rate for Klamath County. The County rate remains relatively high compared to other parts of the state.
- Inflation has remained relatively low.
- The economy at the state level is starting to pick up again. The State of Oregon is planning for a relatively flat budget. This will stabilize the funding for human service and public safety programs.
- The Federal Government reauthorized a one year extension on Secured Rural Schools Legislation and but has not provided funding for Payment in Lieu of Taxes.
- The State of Oregon enacted legislation allowing the use of Road Funds for patrolling county roads. The use of these funds could be a stabilizing factor in the General Fund.

All of these factors were considered in preparation of the County's budgets for 2012-13 and 2013-14 fiscal years.

The County will have to adjust the amount of spending available in the 2013-14 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 three 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	

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2013

Request for Information

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

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BASIC FINANCIAL STATEMENTS

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Klamath County, Oregon
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments	\$ 125,441,383	\$ 5,404,656	\$ 130,846,039	\$ 932,034
Cash and investments, restricted	-	5,427,354	5,427,354	-
Accounts receivable, net	2,834,605	263,906	3,098,511	-
Taxes receivable, net	1,673,685	30,939	1,704,624	-
Other receivables	206,111	-	206,111	-
Internal balances	(42,256)	42,256	-	-
Inventories	1,440,495	17,204	1,457,699	-
Prepaid expenses	-	66,212	66,212	-
Other assets	1,198,472	-	1,198,472	-
Capital assets				
Land	1,416,464	1,389,000	2,805,464	-
Construction in progress	3,296,517	442,569	3,739,086	-
Buildings and improvements, net	31,136,399	154,774	31,291,173	-
Machinery and equipment, net	2,984,043	1,413,682	4,397,725	-
Vehicles, net	1,036,498	160,380	1,196,878	-
Infrastructure, net	169,461,800	-	169,461,800	-
Total Assets	<u>342,084,216</u>	<u>14,812,932</u>	<u>356,897,148</u>	<u>932,034</u>
Liabilities				
Accounts payable	2,193,729	226,018	2,419,747	-
Accrued expenses	528,444	-	528,444	-
Due to other funds	196,842	-	196,842	-
Unearned revenues	59,115	-	59,115	-
Long-term liabilities:				
Due within one year				
Contracts	12,811	-	12,811	-
Compensated absences	1,987,473	127,629	2,115,102	-
Claims and judgments	1,652,619	-	1,652,619	-
Due in more than one year				
Contracts	123,005	-	123,005	-
OPEB liability	67,119	4,005	71,124	-
Pension liability	1,226,296	74,177	1,300,473	-
Accrued landfill closure/postclosure care costs	-	1,218,000	1,218,000	-
Total Liabilities	<u>8,047,453</u>	<u>1,649,829</u>	<u>9,697,282</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	209,195,905	3,560,405	212,756,310	-
Restricted	113,088,239	5,427,354	118,515,593	-
Unrestricted	11,752,619	4,175,344	15,927,963	932,034
Total Net Position	<u>\$ 334,036,763</u>	<u>\$ 13,163,103</u>	<u>\$ 347,199,866</u>	<u>\$ 932,034</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						Component Units
	Program Revenue			Primary Government			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government							
Governmental Activities							
General government	\$ 3,334,452	\$ 821,178	\$ 286,474	\$ -	\$ -	(2,226,800)	\$ -
Public safety	13,798,362	1,686,199	3,423,358	51,880	(8,636,925)	(8,636,925)	-
Public works	18,847,904	618,053	11,088,808	-	(7,141,043)	(7,141,043)	-
Human services	11,012,704	1,556,987	9,544,075	-	88,358	88,358	-
Community services	7,134,017	537,970	2,310,749	62,560	(4,222,738)	(4,222,738)	-
Community development	2,898,386	1,514,518	288,642	-	(1,095,226)	(1,095,226)	-
Agriculture	426,829	13,804	10,753	-	(402,272)	(402,272)	-
Interest on long-term debt	6,319	-	-	-	(6,319)	(6,319)	-
Total governmental activities	57,458,973	6,748,709	26,952,859	114,440	(23,642,965)	(23,642,965)	-
Business-type activities							
Solid waste	4,106,046	3,964,243	-	-	(141,803)	(141,803)	-
Other activities	629,934	537,639	-	-	(92,295)	(92,295)	-
Total business-type activities	4,735,980	4,501,882	-	-	(234,098)	(234,098)	-
County Totals	\$ 62,194,953	\$ 11,250,591	\$ 26,952,859	\$ 114,440	(23,642,965)	(23,877,063)	\$ -
Component Units							
Component Units	185,378	-	31,633	433,263	-	-	279,518
Total component units	185,378	-	31,633	433,263	-	-	279,518
General revenues:							
Taxes:							
Property taxes, levied for general purposes					11,444,966	-	11,444,966
Other taxes					1,563,243	-	1,563,243
Grants and contributions not restricted to specific programs					2,702,794	-	2,702,794
Unrestricted investment earnings					352,587	28,937	381,524
Miscellaneous					251,337	-	251,337
Special item - debt forgiveness					3,333	-	3,333
Transfers					344,314	(257,255)	87,059
Total general revenues and transfers					16,662,574	(228,318)	16,434,256
Change in net position					(6,980,391)	(462,416)	(7,442,807)
Net position - beginning					343,082,324	11,098,405	354,180,729
Prior period adjustment					(2,065,170)	2,527,114	461,944
Net position - beginning, restated					341,017,154	13,625,519	354,642,673
Net position - ending					\$ 334,036,763	\$ 13,163,103	\$ 347,199,866

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Road Fund	Mental Health Fund	Other Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 4,688,521	\$ 99,529,545	\$ 2,518,173	\$ 13,790,409	\$ 120,526,648
Accounts receivable	363,281	884,334	571,553	993,805	2,812,973
Taxes receivable, net	1,285,563	-	-	388,122	1,673,685
Due from other funds	-	-	-	548,475	548,475
Assessments receivable	-	7,408	-	-	7,408
Notes receivable	-	-	-	198,703	198,703
Inventories	30,111	1,393,489	-	8,652	1,432,252
Other assets	-	-	-	1,198,472	1,198,472
Total assets	<u>\$ 6,367,476</u>	<u>\$ 101,814,776</u>	<u>\$ 3,089,726</u>	<u>\$ 17,126,638</u>	<u>\$ 128,398,616</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 612,263	\$ 321,582	\$ 78,545	\$ 911,489	\$ 1,923,879
Due to other funds	196,842	-	306,905	241,570	745,317
Deferred revenue	1,153,515	7,408	2,561	603,637	1,767,121
Other accrued expenses	528,444	-	-	-	528,444
Total liabilities	<u>2,491,064</u>	<u>328,990</u>	<u>388,011</u>	<u>1,756,696</u>	<u>4,964,761</u>
Fund balances:					
Nonspendable	30,111	1,393,489	-	1,755,599	3,179,199
Restricted	-	100,092,297	2,701,715	10,294,227	113,088,239
Committed	170,952	-	-	1,143,172	1,314,124
Assigned	-	-	-	2,255,414	2,255,414
Unassigned	3,675,349	-	-	(78,470)	3,596,879
Total fund balances	<u>3,876,412</u>	<u>101,485,786</u>	<u>2,701,715</u>	<u>15,369,942</u>	<u>123,433,855</u>
Total liabilities and fund balances	<u>\$ 6,367,476</u>	<u>\$ 101,814,776</u>	<u>\$ 3,089,726</u>	<u>\$ 17,126,638</u>	<u>\$ 128,398,616</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 Position
June 30, 2013

Total fund balance, governmental funds	\$ 123,433,855
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Amounts reported for governmental activities in the Statement of Net Position 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 Position.	209,119,735
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	1,708,006
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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 Position.	2,778,274
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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 Position.	(3,003,107)
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Net Assets of Governmental Activities in the Statement of Net Position	<u>\$ 334,036,763</u>
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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, 2013

	<u>General Fund</u>	<u>Road Fund</u>	<u>Mental Health Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 8,580,547	\$ -	\$ -	\$ 2,875,470	\$ 11,456,017
Sales and miscellaneous taxes	210	-	-	1,563,243	1,563,453
Fines and forfeitures	271,963	-	-	134,460	406,423
Licenses, fees, and permits	865,688	-	70	568,989	1,434,747
Intergovernmental	3,245,420	11,088,808	8,024,809	7,533,044	29,892,081
Charges for services	869,261	359,029	169,426	3,565,709	4,963,425
Investment earnings	11,395	284,297	7,117	40,062	342,871
Miscellaneous	69,695	4,708	3,886	162,612	240,901
Total revenues	<u>13,914,179</u>	<u>11,736,842</u>	<u>8,205,308</u>	<u>16,443,589</u>	<u>50,299,918</u>
Expenditures					
Current:					
General government	3,088,223	-	-	136,046	3,224,269
Public safety	10,354,571	-	-	3,550,421	13,904,992
Public works	-	11,517,745	-	252,731	11,770,476
Human services	-	-	7,846,487	3,188,046	11,034,533
Community services	-	-	-	7,179,082	7,179,082
Community development	-	-	-	2,919,235	2,919,235
Agriculture	414,217	-	-	3,131	417,348
Debt Service:					
Principal	-	-	8,379	-	8,379
Interest and other charges	-	-	6,319	2,254	8,573
Capital Outlay	7,208	4,023,186	-	475,382	4,505,776
Total Expenditures	<u>13,864,219</u>	<u>15,540,931</u>	<u>7,861,185</u>	<u>17,706,328</u>	<u>54,972,663</u>
Excess (deficiency) of revenues over expenditures	<u>49,960</u>	<u>(3,804,089)</u>	<u>344,123</u>	<u>(1,262,739)</u>	<u>(4,672,745)</u>
Other Financing Sources (Uses)					
Transfers in	2,166,869	1,331,992	-	4,789,809	8,288,670
Transfers out	(588,710)	(2,437,285)	(21,070)	(3,268,315)	(6,315,380)
Total other financing sources and uses	<u>1,578,159</u>	<u>(1,105,293)</u>	<u>(21,070)</u>	<u>1,521,494</u>	<u>1,973,290</u>
SPECIAL ITEM					
Proceeds from sale of assets	1,950	259,232	-	20,907	282,089
Net change in fund balances	1,630,069	(4,650,150)	323,053	279,662	(2,417,366)
Fund balances - beginning	2,255,901	106,406,867	2,378,662	15,018,931	126,060,361
Fund balances - change in inventory	(9,558)	(270,931)	-	71,349	(209,140)
Fund balances - ending	<u>\$ 3,876,412</u>	<u>\$ 101,485,786</u>	<u>\$ 2,701,715</u>	<u>\$ 15,369,942</u>	<u>\$ 123,433,855</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, 2013

Net change in fund balances - total governmental funds: \$ (2,626,506)

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 depreciation \$8,092,481 exceeded capital out lay \$4,505,776 in the current period. (3,586,705)

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. (587,313)

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. 11,712

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. 256,047

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. (447,626)

Change in net position of governmental activities \$ (6,980,391)

Klamath County, Oregon
Statement of Fund Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds			
	Solid Waste Fund	Other Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 2,848,560	\$ 2,556,096	\$ 5,404,656	\$ 4,914,735
Accounts receivable, net	237,803	26,103	263,906	21,632
Assessments receivables	-	30,939	30,939	-
Inventories	-	17,204	17,204	8,243
Prepaid expenses	-	66,212	66,212	-
Total current assets	<u>3,086,363</u>	<u>2,696,554</u>	<u>5,782,917</u>	<u>4,944,610</u>
Non-current assets:				
Cash and investments	5,427,354	-	5,427,354	-
Capital Assets:				
Land and improvements	1,389,000	-	1,389,000	-
Construction in progress	-	442,569	442,569	-
Vehicles	1,025,573	115,107	1,140,680	214,535
Buildings	195,549	105,389	300,938	35,000
Machinery and equipment	2,048,365	2,004,017	4,052,382	957,044
Less Accumulated depreciation	(2,840,380)	(924,784)	(3,765,164)	(994,593)
Total non-current assets	<u>7,245,461</u>	<u>1,742,298</u>	<u>8,987,759</u>	<u>211,986</u>
Total assets	<u>10,331,824</u>	<u>4,438,852</u>	<u>14,770,676</u>	<u>5,156,596</u>
Liabilities				
Current Liabilities:				
Accounts payable	194,943	31,075	226,018	269,850
Compensated absences	118,870	8,759	127,629	229,153
Claims and judgments	-	-	-	1,652,619
Total current liabilities	<u>313,813</u>	<u>39,834</u>	<u>353,647</u>	<u>2,151,622</u>
Non-current liabilities:				
Net OPEB liability	3,720	285	4,005	8,155
Post-closure liabilities	1,218,000	-	1,218,000	-
Pension liability	68,300	5,877	74,177	176,289
Total non-current liabilities	<u>1,290,020</u>	<u>6,162</u>	<u>1,296,182</u>	<u>184,444</u>
Total liabilities	<u>1,603,833</u>	<u>45,996</u>	<u>1,649,829</u>	<u>2,336,066</u>
Net Position				
Net Investment in Capital Assets	1,818,107	1,742,298	3,560,405	211,986
Restricted	5,427,354	-	5,427,354	-
Unrestricted	1,482,530	2,650,558	4,133,088	2,608,544
Total net position	<u>\$ 8,727,991</u>	<u>\$ 4,392,856</u>	<u>\$ 13,120,847</u>	<u>\$ 2,820,530</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 Position			42,256	
Total net position per Government-Wide financial statements			<u>\$ 13,163,103</u>	

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds			
	Solid Waste Fund	Other Enterprise Funds	Total	Internal Service Funds
Revenues				
Fines and forfeitures	\$ -	\$ 720	\$ 720	\$ -
Licenses, fees, and permits	114,505	219,276	333,781	-
Charges for services	3,849,678	316,794	4,166,472	8,660,995
Total operating revenues	<u>3,964,183</u>	<u>536,790</u>	<u>4,500,973</u>	<u>8,660,995</u>
Operating Expenses				
Personnel services	1,418,561	136,583	1,555,144	3,591,818
Materials and services	2,585,938	274,384	2,860,322	3,888,855
Depreciation	97,543	211,837	309,380	96,935
Total Operating Expenses	<u>4,102,042</u>	<u>622,804</u>	<u>4,724,846</u>	<u>7,577,608</u>
Operating income (loss)	<u>(137,859)</u>	<u>(86,014)</u>	<u>(223,873)</u>	<u>1,083,387</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	22,416	6,521	28,937	12,490
Miscellaneous revenue	60	849	909	9,917
Operating grants and contributions	-	-	-	143,953
Proceeds from the sale of capital assets	-	-	-	10,467
Total non-operating revenue (expenses)	<u>22,476</u>	<u>7,370</u>	<u>29,846</u>	<u>176,827</u>
Income (loss) before contributions and transfers	(115,383)	(78,644)	(194,027)	1,260,214
Transfers in	-	-	-	175,254
Transfers out	(255,255)	(2,000)	(257,255)	(1,902,288)
Change in net position	<u>(370,638)</u>	<u>(80,644)</u>	<u>(451,282)</u>	<u>(466,820)</u>
Total net position - beginning	7,250,563	3,794,452	11,045,015	3,517,205
Prior period adjustment	1,848,066	679,048	2,527,114	(229,855)
Total net position - beginning, restated	<u>9,098,629</u>	<u>4,473,500</u>	<u>13,572,129</u>	<u>3,287,350</u>
Total net position - ending	<u>\$ 8,727,991</u>	<u>\$ 4,392,856</u>	<u>\$ 13,120,847</u>	<u>\$ 2,820,530</u>
Change in net position, per above			(451,282)	
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			(11,134)	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements			<u>\$ (462,416)</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, 2013

	<u>Enterprise Funds</u>			
	<u>Solid Waste Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 3,921,799	\$ 568,575	\$ 4,490,374	\$ 8,716,121
Other income	114,505	720	115,225	-
Payment to suppliers	(2,509,623)	(226,537)	(2,736,160)	(3,848,571)
Payments to employees	(1,396,245)	(133,170)	(1,529,415)	(3,570,205)
	<u>130,436</u>	<u>209,588</u>	<u>340,024</u>	<u>1,297,345</u>
Net Cash Flows Provided (Used) by Operating Activities				
Cash Flows From Noncapital Financing Activities				
Operating grants	-	-	-	143,953
Transfers from (to) other funds	(255,255)	(2,000)	(257,255)	(1,628,976)
Other income	60	849	909	9,917
	<u>(255,195)</u>	<u>(1,151)</u>	<u>(256,346)</u>	<u>(1,475,106)</u>
Net Cash Provided (Used) by Noncapital Financing				
Cash Flows From Capital and Related Financing Activities				
Purchase and construction of depreciable assets	(25,386)	(23,038)	(48,424)	(30,091)
Proceeds from disposal of depreciable assets	-	-	-	10,467
	<u>(25,386)</u>	<u>(23,038)</u>	<u>(48,424)</u>	<u>(19,624)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities				
Cash Flows From Investing Activities				
Investment interest	22,416	6,521	28,937	12,490
	<u>22,416</u>	<u>6,521</u>	<u>28,937</u>	<u>12,490</u>
Net Cash Flows Provided by Investing Activities				
Net Increase (Decrease) in Cash and Cash Equivalents	(127,729)	191,920	64,191	(184,895)
Cash and Cash Equivalents, Beginning of Year	8,403,643	2,364,176	10,767,819	5,099,630
Cash and Cash Equivalents, End of Year	<u>\$ 8,275,914</u>	<u>\$ 2,556,096</u>	<u>\$ 10,832,010</u>	<u>\$ 4,914,735</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (137,859)	(86,014)	(223,873)	1,083,387
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	97,543	211,837	309,380	96,935
(Increase) decrease in assets				
Accounts receivable	72,120	32,842	104,962	55,126
Assessments receivable	-	(337)	(337)	-
Inventory	-	(3,451)	(3,451)	3,664
Prepaid expenses	-	22,702	22,702	-
Increase (decrease) in liabilities				
Accounts payable	11,315	28,596	39,911	21,520
Claims and judgments	-	-	-	15,100
Landfill closure liability	65,000	3,413	68,413	21,613
Accrued employee benefits	22,317	-	22,317	-
	<u>130,436</u>	<u>209,588</u>	<u>340,024</u>	<u>1,297,345</u>
Net Cash Flows Provided (Used) by Operating Activities				

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Investment Trust Fund	Pension Trust Fund
Assets		
Cash and cash equivalents	\$ 7,141,883	\$ 516,690
Receivables:		
Interest and dividends	-	137,912
Due from other funds	-	196,842
Total receivables	-	334,754
Investments:		
U.S. Government obligations	-	1,522,403
Corporate bonds	-	7,254,093
Corporate stocks	-	23,957,629
Other investments	-	3,727,537
Total Investments	-	36,461,662
Total assets	7,141,883	37,313,106
Liabilities		
Accounts payable	-	25,604
Total liabilities	-	25,604
Net Position		
Held in trust for external participants	7,141,883	
Held in trust for pension benefits		37,287,502
	\$ 7,141,883	\$ 37,287,502

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Investment Trust Fund</u>	<u>Pension Trust Fund</u>
Additions		
Contributions:		
Districts	\$ 46,629,820	\$ -
Employer	-	1,621,146
Plan Members	-	895,755
Total contributions	<u>46,629,820</u>	<u>2,516,901</u>
Investment earnings	<u>26,534</u>	<u>4,158,124</u>
Total additions	<u>46,656,354</u>	<u>6,675,025</u>
Deductions		
Distribution to district	47,970,662	-
Benefits	-	2,743,111
Administrative	-	249,057
Total deductions	<u>47,970,662</u>	<u>2,992,168</u>
Change in net position	<u>(1,314,308)</u>	<u>3,682,857</u>
Net position - beginning	<u>8,456,191</u>	<u>33,604,645</u>
Net position - ending	<u>\$ 7,141,883</u>	<u>\$ 37,287,502</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Fiduciary Net Position – Agency Fund
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
Assets	
Pooled cash and investments	\$ 725,925
Receivables:	
Other receivables	1,200
Property taxes receivables	6,421,639
Total receivables	<u>6,422,839</u>
Total assets	<u>\$ 7,148,764</u>
Liabilities	
Accounts payable	10,240
Amounts held for others	7,138,524
Total liabilities	<u>\$ 7,148,764</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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 and county management has operational responsibility for the Library District. The Library District's annual property tax levy is approved by the County commissioners. The Library District is reported as two non-major governmental 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 and county management has operational responsibility for the Drainage District. The Drainage District is reported as one non-major proprietary fund.

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

Discretely Presented Component Units

Klamath County Library Foundation (the Library Foundation) – The Library Foundation was organized as a legally separate entity in 2004 as a 501(c)(3) not-for-profit organization. The Library Foundation exists for the purpose of promotion of reading and life-long learning through the support of the Klamath County Library by conducting capital campaigns to expand and enhance facilities operated by the Library District. The Library Foundation has no potential component units. The Library Foundation board consists of four members from the community that direct the functions of the Library Foundation and make decisions regarding the direction of the Library Foundation and the projects it will support. The financial statements of the Library Foundation have not been audited.

