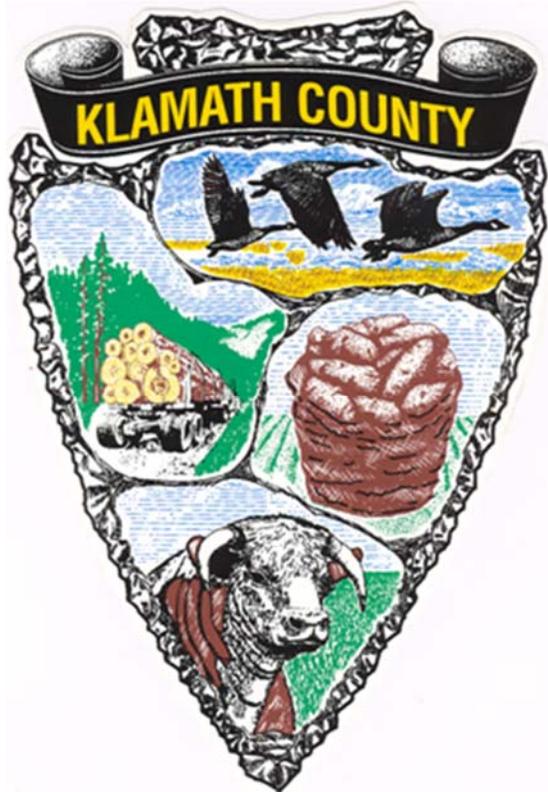


KLAMATH COUNTY, OREGON



Annual Financial Report

For the Fiscal Year Ended

June 30, 2014

Prepared by:

Finance Department

Klamath County, Oregon
Annual Financial Report
For the Fiscal Year Ended June 30, 2014
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INTRODUCTORY SECTION

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Klamath County, Oregon
List of Elected and Appointed Officials
June 30, 2014

Board of Commissioners

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

Other Elected Officials

Leonard Hill	Assessor	January 3, 2017
Linda Smith	Clerk	January 5, 2015
Rob Patridge	District Attorney	January 5, 2015
Frank Skrah	Sheriff	January 3, 2017
Michael Markus	Surveyor	January 3, 2017
Jason Link	Treasurer	January 3, 2017
Karen Oakes	Justice of Peace	January 3, 2017

Appointed Officials

Jason Link	Chief Financial Officer
Dan Golden	Juvenile Director
George Buckingham/Morgan Lindsay	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	Maintenance Director
Kiki Parker-Rose	Community Corrections Director
Mike Horton	Animal Control Officer
Amanda Bunger	Mental Health Director
Carrie Buck	Developmental Disabilities Director
Jerry Golden/Todd Hoggarth	Fairgrounds Manager
Todd Kepple	Museum Director

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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FINANCIAL SECTION

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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 County”) as of and for the year ended June 30, 2014, 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 entity’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

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
Governmental Fund – General Fund	Unmodified
Governmental Fund – Road Fund	Unmodified
Governmental Fund – Transient Room Tax 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, 2014, 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.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress on pages 4 through 9 and 44 through 49 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 is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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 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, individual nonmajor fund financial statements, and other schedules on pages 50 through 118, and the schedule of expenditures of federal awards on pages 123 through 124 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.

Reports 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 December 18, 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 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 December 18, 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
Partner for Moss Adams LLP
Eugene, Oregon
December 18, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2014

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, 2014. 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 \$342,931,190 (net position). Of this amount, governmental activities exceeded by \$329,946,219 and Business-type Activities exceeded by \$12,984,971.
- The government's total net position decreased by \$4,268,674, 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 \$123,059,886, a decrease of \$373,968, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,275,410.
- Klamath County's total long-term debt decreased by \$12,495 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 government'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 government 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 compensated absences).

Both the government-wide financial statements distinguish functions of the government 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.

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.

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.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2014

The County maintains 33 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 the transient room tax fund which are considered to be major funds. Data from the other 30 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 Supplemental 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 supplemental 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.

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.

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.

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.

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 \$342,931,190 at the most recent fiscal year.

By far the largest portion of the County's net position (60.8 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.