Friends of the Klamath County Library (the Friends) - The Friends was formed in 1984 as a legally separate entity under 501(c)(3) as a not-for-profit organization. The Friends exists for the purpose of raising funds for the support of the operations of the Library District. The Friends has no potential component units. The Friends board consists of seven members from the community that direct the functions of Friends and make decisions regarding the direction of Friends and the projects it will support. The financial statements of Friends have not been audited.

Klamath County Museum Foundation (the Museum Foundation) – The Museum Foundation was organized as a legally separate entity as a 501(c)(3) not-for-profit organization. The Museum Foundation exists for the sole purpose of raising funds for the support of the Klamath County Museums. The Museum Foundation has no potential component units. The Museum Foundation board consists of seven members of the community that directs the functions of the Museum Foundation and makes decisions regarding the direction of the Museum Foundation and the projects it will support. The financial statements of the Museum Foundation have not been audited.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Government-wide and Fund Financial Statements

The statement of net position and the statement of activities report information on all of the activities of the primary government and its component units. 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, are general revenues.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The County reports the following major governmental funds:

- The general fund is the principal fund of the County and is used to account for all activities not required to be accounted for in another fund.
- The road fund accounts for the road building and maintenance by the County that is supported by intergovernmental grants and allocations.
- The 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 solid waste fund accounts for solid waste disposal and the landfill site resources set aside for future use for landfill closure and post-closure care costs. Revenues are from charges for services.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

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

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

Deposits and Investments

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

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

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

Receivables and Payables

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

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

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 three percent 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.

Foreclosed Properties

The County holds various real properties that have been acquired through foreclosure and abandonment. These assets are held until sold and the proceeds are then distributed according to Oregon Statutes. These assets are recorded at the amount of outstanding property taxes and interest thereon when title was transferred to the County. These properties are reported at the lower of cost or market.

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	System Infrastructure	30
Roads	50	Motor Vehicles	5-7
Bridges		Equipment	10
Timber	50	Software	5
Concrete	75		

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Compensated Absences

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

Other Postemployment Benefits Obligation

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

Long-term Obligations

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

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

	<u>Major Special Revenue Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Road Fund</u>	<u>Mental Health Fund</u>	<u>Other Funds</u>	
Fund balances:					
Nonspendable:					
Inventory	\$ 30,111	\$ 1,393,489	\$ -	\$ 8,652	\$ 1,432,252
Due from other funds				548,475	548,475
Other Assets	-	-	-	1,198,472	1,198,472
Restricted for:					
Public safety	-	-	-	863,491	863,491
Public works	-	100,092,297	-	2,814,517	102,906,814
Human services	-	-	2,701,715	500,229	3,201,944
Community services	-	-	-	2,399,846	2,399,846
Community development	-	-	-	3,716,144	3,716,144
Committed to:					
General government	170,952	-	-	428,868	599,820
Public safety	-	-	-	3,468	3,468
Community services	-	-	-	366,827	366,827
Community development	-	-	-	306,605	306,605
Agriculture	-	-	-	37,404	37,404
Assigned to:					
General government	-	-	-	2,255,414	2,255,414
Unassigned:	<u>3,675,349</u>	<u>-</u>	<u>-</u>	<u>(78,470)</u>	<u>3,596,879</u>
Total fund balances	<u>\$ 3,876,412</u>	<u>\$ 101,485,786</u>	<u>\$ 2,701,715</u>	<u>\$ 15,369,942</u>	<u>\$ 123,433,855</u>

This level of detail is not required for display on the face of the balance sheet. Fund balance categories and classifications may be presented in detail or in the aggregate if sufficient detail is provided in the notes to the financial statements.

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

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include intergovernmental grants, and charges for services which are legally restricted to finance particular functions or activities.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

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 position is reported as restricted on the Statement of Net Position 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 of the Board of Commissioners and a like number of 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, 2013, 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		
Non-Departmental	Materials and Services	\$ 14,256
Tax Collector	Personnel Services	3,863
Commissioners	Personnel Services	216
Clerk	Personnel Services	280
Public Safety		
District Attorney	Personnel Services	2,651
Emergency Services	Personnel Services	12

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Fund	Budget Category	Amount of Over Expenditure
General Fund		
Agriculture		
OSU Extension	Materials and Services	441
Experiment Station	Personnel Services	817
	Materials and Services	959
Watermaster	Personnel Services	556
Mental Health Services Fund		
Administration	Material and Services	203,599
Outpatient Treatment	Material and Services	27,266
Supported Employment	Personnel Services	6,757
	Material and Services	13,297
Veterans Services		
	Personnel Services	675
	Material and Services	1,376
Sheriff Marine		
	Material and Services	7,380
	Debt Service	7
Community Development		
Planning	Materials and Services	478
On-Site	Personnel Services	3,513
Administration	Personnel Services	840
Property Sales		
	Personnel Services	4,384
Museum		
	Personnel Services	6,428
Public Health		
Environmental Health	Material and Services	2,316
Clinic Nursing	Material and Services	4,653
Nursing Outreach	Material and Services	20,455
Women Infants and Children	Material and Services	11,976
Vital Records	Personnel Services	1,747
Fairgrounds Fund		
	Personnel Services	4,783
Law Library		
	Materials and Services	175
Transient Room Tax		
	Materials and Services	3,613
Internal Service Fund		
Administration	Personnel Services	649
County Counsel	Personnel Services	727

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

Note 3 – Deposits and Investments

Cash and Investments

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

Cash and investments are comprised of the following:

Cash on hand	\$ 7,035
Demand deposits	9,518,006
Investments:	
Money market	516,690
Local government investment pool	26,878,970
Debt securities	108,806,285
Annuities	379,628
Pension trust fund	35,944,971
	<u>\$ 182,051,586</u>

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

Cash and investments - governmental activities	\$ 125,441,383
Cash and investments - business-type activities	10,832,010
Cash and investments - component units	932,034
Statements of fiduciary net position	44,846,159
	<u>\$ 182,051,586</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 \$31,950,433.

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

Investments

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

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

Credit risk: State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2013, the County's investments in the U.S. government agencies and securities were rated Aaa/AAA by Standards & Poor's and Moody's investors' services. Other investments held by the County remain unrated.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

Note 3 – Deposits and Investments *(continued)*

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 thirty-three percent of the portfolio. At year-end no institutions held more than twenty-five percent 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 fifty percent of the portfolio must mature in 93 days; a maximum of twenty-five percent of the portfolio may mature over one year; and no investment may mature in over three 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, 2013, the County’s investments consisted of:

<u>Security Description</u>	<u>Par Value (X \$1,000)</u>	<u>% of total portfolio</u>
Money market	\$ 517	
Local government investment pool	26,879	16%
Debt securities	108,764	63%
Annuities	380	0%
Pension trust fund	35,945	21%
Total investments	<u>\$ 172,485</u>	<u>100%</u>

At June 30, 2013, maturities for the County’s investments are as follows:

<u>Maturities</u>	<u>Amounts (X \$1,000)</u>	<u>% of total portfolio</u>
01 to 30 days	\$ 55,050	32%
31 to 60 days	10,350	6%
61 to 90 days	2,675	2%
91 to 360 days	10,810	6%
12 to 24 months	41,702	24%
25 to 36 months	28,810	17%
Over three years	23,088	13%
Total investments	<u>\$ 172,485</u>	<u>100%</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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, 2013, were as follows:

	Property Taxes	Accounts	Other	Total
Governmental activities				
General fund	\$ 1,285,563	\$ 363,281	\$ -	\$ 1,648,844
Road fund	-	884,334	7,408	891,742
Public health fund	-	-	198,703	198,703
Mental health fund	-	571,553	-	571,553
Nonmajor funds	388,122	993,805	-	1,381,927
Internal service funds	-	21,632	-	21,632
	<u>1,673,685</u>	<u>2,834,605</u>	<u>206,111</u>	<u>4,714,401</u>
Business-type activities				
Solid waste fund	-	237,803	-	237,803
Nonmajor funds	30,939	-	26,103	57,042
	<u>30,939</u>	<u>237,803</u>	<u>26,103</u>	<u>294,845</u>
Fiduciary funds				
Agency fund	6,421,639	-	1,200	6,422,839
Pension fund	-	-	334,754	334,754
	<u>6,421,639</u>	<u>-</u>	<u>335,954</u>	<u>6,757,593</u>
Total receivables	<u>\$ 8,126,263</u>	<u>\$ 3,072,408</u>	<u>\$ 568,168</u>	<u>\$ 11,766,839</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:

	Unavailable	Unearned
Governmental activities:		
Accounts Receivable	\$ 14,751	\$ 23,115
Assessment receivable	7,408	-
Property taxes	1,487,144	-
Foreclosed Assets	198,703	-
Economic Development	-	36,000
Total governmental activities:	<u>\$ 1,708,006</u>	<u>\$ 59,115</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

Note 5 – Other Assets

The County holds various real properties that have been acquired through foreclosure and abandonment. At June 30, 2013, the estimated market value of these assets at the time of receipt by the County was \$6,310,500. These assets are recorded at the amount of outstanding property taxes and interest thereon of \$1,198,472. Foreclosed properties sold on the installment basis have outstanding balances of \$198,703 at June 30, 2013, which is recorded in the Property Sales Fund as notes receivable.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Prior period adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities						
Capital assets, not being depreciated						
Land	\$ 1,176,679	\$ 239,785	\$ -	\$ -	\$ -	\$ 1,416,464
Construction in progress	14,595,032	(9,966,701)	3,083,915	-	(4,415,729)	3,296,517
Total	<u>15,771,711</u>	<u>(9,726,916)</u>	<u>3,083,915</u>	<u>-</u>	<u>(4,415,729)</u>	<u>4,712,981</u>
Capital assets, being depreciated:						
Building and improvements	30,557,032	19,587,978	170,600	-	1,468,082	51,783,692
Machinery and equipment	15,753,766	(8,265,825)	132,957	-	-	7,620,898
Vehicles	9,719,634	196,142	1,100,743	-	-	11,016,519
Infrastructure	328,568,789	818,390	-	-	2,947,647	332,334,826
Subtotal	<u>384,599,221</u>	<u>12,336,685</u>	<u>1,404,300</u>	<u>-</u>	<u>4,415,729</u>	<u>402,755,935</u>
Less accumulated depreciation:						
Building and improvements	13,139,283	6,246,473	1,261,537	-	-	20,647,293
Machinery and equipment	9,719,352	(5,488,045)	405,548	-	-	4,636,855
Vehicles	7,416,377	2,358,749	204,895	-	-	9,980,021
Infrastructure	155,045,758	1,557,762	6,269,506	-	-	162,873,026
Subtotal	<u>185,320,770</u>	<u>4,674,939</u>	<u>8,141,486</u>	<u>-</u>	<u>-</u>	<u>198,137,195</u>
Total	<u>199,278,451</u>	<u>7,661,746</u>	<u>(6,737,186)</u>	<u>-</u>	<u>4,415,729</u>	<u>204,618,740</u>
Governmental activities, net	<u>\$ 215,050,162</u>	<u>\$ (2,065,170)</u>	<u>\$ (3,653,271)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,331,721</u>
Business-type activities						
Capital assets, not being depreciated						
Land	\$ -	\$ 1,389,000	\$ -	\$ -	\$ -	\$ 1,389,000
Construction in progress	-	442,569	-	-	-	442,569
Total	<u>-</u>	<u>1,831,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,831,569</u>
Capital assets, being depreciated:						
Building and improvements	91,655	209,283	-	-	-	300,938
Machinery and equipment	5,043,895	(1,012,580)	21,067	-	-	4,052,382
Vehicles	709,094	404,229	27,357	-	-	1,140,680
Subtotal	<u>5,844,644</u>	<u>(399,068)</u>	<u>48,424</u>	<u>-</u>	<u>-</u>	<u>5,494,000</u>
Less accumulated depreciation:						
Building and improvements	81,373	57,581	7,211	-	-	146,165
Machinery and equipment	3,782,323	(1,410,305)	266,682	-	-	2,638,700
Vehicles	686,701	258,111	35,487	-	-	980,299
Subtotal	<u>4,550,397</u>	<u>(1,094,613)</u>	<u>309,380</u>	<u>-</u>	<u>-</u>	<u>3,765,164</u>
Total	<u>1,294,247</u>	<u>695,545</u>	<u>(260,956)</u>	<u>-</u>	<u>-</u>	<u>1,728,836</u>
Business-type activities, net	<u>\$ 1,294,247</u>	<u>\$ 2,527,114</u>	<u>\$ (260,956)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,560,405</u>

Please see note 15 for details regarding prior period adjustment.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

Note 6 – Capital Assets *(continued)*

Depreciation expense was charged to functions / programs as follows:

Governmental activities:	
General	\$ 304,410
Public safety	443,664
Public works	7,046,751
Human services	89,144
Community services	133,625
Community development	4,440
Agriculture	22,517
Internal support	96,935
	<u>\$ 8,141,486</u>
Business-type activities:	
Solid waste	\$ 97,543
Other activities	211,837
	<u>\$ 309,380</u>

Note 7 – Interfund Receivables, Payables and Transfers

Advances to\from other funds:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General fund	\$ -	\$ 196,842
Mental health fund	-	306,905
Nonmajor funds	548,475	241,570
	<u>548,475</u>	<u>745,317</u>
Fiduciary funds		
Pension trust fund	196,842	-
	<u>196,842</u>	<u>-</u>
	<u>\$ 745,317</u>	<u>\$ 745,317</u>

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	Transfer Out:						Total
	General Fund	Road Fund	Mental Health Fund	Nonmajor Governmental Funds	Internal Service Funds	Solid Waste Fund	
Transfer in:							
General fund	\$ -	\$ 2,000,000	\$ -	\$ 9,835	\$ 157,034	\$ -	\$ 2,166,869
Road fund	-	-	-	1,329,992	-	2,000	1,331,992
Nonmajor governmental funds	588,710	437,285	21,070	1,777,185	1,623,244	255,255	4,702,749
Governmental activities	-	-	-	-	98,058	-	98,058
Internal service funds	-	-	-	151,302	23,952	-	175,254
Total transfers in	\$ 588,710	\$ 2,437,285	\$ 21,070	\$ 3,268,314	\$ 1,902,288	\$ 255,255	\$ 8,474,922

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

Note 8 – Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$93,947 for the year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

Year ended June 30,		
2014	\$	113,279
2015		78,856
2016		21,043
2017		16,669
	\$	347,869

Note 9 – Long-term Liabilities

Notes Payable

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

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

On February 23, 2009, the Mental Health Department obtained a \$100,000 note at 0.00% interest from the Department of Human Services, Addictions and Mental Health Division for assistance with construction of Phoenix Place. This note repayment is contingent on Phoenix Place operating within the requirements of the Promissory Note. The principal balance is forgiven with no cash payment based on operating the facility over a number of years.

Loans payable currently outstanding are as follows:

Mortgage loans

Principal	\$	135,817
Total	\$	135,817

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

Year Ending June 30,	Principal	Interest
2014	\$ 12,495	\$ 4,038
2015	13,351	3,182
2016	14,288	2,245
2017	15,312	1,221
2018-2038	80,371	272
	\$ 135,817	\$ 10,958

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Landfill Closure and Post-closure Care

State and federal laws and regulations require the County to place a final cover over two landfills it operates, in Klamath Falls and Chemult Oregon, when they stop accepting waste, and to perform certain post-closure maintenance and monitoring of the sites for a period of 30 years. The County recognizes costs and liabilities currently and ratably over the years waste is received based on cost estimates for closure and post-closure care and the portion of the landfills deemed filled. The County's recorded liability at June 30, 2013 is \$864,000 for Klamath Falls, \$354,000 for Chemult, and \$1,218,000 in total. The Klamath Falls site consists of three cells with a total capacity of 32.6 acres. The first cell of 14.2 acres is closed, and the second cell is currently receiving waste. As of year-end, the Klamath Falls site is approximately 14.1 acres and 43.2% filled. Total closure and post-closure care costs is estimated to be \$4,416,000 for all three cells, and \$1,913,000 of costs have been recognized through June 30, 2013. Actual payments made by the County for closure costs for the Klamath Falls site to date total \$1,049,000. The second cell is expected to receive waste through 2021, and the third cell is expected to receive waste through 2043. The Chemult site consists of four cells with a total capacity of 9.0 acres. The first cell of 4.2 acres is closed, and the second cell is currently receiving waste. As of year-end the Chemult site is approximately 5.6 acres and 62.3% filled. Total closure and post-closure care costs is estimated to be \$1,375,000 for all four cells, and \$795,000 of costs have been recognized through June 30, 2013. Actual payments made by the County for closure costs for the Chemult site to date total \$441,000. The second cell is expected to receive waste through 2015, the third through 2018, and the fourth through 2021. The current estimates for closure and post-closure care costs are subject to change due to inflation, deflation, technology, and the application of changes to applicable 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, 2013, investments of \$5,427,354, 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, 2013 (the most recent analysis), the County is in compliance with the local government financial assurance test as required by Oregon Administrative Rule 340-94-0140.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Changes in General Long-term Debt

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Loans payable	\$ 147,528	\$ 1,099	\$ (12,810)	\$ 135,817	\$ 12,811
Claims and judgements	1,637,519	539,357	(524,257)	1,652,619	1,652,619
Compensated absences	2,601,524	811,102	(1,425,153)	1,987,473	1,987,473
OPEB liability	42,317	29,027	(4,225)	67,119	-
Net pension obligation	871,481	474,480	(119,667)	1,226,294	-
Total governmental activities	<u>\$ 5,300,369</u>	<u>\$ 1,855,065</u>	<u>\$ (2,086,112)</u>	<u>\$ 5,069,322</u>	<u>\$ 3,652,903</u>
Business-type activities:					
Landfill closure	\$ 1,153,000	\$ 1,218,000	\$ (1,153,000)	\$ 1,218,000	\$ -
Compensated absences	127,907	17,564	(17,841)	127,630	127,630
OPEB liability	2,378	1,705	(78)	4,005	-
Net pension obligation	49,797	25,777	(1,397)	74,177	-
Total business-type activities	<u>\$ 1,333,082</u>	<u>\$ 1,263,046</u>	<u>\$ (1,172,316)</u>	<u>\$ 1,423,812</u>	<u>\$ 127,630</u>

Long-term liabilities are liquidated by the operating funds to which they relate.

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 seven labor agreements in effect between the County and its employees.

Note 11 – Defined Benefit Pension Plans

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Oregon Public Employees Retirement System (PERS)

Plan Description

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

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

Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan but the employer is allowed to pay any and all of the employee's contribution, which is invested in the OPSRP Individual Account Program. The County has elected to contribute the 6.00% "pickup" or \$27,500 for community corrections employees for the year ended June 30, 2013. All other participants contribute the pickup portion or a total of \$191,037 for the year ended June 30, 2013. 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, 2013 were 6.10% and 0.00% respectively. The OPSRP rate in effect for the year ended June 30, 2013, 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, 2011, projected unit credit method were used. The actuarial evaluation include an investment return of 8.00% on system assets, consumer price inflation of 2.75% per year, future general wage inflation of 3.75% per year, health care cost inflation of 6.90% in 2012, grading down by 2.40% per year to 4.50% in 2029.

Annual Pension Cost

The County's contributions to PERS for the years ending June 30, 2011, 2012, and 2013 were \$227,322, \$318,955 and \$297,105 respectively, which equaled the required contribution for the year.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Klamath County Employees’ Pension Plan

Plan Description

All County employees’ not participants of PERS are participants in the Klamath County Employees’ Pension Plan. This plan is a single employer defined benefit pension plan to which the County makes contributions. The latest actuarial valuation of the plan was made as of January 1, 2013. 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 0.00% for less than five years of service and 100.00% for five years or more of service.

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

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

Funding Policy

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

In Fiscal Year 2012-13, Klamath County budgeted and contributed 10.00%. Currently 15.00% is budgeted in Fiscal Year 2013-14. The actuarially computed Annual Required Contribution (ARC) is 13.62% for 2013.

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, 2013, 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, 2013, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.25% per year, and (b) projected salary increases of 5.00% per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and service.

	July 2012 to June 2013
Annual required contribution (ARC)	\$ 2,012,946
Interest on net pension obligation	70,392
ARC adjustments	(135,226)
Annual pension cost	1,948,112
Contributions made	(1,618,431)
Increase in net pension obligation	329,681
Net pension obligation, beginning of year	970,925
Net pension obligation, end of year	1,300,606
Interest rate	7.25%
Amortization factor	7.18%

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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 January 1, 2013 report, the aggregate actuarial cost method, an average market valuation on a five year amortization, an investment return of seven and one quarter percent on system assets, consumer price inflation of two and three quarters percent per year, future general wage inflation of three and three quarters percent per year, health care cost inflation of eight percent in 2008, grading down by six hundredths percent per year to five percent in 2013.

Three-year Trend Information

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
6/30/2013	\$ 1,948,112	\$ 1,618,431	83%	\$ 1,300,606	\$ 2,012,946	80%
6/30/2012	1,853,123	1,575,853	85%	970,925	1,898,907	83%
6/30/2011	2,035,159	1,698,150	83%	693,655	2,058,158	83%

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/2013	34,397,000	51,568,000	17,171,000	67%	14,077,000	122%
1/1/2012	34,047,000	49,640,000	15,593,000	69%	14,814,000	105%
1/1/2011	33,649,000	45,468,000	11,819,000	74%	16,284,000	73%

Note 12 – Post-employment Healthcare Plan

Plan Description

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

Funding Policy

Retirees pay the entire premium in order to maintain coverage under the County's health plans. The County does not directly contribute to the cost of premiums for retirees. However, premiums paid by retirees do not represent the full cost of providing health insurance to retirees because the County's rates are based on claims experienced for both active and retired employees;

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

medical coverage would be more expensive for retirees in a separately rated health plan. The additional cost of allowing purchasing under the County’s health insurance plans is considered an implicit rate subsidy and is financed on a pay-as-you-go basis. Contribution requirements are established and may be amended by the County Board of Commissioners in conjunction with the applicable collective bargaining agreements.

Annual OPEB Cost and Net OPEB Obligation

The County’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is provided to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. 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 2012 to June 2013
Annual required contribution (ARC)	\$ 38,562
Interest on net OPEB obligation	1,676
ARC adjustments	(1,490)
Annual OPEB cost	38,748
Contributions made	(11,632)
Increase in net OPEB obligation	27,116
Net pension OPEB, beginning of year	44,695
Net pension OPEB, end of year	71,811
Interest rate	3.75%
Amortization factor	30

Annual OPEB Cost

Annual OPEB cost requirements are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	38,748	30%	71,811
2012	20,559	13%	44,695
2011	19,765	32%	26,746

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2008	-	79,568	79,568	0%	17,375,060	0.5%
6/30/2010	-	129,286	129,286	0%	17,244,740	0.7%
6/30/2012	-	319,835	319,835	0%	14,125,192	2.3%

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the actuarially accrued liability was \$319,835, all of which is unfunded because the County has not set aside any assets to pre-fund the OPEB based on the implicit rate subsidy.

Actuarial Funding Methods and Assumptions

In the actuarial valuation as of July 1, 2012, 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 unfunded actuarial accrued liability is being amortized over an open period of 30 years as a level percent of payroll.

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

Note 13 – Retirement Health Insurance Account (RHIA)

Plan Description

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

Funding Policy

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

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

The government's contributions to RHIA for the years ending June 30, 2011, 2012, and 2013 were \$432, \$606 and \$9,254, which equaled the required contribution for the year.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2013

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, 2013, 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.

The following table shows the claims and judgments for the current and prior fiscal years:

	2013	2012
Claims and judgements:		
Beginning Balance	\$ 1,637,519	\$ 1,698,409
Additions	539,357	545,953
Decreases	(524,257)	(606,843)
Ending Balance	\$ 1,652,619	\$ 1,637,519

Note 15 – Prior Period Adjustment

During the reconciliation of capital assets, the County discovered financial statement errors and performed an extensive evaluation of capital assets during the 2012-2013 fiscal year. Several restatements to net book value of assets contributed to the (\$2,065,170) Governmental Activities and \$2,527,114 Business-type Activities (net \$461,944) adjustments to opening net position, which is an accumulation of all prior periods. The impact on the prior period change in net position was approximately \$121,081. The errors primarily related to an understatement of land and buildings as well as inappropriately capitalizing low-value items that did not meet the County capitalization threshold. The items that did not meet the capitalization policy were removed. Please see note 6 for detail of the prior period adjustment.

Note 16 – Restatement

The beginning net position amounts on the statement of activities have been restated to reclassify \$221,248 in net position previously reported in governmental activities to discretely presented component units for amounts related to the Library Foundation and Friends.

Note 17 – Subsequent Event

Subsequent to June 30, 2013, the Board of Commissioners determined it was appropriate to transition the Mental Health department to a private non-for-profit and closed down the department. The Mental Health fund will continue to operate the Development Mental Disabilities services.

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REQUIRED SUPPLEMENTARY INFORMATION

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Klamath County, Oregon
Budget and Actual (with Variances)
General Fund
For the Year Ended June 30, 2013

	<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	\$ 8,399,495	\$ 8,334,495	\$ 8,580,547	\$ 246,052
Other taxes	-	-	210	210
Licenses and permits	744,805	799,805	865,688	65,883
Intergovernmental	2,522,105	3,039,758	3,245,420	205,662
Charges for services	712,955	727,788	869,261	141,473
Fines and forfeitures	334,000	271,437	271,963	526
Investment earnings	6,000	6,000	10,875	4,875
Miscellaneous	32,600	32,600	69,695	37,095
Total revenues	<u>12,751,960</u>	<u>13,211,883</u>	<u>13,913,659</u>	<u>701,776</u>
Expenditures				
General Government				
Non-Departmental				
Materials and Services	835,446	812,201	826,457	(14,256)
Capital Outlay	10,000	-	-	-
Contingency	359,400	377,747	-	377,747
Treasurer				
Personnel Services	33,940	47,185	27,385	19,800
Materials and Services	19,176	19,176	16,946	2,230
Assessor				
Personnel Services	658,818	658,818	652,874	5,944
Materials and Services	229,725	339,725	329,349	10,376
Tax Collector				
Personnel Services	161,735	171,990	175,853	(3,863)
Materials and Services	212,566	212,566	168,195	44,371
Commissioners				
Personnel Services	276,880	276,880	277,096	(216)
Materials and Services	58,789	58,789	57,866	923
Clerk				
Personnel Services	324,587	324,587	324,867	(280)
Materials and Services	234,777	234,777	231,335	3,442
Total General Government	<u>3,415,839</u>	<u>3,534,441</u>	<u>3,088,223</u>	<u>446,218</u>
Public Safety				
Justice court				
Personnel Services	128,023	128,023	100,769	27,254
Materials and Services	87,159	87,159	77,802	9,357
District Attorney				
Personnel Services	1,099,870	1,099,870	1,102,521	(2,651)
Materials and Services	243,044	241,969	214,350	27,619
Sheriff				
Personnel Services	6,087,046	6,102,046	5,665,289	436,757
Materials and Services	1,709,720	1,761,875	1,633,687	128,188
Juvenile				
Personnel Services	1,186,322	1,186,322	1,123,558	62,764
Materials and Services	319,583	319,583	305,177	14,406

Klamath County, Oregon
Budget and Actual (with Variances)
General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Emergency Management				
Personnel Services	48,940	44,080	44,092	(12)
Materials and Services	61,801	58,561	56,235	2,326
Capital Outlay	-	8,100	7,208	892
Total Public Safety	<u>10,971,508</u>	<u>11,037,588</u>	<u>10,330,688</u>	<u>706,900</u>
Agriculture				
OSU Extension				
Personnel Services	97,224	97,224	91,553	5,671
Materials and Services	149,587	149,587	150,028	(441)
Experiment Station				
Personnel Services	55,703	62,178	62,995	(817)
Materials and Services	38,045	31,570	32,529	(959)
Watermaster				
Personnel Services	53,880	53,880	54,436	(556)
Materials and Services	23,574	23,574	22,676	898
Total Agriculture	<u>418,013</u>	<u>418,013</u>	<u>414,217</u>	<u>3,796</u>
Total Expenditures	<u>14,805,360</u>	<u>14,990,042</u>	<u>13,833,128</u>	<u>1,156,914</u>
Excess (deficiency) of revenues over expenditures	<u>(2,053,400)</u>	<u>(1,778,159)</u>	<u>80,531</u>	<u>1,858,690</u>
Other Financing Sources (Uses)				
Transfers in	11,677,846	11,702,863	10,767,632	(935,231)
Transfers out	(9,824,446)	(10,124,704)	(9,189,473)	935,231
Total other financing sources and uses	<u>1,853,400</u>	<u>1,578,159</u>	<u>1,578,159</u>	<u>-</u>
Special Item				
Proceeds from sale of assets	-	-	1,950	1,950
Net change in fund balances	<u>(200,000)</u>	<u>(200,000)</u>	<u>1,660,640</u>	<u>1,860,640</u>
Fund balances - beginning	200,000	2,000,000	2,014,709	14,709
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,800,000</u>	<u>\$ 3,675,349</u>	<u>\$ 1,875,349</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 3,675,349	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			30,111	
Consolidation of PERS Reserve fund for financial reporting purposes			<u>170,952</u>	
Fund Balance, Ending (GAAP)			<u>\$ 3,876,412</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
PERS Holding Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 520	\$ 20
Total revenues	<u>500</u>	<u>500</u>	<u>520</u>	<u>20</u>
Expenditures				
Non-Departmental				
Personal services	-	32,000	31,091	909
Total Expenditures	<u>-</u>	<u>32,000</u>	<u>31,091</u>	<u>909</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>(31,500)</u>	<u>(30,571)</u>	<u>929</u>
Fund balances - beginning	185,000	202,000	201,523	(477)
Fund balances - ending	<u>\$ 185,500</u>	<u>\$ 170,500</u>	<u>\$ 170,952</u>	<u>\$ 452</u>

Reconciliation of Fund Balance - Budgetary Basis to Net Position

Fund Balance - Budgetary Basis - End of Year	\$ 170,952
Consolidation of PERS Reserve fund for financial reporting purposes	<u>(170,952)</u>
Fund Balance, Ending (GAAP)	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Road Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,502,000	\$ 5,537,000	\$ 11,088,808	\$ 5,551,808
Charges for services	277,000	277,000	359,029	82,029
Investment earnings	612,000	628,300	284,297	(344,003)
Miscellaneous	1,000	1,000	4,708	3,708
Total revenues	<u>6,392,000</u>	<u>6,443,300</u>	<u>11,736,842</u>	<u>5,293,542</u>
Expenditures				
Public Works				
Operating				
Personal services	4,706,220	4,706,220	3,706,542	999,678
Materials and services	7,992,698	7,992,698	4,098,441	3,894,257
Debt Service				
Capital outlay	1,122,000	1,122,000	1,109,378	12,622
Contingencies	1,433,797	1,433,797	-	1,433,797
Bicycle Trails				
Materials and services	-	7,300	3,653	3,647
Capital outlay	-	234,360	203,922	30,438
Road Reserves				
Materials and services	510,000	4,710,000	3,700,120	1,009,880
Capital outlay	57,002,000	57,002,000	2,709,886	54,292,114
Equipment Reserves				
Materials and services	-	9,000	8,989	11
Total Expenditures	<u>72,766,715</u>	<u>77,217,375</u>	<u>15,540,931</u>	<u>61,676,444</u>
Excess (deficiency) of revenues over expenditures	<u>(66,374,715)</u>	<u>(70,774,075)</u>	<u>(3,804,089)</u>	<u>66,969,986</u>
Other Financing Sources (Uses)				
Transfers in	2,000	1,731,992	1,731,992	-
Transfers out	(2,837,285)	(2,837,285)	(2,837,285)	-
Total other financing sources and uses	<u>(2,835,285)</u>	<u>(1,105,293)</u>	<u>(1,105,293)</u>	<u>-</u>
Special Item				
Proceeds from sale of capital assets	10,000	10,000	259,232	249,232
Net change in fund balances	<u>(69,200,000)</u>	<u>(71,869,368)</u>	<u>(4,650,150)</u>	<u>67,219,218</u>
Fund balances - beginning	100,200,000	100,200,000	104,742,447	4,542,447
Fund balances - ending	<u>\$ 31,000,000</u>	<u>\$ 28,330,632</u>	<u>\$ 100,092,297</u>	<u>\$ 71,761,665</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 100,092,297	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			<u>1,393,489</u>	
Fund Balance, Ending (GAAP)			<u>\$ 101,485,786</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Mental Health Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 8,226,732	\$ 8,687,879	\$ 8,024,809	\$ (663,070)
Licenses and permits	-	-	70	70
Charges for services	580,033	179,925	169,426	(10,499)
Investment earnings	14,000	14,000	7,117	(6,883)
Miscellaneous	6,000	6,000	3,886	(2,114)
Total revenues	<u>8,826,765</u>	<u>8,887,804</u>	<u>8,205,308</u>	<u>(682,496)</u>
Expenditures				
Human services				
Administration				
Personnel Services	802,187	802,187	775,090	27,097
Materials and Services	461,404	464,404	668,003	(203,599)
Capital Outlay	14,000	14,000	-	14,000
Debt Service	14,300	14,300	14,300	-
Contingency	2,184,473	2,084,959	-	2,084,959
Outpatient Treatment				
Personnel Services	968,172	958,172	815,406	142,766
Materials and Services	152,886	152,886	180,152	(27,266)
Medical Services				
Personnel Services	212,598	322,111	254,295	67,816
Materials and Services	495,068	492,068	418,367	73,701
Developmental Disabilities				
Personnel Services	798,995	798,995	709,202	89,793
Materials and Services	329,550	329,550	316,543	13,007
Capital Outlay	74,578	74,578	-	74,578
Supported Employment				
Personnel Services	124,039	174,039	180,796	(6,757)
Materials and Services	8,580	8,580	21,877	(13,297)
Phoenix Place				
Personnel Services	1,353,097	1,353,097	1,161,425	191,672
Materials and Services	168,512	168,512	144,088	24,424
Debt Service	95,700	95,700	95,700	-
Subcontractors				
Personnel Services	21,593	21,593	13,093	8,500
Materials and Services	2,610,763	2,610,763	2,178,844	431,919
Property Reserve				
Materials and Services	2,000	12,000	9,305	2,695
Debt Service	13,200	13,200	13,200	-
Total Expenditures	<u>10,905,695</u>	<u>10,965,694</u>	<u>7,969,686</u>	<u>2,996,008</u>
Excess (deficiency) of revenues over expenditures	<u>(2,078,930)</u>	<u>(2,077,890)</u>	<u>235,622</u>	<u>2,313,512</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Mental Health Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	(2,078,930)	(2,077,890)	235,622	2,313,512
Other Financing Sources (Uses)				
Transfers in	528,883	554,056	553,455	(601)
Transfers out	(549,953)	(549,953)	(549,953)	-
Total other financing sources and uses	(21,070)	4,103	3,502	(601)
Net change in fund balances	(2,100,000)	(2,073,787)	239,124	2,312,911
Fund balances - beginning	2,100,000	2,100,000	2,769,496	669,496
Fund balances - ending	\$ -	\$ 26,213	\$ 3,008,620	\$ 2,982,407
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 3,008,620	
Interfund loan balance recognized for GAAP, but not included for the Budgetary Basis			(306,905)	
Fund Balance, Ending (GAAP)			\$ 2,701,715	

Klamath County, Oregon
Budget and Actual (with Variances)
Mental Health - Reserve Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 11,040	\$ -	\$ -	\$ -
Total revenues	<u>11,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Human Services				
Property Reserve				
Materials and services	10,000	-	-	-
Total Expenditures	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	-	(25,173)	(24,572)	601
Total other financing sources and uses	<u>-</u>	<u>(25,173)</u>	<u>(24,572)</u>	<u>601</u>
Net change in fund balances	<u>1,040</u>	<u>(25,173)</u>	<u>(24,572)</u>	<u>601</u>
Fund balances - beginning	25,173	25,173	24,572	(601)
Fund balances - ending	<u>\$ 26,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Klamath County, Oregon
Schedules of Funding Progress
For the Year Ended June 30, 2013**

**Klamath County Employees' Pension Plan
(in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	33,649	45,468	11,819	74%	16,284	73%
1/1/2012	34,047	49,640	15,593	69%	14,814	105%
1/1/2013	34,397	51,568	17,171	67%	14,077	122%

Klamath County Employees' Other Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2008	-	79,568	79,568	0%	17,375,060	0.5%
6/30/2010	-	129,286	129,286	0%	17,244,740	0.7%
6/30/2012	-	319,835	319,835	0%	14,125,192	2.3%

OTHER SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2013

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. This fund was closed in the fiscal year 2012-13 to the District Attorney Special Revenue Fund.

Veterans

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

Commission on Children & Families

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

District Attorney Special Revenue

The District Attorney Special Revenue Fund has four major functions: liquor law enforcement, domestic violence, support enforcement and drug enforcement.

Tourism

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

Sheriff Special Revenue

The Sheriff Special Revenue Fund has three major functions: grant programs, marine and search and rescue operations.

Bicycle Trails

The Bicycle Trails Fund is used to account for the 1% of the state motor vehicle registration on all vehicles registered in Klamath County for the purpose of constructing and maintaining bike paths in the community. A joint city/county board administers the fund in the Klamath Falls area. This fund was closed in the fiscal year 2012-13 and operates as a sub-department of the Road fund.

Sheriff Marine

The Sheriff Marine Fund provides the accounting of the State and County partnership of the parole and safety on the waterways of the County. This fund was closed in the fiscal year 2012-13 to the Sheriff Special Revenue Fund.

Taylor Grazing

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

Title III

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

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2013

Court Facilities Security

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

O&C Title III

The O&C Title III Fund was established to account for the special revenues from the federal rural school funds law for use on bureau of land management lands. This Fund was closed in fiscal year 2012-13 to the Title III Fund.

Klamath Falls Streets

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

Surveyor

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

Parks

The Parks Fund was established to account for the dedicated resources that come from RV licenses and revenues derived from the RV parks. The Parks Reserve Fund has been added as a sub-department to the Parks Fund.

Experiment Station Field Research Project

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

Community Development Department

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

Property Sales

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

Museum

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

Economic Development

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

Community Corrections

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

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2013

County School

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

Sheriff Search and Rescue

The Sheriff Search and Rescue Fund was established to provide operation funds for search and rescue. This fund was closed in the 2012-13 fiscal year to the Sheriff Special Revenue Fund.

Animal Control

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

Public Health

The Public Health Fund was established to administer public health programs and is the recipient of intergovernmental (primarily state) revenues, client fees, and a General Fund Subsidy.

Fairgrounds

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

Law Library

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

Emergency Telephone Excise Tax

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

Library Service District Operating

The Library Service District Operating Fund accounts for the operations of the Klamath County Library Service District.

Library Service District Reserve

The Library Service District Reserve Fund accounts for the capital projects reserve of the Klamath County Library Service District.

Clerk Storage

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

Ambulance Advisory Training

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

Clerk Overpayment

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

Transient Room Tax

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

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2013

Capital Projects Funds

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

Equipment Reserve

The Equipment Reserve Fund was established to account for vehicle and major equipment, maintenance and replacement.