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 133,345,728	\$ 132,752,495	\$ 11,710,805	\$ 11,252,527	\$ 145,056,533	\$ 144,005,022
Capital assets	205,349,114	209,331,721	3,261,326	3,560,405	208,610,440	212,892,126
Total assets	338,694,842	342,084,216	14,972,131	14,812,932	353,666,973	356,897,148
Long-term liabilities outstanding	1,365,424	1,416,420	1,437,103	1,296,182	2,802,527	2,712,602
Other liabilities	7,383,199	6,631,033	550,057	353,647	7,933,256	6,984,680
Total liabilities	8,748,623	8,047,453	1,987,160	1,649,829	10,735,783	9,697,282
Net position:						
Invested in Capital Assets	205,225,794	209,195,905	3,261,326	3,560,405	208,487,120	212,756,310
Restricted	112,742,777	113,088,239	5,448,329	5,427,354	118,191,106	118,515,593
Unrestricted	11,977,648	11,752,619	4,275,316	4,175,344	16,252,964	15,927,963
Total net position	\$ 329,946,219	\$ 334,036,763	\$ 12,984,971	\$ 13,163,103	\$ 342,931,190	\$ 347,199,866

The County's net position balance of unrestricted net position, which amounts to \$11,977,648, may be used to meet the government's ongoing obligations to citizens and creditors.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2014

The County's net position balance of restricted net position, which amounts to \$112,742,777, is restricted for maintenance of roads and other programs funded by outside agencies.

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 \$4,090,542. Key elements of this decrease are as follows:

- Decrease in charges for services and intergovernmental for general government and human services programs as activity levels in those programs have been decreasing with the economic downturn and the closure of the mental health department.
- 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 safety related to increases for changes in staffing levels.
- Decreased 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 \$178,132. The primary reason for this decrease was the transfer to governmental-activities to cover operating costs in related departments.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2014

Klamath County's Changes in Net Position						
	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 5,883,022	\$ 6,748,711	\$ 4,575,653	\$ 4,501,882	\$ 10,458,675	\$ 11,250,593
Operating grants & contributions	21,681,119	26,952,859	73,534	-	21,754,653	26,952,859
Capital grants & contributions	272,736	114,440	-	-	272,736	114,440
General revenues:						
Property taxes	11,217,669	11,444,964	-	-	11,217,669	11,444,964
Other taxes	2,005,993	1,563,243	-	-	2,005,993	1,563,243
Grants & contributions, not restricted to specific programs	2,599,227	2,702,794	-	-	2,599,227	2,702,794
Unrestricted investment earnings	503,144	352,587	42,873	28,937	546,017	381,524
Miscellaneous	464,515	251,337	29,680	-	494,195	251,337
Special Item - debt forgiveness	3,333	3,333	-	-	3,333	3,333
Total revenues	44,630,758	50,134,268	4,721,740	4,530,819	49,352,498	54,665,087
Expenses:						
General government	6,391,143	3,334,452	-	-	6,391,143	3,334,452
Public safety	15,221,690	13,798,362	-	-	15,221,690	13,798,362
Public works	15,651,680	18,847,904	-	-	15,651,680	18,847,904
Human services	4,961,678	11,012,704	-	-	4,961,678	11,012,704
Community services	4,120,125	7,134,017	-	-	4,120,125	7,134,017
Community development	2,009,071	2,898,386	-	-	2,009,071	2,898,386
Agriculture	398,954	426,829	-	-	398,954	426,829
Interest on long-term debt	8,965	6,319	-	-	8,965	6,319
Solid waste	-	-	4,196,476	4,106,046	4,196,476	4,106,046
Other Activities	-	-	701,396	629,934	701,396	629,934
Total expenses	48,763,306	57,458,973	4,897,872	4,735,980	53,661,178	62,194,953
Increase (decrease) in net position, before transfers	(4,132,548)	(7,324,705)	(176,132)	(205,161)	(4,308,680)	(7,529,866)
Transfers	42,006	344,314	(2,000)	(257,255)	40,006	87,059
Increase (decrease) in net position	(4,090,542)	(6,980,391)	(178,132)	(462,416)	(4,268,674)	(7,442,807)
Net Position:						
Beginning	334,036,761	341,017,154	13,163,103	13,625,519	347,199,864	354,642,673
Ending	\$ 329,946,219	\$ 334,036,763	\$ 12,984,971	\$ 13,163,103	\$ 342,931,190	\$ 347,199,866

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 \$1,429,109 during the current fiscal year. The key factor is:

- The Board of Commissioners chose to not budget for the receipt of contingent federal intergovernmental payments (primarily Payment In Lieu of Taxes and Secure Rural Schools Legislation) until legislation was passed that funded the payments.

The road fund is the major public works fund for Klamath County. The fund balance decreased by \$1,700,004 during the current fiscal year. The key factor is:

- The Board of Commissioners chose to transfer \$1,700,000 from the road fund to the general fund to provide for additional services in the Sheriff's operations.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2014

The transient room tax fund accounts for Klamath County's collection and distribution of transient room tax. There was no change in fund balance during the current 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 \$115,487 during the current fiscal year. The key factor is:

- Operating expenditures including depreciation expense were in excess of operating revenues.