Capital Projects

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

Klamath County, Oregon
Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	<u>Capital Projects Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Special Revenue Funds</u>	<u>Equipment Reserve Fund</u>	<u>Capital Projects Fund</u>		
Assets					
Pooled cash and investments	\$ 11,501,007	\$ 675,950	\$ 1,613,452	\$	\$ 13,790,409
Accounts receivable	993,805	-	-		993,805
Taxes receivable, net	388,122	-	-		388,122
Due from other funds	-	548,475	-		548,475
Assessments receivable	-	-	-		-
Notes receivable	198,703	-	-		198,703
Inventories	8,652	-	-		8,652
Other assets	1,198,472	-	-		1,198,472
Total assets	<u>\$ 14,288,761</u>	<u>\$ 1,224,425</u>	<u>\$ 1,613,452</u>	<u>\$</u>	<u>\$ 17,126,638</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 877,501	\$ -	\$ 33,988	\$	\$ 911,489
Due to other funds	241,570	-	-		241,570
Deferred revenue	603,637	-	-		603,637
Other accrued expenses	-	-	-		-
Total liabilities	<u>1,722,708</u>	<u>-</u>	<u>33,988</u>	<u>-</u>	<u>1,756,696</u>
Fund balances:					
Nonspendable	1,207,124	548,475	-	-	1,755,599
Restricted	10,294,227	-	-	-	10,294,227
Committed	1,143,172	-	-	-	1,143,172
Assigned	-	675,950	1,579,464	-	2,255,414
Unassigned	(78,470)	-	-	-	(78,470)
Total fund balances	<u>12,566,053</u>	<u>1,224,425</u>	<u>1,579,464</u>	<u>-</u>	<u>15,369,942</u>
Total liabilities and fund balances	<u>\$ 14,288,761</u>	<u>\$ 1,224,425</u>	<u>\$ 1,613,452</u>	<u>\$</u>	<u>\$ 17,126,638</u>

Klamath County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2013

	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	Special Revenue Funds	Equipment Reserve Fund	Capital Projects Fund	
Revenues				
Property Taxes	\$ 2,875,470	\$ -	\$ -	\$ 2,875,470
Sales and miscellaneous taxes	1,563,243	-	-	1,563,243
Fines and forfeitures	134,460	-	-	134,460
Licenses, fees, and permits	568,989	-	-	568,989
Intergovernmental	7,533,044	-	-	7,533,044
Charges for services	3,457,838	-	107,871	3,565,709
Investment earnings	32,723	5,985	1,354	40,062
Miscellaneous	162,612	-	-	162,612
Total revenues	<u>16,328,379</u>	<u>5,985</u>	<u>109,225</u>	<u>16,443,589</u>
Expenditures				
Current:				
General government	131,692	4,354	-	136,046
Public safety	3,550,421	-	-	3,550,421
Public works	252,731	-	-	252,731
Human services	3,188,046	-	-	3,188,046
Community services	7,179,082	-	-	7,179,082
Community development	2,919,080	155	-	2,919,235
Agriculture	3,131	-	-	3,131
Debt Service				
Principal	-	-	-	-
Interest and other charges	2,254	-	-	2,254
Capital Outlay	167,134	79,935	228,313	475,382
Total Expenditures	<u>17,393,571</u>	<u>84,444</u>	<u>228,313</u>	<u>17,706,328</u>
Excess (deficiency) of revenues over expenditures	<u>(1,065,192)</u>	<u>(78,459)</u>	<u>(119,088)</u>	<u>(1,262,739)</u>
Other Financing Sources (Uses)				
Transfers in	2,898,467	268,098	1,623,244	4,789,809
Transfers out	<u>(1,757,243)</u>	<u>(1,511,072)</u>	-	<u>(3,268,315)</u>
Total other financing sources and uses	<u>1,141,224</u>	<u>(1,242,974)</u>	<u>1,623,244</u>	<u>1,521,494</u>
SPECIAL ITEM				
Proceeds from sale of assets	<u>20,907</u>	<u>-</u>	<u>-</u>	<u>20,907</u>
Net change in fund balances	96,939	(1,321,433)	1,504,156	279,662
Fund balances - beginning	12,397,765	2,545,858	75,308	15,018,931
Fund balances - change in inventory	<u>71,349</u>	<u>-</u>	<u>-</u>	<u>71,349</u>
Fund balances - ending	<u>\$ 12,566,053</u>	<u>\$ 1,224,425</u>	<u>\$ 1,579,464</u>	<u>\$ 15,369,942</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	<u>Domestic Violence Fund</u>	<u>Veterans Fund</u>	<u>Commission on Children and Families Fund</u>	<u>District Attorney Special Revenue Fund</u>
Assets				
Pooled cash and investments	\$ -	\$ 82,835	\$ 145,002	\$ 58,718
Accounts receivable	-	12,251	13,275	18,595
Taxes receivable, net	-	24,231	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 119,317</u>	<u>\$ 158,277</u>	<u>\$ 77,313</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 11,642	\$ 33,224	\$ 18,595
Due to other funds	-	-	-	-
Deferred revenue	-	21,470	-	-
Other payables	-	-	-	-
Total liabilities	<u>-</u>	<u>33,112</u>	<u>33,224</u>	<u>18,595</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	86,205	125,053	58,718
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>86,205</u>	<u>125,053</u>	<u>58,718</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 119,317</u>	<u>\$ 158,277</u>	<u>\$ 77,313</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	<u>Tourism Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>	<u>Sheriff Marine Fund</u>
Assets				
Pooled cash and investments	\$ 205,726	\$ 170,339	\$ -	\$ -
Accounts receivable	38,201	102,175	-	-
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 243,927</u>	<u>\$ 272,514</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	5,480	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>-</u>	<u>5,480</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	267,034	-	-
Committed	243,927	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>243,927</u>	<u>267,034</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 243,927</u>	<u>\$ 272,514</u>	<u>\$ -</u>	<u>\$ -</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013**

	Taylor Grazing Fund	Title III Fund	Court Facility Security Fund	O&C Title III Fund
Assets				
Pooled cash and investments	\$ -	\$ 2,318,812	\$ 390	\$ -
Accounts receivable	-	-	96	-
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 2,318,812</u>	<u>\$ 486</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 18,226	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>-</u>	<u>18,226</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	2,300,586	486	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>2,300,586</u>	<u>486</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,318,812</u>	<u>\$ 486</u>	<u>\$ -</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013**

	Klamath Falls Streets Fund	Surveyor Fund	Parks Fund	Experimental Station Research Fund
Assets				
Pooled cash and investments	\$ 2,964,517	\$ 1,129,335	\$ 238,990	\$ 37,404
Accounts receivable	-	223	19,287	-
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Total assets	\$ 2,964,517	\$ 1,129,558	\$ 258,277	\$ 37,404
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 150,000	\$ 443	\$ 4,292	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	150,000	443	4,292	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	2,814,517	1,129,115	253,985	-
Committed	-	-	-	37,404
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	2,814,517	1,129,115	253,985	37,404
Total liabilities and fund balances	\$ 2,964,517	\$ 1,129,558	\$ 258,277	\$ 37,404

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	Community Development Fund	Property Sales Fund	Museum Fund	Economic Development Fund
Assets				
Pooled cash and investments	\$ 121,089	\$ 292,172	\$ 333,210	\$ 301,358
Accounts receivable	5,882	-	35,076	-
Taxes receivable, net	-	-	21,235	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	198,703	-	-
Inventories	-	-	-	-
Other assets	-	1,198,472	-	-
Total assets	<u>\$ 126,971</u>	<u>\$ 1,689,347</u>	<u>\$ 389,521</u>	<u>\$ 301,358</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 6,855	\$ 267	\$ 4,312	\$ 36,353
Due to other funds	-	-	-	-
Deferred revenue	-	198,703	18,382	36,000
Other payables	-	-	-	-
Total liabilities	<u>6,855</u>	<u>198,970</u>	<u>22,694</u>	<u>72,353</u>
Fund balances:				
Nonspendable	-	1,198,472	-	-
Restricted	57,438	-	-	229,005
Committed	62,678	291,905	366,827	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>120,116</u>	<u>1,490,377</u>	<u>366,827</u>	<u>229,005</u>
Total liabilities and fund balances	<u>\$ 126,971</u>	<u>\$ 1,689,347</u>	<u>\$ 389,521</u>	<u>\$ 301,358</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	<u>Community Corrections Fund</u>	<u>County School Fund</u>	<u>Sheriff Search & Rescue Fund</u>	<u>Animal Control Fund</u>
Assets				
Pooled cash and investments	\$ 543,305	\$ 186	\$ -	\$ 10,174
Accounts receivable	24,203	-	-	1,137
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 567,508</u>	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ 11,311</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 27,897	\$ 186	\$ -	\$ 7,843
Due to other funds	-	-	-	-
Deferred revenue	2,358	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>30,255</u>	<u>186</u>	<u>-</u>	<u>7,843</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	537,253	-	-	-
Committed	-	-	-	3,468
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>537,253</u>	<u>-</u>	<u>-</u>	<u>3,468</u>
Total liabilities and fund balances	<u>\$ 567,508</u>	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ 11,311</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	<u>Public Health Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>911 Excise Tax Fund</u>
Assets				
Pooled cash and investments	\$ 100	\$ 10,407	\$ 66,158	\$ -
Accounts receivable	387,482	160,839	-	-
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	8,652	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 396,234</u>	<u>\$ 171,246</u>	<u>\$ 66,158</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 67,157	\$ 16,485	\$ 1,057	\$ -
Due to other funds	8,339	233,231	-	-
Deferred revenue	23,115	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>98,611</u>	<u>249,716</u>	<u>1,057</u>	<u>-</u>
Fund balances:				
Nonspendable	8,652	-	-	-
Restricted	288,971	-	65,101	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(78,470)	-	-
Total fund balances	<u>297,623</u>	<u>(78,470)</u>	<u>65,101</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 396,234</u>	<u>\$ 171,246</u>	<u>\$ 66,158</u>	<u>\$ -</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	Library Service District Operating Fund	Library Service District Reserve Fund	Clerk 5% Storage Fund	Ambulance Advisory Training Fund
Assets				
Pooled cash and investments	\$ 938,722	\$ 1,108,831	\$ 123,646	\$ 2,296
Accounts receivable	20,355	-	72	-
Taxes receivable, net	342,656	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 1,301,733</u>	<u>\$ 1,108,831</u>	<u>\$ 123,718</u>	<u>\$ 2,296</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 25,500	\$ 695	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	303,609	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>329,109</u>	<u>695</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	972,624	1,108,136	-	-
Committed	-	-	123,718	2,296
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>972,624</u>	<u>1,108,136</u>	<u>123,718</u>	<u>2,296</u>
Total liabilities and fund balances	<u>\$ 1,301,733</u>	<u>\$ 1,108,831</u>	<u>\$ 123,718</u>	<u>\$ 2,296</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	Clerk	Transient Room Tax	Total
Assets	Overpayments Fund	Fund	Total
Pooled cash and investments	\$ 10,949	\$ 286,336	\$ 11,501,007
Accounts receivable	-	154,656	993,805
Taxes receivable, net	-	-	388,122
Due from other funds	-	-	-
Assessments receivable	-	-	-
Notes receivable	-	-	198,703
Inventories	-	-	8,652
Other assets	-	-	1,198,472
Total assets	<u>\$ 10,949</u>	<u>\$ 440,992</u>	<u>\$ 14,288,761</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 440,992	\$ 877,501
Due to other funds	-	-	241,570
Deferred revenue	-	-	603,637
Other payables	-	-	-
Total liabilities	<u>-</u>	<u>440,992</u>	<u>1,722,708</u>
Fund balances:			
Nonspendable	-	-	1,207,124
Restricted	-	-	10,294,227
Committed	10,949	-	1,143,172
Assigned	-	-	-
Unassigned	-	-	(78,470)
Total fund balances	<u>10,949</u>	<u>-</u>	<u>12,566,053</u>
Total liabilities and fund balances	<u>\$ 10,949</u>	<u>\$ 440,992</u>	<u>\$ 14,288,761</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, 2013

	Domestic Violence Fund	Veterans Fund	Commission on Children and Families Fund	District Attorney Special Revenue Fund
Revenues				
Property Taxes	\$ -	\$ 208,299	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	-	534
Licenses, fees, and permits	-	-	-	-
Intergovernmental	61,413	49,003	355,990	-
Charges for services	-	-	-	-
Investment earnings	118	251	481	40
Miscellaneous	-	10	564	147
Total revenues	<u>61,531</u>	<u>257,563</u>	<u>357,035</u>	<u>721</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	77,128	-	-	3,691
Public works	-	-	-	-
Human services	-	246,396	391,756	-
Community services	-	-	-	-
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>77,128</u>	<u>246,396</u>	<u>391,756</u>	<u>3,691</u>
Excess (deficiency) of revenues over expenditures	<u>(15,597)</u>	<u>11,167</u>	<u>(34,721)</u>	<u>(2,970)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	57,107
Transfers out	(35,834)	(2,144)	(3,606)	(9,835)
Total other financing sources and uses	<u>(35,834)</u>	<u>(2,144)</u>	<u>(3,606)</u>	<u>47,272</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	-	-
Net change in fund balances	(51,431)	9,023	(38,327)	44,302
Fund balances - beginning	51,431	77,182	163,380	14,416
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 86,205</u>	<u>\$ 125,053</u>	<u>\$ 58,718</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, 2013

	<u>Tourism Fund</u>	<u>Sheriff Special Revenue Fund</u>	<u>Bicycle Trails Fund</u>	<u>Sheriff Marine Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	15,226	-	-
Licenses, fees, and permits	-	-	-	-
Intergovernmental	-	47,691	-	478,659
Charges for services	-	100	-	-
Investment earnings	459	152	-	-
Miscellaneous	-	2,025	-	5,750
Total revenues	<u>459</u>	<u>65,194</u>	<u>-</u>	<u>484,409</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	50,099	-	241,753
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	-	-
Community development	86,610	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	53
Capital Outlay	-	5,000	-	46,880
Total Expenditures	<u>86,610</u>	<u>55,099</u>	<u>-</u>	<u>288,686</u>
Excess (deficiency) of revenues over expenditures	<u>(86,151)</u>	<u>10,095</u>	<u>-</u>	<u>195,723</u>
Other Financing Sources (Uses)				
Transfers in	130,553	122,213	-	19,019
Transfers out	-	-	(205,360)	(116,187)
Total other financing sources and uses	<u>130,553</u>	<u>122,213</u>	<u>(205,360)</u>	<u>(97,168)</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	-	-
Net change in fund balances	44,402	132,308	(205,360)	98,555
Fund balances - beginning	199,525	134,726	205,360	(98,555)
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 243,927</u>	<u>\$ 267,034</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, 2013

	<u>Taylor Grazing Fund</u>	<u>Title III Fund</u>	<u>Court Facility Security Fund</u>	<u>O&C Title III Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	38,735	-
Licenses, fees, and permits	-	-	-	-
Intergovernmental	3,130	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	6,419	56	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,130</u>	<u>6,419</u>	<u>38,791</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	64,321	-
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	-	-
Community development	-	79,426	-	-
Agriculture	3,131	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>3,131</u>	<u>79,426</u>	<u>64,321</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1)</u>	<u>(73,007)</u>	<u>(25,530)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	408,226	-	-
Transfers out	-	-	-	(408,226)
Total other financing sources and uses	<u>-</u>	<u>408,226</u>	<u>-</u>	<u>(408,226)</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	-	-
Net change in fund balances	(1)	335,219	(25,530)	(408,226)
Fund balances - beginning	1	1,965,367	26,016	408,226
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,300,586</u>	<u>\$ 486</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, 2013

	Klamath Falls Streets Fund	Surveyor Fund	Parks Fund	Experimental Station Research Fund
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	-	63,451	-	-
Intergovernmental	-	-	153,090	-
Charges for services	-	-	12,500	13,804
Investment earnings	7,303	2,995	687	72
Miscellaneous	-	180	-	-
Total revenues	<u>7,303</u>	<u>66,626</u>	<u>166,277</u>	<u>13,876</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	252,731	-	-	-
Human services	-	-	-	-
Community services	-	-	136,621	-
Community development	-	42,334	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	44,730	-
Total Expenditures	<u>252,731</u>	<u>42,334</u>	<u>181,351</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(245,428)</u>	<u>24,292</u>	<u>(15,074)</u>	<u>13,876</u>
Other Financing Sources (Uses)				
Transfers in	437,285	-	-	-
Transfers out	-	(500)	(3,500)	-
Total other financing sources and uses	<u>437,285</u>	<u>(500)</u>	<u>(3,500)</u>	<u>-</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	-	-
Net change in fund balances	191,857	23,792	(18,574)	13,876
Fund balances - beginning	2,622,660	1,105,323	272,559	23,528
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 2,814,517</u>	<u>\$ 1,129,115</u>	<u>\$ 253,985</u>	<u>\$ 37,404</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, 2013

	Community Development Fund	Property Sales Fund	Museum Fund	Economic Development Fund
Revenues				
Property Taxes	\$ -	\$ -	\$ 213,314	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	3,916	-	-	-
Licenses, fees, and permits	19,158	2,048	-	-
Intergovernmental	9,369	-	17,830	279,273
Charges for services	1,426,557	167,405	17,423	-
Investment earnings	167	705	880	400
Miscellaneous	22,993	788	109,415	-
Total revenues	<u>1,482,160</u>	<u>170,946</u>	<u>358,862</u>	<u>279,673</u>
Expenditures				
Current:				
General government	-	130,488	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	360,840	-
Community development	1,760,633	-	-	196,976
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	18,000	-
Total Expenditures	<u>1,760,633</u>	<u>130,488</u>	<u>378,840</u>	<u>196,976</u>
Excess (deficiency) of revenues over expenditures	<u>(278,473)</u>	<u>40,458</u>	<u>(19,978)</u>	<u>82,697</u>
Other Financing Sources (Uses)				
Transfers in	350,972	-	111,903	87,060
Transfers out	-	-	(25,000)	-
Total other financing sources and uses	<u>350,972</u>	<u>-</u>	<u>86,903</u>	<u>87,060</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	11,357	-	-
Net change in fund balances	72,499	51,815	66,925	169,757
Fund balances - beginning	47,617	1,367,194	299,902	59,248
Fund balances - change in inventory	-	71,368	-	-
Fund balances - ending	<u>\$ 120,116</u>	<u>\$ 1,490,377</u>	<u>\$ 366,827</u>	<u>\$ 229,005</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, 2013

	<u>Community Corrections Fund</u>	<u>County School Fund</u>	<u>Sheriff Search & Rescue Fund</u>	<u>Animal Control Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	64	-	13,363
Licenses, fees, and permits	37,797	-	-	240,178
Intergovernmental	2,394,542	2,086,637	17,432	-
Charges for services	222,252	-	-	1,892
Investment earnings	2,288	2,282	-	41
Miscellaneous	3,520	-	1,262	194
Total revenues	<u>2,660,399</u>	<u>2,088,983</u>	<u>18,694</u>	<u>255,668</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	2,623,735	-	42,409	270,324
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	3,359,109	-	-
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	294	-	30	-
Capital Outlay	11,103	-	-	-
Total Expenditures	<u>2,635,132</u>	<u>3,359,109</u>	<u>42,439</u>	<u>270,324</u>
Excess (deficiency) of revenues over expenditures	<u>25,267</u>	<u>(1,270,126)</u>	<u>(23,745)</u>	<u>(14,656)</u>
Other Financing Sources (Uses)				
Transfers in	42,802	-	46,183	-
Transfers out	(33,958)	-	(6,026)	-
Total other financing sources and uses	<u>8,844</u>	<u>-</u>	<u>40,157</u>	<u>-</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	550	-
Net change in fund balances	34,111	(1,270,126)	16,962	(14,656)
Fund balances - beginning	503,142	1,270,126	(16,962)	18,124
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 537,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,468</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, 2013

	<u>Public Health Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>911 Excise Tax Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	62,622	-
Licenses, fees, and permits	174,091	-	-	-
Intergovernmental	1,287,366	48,110	-	175,867
Charges for services	1,148,930	393,922	5,494	-
Investment earnings	-	2	148	-
Miscellaneous	2,668	-	-	-
Total revenues	<u>2,613,055</u>	<u>442,034</u>	<u>68,264</u>	<u>175,867</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	175,867
Public works	-	-	-	-
Human services	2,549,894	-	-	-
Community services	-	874,423	66,995	-
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	935	942	-	-
Capital Outlay				
Total Expenditures	<u>2,550,829</u>	<u>875,365</u>	<u>66,995</u>	<u>175,867</u>
Excess (deficiency) of revenues over expenditures	<u>62,226</u>	<u>(433,331)</u>	<u>1,269</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	303,915	569,610	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>303,915</u>	<u>569,610</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM				
Proceeds from sale of assets	<u>6,250</u>	<u>2,750</u>	<u>-</u>	<u>-</u>
Net change in fund balances	372,391	139,029	1,269	-
Fund balances - beginning	(74,749)	(217,499)	63,832	-
Fund balances - change in inventory	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 297,623</u>	<u>\$ (78,470)</u>	<u>\$ 65,101</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, 2013

	Library Service District Operating Fund	Library Service District Reserve Fund	Clerk 5% Storage Fund	Ambulance Advisory Training Fund
Revenues				
Property Taxes	\$ 2,453,857	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	8,136	-	20,727	-
Intergovernmental	67,642	-	-	-
Charges for services	47,559	-	-	-
Investment earnings	3,338	2,628	287	7
Miscellaneous	12,396	-	-	700
Total revenues	<u>2,592,928</u>	<u>2,628</u>	<u>21,014</u>	<u>707</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	1,094
Public works	-	-	-	-
Human services	-	-	-	-
Community services	2,351,803	29,291	-	-
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	41,421	-	-
Total Expenditures	<u>2,351,803</u>	<u>70,712</u>	<u>-</u>	<u>1,094</u>
Excess (deficiency) of revenues over expenditures	<u>241,125</u>	<u>(68,084)</u>	<u>21,014</u>	<u>(387)</u>
Other Financing Sources (Uses)				
Transfers in	-	211,619	-	-
Transfers out	(95,000)	-	-	-
Total other financing sources and uses	<u>(95,000)</u>	<u>211,619</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	-	-
Net change in fund balances	146,125	143,535	21,014	(387)
Fund balances - beginning	826,499	964,601	102,704	2,683
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 972,624</u>	<u>\$ 1,108,136</u>	<u>\$ 123,718</u>	<u>\$ 2,296</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, 2013

	Clerk Overpayments Fund	Transient Room Tax Fund	Total
Revenues			
Property Taxes	\$ -	\$ -	\$ 2,875,470
Other taxes	-	1,563,243	1,563,243
Fines and forfeitures	-	-	134,460
Licenses, fees, and permits	1,967	1,436	568,989
Intergovernmental	-	-	7,533,044
Charges for services	-	-	3,457,838
Investment earnings	28	489	32,723
Miscellaneous	-	-	162,612
Total revenues	1,995	1,565,168	16,328,379
Expenditures			
Current:			
General government	1,204	-	131,692
Public safety	-	-	3,550,421
Public works	-	-	252,731
Human services	-	-	3,188,046
Community services	-	-	7,179,082
Community development	-	753,101	2,919,080
Agriculture	-	-	3,131
Debt Service			
Principal	-	-	-
Interest and other charges	-	-	2,254
Capital Outlay	-	-	167,134
Total Expenditures	1,204	753,101	17,393,571
Excess (deficiency) of revenues over expenditures	791	812,067	(1,065,192)
Other Financing Sources (Uses)			
Transfers in	-	-	2,898,467
Transfers out	-	(812,067)	(1,757,243)
Total other financing sources and uses	-	(812,067)	1,141,224
SPECIAL ITEM			
Proceeds from sale of assets	-	-	20,907
Net change in fund balances	791	-	96,939
Fund balances - beginning	10,158	-	12,397,765
Fund balances - change in inventory	-	-	71,349
Fund balances - ending	\$ 10,949	\$ -	\$ 12,566,053

Klamath County, Oregon
Budget and Actual (with Variances)
Domestic Violence Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 64,000	\$ 61,413	\$ (2,587)
Investment earnings	-	150	118	(32)
Total revenues	-	64,150	61,531	(2,619)
Expenditures				
Public Safety				
District Attorney				
Materials and services	157,500	80,950	77,128	3,822
Total Expenditures	157,500	80,950	77,128	3,822
Excess (deficiency) of revenues over expenditures	(157,500)	(16,800)	(15,597)	1,203
Other Financing Sources (Uses)				
Transfers out	-	(34,631)	(35,834)	1,203
Total other financing sources and uses	-	(34,631)	(35,834)	1,203
Net change in fund balances	(157,500)	(51,431)	(51,431)	-
Fund balances - beginning	157,500	51,431	51,431	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Klamath County, Oregon
Budget and Actual (with Variances)
Veterans Fund
For the Year Ended June 30, 2013

	<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	\$ 182,350	\$ 182,350	\$ 208,299	\$ 25,949
Intergovernmental	10,440	49,000	49,003	3
Investment earnings	-	-	251	251
Miscellaneous	-	-	10	10
Total revenues	<u>192,790</u>	<u>231,350</u>	<u>257,563</u>	<u>26,213</u>
Expenditures				
Human services				
Personal services	164,220	166,201	166,876	(675)
Materials and services	56,921	78,144	79,520	(1,376)
Contingencies	54,505	69,861	-	69,861
Total Expenditures	<u>275,646</u>	<u>314,206</u>	<u>246,396</u>	<u>67,810</u>
Excess (deficiency) of revenues over expenditures	<u>(82,856)</u>	<u>(82,856)</u>	<u>11,167</u>	<u>94,023</u>
Other Financing Sources (Uses)				
Transfers out	<u>(2,144)</u>	<u>(2,144)</u>	<u>(2,144)</u>	<u>-</u>
Total other financing sources and uses	<u>(2,144)</u>	<u>(2,144)</u>	<u>(2,144)</u>	<u>-</u>
Net change in fund balances	<u>(85,000)</u>	<u>(85,000)</u>	<u>9,023</u>	<u>94,023</u>
Fund balances - beginning	<u>85,000</u>	<u>85,000</u>	<u>77,182</u>	<u>(7,818)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,205</u>	<u>\$ 86,205</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Commission of Children & Families Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 435,660	\$ 435,660	\$ 355,990	\$ (79,670)
Charges for services	33,124	33,124	-	(33,124)
Investment earnings	1,500	1,500	481	(1,019)
Miscellaneous	500	500	564	64
Total revenues	<u>470,784</u>	<u>470,784</u>	<u>357,035</u>	<u>(113,749)</u>
Expenditures				
Human services				
Personal services	172,895	172,895	129,368	43,527
Materials and services	306,513	306,513	262,388	44,125
Contingencies	106,494	106,494	-	106,494
Total Expenditures	<u>585,902</u>	<u>585,902</u>	<u>391,756</u>	<u>194,146</u>
Excess (deficiency) of revenues over expenditures	<u>(115,118)</u>	<u>(115,118)</u>	<u>(34,721)</u>	<u>80,397</u>
Other Financing Sources (Uses)				
Transfers out	<u>(3,606)</u>	<u>(3,606)</u>	<u>(3,606)</u>	<u>-</u>
Total other financing sources and uses	<u>(3,606)</u>	<u>(3,606)</u>	<u>(3,606)</u>	<u>-</u>
Net change in fund balances	<u>(118,724)</u>	<u>(118,724)</u>	<u>(38,327)</u>	<u>80,397</u>
Fund balances - beginning	<u>118,724</u>	<u>118,724</u>	<u>163,380</u>	<u>44,656</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,053</u>	<u>\$ 125,053</u>

Klamath County, Oregon
Budget and Actual (with Variances)
District Attorney Special Revenue Fund
For the Year Ended June 30, 2013

	<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				
Fines and forfeitures	\$ 3,000	\$ 535	\$ 534	\$ (1)
Investment earnings	100	100	40	(60)
Miscellaneous	-	147	147	-
Total revenues	<u>3,100</u>	<u>782</u>	<u>721</u>	<u>(61)</u>
Expenditures				
Public safety Enforcement				
Materials and services	1,900	1,900	-	1,900
Liquor Law				
Materials and services	18,000	3,692	3,691	1
Total Expenditures	<u>19,900</u>	<u>5,592</u>	<u>3,691</u>	<u>1,901</u>
Excess (deficiency) of revenues over expenditures	<u>(16,800)</u>	<u>(4,810)</u>	<u>(2,970)</u>	<u>1,840</u>
Other Financing Sources (Uses)				
Transfers in	-	55,904	57,107	1,203
Transfers out	-	(9,835)	(9,835)	-
Total other financing sources and uses	<u>-</u>	<u>46,069</u>	<u>47,272</u>	<u>1,203</u>
Net change in fund balances	<u>(16,800)</u>	<u>41,259</u>	<u>44,302</u>	<u>3,043</u>
Fund balances - beginning	<u>16,800</u>	<u>14,645</u>	<u>14,416</u>	<u>229</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 55,904</u>	<u>\$ 58,718</u>	<u>\$ 3,272</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Tourism Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Charges for services	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Investment earnings	500	500	459	(41)
Total revenues	<u>30,500</u>	<u>30,500</u>	<u>459</u>	<u>(30,041)</u>
Expenditures				
Community Development				
Materials and services	185,500	185,500	86,610	98,890
Total Expenditures	<u>185,500</u>	<u>185,500</u>	<u>86,610</u>	<u>98,890</u>
Excess (deficiency) of revenues over expenditures	<u>(155,000)</u>	<u>(155,000)</u>	<u>(86,151)</u>	<u>68,849</u>
Other Financing Sources (Uses)				
Transfers in	105,000	134,239	130,553	(3,686)
Total other financing sources and uses	<u>105,000</u>	<u>134,239</u>	<u>130,553</u>	<u>(3,686)</u>
Net change in fund balances	<u>(50,000)</u>	<u>(20,761)</u>	<u>44,402</u>	<u>65,163</u>
Fund balances - beginning	50,000	200,000	199,525	(475)
Fund balances - ending	<u>\$ -</u>	<u>\$ 179,239</u>	<u>\$ 243,927</u>	<u>\$ 64,688</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Special Revenue Fund
For the Year Ended June 30, 2013

	<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	\$ 2,000	\$ 2,000	\$ 15,226	\$ 13,226
Intergovernmental	85,000	85,000	47,691	(37,309)
Charges for services	200	200	100	(100)
Investment earnings	-	-	152	152
Miscellaneous	10,200	10,200	2,025	(8,175)
Total revenues	<u>97,400</u>	<u>97,400</u>	<u>65,194</u>	<u>(32,206)</u>
Expenditures				
Public safety				
Materials and services	134,558	134,558	50,099	84,459
Capital outlay	47,583	47,583	5,000	42,583
Total Expenditures	<u>182,141</u>	<u>182,141</u>	<u>55,099</u>	<u>127,042</u>
Excess (deficiency) of revenues over expenditures	<u>(84,741)</u>	<u>(84,741)</u>	<u>10,095</u>	<u>94,836</u>
Other Financing Sources (Uses)				
Transfers in	-	27,792	122,213	94,421
Total other financing sources and uses	<u>-</u>	<u>27,792</u>	<u>122,213</u>	<u>94,421</u>
Net change in fund balances	<u>(84,741)</u>	<u>(56,949)</u>	<u>132,308</u>	<u>189,257</u>
Fund balances - beginning	91,464	91,464	134,726	43,262
Fund balances - ending	<u>\$ 6,723</u>	<u>\$ 34,515</u>	<u>\$ 267,034</u>	<u>\$ 232,519</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Bicycle Trails Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 35,000	\$ -	\$ -	\$ -
Investment earnings	1,300	-	-	-
Total revenues	<u>36,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Public Works				
Materials and services	7,300	-	-	-
Capital outlay	129,000	-	-	-
Total Expenditures	<u>136,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	-	(205,360)	(205,360)	-
Total other financing sources and uses	<u>-</u>	<u>(205,360)</u>	<u>(205,360)</u>	<u>-</u>
Net change in fund balances	<u>(100,000)</u>	<u>(205,360)</u>	<u>(205,360)</u>	<u>-</u>
Fund balances - beginning	100,000	205,360	205,360	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Marine Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 219,901	\$ 380,831	\$ 478,659	\$ 97,828
Miscellaneous	-	-	5,750	5,750
Total revenues	<u>219,901</u>	<u>380,831</u>	<u>484,409</u>	<u>103,578</u>
Expenditures				
Public safety				
Personal services	196,013	212,670	210,753	1,917
Materials and services	41,205	23,620	31,000	(7,380)
Capital outlay	35,885	46,880	46,880	-
Debt Service	-	93,886	93,893	(7)
Total Expenditures	<u>273,103</u>	<u>377,056</u>	<u>382,526</u>	<u>(5,470)</u>
Excess (deficiency) of revenues over expenditures	<u>(53,202)</u>	<u>3,775</u>	<u>101,883</u>	<u>98,108</u>
Other Financing Sources (Uses)				
Transfers in	19,019	19,019	19,019	-
Transfers out	-	(22,794)	(116,186)	(93,392)
Total other financing sources and uses	<u>19,019</u>	<u>(3,775)</u>	<u>(97,167)</u>	<u>(93,392)</u>
Net change in fund balances	<u>(34,183)</u>	<u>-</u>	<u>4,716</u>	<u>4,716</u>
Fund balances - beginning	<u>34,183</u>	<u>-</u>	<u>(4,716)</u>	<u>(4,716)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Taylor Grazing Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,500	\$ 5,500	\$ 3,130	\$ (2,370)
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>3,130</u>	<u>(2,370)</u>
Expenditures				
Agriculture				
Materials and services	5,500	5,500	3,131	2,369
Total Expenditures	<u>5,500</u>	<u>5,500</u>	<u>3,131</u>	<u>2,369</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Fund balances - beginning	-	-	1	1
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Title III Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 15,000	\$ 18,500	\$ 6,419	\$ (12,081)
Total revenues	<u>15,000</u>	<u>18,500</u>	<u>6,419</u>	<u>(12,081)</u>
Expenditures				
Community development				
Federal Title III Original				
Materials and services	907,000	907,000	25,460	881,540
Federal Title III New				
Materials and services	1,108,000	1,108,000	41,960	1,066,040
O&C Title III Original				
Materials and services	-	234,017	12,006	222,011
O&C Title III New				
Materials and services	-	177,710	-	177,710
Total Expenditures	<u>2,015,000</u>	<u>2,426,727</u>	<u>79,426</u>	<u>2,347,301</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000,000)</u>	<u>(2,408,227)</u>	<u>(73,007)</u>	<u>2,335,220</u>
Other Financing Sources (Uses)				
Transfers in	-	408,227	408,226	1
Total other financing sources and uses	<u>-</u>	<u>408,227</u>	<u>408,226</u>	<u>1</u>
Net change in fund balances	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>335,219</u>	<u>2,335,221</u>
Fund balances - beginning	2,000,000	2,000,000	1,965,367	(34,633)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300,586</u>	<u>\$ 2,300,588</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Court Facility Security Fund
For the Year Ended June 30, 2013

	<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	\$ 70,279	\$ 70,279	\$ 38,735	\$ (31,544)
Investment earnings	-	-	56	56
Total revenues	<u>70,279</u>	<u>70,279</u>	<u>38,791</u>	<u>(31,488)</u>
Expenditures				
Public safety				
Personal services	67,179	67,179	64,263	2,916
Materials and services	3,100	3,100	58	3,042
Total Expenditures	<u>70,279</u>	<u>70,279</u>	<u>64,321</u>	<u>5,958</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(25,530)</u>	<u>(25,530)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(25,530)</u>	<u>(25,530)</u>
Fund balances - beginning	-	-	26,016	26,016
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486</u>	<u>\$ 486</u>

Klamath County, Oregon
Budget and Actual (with Variances)
O&C Title III Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 3,500	\$ -	\$ -	\$ -
Total revenues	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Community development				
O&C Title III Original				
Materials and services	234,000	-	-	-
O&C Title III New				
Materials and services	176,500	-	-	-
Total Expenditures	<u>410,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(407,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	-	(408,227)	(408,226)	1
Total other financing sources and uses	<u>-</u>	<u>(408,227)</u>	<u>(408,226)</u>	<u>1</u>
Net change in fund balances	<u>(407,000)</u>	<u>(408,227)</u>	<u>(408,226)</u>	<u>1</u>
Fund balances - beginning	407,000	408,227	408,226	(1)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Klamath Falls Streets Fund
For the Year Ended June 30, 2013

	<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	\$ 17,000	\$ 17,000	\$ 7,303	\$ (9,697)
Total revenues	<u>17,000</u>	<u>17,000</u>	<u>7,303</u>	<u>(9,697)</u>
Expenditures				
Public Works				
Materials and services	150,000	2,954,285	252,731	2,701,554
Capital outlay	2,804,285	-	-	-
Total Expenditures	<u>2,954,285</u>	<u>2,954,285</u>	<u>252,731</u>	<u>2,701,554</u>
Excess (deficiency) of revenues over expenditures	<u>(2,937,285)</u>	<u>(2,937,285)</u>	<u>(245,428)</u>	<u>2,691,857</u>
Other Financing Sources (Uses)				
Transfers in	437,285	437,285	437,285	-
Total other financing sources and uses	<u>437,285</u>	<u>437,285</u>	<u>437,285</u>	<u>-</u>
Net change in fund balances	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>191,857</u>	<u>2,691,857</u>
Fund balances - beginning	2,500,000	2,500,000	2,622,660	122,660
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,814,517</u>	<u>\$ 2,814,517</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Surveyor Fund
For the Year Ended June 30, 2013

	<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	\$ 61,000	\$ 61,000	\$ 63,451	\$ 2,451
Investment earnings	11,250	11,250	2,995	(8,255)
Miscellaneous	50	50	180	130
Total revenues	<u>72,300</u>	<u>72,300</u>	<u>66,626</u>	<u>(5,674)</u>
Expenditures				
Community development				
Surveyor				
Personal services	5,479	5,479	5,453	26
Materials and services	2,071	2,071	1,590	481
Corner Restoration				
Personal services	16,356	16,356	16,324	32
Materials and services	110,296	110,296	18,967	91,329
Total Expenditures	<u>134,202</u>	<u>134,202</u>	<u>42,334</u>	<u>91,868</u>
Excess (deficiency) of revenues over expenditures	<u>(61,902)</u>	<u>(61,902)</u>	<u>24,292</u>	<u>86,194</u>
Other Financing Sources (Uses)				
Transfers out	<u>(3,250)</u>	<u>(3,250)</u>	<u>(500)</u>	<u>2,750</u>
Total other financing sources and uses	<u>(3,250)</u>	<u>(3,250)</u>	<u>(500)</u>	<u>2,750</u>
Net change in fund balances	<u>(65,152)</u>	<u>(65,152)</u>	<u>23,792</u>	<u>88,944</u>
Fund balances - beginning	1,126,500	1,126,500	1,105,323	(21,177)
Fund balances - ending	<u>\$ 1,061,348</u>	<u>\$ 1,061,348</u>	<u>\$ 1,129,115</u>	<u>\$ 67,767</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Parks Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 88,600	\$ 135,439	\$ 153,090	\$ 17,651
Charges for services	6,250	6,250	12,500	6,250
Investment earnings	2,750	2,750	687	(2,063)
Total revenues	<u>97,600</u>	<u>144,439</u>	<u>166,277</u>	<u>21,838</u>
Expenditures				
Community Services				
Parks Operating				
Personal services	56,944	56,944	55,880	1,064
Materials and services	97,146	97,146	80,741	16,405
Capital outlay	-	46,839	44,730	2,109
Contingencies	17,510	17,510	-	17,510
Total Expenditures	<u>171,600</u>	<u>218,439</u>	<u>181,351</u>	<u>37,088</u>
Excess (deficiency) of revenues over expenditures	<u>(74,000)</u>	<u>(74,000)</u>	<u>(15,074)</u>	<u>58,926</u>
Other Financing Sources (Uses)				
Transfers in	5,000	5,000	5,000	-
Transfers out	(8,500)	(8,500)	(8,500)	-
Total other financing sources and uses	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Net change in fund balances	<u>(77,500)</u>	<u>(77,500)</u>	<u>(18,574)</u>	<u>58,926</u>
Fund balances - beginning	<u>242,675</u>	<u>242,675</u>	<u>272,559</u>	<u>29,884</u>
Fund balances - ending	<u>\$ 165,175</u>	<u>\$ 165,175</u>	<u>\$ 253,985</u>	<u>\$ 88,810</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Experiment Station Field Research Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Charges for services	3,500	3,500	13,804	10,304
Investment earnings	200	200	72	(128)
Total revenues	<u>8,700</u>	<u>8,700</u>	<u>13,876</u>	<u>5,176</u>
Expenditures				
Agriculture				
Personal services	10,281	10,281	-	10,281
Materials and services	20,017	20,017	-	20,017
Contingencies	10,387	10,387	-	10,387
Total Expenditures	<u>40,685</u>	<u>40,685</u>	<u>-</u>	<u>40,685</u>
Excess (deficiency) of revenues over expenditures	<u>(31,985)</u>	<u>(31,985)</u>	<u>13,876</u>	<u>45,861</u>
Net change in fund balances	<u>(31,985)</u>	<u>(31,985)</u>	<u>13,876</u>	<u>45,861</u>
Fund balances - beginning	<u>31,985</u>	<u>31,985</u>	<u>23,528</u>	<u>(8,457)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,404</u>	<u>\$ 37,404</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Development Department Fund
For the Year Ended June 30, 2013

	<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	\$ 2,150	\$ 2,150	\$ 3,916	\$ 1,766
Licenses and permits	31,130	31,130	19,158	(11,972)
Intergovernmental	5,000	23,322	9,369	(13,953)
Charges for services	1,836,658	1,647,610	1,426,557	(221,053)
Investment earnings	300	300	167	(133)
Miscellaneous	18,564	18,564	22,993	4,429
Total revenues	<u>1,893,802</u>	<u>1,723,076</u>	<u>1,482,160</u>	<u>(240,916)</u>
Expenditures				
Community Development				
Planning				
Personal services	255,299	255,299	227,792	27,507
Materials and services	151,642	117,392	117,870	(478)
Building				
Personal services	986,287	986,287	733,144	253,143
Materials and services	240,096	199,538	180,316	19,222
Onsite				
Personal services	105,417	105,417	108,930	(3,513)
Materials and services	67,609	61,822	59,292	2,530
Code Enforcement Violations				
Materials and services	8,744	8,744	-	8,744
Code Enforcement				
Personal services	46,478	46,478	39,406	7,072
Materials and services	40,123	34,193	28,434	5,759
Contingencies	-	5,930	-	5,930
Administration				
Personal services	208,184	118,053	118,893	(840)
Materials and services	148,539	148,539	146,556	1,983
Total Expenditures	<u>2,258,418</u>	<u>2,087,692</u>	<u>1,760,633</u>	<u>327,059</u>
Excess (deficiency) of revenues over expenditures	<u>(364,616)</u>	<u>(364,616)</u>	<u>(278,473)</u>	<u>86,143</u>
Other Financing Sources (Uses)				
Transfers in	<u>350,972</u>	<u>350,972</u>	<u>350,972</u>	<u>-</u>
Total other financing sources and uses	<u>350,972</u>	<u>350,972</u>	<u>350,972</u>	<u>-</u>
Net change in fund balances	<u>(13,644)</u>	<u>(13,644)</u>	<u>72,499</u>	<u>86,143</u>
Fund balances - beginning	<u>13,644</u>	<u>13,644</u>	<u>47,617</u>	<u>33,973</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,116</u>	<u>\$ 120,116</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Property Sales Fund
For the Year Ended June 30, 2013

	<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	\$ 19,050	\$ 19,050	\$ 2,048	\$ (17,002)
Charges for services	100,500	100,500	167,405	66,905
Investment earnings	4,300	4,300	705	(3,595)
Miscellaneous	150	150	788	638
Total revenues	<u>124,000</u>	<u>124,000</u>	<u>170,946</u>	<u>46,946</u>
Expenditures				
General Government				
Personal services	69,722	69,722	74,106	(4,384)
Materials and services	474,278	474,278	56,382	417,896
Contingencies	30,000	30,000	-	30,000
Total Expenditures	<u>574,000</u>	<u>574,000</u>	<u>130,488</u>	<u>443,512</u>
Excess (deficiency) of revenues over expenditures	<u>(450,000)</u>	<u>(450,000)</u>	<u>40,458</u>	<u>490,458</u>
Special Item				
Proceeds from sale of capital assets	<u>200,000</u>	<u>200,000</u>	<u>11,357</u>	<u>(188,643)</u>
Net change in fund balances	<u>(250,000)</u>	<u>(250,000)</u>	<u>51,815</u>	<u>301,815</u>
Fund balances - beginning	<u>250,000</u>	<u>250,000</u>	<u>240,090</u>	<u>(9,910)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,905</u>	<u>\$ 291,905</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 291,905	
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			<u>1,198,472</u>	
Fund Balance, Ending (GAAP)			<u>\$ 1,490,377</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Museum Fund
For the Year Ended June 30, 2013