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 intergovernmental revenue in the general fund and road fund after federal legislation was passed to fund Payment In Lieu of Taxes and Secure Rural Schools Legislation payments.
- Increases and decreases 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, 2014, amounts to \$208,610,440 (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 was completed for the OSU Extension service to consolidate operations at the Experiment Research Station.
- A building project was completed for the Public Health service to relocate the department to the space previously occupied by Mental Health.
- Replacement of vehicles, communication and computer equipment in various departments.

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Land and construction in progress	\$ 3,180,645	\$ 4,712,981	\$ 1,831,569	\$ 1,831,569	\$ 5,012,214	\$ 6,544,550
Building and improvements	31,248,946	31,136,399	143,763	154,774	31,392,709	31,291,173
Machinery and equipment	2,229,199	2,984,043	1,161,099	1,413,682	3,390,298	4,397,725
Vehicles	1,177,531	1,036,498	124,895	160,380	1,302,426	1,196,878
Infrastructure	167,512,793	169,461,800	-	-	167,512,793	169,461,800
Total	\$ 205,349,114	\$ 209,331,721	\$ 3,261,326	\$ 3,560,405	\$ 208,610,440	\$ 212,892,126

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

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

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Notes payable	\$ 123,320	\$ 135,817	\$ -	\$ -	\$ 123,320	\$ 135,817
Total	\$ 123,320	\$ 135,817	\$ -	\$ -	\$ 123,320	\$ 135,817

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2014

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, 2014, \$5,448,329 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 has not reauthorized an extension on Secured Rural Schools Legislation and 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. The use of these funds is allowed through January 2016.

All of these factors were considered in preparation of the County's budgets for 2013-14 and 2014-15 fiscal years.

The County will have to adjust the amount of spending available in the 2015-16 fiscal year depending on the federal and 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, unless a new tax measure is passed by the voters.

General Information

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

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Klamath County, Oregon
Statement of Net Position
June 30, 2014

	Governmental	Business-type		(Unaudited)
	Activities	Activities	Total	Component
				Units
Assets				
Cash and investments	\$ 127,533,365	\$ 5,659,020	\$ 133,192,385	\$ -
Cash and investments, restricted	-	5,448,329	5,448,329	641,259
Accounts receivable, net	1,995,909	482,882	2,478,791	-
Taxes receivable, net	1,446,174	22,586	1,468,760	-
Other receivables	107,749	-	107,749	-
Internal balances	(37,679)	37,679	-	-
Inventories	1,212,953	16,798	1,229,751	-
Prepaid expenses	-	43,511	43,511	-
Other assets	1,087,257	-	1,087,257	-
Capital assets				-
Land	1,416,464	1,389,000	2,805,464	-
Construction in progress	1,764,181	442,569	2,206,750	-
Buildings and improvements, net	31,248,946	143,763	31,392,709	-
Machinery and equipment, net	2,229,199	1,161,099	3,390,298	-
Vehicles, net	1,177,531	124,895	1,302,426	-
Infrastructure, net	167,512,793	-	167,512,793	-
Total Assets	<u>338,694,842</u>	<u>14,972,131</u>	<u>353,666,973</u>	<u>641,259</u>
Liabilities				
Accounts payable	2,175,160	412,212	2,587,372	-
Accrued expenses	1,078,227	-	1,078,227	-
Due to other funds	115,476	-	115,476	-
Unearned revenues	36,470	-	36,470	-
Long-term liabilities:				
Due within one year				
Contracts	13,350	-	13,350	-
Compensated absences	2,470,457	137,845	2,608,302	-
Claims and judgments	1,494,599	-	1,494,599	-
Due in more than one year				
Contracts	109,970	-	109,970	-
OPEB liability	87,778	6,330	94,108	-
Pension liability	1,167,136	91,773	1,258,909	-
Accrued landfill closure/postclosure care costs	-	1,339,000	1,339,000	-
Total Liabilities	<u>8,748,623</u>	<u>1,987,160</u>	<u>10,735,783</u>	<u>-</u>
Net Position				
Net investment in capital assets	205,225,794	3,261,326	208,487,120	-
Restricted	112,742,777	5,448,329	118,191,106	-
Unrestricted	11,977,648	4,275,316	16,252,964	641,259
Total Net Position	<u>\$ 329,946,219</u>	<u>\$ 12,984,971</u>	<u>\$ 342,931,190</u>	<u>\$ 641,259</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			(Unaudited) Component Units
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government			
			Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary government								
Governmental Activities								
General government	\$ 6,391,143	\$ 769,604	\$ 2,596,501	\$ -	\$ (3,025,038)		\$ (3,025,038)	\$ -
Public safety	15,221,690	1,923,643	4,163,432	-	(9,134,615)		(9,134,615)	-
Public works	15,651,680	191,651	10,775,411	-	(4,684,618)		(4,684,618)	-
Human services	4,961,678	988,708	3,626,738	-	(346,232)		(346,232)	-
Community services	4,120,125	535,861	259,251	272,736	(3,052,277)		(3,052,277)	-
Community development	2,009,071	1,473,324	259,786	-	(275,961)		(275,961)	-
Agriculture	398,954	231	-	-	(398,723)		(398,723)	-
Interest	8,965	-	-	-	(8,965)		(8,965)	-
Total governmental activities	48,763,306	5,883,022	21,681,119	272,736	(20,926,429)		(20,926,429)	-
Business-type activities								
Solid waste	4,196,476	4,044,932	-	-		(151,544)	(151,544)	-
Other activities	701,396	530,721	73,534	-		(97,141)	(97,141)	-
Total business-type activities	4,897,872	4,575,653	73,534	-		(248,685)	(248,685)	-
County Totals	\$ 53,661,178	\$ 10,458,675	\$ 21,754,653	\$ 272,736	(20,926,429)	(248,685)	(21,175,114)	-
Component Units								
Component Units	\$ 476,255	\$ -	\$ 34,735	\$ 140,308				(301,212)
Total component units	\$ 476,255	\$ -	\$ 34,735	\$ 140,308				(301,212)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					11,217,669	-	11,217,669	-
Other taxes					2,005,993	-	2,005,993	-
Grants and contributions not restricted to specific programs					2,599,227	-	2,599,227	-
Unrestricted investment earnings					503,144	42,873	546,017	10,437
Miscellaneous					464,515	29,680	494,195	-
Special item - debt forgiveness					3,333	-	3,333	-
Transfers					42,006	(2,000)	40,006	-
Total general revenues and transfers					16,835,887	70,553	16,906,440	10,437
Change in net position					(4,090,542)	(178,132)	(4,268,674)	(290,775)
Net position - beginning					334,036,761	13,163,103	347,199,864	932,034
Net position - ending					\$ 329,946,219	\$ 12,984,971	\$ 342,931,190	\$ 641,259