	<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				
Property taxes	\$ 210,000	\$ 210,000	\$ 213,314	\$ 3,314
Intergovernmental	45,000	45,000	17,830	(27,170)
Charges for services	15,500	15,500	17,423	1,923
Investment earnings	1,500	1,500	880	(620)
Miscellaneous	59,000	59,000	109,415	50,415
Total revenues	<u>331,000</u>	<u>331,000</u>	<u>358,862</u>	<u>27,862</u>
Expenditures				
Community services				
Operations				
Personal services	213,055	213,055	219,483	(6,428)
Materials and services	110,727	110,727	108,294	2,433
Contingencies	24,300	35,437	-	35,437
Reserve				
Materials and services	165,000	147,000	33,063	113,937
Capital outlay	-	18,000	18,000	-
Contingencies	50,000	50,000	-	50,000
Total Expenditures	<u>563,082</u>	<u>574,219</u>	<u>378,840</u>	<u>195,379</u>
Excess (deficiency) of revenues over expenditures	<u>(232,082)</u>	<u>(243,219)</u>	<u>(19,978)</u>	<u>223,241</u>
Other Financing Sources (Uses)				
Transfers in	110,000	135,061	131,903	(3,158)
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Total other financing sources and uses	<u>65,000</u>	<u>90,061</u>	<u>86,903</u>	<u>(3,158)</u>
Net change in fund balances	<u>(167,082)</u>	<u>(153,158)</u>	<u>66,925</u>	<u>220,083</u>
Fund balances - beginning	<u>261,000</u>	<u>261,000</u>	<u>299,902</u>	<u>38,902</u>
Fund balances - ending	<u>\$ 93,918</u>	<u>\$ 107,842</u>	<u>\$ 366,827</u>	<u>\$ 258,985</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Economic Development Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 180,000	\$ 280,000	\$ 279,273	\$ (727)
Investment earnings	-	-	400	400
Total revenues	<u>180,000</u>	<u>280,000</u>	<u>279,673</u>	<u>(327)</u>
Expenditures				
Community development				
Materials and services	200,000	220,000	196,976	23,024
Contingencies	-	87,100	-	87,100
Total Expenditures	<u>200,000</u>	<u>307,100</u>	<u>196,976</u>	<u>110,124</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>(27,100)</u>	<u>82,697</u>	<u>109,797</u>
Other Financing Sources (Uses)				
Transfers in	-	87,100	87,060	(40)
Total other financing sources and uses	<u>-</u>	<u>87,100</u>	<u>87,060</u>	<u>(40)</u>
Net change in fund balances	<u>(20,000)</u>	<u>60,000</u>	<u>169,757</u>	<u>109,757</u>
Fund balances - beginning	<u>20,000</u>	<u>59,000</u>	<u>59,248</u>	<u>248</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 119,000</u>	<u>\$ 229,005</u>	<u>\$ 110,005</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Corrections Fund
For the Year Ended June 30, 2013

	<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	\$ 31,391	\$ 29,861	\$ 37,797	\$ 7,936
Intergovernmental	2,397,988	2,387,226	2,394,542	7,316
Charges for services	360,481	213,899	222,252	8,353
Investment earnings	4,016	3,691	2,288	(1,403)
Miscellaneous	500	3,788	3,520	(268)
Total revenues	<u>2,794,376</u>	<u>2,638,465</u>	<u>2,660,399</u>	<u>21,934</u>
Expenditures				
Public Safety				
Lake county				
Materials and services	384,117	394,965	394,964	1
Contingencies	86,241	-	-	-
Klamath county				
Personal services	1,526,599	1,526,599	1,412,612	113,987
Materials and services	895,802	883,500	816,159	67,341
Debt service	50,000	44,804	44,804	-
Capital outlay	10,000	32,400	11,103	21,297
Contingencies	111,935	148,183	-	148,183
Total Expenditures	<u>3,064,694</u>	<u>3,030,451</u>	<u>2,679,642</u>	<u>350,809</u>
Excess (deficiency) of revenues over expenditures	<u>(270,318)</u>	<u>(391,986)</u>	<u>(19,243)</u>	<u>372,743</u>
Other Financing Sources (Uses)				
Transfers in	-	42,802	42,802	-
Transfers out	<u>(5,000)</u>	<u>(33,958)</u>	<u>(33,958)</u>	<u>-</u>
Total other financing sources and uses	<u>(5,000)</u>	<u>8,844</u>	<u>8,844</u>	<u>-</u>
Net change in fund balances	<u>(275,318)</u>	<u>(383,142)</u>	<u>(10,399)</u>	<u>372,743</u>
Fund balances - beginning	<u>375,318</u>	<u>503,142</u>	<u>547,652</u>	<u>44,510</u>
Fund balances - ending	<u>\$ 100,000</u>	<u>\$ 120,000</u>	<u>\$ 537,253</u>	<u>\$ 417,253</u>

Klamath County, Oregon
Budget and Actual (with Variances)
County Schools Fund
For the Year Ended June 30, 2013

	<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	\$ -	\$ -	\$ 64	\$ 64
Intergovernmental	308,000	2,116,000	2,086,637	(29,363)
Investment earnings	500	2,500	2,282	(218)
Total revenues	<u>308,500</u>	<u>2,118,500</u>	<u>2,088,983</u>	<u>(29,517)</u>
Expenditures				
Community services				
Materials and services	<u>1,358,500</u>	<u>3,388,500</u>	<u>3,359,109</u>	<u>29,391</u>
Total Expenditures	<u>1,358,500</u>	<u>3,388,500</u>	<u>3,359,109</u>	<u>29,391</u>
Excess (deficiency) of revenues over expenditures	<u>(1,050,000)</u>	<u>(1,270,000)</u>	<u>(1,270,126)</u>	<u>(126)</u>
Net change in fund balances	<u>(1,050,000)</u>	<u>(1,270,000)</u>	<u>(1,270,126)</u>	<u>(126)</u>
Fund balances - beginning	<u>1,050,000</u>	<u>1,270,000</u>	<u>1,270,126</u>	<u>126</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Search and Rescue Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 17,432	\$ 2,432
Miscellaneous	1,500	1,262	1,262	-
Total revenues	<u>16,500</u>	<u>16,262</u>	<u>18,694</u>	<u>2,432</u>
Expenditures				
Public safety				
Materials and services	67,193	45,582	42,409	3,173
Debt service	-	12,415	12,407	8
Total Expenditures	<u>67,193</u>	<u>57,997</u>	<u>54,816</u>	<u>3,181</u>
Excess (deficiency) of revenues over expenditures	<u>(50,693)</u>	<u>(41,735)</u>	<u>(36,122)</u>	<u>5,613</u>
Other Financing Sources (Uses)				
Transfers in	46,183	46,183	46,183	-
Transfers out	-	(4,516)	(6,026)	(1,510)
Total other financing sources and uses	<u>46,183</u>	<u>41,667</u>	<u>40,157</u>	<u>(1,510)</u>
Special Item				
Proceeds from sale of assets	-	550	550	-
Net change in fund balances	<u>(4,510)</u>	<u>482</u>	<u>4,585</u>	<u>4,103</u>
Fund balances - beginning	4,992	-	(4,585)	(4,585)
Fund balances - ending	<u>\$ 482</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ (482)</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Animal Control Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 6,000	\$ 6,000	\$ 13,363	\$ 7,363
Licenses and permits	292,068	292,068	240,178	(51,890)
Charges for services	3,500	3,500	1,892	(1,608)
Investment earnings	-	-	41	41
Miscellaneous	-	-	194	194
Total revenues	<u>301,568</u>	<u>301,568</u>	<u>255,668</u>	<u>(45,900)</u>
Expenditures				
Public safety				
Personal services	150,841	150,841	125,966	24,875
Materials and services	150,727	150,727	144,358	6,369
Total Expenditures	<u>301,568</u>	<u>301,568</u>	<u>270,324</u>	<u>31,244</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(14,656)</u>	<u>(14,656)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(14,656)</u>	<u>(14,656)</u>
Fund balances - beginning	-	-	18,124	18,124
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,468</u>	<u>\$ 3,468</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2013

	<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	\$ 172,350	\$ 173,850	\$ 174,091	\$ 241
Intergovernmental	1,069,031	1,254,086	1,287,366	33,280
Charges for services	1,741,995	1,122,806	1,148,930	26,124
Miscellaneous	28,430	1,710	2,668	958
Total revenues	<u>3,011,806</u>	<u>2,552,452</u>	<u>2,613,055</u>	<u>60,603</u>
Expenditures				
Human services				
Administration				
Personal services	65,949	56,322	44,313	12,009
Materials and services	353,247	267,673	264,971	2,702
Debt service	-	491,500	491,271	229
Environmental Health				
Personal services	237,599	244,664	244,587	77
Materials and services	86,623	83,120	85,436	(2,316)
Clinic Nursing				
Personal services	325,331	348,550	293,487	55,063
Materials and services	328,291	267,711	272,364	(4,653)
Medical Examiner				
Materials and services	30,000	30,000	30,000	-
Nursing Outreach				
Personal services	256,942	178,683	143,023	35,660
Materials and services	232,518	116,388	136,843	(20,455)
Women Infants & Children				
Personal services	335,427	343,627	326,369	17,258
Materials and services	78,582	74,582	86,558	(11,976)
Contingencies	4,013	-	-	-
Health Promotion & Disease Prevention				
Personal services	161,809	184,398	175,800	8,598
Materials and services	58,390	87,506	77,048	10,458
Vital Records				
Personal services	27,408	27,795	29,542	(1,747)
Materials and services	13,592	13,605	13,501	104
Emergency Preparedness				
Personal services	79,464	80,823	68,175	12,648
Materials and services	16,036	22,318	22,062	256
Oral Health				
Personal services	65,797	50,172	47,082	3,090
Materials and services	308,788	298,630	188,733	109,897
Total Expenditures	<u>3,065,806</u>	<u>3,268,067</u>	<u>3,041,165</u>	<u>226,902</u>
Excess (deficiency) of revenues over expenditures	<u>(54,000)</u>	<u>(715,615)</u>	<u>(428,110)</u>	<u>287,505</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	(54,000)	(715,615)	(428,110)	287,505
Other Financing Sources (Uses)				
Transfers in	60,261	535,774	645,019	109,245
Transfers out	(6,261)	(231,859)	(341,104)	(109,245)
Interfund loan proceeds	-	-	8,339	8,339
Total other financing sources and uses	54,000	303,915	312,254	8,339
Special Item				
Proceeds from sale of assets	-	4,450	6,250	1,800
Net change in fund balances	-	(407,250)	(109,606)	297,644
Fund balances - beginning	-	407,000	406,916	(84)
Fund balances - ending	\$ -	\$ (250)	\$ 297,310	\$ 297,560
Reconciliation of Fund Balance - Budgetary Basis to Position				
Fund Balance - Budgetary Basis - End of Year			\$ 297,310	
Interfund loan recognized for GAAP, but is not included for the Budgetary Basis			(8,339)	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			8,652	
Fund Balance, Ending (GAAP)			\$ 297,623	

Klamath County, Oregon
Budget and Actual (with Variances)
Fairgrounds Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 48,110	\$ (1,890)
Charges for services	436,099	346,099	393,922	47,823
Investment earnings	-	-	2	2
Total revenues	<u>486,099</u>	<u>396,099</u>	<u>442,034</u>	<u>45,935</u>
Expenditures				
Community services				
Personal services	370,762	388,522	393,305	(4,783)
Materials and services	510,337	492,577	481,118	11,459
Debt service	300,000	309,700	309,165	535
Contingencies	-	15,380	-	15,380
Total Expenditures	<u>1,181,099</u>	<u>1,206,179</u>	<u>1,183,588</u>	<u>22,591</u>
Excess (deficiency) of revenues over expenditures	<u>(695,000)</u>	<u>(810,080)</u>	<u>(741,554)</u>	<u>68,526</u>
Other Financing Sources (Uses)				
Transfers in	420,000	538,212	569,610	31,398
Interfund loan proceeds	275,000	246,000	233,231	(12,769)
Total other financing sources and uses	<u>695,000</u>	<u>784,212</u>	<u>802,841</u>	<u>18,629</u>
Special Item				
Proceeds from sale of assets	-	-	2,750	2,750
Net change in fund balances	<u>-</u>	<u>(25,868)</u>	<u>64,037</u>	<u>89,905</u>
Fund balances - beginning	-	91,000	90,724	(276)
Fund balances - ending	<u>\$ -</u>	<u>\$ 65,132</u>	<u>\$ 154,761</u>	<u>\$ 89,629</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 154,761	
Interfund loan not recognized for GAAP, but is included for the Budgetary Basis			<u>(233,231)</u>	
Fund Balance, Ending (GAAP)			<u>\$ (78,470)</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Law Library Fund
For the Year Ended June 30, 2013

	<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	\$ 68,000	\$ 68,000	\$ 62,622	\$ (5,378)
Charges for services	6,000	6,000	5,494	(506)
Investment earnings	300	300	148	(152)
Total revenues	<u>74,300</u>	<u>74,300</u>	<u>68,264</u>	<u>(6,036)</u>
Expenditures				
Community services				
Materials and services	66,820	66,820	66,995	(175)
Contingencies	68,021	68,021	-	68,021
Total Expenditures	<u>134,841</u>	<u>134,841</u>	<u>66,995</u>	<u>67,846</u>
Excess (deficiency) of revenues over expenditures	<u>(60,541)</u>	<u>(60,541)</u>	<u>1,269</u>	<u>61,810</u>
Net change in fund balances	<u>(60,541)</u>	<u>(60,541)</u>	<u>1,269</u>	<u>61,810</u>
Fund balances - beginning	60,541	60,541	63,832	3,291
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,101</u>	<u>\$ 65,101</u>

Klamath County, Oregon
Budget and Actual (with Variances)
911 Excise Tax Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 370,000	\$ 370,000	\$ 175,867	\$ (194,133)
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>175,867</u>	<u>(194,133)</u>
Expenditures				
Public safety				
Materials and services	370,000	370,000	175,867	194,133
Total Expenditures	<u>370,000</u>	<u>370,000</u>	<u>175,867</u>	<u>194,133</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Library Service District Fund
For the Year Ended June 30, 2013

	<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	\$ 2,281,477	2,281,477	2,453,859	172,382
Operating grants & contributions	23,000.00	23,000.00	51,470	28,470
Per Capita State Aid	16,000	16,000	16,172	172
Charges for services	41,100	41,100	55,694	14,594
Investment income	10,000	10,000	3,338	(6,662)
Sales and donations				-
Sales - Property Distribution				-
Miscellaneous revenues	<u>55,000</u>	<u>55,000</u>	<u>12,396</u>	<u>(42,604)</u>
Total Revenues	<u>2,426,577</u>	<u>2,426,577</u>	<u>2,592,929</u>	<u>166,352</u>
Expenditures				
Current				
Personnel services				
Materials and services	2,390,400	2,390,400	2,351,804	38,596
Other Expenses				
Contingency	<u>370,523</u>	<u>370,523</u>	<u>-</u>	<u>370,523</u>
Total Expenditures	<u>2,760,923</u>	<u>2,760,923</u>	<u>2,351,804</u>	<u>409,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(334,346)	(334,346)	241,125	575,471
Other Financing Sources				
Transfers in				
Transfers out	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(429,346)	(429,346)	146,125	575,471
Fund Balance - Beginning	<u>579,346</u>	<u>579,346</u>	<u>826,499</u>	<u>247,153</u>
Fund Balance - Ending	<u>\$ 150,000</u>	<u>150,000</u>	<u>972,624</u>	<u>822,624</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Library Capital Projects Reserve Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales and donations	\$ -	\$ -	\$ -	\$ -
Investment income	\$ 3,000	3,000	2,628	(372)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>2,628</u>	<u>(372)</u>
Expenditures				
Current				
Materials and services				
Materials and services	-	70,000	29,291	40,709
Capital outlay	250,000	250,000	41,421	208,579
Contingency				
Total Expenditures	<u>250,000</u>	<u>320,000</u>	<u>70,712</u>	<u>249,288</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(247,000)	(317,000)	(68,084)	248,916
Other Financing Sources				
Transfers in	211,000	211,000	211,619	619
Transfers out				
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(36,000)	(106,000)	143,535	249,535
Fund Balance - Beginning	<u>974,523</u>	<u>974,523</u>	<u>964,601</u>	<u>(9,922)</u>
Fund Balance - Ending	<u>\$ 938,523</u>	<u>868,523</u>	<u>1,108,136</u>	<u>239,613</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Clerk 5% Storage Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 14,011	\$ 14,011	\$ 20,727	\$ 6,716
Investment earnings	-	-	287	287
Total revenues	<u>14,011</u>	<u>14,011</u>	<u>21,014</u>	<u>7,003</u>
Excess (deficiency) of revenues over expenditures	<u>14,011</u>	<u>14,011</u>	<u>21,014</u>	<u>7,003</u>
Other Financing Sources (Uses)				
Transfers in	<u>2,750</u>	<u>2,750</u>	-	<u>(2,750)</u>
Total other financing sources and uses	<u>2,750</u>	<u>2,750</u>	-	<u>(2,750)</u>
Net change in fund balances	<u>16,761</u>	<u>16,761</u>	<u>21,014</u>	<u>4,253</u>
Fund balances - beginning	<u>84,000</u>	<u>84,000</u>	<u>102,704</u>	<u>18,704</u>
Fund balances - ending	<u>\$ 100,761</u>	<u>\$ 100,761</u>	<u>\$ 123,718</u>	<u>\$ 22,957</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Ambulance Advisory Training Fund
For the Year Ended June 30, 2013

	<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	\$ -	\$ -	\$ 7	\$ 7
Miscellaneous	500	500	700	200
Total revenues	<u>500</u>	<u>500</u>	<u>707</u>	<u>207</u>
Expenditures				
Public Safety				
Materials and services	<u>2,500</u>	<u>2,500</u>	<u>1,094</u>	<u>1,406</u>
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,094</u>	<u>1,406</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>(2,000)</u>	<u>(387)</u>	<u>1,613</u>
Net change in fund balances	<u>(2,000)</u>	<u>(2,000)</u>	<u>(387)</u>	<u>1,613</u>
Fund balances - beginning	<u>2,000</u>	<u>2,000</u>	<u>2,683</u>	<u>683</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,296</u>	<u>\$ 2,296</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Clerk Overpayments Fund
For the Year Ended June 30, 2013

	<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	\$ 300	\$ 300	\$ 1,967	\$ 1,667
Investment earnings	-	-	28	28
Total revenues	<u>300</u>	<u>300</u>	<u>1,995</u>	<u>1,695</u>
Expenditures				
General government				
Materials and services	-	2,500	1,204	1,296
Total Expenditures	-	2,500	1,204	1,296
Excess (deficiency) of revenues over expenditures	<u>300</u>	<u>(2,200)</u>	<u>791</u>	<u>2,991</u>
Net change in fund balances	<u>300</u>	<u>(2,200)</u>	<u>791</u>	<u>2,991</u>
Fund balances - beginning	7,060	7,060	10,158	3,098
Fund balances - ending	<u>\$ 7,360</u>	<u>\$ 4,860</u>	<u>\$ 10,949</u>	<u>\$ 6,089</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Transient Room Tax Fund
For the Year Ended June 30, 2013

	<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	\$ 1,200,000	\$ 1,536,000	\$ 1,563,243	\$ 27,243
Licenses and permits	500	500	1,436	936
Investment earnings	500	500	489	(11)
Total revenues	<u>1,201,000</u>	<u>1,537,000</u>	<u>1,565,168</u>	<u>28,168</u>
Expenditures				
Community development				
Materials and services	<u>586,000</u>	<u>749,488</u>	<u>753,101</u>	<u>(3,613)</u>
Total Expenditures	<u>586,000</u>	<u>749,488</u>	<u>753,101</u>	<u>(3,613)</u>
Excess (deficiency) of revenues over expenditures	<u>615,000</u>	<u>787,512</u>	<u>812,067</u>	<u>24,555</u>
Other Financing Sources (Uses)				
Transfers out	<u>(615,000)</u>	<u>(787,512)</u>	<u>(812,067)</u>	<u>(24,555)</u>
Total other financing sources and uses	<u>(615,000)</u>	<u>(787,512)</u>	<u>(812,067)</u>	<u>(24,555)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Equipment Reserve Fund
For the Year Ended June 30, 2013

	<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	\$ 35,000	\$ 23,000	\$ 5,985	\$ (17,015)
Miscellaneous	14,000	-	-	-
Total revenues	<u>49,000</u>	<u>23,000</u>	<u>5,985</u>	<u>(17,015)</u>
Expenditures				
General Government				
Materials and services	564,000	414,000	4,509	409,491
Capital outlay	1,971,330	567,854	79,935	487,919
Debt Service	275,000	246,000	241,570	4,430
Total Expenditures	<u>2,810,330</u>	<u>1,227,854</u>	<u>326,014</u>	<u>901,840</u>
Excess (deficiency) of revenues over expenditures	<u>(2,761,330)</u>	<u>(1,204,854)</u>	<u>(320,029)</u>	<u>884,825</u>
Other Financing Sources (Uses)				
Transfers in	625,252	268,098	268,098	-
Transfers out	(377,717)	(1,545,151)	(1,511,072)	34,079
Interfund loan proceeds	513,795	1,050,119	1,057,788	7,669
Total other financing sources and uses	<u>761,330</u>	<u>(226,934)</u>	<u>(185,186)</u>	<u>41,748</u>
Net change in fund balances	<u>(2,000,000)</u>	<u>(1,431,788)</u>	<u>(505,215)</u>	<u>926,573</u>
Fund balances - beginning	2,000,000	2,546,000	1,181,165	(1,364,835)
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,114,212</u>	<u>\$ 675,950</u>	<u>\$ (438,262)</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 675,950	
Interfund loan not recognized for Budgetary Basis, but is included for GAAP			<u>548,475</u>	
Fund Balance, Ending (GAAP)			<u>\$ 1,224,425</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Capital Projects Fund
For the Year Ended June 30, 2013

	<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	\$ -	\$ 150,000	\$ 107,871	\$ (42,129)
Investment earnings	-	-	1,354	1,354
Total revenues	-	150,000	109,225	(40,775)
Expenditures				
General government				
Materials and services	-	25,000	-	25,000
Capital outlay	234,220	536,000	228,313	307,687
Contingencies	250,000	573,220	-	573,220
Total Expenditures	484,220	1,134,220	228,313	905,907
Excess (deficiency) of revenues over expenditures	(484,220)	(984,220)	(119,088)	865,132
Other Financing Sources (Uses)				
Transfers in	1,104,000	1,623,338	1,623,244	(94)
Total other financing sources and uses	1,104,000	1,623,338	1,623,244	(94)
Net change in fund balances	619,780	639,118	1,504,156	865,038
Fund balances - beginning	-	-	75,308	75,308
Fund balances - ending	\$ 619,780	\$ 639,118	\$ 1,579,464	\$ 940,346

Klamath County, Oregon
Enterprise Funds
June 30, 2013

Enterprise Funds

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

Non-Major Enterprise Funds:

Weed Control

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

Interoperable Radio Communications

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

Drainage Service District

The Drainage Service District Fund accounts for the activity of the Klamath County Drainage Service District.