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Road Fund	Transient Room Tax Fund	Other Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 5,869,926	\$ 98,913,233	\$ 332,243	\$ 16,709,887	\$ 121,825,289
Accounts receivable	634,470	376,603	212,148	728,271	1,951,492
Taxes receivable, net	1,094,599	-	-	351,575	1,446,174
Due from other funds	5,444	-	-	453,254	458,698
Assessments receivable	-	4,285	-	-	4,285
Notes receivable	-	-	-	103,464	103,464
Inventories	55,966	1,138,193	-	14,851	1,209,010
Other assets	-	-	-	1,087,257	1,087,257
Total assets	<u>\$ 7,660,405</u>	<u>\$ 100,432,314</u>	<u>\$ 544,391</u>	<u>\$ 19,448,559</u>	<u>\$ 128,085,669</u>
Liabilities					
Accounts payable	\$ 156,079	\$ 897,543	\$ 258,727	\$ 606,119	\$ 1,918,468
Due to other funds	115,476	-	285,664	173,034	574,174
Unearned revenue	-	-	-	36,471	36,471
Other accrued expenses	1,078,227	-	-	-	1,078,227
Total liabilities	<u>1,349,782</u>	<u>897,543</u>	<u>544,391</u>	<u>815,624</u>	<u>3,607,340</u>
Deferred Inflows of Resources					
Unavailable revenue	979,247	4,285	-	434,911	1,418,443
Total deferred inflows of resources	<u>979,247</u>	<u>4,285</u>	<u>-</u>	<u>434,911</u>	<u>1,418,443</u>
Fund Balances					
Nonspendable	55,966	1,138,193	-	1,275,142	2,469,301
Restricted	-	98,392,293	-	13,171,854	111,564,147
Committed	-	-	-	1,239,447	1,239,447
Assigned	-	-	-	2,511,581	2,511,581
Unassigned	5,275,410	-	-	-	5,275,410
Total fund balances	<u>5,331,376</u>	<u>99,530,486</u>	<u>-</u>	<u>18,198,024</u>	<u>123,059,886</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,660,405</u>	<u>\$ 100,432,314</u>	<u>\$ 544,391</u>	<u>\$ 19,448,559</u>	<u>\$ 128,085,669</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 123,059,886
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	205,349,114
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,418,444
Internal service funds are used by management to charge the cost of administrative departments and certain risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,497,978
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,379,203)</u>
Net position of governmental activities	<u>\$ 329,946,219</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Road Fund</u>	<u>Transient Room Tax Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 8,586,805	\$ -	\$ -	\$ 2,841,216	\$ 11,428,021
Sales and miscellaneous taxes	44	-	827,089	879,993	1,707,126
Fines and forfeitures	272,559	-	-	162,956	435,515
Licenses and permits	851,160	-	-	679,175	1,530,335
Intergovernmental	3,363,365	10,775,411	-	10,134,342	24,273,118
Charges for services	1,098,294	183,274	-	3,037,930	4,319,498
Investment earnings	24,946	387,792	-	71,797	484,535
Miscellaneous	110,547	19,841	-	301,625	432,013
Total Revenues	<u>14,307,720</u>	<u>11,366,318</u>	<u>827,089</u>	<u>18,109,034</u>	<u>44,610,161</u>
Expenditures					
Current:					
General government	2,898,023	-	827,089	2,508,865	6,233,977
Public safety	10,892,980	-	-	3,815,596	14,708,576
Public works	-	8,890,791	-	118,093	9,008,884
Human services	-	-	-	5,136,528	5,136,528
Community services	-	-	-	3,934,808	3,934,808
Community development	-	-	-	2,034,524	2,034,524