Klamath County, Oregon
Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2013

Non-Major Enterprise Funds				
	Weed Control Fund	Interoperable Radio Communications Fund	Drainage Service District Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 212,493	\$ 292,890	\$ 2,050,713	\$ 2,556,096
Accounts Receivable, net	26,103	-	-	26,103
Assessments receivable	-	-	30,939	30,939
Inventories	17,204	-	-	17,204
Prepaid Expenses	-	-	66,212	66,212
Total current assets	<u>255,800</u>	<u>292,890</u>	<u>2,147,864</u>	<u>2,696,554</u>
Non-current assets:				
Capital Assets:				
Land and improvements	-	-	-	-
Construction in Progress	-	442,569	-	442,569
Vehicles	115,107	-	-	115,107
Buildings	29,389	76,000	-	105,389
Machinery and Equipment	43,690	1,960,327	-	2,004,017
Less Accumulated depreciation	(131,059)	(793,725)	-	(924,784)
Total non-current assets	<u>57,127</u>	<u>1,685,171</u>	<u>-</u>	<u>1,742,298</u>
Total assets	<u>312,927</u>	<u>1,978,061</u>	<u>2,147,864</u>	<u>4,438,852</u>
Liabilities				
Current Liabilities:				
Accounts payable	344	183	30,548	31,075
Compensated absences	8,759	-	-	8,759
Claims and judgments	-	-	-	-
Total current liabilities	<u>9,103</u>	<u>183</u>	<u>30,548</u>	<u>39,834</u>
Non-current liabilities:				
Net OPEB liability	285	-	-	285
Post-closure liabilities	-	-	-	-
Pension liability	5,877	-	-	5,877
Total non-current liabilities	<u>6,162</u>	<u>-</u>	<u>-</u>	<u>6,162</u>
Total liabilities	<u>15,265</u>	<u>183</u>	<u>30,548</u>	<u>45,996</u>
Net Position				
Invested in capital assets, net of related debt	57,127	1,685,171	-	1,742,298
Unrestricted	240,535	292,707	2,117,316	2,650,558
Total net position	<u>\$ 297,662</u>	<u>\$ 1,977,878</u>	<u>\$ 2,117,316</u>	<u>\$ 4,392,856</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2013

	Non-Major Enterprise Funds			
	Weed Control Fund	Interoperable Radio Communications Fund	Drainage Service District Fund	Total
Revenues				
Fines and forfeitures	\$ 720	\$ -	\$ -	\$ 720
Licenses, fees, and permits	-	-	219,276	219,276
Charges for services	201,113	115,681	-	316,794
Total operating revenues	<u>201,833</u>	<u>115,681</u>	<u>219,276</u>	<u>536,790</u>
Operating Expenses				
Personal services	136,583	-	-	136,583
Materials and services	63,004	56,649	154,731	274,384
Depreciation	12,004	199,833	-	211,837
Total Operating Expenses	<u>211,591</u>	<u>256,482</u>	<u>154,731</u>	<u>622,804</u>
Operating income (loss)	<u>(9,758)</u>	<u>(140,801)</u>	<u>64,545</u>	<u>(86,014)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	609	632	5,280	6,521
Miscellaneous revenue	822	27	-	849
Operating grants and contributions	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total non-operating revenue (expenses)	<u>1,431</u>	<u>659</u>	<u>5,280</u>	<u>7,370</u>
Income (loss) before contributions and transfers	<u>(8,327)</u>	<u>(140,142)</u>	<u>69,825</u>	<u>(78,644)</u>
Transfers in	-	-	-	-
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Change in net position	<u>(10,327)</u>	<u>(140,142)</u>	<u>69,825</u>	<u>(80,644)</u>
Total net position - beginning	268,608	1,478,353	2,047,491	3,794,452
Prior period adjustment	39,381	639,667	-	679,048
Total net position - beginning, restated	<u>307,989</u>	<u>2,118,020</u>	<u>2,047,491</u>	<u>4,473,500</u>
Total net position - ending	<u>\$ 297,662</u>	<u>\$ 1,977,878</u>	<u>\$ 2,117,316</u>	<u>\$ 4,392,856</u>

Klamath County, Oregon
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2013

	Non-Major Enterprise Funds			
	Weed Control Fund	Interoperable Radio Communications Fund	Drainage Service District Fund	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 233,955	\$ 115,681	\$ 218,939	\$ 568,575
Other income	720	-	-	720
Payment to suppliers	(68,197)	(56,859)	(101,481)	(226,537)
Payments to employees	(133,170)	-	-	(133,170)
Net Cash Flows Provided (Used) by Operating Activities	33,308	58,822	117,458	209,588
Cash Flows From Noncapital Financing Activities				
Operating grants	-	-	-	-
Transfers from (to) other funds	(2,000)	-	-	(2,000)
Other income	822	27	-	849
Net Cash Provided (Used) by Noncapital Financing	(1,178)	27	-	(1,151)
Cash Flows From Capital and Related Financing Activities				
Purchase and construction of depreciable assets	(7,357)	(15,681)	-	(23,038)
Proceeds from disposal of depreciable assets	-	-	-	-
Net Cash Flows (Used) by Capital and Related Financing Activities	(7,357)	(15,681)	-	(23,038)
Cash Flows From Investing Activities				
Investment interest	609	632	5,280	6,521
Net Cash Flows Provided by Investing Activities	609	632	5,280	6,521
Net Increase (Decrease) in Cash and Cash Equivalents	25,382	43,800	122,738	191,920
Cash and Cash Equivalents, Beginning of Year	187,111	249,090	1,927,975	2,364,176
Cash and Cash Equivalents, End of Year	\$ 212,493	\$ 292,890	\$ 2,050,713	\$ 2,556,096
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (9,758)	\$ (140,801)	\$ 64,545	\$ (86,014)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	12,004	199,833	-	211,837
(Increase) decrease in assets				
Accounts receivable	32,842	-	-	32,842
Assessments receivable	-	-	(337)	(337)
Inventory	(3,451)	-	-	(3,451)
Prepaid expenses	-	-	22,702	22,702
Increase (decrease) in liabilities				
Accounts payable	(1,742)	(210)	30,548	28,596
Claims and judgments	-	-	-	-
Landfill closure liability	-	-	-	-
Accrued employee benefits	3,413	-	-	3,413
Net Cash Flows Provided (Used) by Operating Activities	\$ 33,308	\$ 58,822	\$ 117,458	\$ 209,588

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Landfill Site Reserve Fund
For the Year Ended June 30, 2013

	<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	\$ 40,000	\$ -	\$ -	\$ -
Total revenues	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Public Works				
Materials and services	400,000	-	-	-
Total Expenditures	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(360,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	215,560	-	-	-
Transfers out	-	(5,624,278)	(5,412,393)	211,885
Total other financing sources and uses	<u>215,560</u>	<u>(5,624,278)</u>	<u>(5,412,393)</u>	<u>211,885</u>
Net change in fund balances	<u>(144,440)</u>	<u>(5,624,278)</u>	<u>(5,412,393)</u>	<u>211,885</u>
Fund balances - beginning	5,624,278	5,624,278	5,412,393	(211,885)
Fund balances - ending	<u>\$ 5,479,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Solid Waste Fund
For the Year Ended June 30, 2013

	<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	\$ 115,400	\$ 115,400	\$ 114,505	\$ (895)
Charges for services	4,092,000	4,092,000	3,849,678	(242,322)
Investment earnings	5,000	45,000	22,416	(22,584)
Miscellaneous	500	500	60	(440)
Total revenues	<u>4,212,900</u>	<u>4,252,900</u>	<u>3,986,659</u>	<u>(266,241)</u>
Expenditures				
Public Works				
Solid Waste Operating				
Personal services	1,554,100	1,554,100	1,396,243	157,857
Materials and services	2,870,577	2,870,577	2,520,938	349,639
Contingencies	-	21,883	-	21,883
Landfill Closure				
Materials and services	-	400,000	-	400,000
Equipment Reserve				
Capital outlay	1,965,300	1,965,300	25,386	1,939,914
Total Expenditures	<u>6,389,977</u>	<u>6,811,860</u>	<u>3,942,567</u>	<u>2,869,293</u>
Excess (deficiency) of revenues over expenditures	<u>(2,177,077)</u>	<u>(2,558,960)</u>	<u>44,092</u>	<u>2,603,052</u>
Other Financing Sources (Uses)				
Transfers in	210,000	6,071,721	5,644,277	(427,444)
Transfers out	<u>(680,815)</u>	<u>(680,815)</u>	<u>(465,255)</u>	<u>215,560</u>
Total other financing sources and uses	<u>(470,815)</u>	<u>5,390,906</u>	<u>5,179,022</u>	<u>(211,884)</u>
Net change in fund balances	<u>(2,647,892)</u>	<u>2,831,946</u>	<u>5,223,114</u>	<u>2,391,168</u>
Fund balances - beginning	<u>2,647,892</u>	<u>2,647,892</u>	<u>3,095,660</u>	<u>447,768</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,479,838</u>	<u>\$ 8,318,774</u>	<u>\$ 2,838,936</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 8,318,774	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			1,818,107	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,408,890)</u>	
Net Position, Ending (GAAP)			<u>\$ 8,727,991</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Recycling Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ (21,883)	\$ (21,883)	\$ -
Total other financing sources and uses	-	(21,883)	(21,883)	-
Net change in fund balances	-	(21,883)	(21,883)	-
Fund balances - beginning	-	21,883	21,883	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Weed Control Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 720	\$ 720
Charges for services	200,000	200,000	199,039	(961)
Investment earnings	1,500	1,500	609	(891)
Miscellaneous	-	-	822	822
Total revenues	<u>201,500</u>	<u>201,500</u>	<u>201,190</u>	<u>(310)</u>
Expenditures				
Public Works				
Weed Control Operating				
Personal services	183,969	183,969	133,170	50,799
Materials and services	87,818	92,818	66,456	26,362
Contingencies	44,713	39,713	-	39,713
Equipment Reserve				
Capital outlay	87,500	87,500	7,357	80,143
Total Expenditures	<u>404,000</u>	<u>404,000</u>	<u>206,983</u>	<u>197,017</u>
Excess (deficiency) of revenues over expenditures	<u>(202,500)</u>	<u>(202,500)</u>	<u>(5,793)</u>	<u>196,707</u>
Other Financing Sources (Uses)				
Transfers in	13,000	13,000	13,000	-
Transfers out	(15,000)	(15,000)	(15,000)	-
Total other financing sources and uses	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net change in fund balances	<u>(204,500)</u>	<u>(204,500)</u>	<u>(7,793)</u>	<u>196,707</u>
Fund balances - beginning	204,500	204,500	243,971	39,471
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,178</u>	<u>\$ 236,178</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 236,178	
Accrued revenues recognized for GAAP but are not included for the Budgetary Basis			2,075	
Inventory recognized for GAAP but is not included for the Budgetary Basis			17,204	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			57,127	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(14,922)</u>	
Net Position, Ending (GAAP)			<u>\$ 297,662</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Interoperable Radio Communications Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 115,681	\$ 15,681
Investment earnings	2,525	2,525	632	(1,893)
Miscellaneous	-	-	27	27
Total revenues	<u>102,525</u>	<u>102,525</u>	<u>116,340</u>	<u>13,815</u>
Expenditures				
Public Works				
Materials and services	58,592	58,592	56,649	1,943
Capital outlay	65,000	65,000	15,681	49,319
Contingencies	13,432	13,432	-	13,432
Total Expenditures	<u>137,024</u>	<u>137,024</u>	<u>72,330</u>	<u>64,694</u>
Excess (deficiency) of revenues over expenditures	<u>(34,499)</u>	<u>(34,499)</u>	<u>44,010</u>	<u>78,509</u>
Net change in fund balances	<u>(34,499)</u>	<u>(34,499)</u>	<u>44,010</u>	<u>78,509</u>
Fund balances - beginning	234,499	234,499	248,697	14,198
Fund balances - ending	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 292,707</u>	<u>\$ 92,707</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 292,707	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			<u>1,685,171</u>	
Net Position, Ending (GAAP)			<u>\$ 1,977,878</u>	

Klamath County, Oregon
Drainage Service District Fund
June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget -
				Positive
				(Negative)
Revenues				
Drainage Fees	\$ 205,000	\$ 205,000	\$ 218,864	\$ 13,864
Interest	10,000	10,000	5,280	(4,720)
Total Revenues	<u>215,000</u>	<u>215,000</u>	<u>224,144</u>	<u>9,144</u>
Expenses				
Material and Services	274,000	274,000	132,029	141,971
Capital Outlay	25,000	25,000	-	25,000
Contingency	916,000	916,000	-	916,000
Total Expenses	<u>1,215,000</u>	<u>1,215,000</u>	<u>132,029</u>	<u>1,082,971</u>
Excess of Revenues over (under) Expenses	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>92,115</u>	<u>1,092,115</u>
Fund Balance - beginning of year	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,931,570</u>	<u>(68,430)</u>
Fund Balance - end of year	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,023,685</u>	<u>\$ 1,023,685</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 2,023,685	
Prepaid expenses are recognized for GAAP, but included for the Budgetary Basis			66,212	
Receivable are recognized for GAAP, but are deferred for the Budgetary Basis			<u>27,420</u>	
Net Position, Ending (GAAP)			<u>\$ 2,117,317</u>	

Klamath County, Oregon
Internal Service Funds
June 30, 2013

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, Human Resources, County Counsel, Finance, Information Technology, Geographic Information Systems, Steering Committee and other costs that have benefits accruing to all county operations.

External Service Fund

The External Service Fund was created to record personnel service costs expended by County employees that work at the Klamath County Library.

Space Rent

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

Mental Health Building Reserve

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

Risk Management

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

Klamath County, Oregon
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2013

	Internal Services Fund	External Services Fund	Space Rent Fund	Risk Management Fund	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,249,734	\$ 89,831	\$ 943,917	\$ 2,631,253	\$ 4,914,735
Accounts Receivable, net	21,623	-	9	-	21,632
Assessments receivable	-	-	-	-	-
Inventories	8,243	-	-	-	8,243
Prepaid Expenses	-	-	-	-	-
Total current assets	<u>1,279,600</u>	<u>89,831</u>	<u>943,926</u>	<u>2,631,253</u>	<u>4,944,610</u>
Non-current assets:					
Capital Assets:					
Land and improvements	-	-	-	-	-
Construction in Progress	-	-	-	-	-
Vehicles	51,114	-	163,421	-	214,535
Buildings	-	-	35,000	-	35,000
Machinery and Equipment	927,144	-	17,700	12,200	957,044
Less Accumulated depreciation	(794,411)	-	(197,742)	(2,440)	(994,593)
Total non-current assets	<u>183,847</u>	<u>-</u>	<u>18,379</u>	<u>9,760</u>	<u>211,986</u>
Total assets	<u>1,463,447</u>	<u>89,831</u>	<u>962,305</u>	<u>2,641,013</u>	<u>5,156,596</u>
Liabilities					
Current Liabilities:					
Accounts payable	48,335	-	113,294	108,221	269,850
Compensated absences	124,805	34,054	70,294	-	229,153
Claims and judgments	-	-	-	1,652,619	1,652,619
Total current liabilities	<u>173,140</u>	<u>34,054</u>	<u>183,588</u>	<u>1,760,840</u>	<u>2,151,622</u>
Non-current liabilities:					
Net OPEB liability	3,647	3,208	1,202	98	8,155
Post-closure liabilities	-	-	-	-	-
Pension liability	98,668	52,569	23,730	1,322	176,289
Total non-current liabilities	<u>102,315</u>	<u>55,777</u>	<u>24,932</u>	<u>1,420</u>	<u>184,444</u>
Total liabilities	<u>275,455</u>	<u>89,831</u>	<u>208,520</u>	<u>1,762,260</u>	<u>2,336,066</u>
Net Position					
Invested in capital assets, net of related debt	183,847	-	18,379	9,760	211,986
Unrestricted	1,004,145	-	735,406	868,993	2,608,544
Total net position	<u>\$ 1,187,992</u>	<u>\$ -</u>	<u>\$ 753,785</u>	<u>\$ 878,753</u>	<u>\$ 2,820,530</u>

Klamath County, Oregon
Combining Statement of Revenue, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	Internal Services Fund	External Services Fund	Space Rent Fund	Risk Management Fund	Total
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, and permits	-	-	-	-	-
Charges for services	3,234,442	1,286,830	1,862,216	2,277,507	8,660,995
Total operating revenues	3,234,442	1,286,830	1,862,216	2,277,507	8,660,995
Operating Expenses					
Personal services	1,898,321	1,188,772	429,755	74,970	3,591,818
Materials and services	1,238,121	-	1,134,265	1,516,469	3,888,855
Depreciation	91,144	-	4,571	1,220	96,935
Total operating expenses	3,227,586	1,188,772	1,568,591	1,592,659	7,577,608
Operating income (loss)	6,856	98,058	293,625	684,848	1,083,387
Non-Operating Revenues (Expenses)					
Interest and investment revenue	2,816	-	5,028	4,646	12,490
Miscellaneous revenue	9,787	-	130	-	9,917
Operating grants and contributions	143,953	-	-	-	143,953
Proceeds from the sale of capital assets	10,467	-	-	-	10,467
Total non-operating revenue (expenses)	167,023	-	5,158	4,646	176,827
Income (loss) before contributions and transfers	173,879	98,058	298,783	689,494	1,260,214
Transfers in	152,302	-	-	22,952	175,254
Transfers out	(179,986)	(98,058)	(1,623,244)	(1,000)	(1,902,288)
Change in net position	146,195	-	(1,324,461)	711,446	(466,820)
Total net position - beginning	1,289,825	-	2,070,823	156,557	3,517,205
Prior period adjustment	(248,028)	-	7,423	10,750	(229,855)
Total net position - beginning, restated	1,041,797	-	2,078,246	167,307	3,287,350
Total net assets - ending	\$ 2,229,789	\$ -	\$ 2,832,031	\$ 1,046,060	\$ 6,107,880

Klamath County, Oregon
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Internal Service Funds	External Services Fund	Space Rent Fund	Risk Management Fund	Total
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 3,289,577	\$ 1,286,830	\$ 1,862,207	\$ 2,277,507	\$ 8,716,121
Other income	-	-	-	-	-
Payment to suppliers	(1,249,596)	-	(1,113,727)	(1,485,248)	(3,848,571)
Payments to employees	(1,869,063)	(1,196,999)	(430,398)	(73,745)	(3,570,205)
Net Cash Flows Provided (Used) by Operating Activities	170,918	89,831	318,082	718,514	1,297,345
Cash Flows From Noncapital Financing Activities					
Operating grants	143,953	-	-	-	143,953
Transfer from (to) other funds	(27,684)	-	(1,623,244)	21,952	(1,628,976)
Other income	9,787	-	130	-	9,917
Net Cash Provided (Used) by Noncapital Financing	126,056	-	(1,623,114)	21,952	(1,475,106)
Cash Flows From Capital and Related Financing Activities					
Purchase and construction of depreciable assets	(30,091)	-	-	-	(30,091)
Proceeds from disposal of depreciable assets	10,467	-	-	-	10,467
Net Cash Flows (Used) by Capital and Related Financing Activities	(19,624)	-	-	-	(19,624)
Cash Flows From Investing Activities					
Investment interest	2,816	-	5,028	4,646	12,490
Net Cash Flows Provided by Investing Activities	2,816	-	5,028	4,646	12,490
Net Increase (Decrease) in Cash and Cash Equivalents	280,166	89,831	(1,300,004)	745,112	(184,895)
Cash and Cash Equivalents, Beginning of Year	969,568	-	2,243,921	1,886,141	5,099,630
Cash and Cash Equivalents, End of Year	\$ 1,249,734	\$ 89,831	\$ 943,917	\$ 2,631,253	\$ 4,914,735
Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities					
Operating (Loss)	\$ 6,856	\$ 98,058	\$ 293,625	\$ 684,848	\$ 1,083,387
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities					
Depreciation expense	91,144	-	4,571	1,220	96,935
(Increase) decrease in assets					
Accounts receivable	55,135	-	(9)	-	55,126
Assessments receivable	-	-	-	-	-
Inventory	3,664	-	-	-	3,664
Prepaid expenses	-	-	-	-	-
Increase (decrease) in liabilities					
Accounts payable	(15,139)	-	20,538	16,121	21,520
Claims and judgments	-	-	-	15,100	15,100
Landfill closure liability	-	-	-	-	-
Accrued employee benefits	29,258	(8,227)	(643)	1,225	21,613
Net Cash Flows Provided (Used) by Operating Activities	\$ 170,918	\$ 89,831	\$ 318,082	\$ 718,514	\$ 1,297,345

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Internal Services Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 129,273	\$ 142,441	\$ 143,953	\$ 1,512
Charges for services	3,434,445	3,395,871	3,234,442	(161,429)
Investment earnings	100	100	2,816	2,716
Miscellaneous	-	-	9,787	9,787
Total revenues	<u>3,563,818</u>	<u>3,538,412</u>	<u>3,390,998</u>	<u>(147,414)</u>
Expenditures				
Internal Support Services				
Non-Departmental				
Materials and services	3,000	3,000	-	3,000
Contingencies	265,954	152,588	-	152,588
General Administration				
Personal services	126,979	126,979	127,628	(649)
Materials and services	77,015	77,015	68,186	8,829
Human Resources				
Personal services	304,319	304,319	296,139	8,180
Materials and services	170,765	170,765	111,463	59,302
County Counsel				
Personal services	213,738	213,738	214,465	(727)
Materials and services	62,156	62,156	31,764	30,392
Finance				
Personal services	380,942	387,833	383,314	4,519
Materials and services	380,805	520,473	416,697	103,776
Debt Service	53,795	-	-	-
Information Technology				
Personal services	750,959	730,959	721,543	9,416
Materials and services	316,514	309,014	176,123	132,891
Geographic Information Systems				
Personal services	133,091	133,091	125,973	7,118
Materials and services	55,640	78,336	76,488	1,848
Steering Committee				
Materials and services	433,160	433,160	353,736	79,424
Capital Outlay	49,650	49,650	30,366	19,284
Equipment Reserve				
Capital Outlay	42,350	42,350	-	42,350
Total Expenditures	<u>3,820,832</u>	<u>3,795,426</u>	<u>3,133,885</u>	<u>661,541</u>
Excess (deficiency) of revenues over expenditures	<u>(257,014)</u>	<u>(257,014)</u>	<u>257,113</u>	<u>514,127</u>

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Internal Services Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	(257,014)	(257,014)	257,113	514,127
Other Financing Sources (Uses)				
Transfers in	2,620,120	2,693,912	2,456,802	(237,110)
Transfers out	(2,613,106)	(2,686,898)	(2,484,486)	202,412
Total other financing sources and uses	7,014	7,014	(27,684)	(34,698)
Special Item				
Proceeds from sale of assets	-	-	10,467	10,467
Net change in fund balances	(250,000)	(250,000)	239,896	489,896
Fund balances - beginning	250,000	250,000	983,126	733,126
Fund balances - ending	\$ -	\$ -	\$ 1,223,022	\$ 1,223,022
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 1,223,022	
Inventory recognized for GAAP but is not included for the Budgetary Basis			8,243	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			183,847	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			(227,120)	
Net Position, Ending (GAAP)			\$ 1,187,992	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
External Service Fund
For the Year Ended June 30, 2013

	<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	\$ 1,257,128	\$ 1,257,128	\$ 1,286,830	\$ 29,702
Total revenues	<u>1,257,128</u>	<u>1,257,128</u>	<u>1,286,830</u>	<u>29,702</u>
Expenditures				
External Support Services				
Library Service District				
Personal services	1,257,128	1,257,128	1,196,999	60,129
Total Expenditures	<u>1,257,128</u>	<u>1,257,128</u>	<u>1,196,999</u>	<u>60,129</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>89,831</u>	<u>89,831</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>89,831</u>	<u>89,831</u>
Fund balances - beginning	-	-	0	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,831</u>	<u>\$ 89,831</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 89,831	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(89,831)</u>	
Net Position, Ending (GAAP)			<u>\$ -</u>	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Space Rent Fund
For the Year Ended June 30, 2013

	<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	\$ 1,862,216	\$ 1,862,216	\$ 1,862,216	\$ -
Investment earnings	-	-	4,971	4,971
Miscellaneous	-	-	130	130
Total revenues	<u>1,862,216</u>	<u>1,862,216</u>	<u>1,867,317</u>	<u>5,101</u>
Expenditures				
Internal Support Services				
Maintenance				
Personal services	441,091	441,091	430,398	10,693
Materials and services	1,378,304	1,378,304	1,134,265	244,039
Contingencies	26,500	200,000	-	200,000
Equipment Reserve				
Capital outlay	148,321	148,321	-	148,321
Total Expenditures	<u>1,994,216</u>	<u>2,167,716</u>	<u>1,564,663</u>	<u>603,053</u>
Excess (deficiency) of revenues over expenditures	<u>(132,000)</u>	<u>(305,500)</u>	<u>302,654</u>	<u>608,154</u>
Other Financing Sources (Uses)				
Transfers in	12,321	12,321	12,321	-
Transfers out	<u>(1,116,321)</u>	<u>(1,616,321)</u>	<u>(1,616,321)</u>	<u>-</u>
Total other financing sources and uses	<u>(1,104,000)</u>	<u>(1,604,000)</u>	<u>(1,604,000)</u>	<u>-</u>
Net change in fund balances	<u>(1,236,000)</u>	<u>(1,909,500)</u>	<u>(1,301,346)</u>	<u>608,154</u>
Fund balances - beginning	<u>1,436,000</u>	<u>2,136,000</u>	<u>2,131,978</u>	<u>(4,022)</u>
Fund balances - ending	<u>\$ 200,000</u>	<u>\$ 226,500</u>	<u>\$ 830,632</u>	<u>\$ 604,132</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 830,632	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			18,379	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(95,226)</u>	
Net Position, Ending (GAAP)			<u>\$ 753,785</u>	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Mental Health Building Reserve Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 150	\$ 150	\$ 57	\$ (93)
Total revenues	<u>150</u>	<u>150</u>	<u>57</u>	<u>(93)</u>
Expenditures				
Internal support services				
Materials and services	19,150	-	-	-
Total Expenditures	<u>19,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(19,000)</u>	<u>150</u>	<u>57</u>	<u>(93)</u>
Other Financing Sources (Uses)				
Transfers out	-	(19,338)	(19,244)	94
Total other financing sources and uses	<u>-</u>	<u>(19,338)</u>	<u>(19,244)</u>	<u>94</u>
Net change in fund balances	<u>(19,000)</u>	<u>(19,188)</u>	<u>(19,187)</u>	<u>1</u>
Fund balances - beginning	19,000	19,188	19,187	(1)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Risk Management Fund
For the Year Ended June 30, 2013

	<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	\$ 1,922,064	\$ 2,222,064	\$ 2,277,507	\$ 55,443
Investment earnings	-	6,000	4,646	(1,354)
Total revenues	<u>1,922,064</u>	<u>2,228,064</u>	<u>2,282,153</u>	<u>54,089</u>
Expenditures				
Internal support services				
Personal services	80,064	80,064	73,745	6,319
Materials and services	1,863,952	2,063,952	1,501,369	562,583
Contingencies	-	300,000	-	300,000
Total Expenditures	<u>1,944,016</u>	<u>2,444,016</u>	<u>1,575,114</u>	<u>868,902</u>
Excess (deficiency) of revenues over expenditures	<u>(21,952)</u>	<u>(215,952)</u>	<u>707,039</u>	<u>922,991</u>
Other Financing Sources (Uses)				
Transfers in	22,952	22,952	22,952	-
Transfers out	(1,000)	(1,000)	(1,000)	-
Total other financing sources and uses	<u>21,952</u>	<u>21,952</u>	<u>21,952</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(194,000)</u>	<u>728,991</u>	<u>922,991</u>
Fund balances - beginning	-	1,800,000	1,794,041	(5,959)
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,606,000</u>	<u>\$ 2,523,032</u>	<u>\$ 917,032</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 2,523,032	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			9,760	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,654,040)</u>	
Net Position, Ending (GAAP)			<u>\$ 878,752</u>	

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OTHER SCHEDULES

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Klamath County, Oregon
Schedule of Property Tax Transactions
For the Year Ended June 30, 2013

Year End June 30	Levy & Balance as of July 1, 2012	Discounts and Adjustments	Interest	Collections	Balance as of June 30, 2013
All Klamath County Funds and Governments:					
2012-2013	\$ 58,558,494	\$ (1,514,654)	\$ 40,996	\$ 54,185,750	\$ 2,899,086
2011-2012	3,036,842	(48,287)	105,314	1,310,014	1,783,855
2010-2011	1,735,314	(46,544)	115,254	555,291	1,248,733
2009-2010	1,119,044	(41,025)	186,203	554,888	709,334
2008-2009	388,232	(7,435)	98,962	250,151	229,608
2007-2008	96,974	(6,442)	10,565	19,284	81,813
2006-2007	55,935	(6,189)	6,802	9,878	46,670
Prior	359,813	(5,557)	31,081	25,294	360,043
	<u>\$ 65,350,648</u>	<u>\$ (1,676,133)</u>	<u>\$ 595,177</u>	<u>\$ 56,910,550</u>	<u>\$ 7,359,142</u>

All Budgeted County Funds - by Year of Levy:

2012-2013	\$ 11,353,219	\$ (293,658)	\$ 7,948	\$ 10,505,439	\$ 562,070
2011-2012	587,471	(9,341)	20,373	253,420	345,083
2010-2011	376,940	(10,110)	25,035	120,619	271,246
2009-2010	254,012	(9,306)	42,266	125,954	161,018
2008-2009	86,578	(1,658)	22,069	55,785	51,204
2007-2008	21,204	(1,409)	2,310	4,217	17,888
2006-2007	12,921	(1,430)	1,571	2,282	10,780
Prior	85,008	(1,313)	7,343	5,976	85,062
	<u>\$ 12,777,353</u>	<u>\$ (328,225)</u>	<u>\$ 128,915</u>	<u>\$ 11,073,692</u>	<u>\$ 1,504,351</u>

All Budgeted County Funds - by Fund:

General Fund	\$ 9,656,270	\$ (247,566)	\$ 85,419	\$ 8,420,430	\$ 1,073,693
Courthouse Fund	114,292	(3,411)	13,463	42,051	82,293
Fairground Fund	22,974	(747)	3,638	9,277	16,588
Veterans Service	197,067	(5,052)	1,743	171,846	21,912
Library Fund	2,786,750	(71,448)	24,652	2,430,089	309,865
	<u>\$ 12,777,353</u>	<u>\$ (328,224)</u>	<u>\$ 128,915</u>	<u>\$ 11,073,693</u>	<u>\$ 1,504,351</u>

Klamath County, Oregon
Schedule of Cash and Investments Held by Elected Officials
For the Year Ended June 30, 2013

	Cash and cash equivalents July 1, 2012	Receipts	Turnovers to Treasurer from other departments	Turnovers to Treasurer from from Elected Officials	Disbursements	Cash and cash equivalents June 30, 2013
Assessor	\$ 250	\$ 29,880	\$ -	\$ (29,880)	\$ -	\$ 250
Clerk	100	395,780	-	(395,780)	-	100
District Attorney	1,461	391,733	-	(393,194)	-	-
Sheriff	84,666	2,205,933	-	(1,303,675)	(935,331)	51,593
Surveyor	-	63,632	-	(63,632)	-	-
Justice of the Peace	64,421	451,053	-	(203,713)	(263,583)	48,178
Commissioners	50	120	-	(120)	-	50
Treasurer	149,201,198	100,165,547	2,389,994	-	(107,715,709)	144,041,030
	<u>\$ 149,352,146</u>	<u>\$ 103,703,678</u>	<u>\$ 2,389,994</u>	<u>\$ (2,389,994)</u>	<u>\$ (108,914,623)</u>	<u>\$ 144,141,201</u>

Composition of Cash and Cash Equivalents and Investments:

	Cash on Hand	Cash in banks and state pool	Investments	Total
Assessor	\$ 250	\$ -	\$ -	\$ 250
Clerk	100	-	-	100
District Attorney	-	-	-	-
Sheriff	200	51,393	-	51,593
Surveyor	-	-	-	-
Justice of the Peace	100	48,078	-	48,178
Commissioners	50	-	-	50
Treasurer	6,335	46,486,312	97,548,383	144,041,030
	<u>\$ 7,035</u>	<u>\$ 46,585,783</u>	<u>\$ 97,548,383</u>	<u>\$ 144,141,201</u>

GOVERNMENT AUDITING STANDARDS SECTION

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

Board of Commissioners
Klamath County, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Klamath County, Oregon as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Klamath County Oregon's basic financial statements, and have issued our report thereon dated January 3, 2014. Our report includes a disclaimer of opinion over the financial statements of the aggregate discretely presented component units, Klamath County Library Foundation, Friends of the Klamath County Library, and Klamath County Museum Foundation, which have not been audited, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Klamath County Library Foundation, Friends of the Klamath County Library, and Klamath County Museum Foundation. Additionally, we included an Emphasis of Matter paragraph in our report, which makes reference to the County's correction of an error related to capital assets.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MOSS ADAMS_{LLP}**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
January 3, 2014

**SINGLE AUDIT
SECTION**

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Klamath County, Oregon

Report on Compliance for Each Major Federal Program

We have audited Klamath County, Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.



Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
January 3, 2014

Klamath County, Oregon
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2013

Federal Grantor/pass Through Grantor Program Title	CFDA #	Received	Expended
US DEPARTMENT OF AGRICULTURE			
Passed through Oregon Department of Administrative Services			
School Breakfast Program	10.553	6,517.55	6,517.55
National School Lunch Program	10.555	12,170.23	12,170.23
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561 *	7,623.00	7,623.00
Schools and Roads - Grants to States	10.665	7,509,161.69	7,588,588.09
Passed through Oregon Department of Human Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	503,565.32	503,565.32
Performance Breastfeeding Grant	10.578	21,123.00	21,123.00
Total US Department of Agriculture		<u>8,060,160.79</u>	<u>8,139,587.19</u>
US DEPARTMENT OF INTERIOR			
Direct			
Non-Sale Disposals of Mineral Material	15.214	1,639.60	1,639.60
Payment in Lieu of Taxes (PILT)	15.226	735,376.00	735,376.00
Distribution of Receipts to State & Local Governments	15.227	912,573.63	912,573.63
Distribution of Receipts to State & Local Governments	15.227	3,130.44	3,130.44
MAP	15.616	5,250.00	5,250.00
National Wildlife Refuge Fund	15.659	47,994.00	47,994.00
Total of US Department of Interior		<u>1,705,963.67</u>	<u>1,705,963.67</u>
US DEPARTMENT OF JUSTICE			
Direct			
Edward Byrne Memorial Justice Assistance Grant	16.738	5,115.60	5,115.60
Edward Byrne Memorial Justice Assistance Grant	16.738	33,089.53	33,089.53
ARRA Edward Byrne Memorial Grant	16.803 *	261,653.00	259,101.47
Subtotal JAG Cluster		<u>299,858.13</u>	<u>297,306.60</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	61,413.33	61,413.33
Crime Victim Assistance	16.575	29,767.47	29,767.47
Drug Control Discretionary Grant (Marijuana Eradication)	16.580	4,333.76	4,333.76
State Criminal Alien Assistance Program	16.606	2,155.00	2,155.00
Total US Department of Justice		<u>397,527.69</u>	<u>394,976.16</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Oregon Department of Transportation			
Highway Planning and Construction	20.205	25,770.26	25,770.26
State and Community Highway Safety	20.600	3,138.00	3,138.00
		<u>28,908.26</u>	<u>28,908.26</u>
US GENERAL SERVICES ADMINISTRATION			
Direct			
Disposal of Federal Surplus Real Property	39.002	42.45	42.45
		<u>42.45</u>	<u>42.45</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Oregon Department of Human Services			
State Public Water System Supervision	66.432	29,568.00	29,568.00
ARRA - Capitalization Grant for Drinking Water State Revolving Funds	66.468 *	6,510.00	6,510.00
Total Environmental Protection Agency		<u>36,078.00</u>	<u>36,078.00</u>

Klamath County, Oregon
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2013

Federal Grantor/pass Through Grantor Program Title	CFDA #	Received	Expended
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Oregon Comission on Children and Family			
Promoting Safe and Stable Families	93.556	15,658.00	15,658.00
Social Services Block Grant	93.667	49,528.00	49,528.00
Passed through Oregon Department of Justice			
Child Support, Incentives, Matched Expenditures	93.563	130,357.00	130,357.00
Passed through Oregon Department of Human Services			
Public Health Emergency Preparedness	93.069	112,400.92	112,400.92
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1,853.00	1,853.00
Family Planning Services	93.217	38,284.00	38,284.00
Immunization Cooperative Agreements	93.268	168.00	168.00
The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	10,840.00	10,840.00
Accreditation Mini Grant	93.507	42,500.00	42,500.00
Medical Assistance Program	93.778	112,986.00	112,986.00
HIV Prefention Activities - Health Department Based	93.940	2,626.00	2,626.00
Block Grants for Community Mental Health Services	93.958	24,559.68	24,559.68
Block Grants for Prevention and Treatment of Substance Abuse	93.959	457,199.59	457,199.59
Maternal and Child Health Services Block Grant to the States	93.994	42,399.00	42,399.00
Total US Department Health & Human Services		<u>1,041,359.19</u>	<u>1,041,359.19</u>
US DEPARTMENT OF HOMELAND SECURITY			
Passed thru Oregon Emergency Management			
Law Enforcement Reimbursement	97.012	52,713.00	52,713.00
Law Enforcement Terrorism Protection	97.073		
Emergency Management Performance Grants	97.042	42,351.00	42,351.00
		<u>95,064.00</u>	<u>95,064.00</u>
		<u>11,365,104.05</u>	<u>11,441,978.92</u>

* Recovery Act Funds

Klamath County, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2013

Note 1- Basis of Presentation and Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**KLAMATH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

- Unmodified – Governmental Activities
- Unmodified – Business-type Activities
- Disclaimer – Aggregately Discretely Presented Component Units
- Unmodified – Governmental Fund – General Fund
- Unmodified – Governmental Fund – Road Fund
- Unmodified – Governmental Fund – Mental Health Fund
- Unmodified – Enterprise Fund – Solid Waste Fund
- Unmodified – Aggregate Remaining Fund Information

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

- Yes No

Identification of Major Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
10.665	Schools and Roads - Grant to States	Unmodified
15.226	Payment in Lieu of Taxes	Unmodified
15.227	Distribution of Receipts to State & Local Governments	Unmodified
16.738, 16.803	ARRA – JAG Program Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$ 343,259

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

**KLAMATH COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

2012-1

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

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

Effect: Fixed assets and depreciation are materially misstated.

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

Status: Klamath County reconciled prior year fixed assets and recorded a prior period adjustment. The County developed controls to follow their capitalization policy and reconciled fixed assets.

2012-2

Condition: Accounts receivable for public health are misstated.

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

Effect: Accounts receivable.

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

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

Status: The County instituted procedures July 2012 that allow public health to bill more efficiently, track past due accounts, and improve its ability to collect old balances.

STATE OF OREGON COMPLIANCE SECTION

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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Board of Commissioners
Klamath County, Oregon

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Klamath County, Oregon (the "the County") as of and for the year ended June 30, 2013 and have issued our report thereon dated January 3, 2014. We were not engaged to audit the aggregate discretely presented component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, 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 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved 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 years 2013 and 2014.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 test disclosed instances of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

- The County experienced a budgetary over-expenditure in the various funds which is disclosed in the notes to the financial statements.

MOSS ADAMS_{LLP}**Internal Control Over Financial Reporting**

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

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the County in a separate letter dated January 3, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James C. Lanzarotta
For Moss Adams LLP
Eugene, Oregon
January 3, 2014