Agriculture	365,107	-	-	13,335	378,442
Debt Service:					
Principal	-	-	-	9,162	9,162
Interest and other charges	-	-	-	8,965	8,965
Capital Outlay	-	2,489,031	-	1,057,477	3,546,508
Total expenditures	<u>14,156,110</u>	<u>11,379,822</u>	<u>827,089</u>	<u>18,637,353</u>	<u>45,000,374</u>
Excess (deficiency) of revenues over expenditures	<u>151,610</u>	<u>(13,504)</u>	<u>-</u>	<u>(528,319)</u>	<u>(390,213)</u>
Other Financing Sources (Uses)					
Transfers in	1,809,762	2,000	-	1,531,160	3,342,922
Transfers out	(532,263)	(1,700,000)	-	(823,282)	(3,055,545)
Proceeds from sale of assets	-	11,500	-	51,826	63,326
Total other financing sources and uses	<u>1,277,499</u>	<u>(1,686,500)</u>	<u>-</u>	<u>759,704</u>	<u>350,703</u>
Net change in fund balances	<u>1,429,109</u>	<u>(1,700,004)</u>	<u>-</u>	<u>231,385</u>	<u>(39,510)</u>
Fund balances - beginning	3,876,413	101,485,786	-	18,071,655	123,433,854
Fund balances - change in inventory	<u>25,854</u>	<u>(255,296)</u>	<u>-</u>	<u>(105,016)</u>	<u>(334,458)</u>
Fund balances - ending	<u>\$ 5,331,376</u>	<u>\$ 99,530,486</u>	<u>\$ -</u>	<u>\$ 18,198,024</u>	<u>\$ 123,059,886</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
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(373,968)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		(3,596,938)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(286,229)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.		(320,036)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		9,162
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(388,592)
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The internal service funds are used by management to charge the cost of administrative departments and certain risk management activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		866,059
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Change in net position of governmental activities	\$	<u>(4,090,542)</u>
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The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds			
	Solid Waste Fund	Other Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 2,988,687	\$ 2,670,333	\$ 5,659,020	\$ 5,708,076
Accounts receivable, net	365,993	116,889	482,882	44,417
Assessments receivables	-	22,586	22,586	-
Inventories	-	16,798	16,798	3,943
Prepaid expenses	-	43,511	43,511	-
Total current assets	<u>3,354,680</u>	<u>2,870,117</u>	<u>6,224,797</u>	<u>5,756,436</u>
Non-current assets:				
Cash and investments	5,448,329	-	5,448,329	-
Capital Assets:				
Land and improvements	1,389,000	-	1,389,000	-
Construction in progress	-	442,569	442,569	-
Vehicles	1,109,116	115,107	1,224,223	222,580
Buildings	195,549	105,389	300,938	35,000
Machinery and equipment	2,056,314	2,004,017	4,060,331	690,596
Less Accumulated depreciation	(3,029,415)	(1,126,320)	(4,155,735)	(801,821)
Total non-current assets	<u>7,168,893</u>	<u>1,540,762</u>	<u>8,709,655</u>	<u>146,355</u>
Total assets	<u>10,523,573</u>	<u>4,410,879</u>	<u>14,934,452</u>	<u>5,902,791</u>
Liabilities				
Current Liabilities:				
Accounts payable	353,723	58,489	412,212	256,692
Compensated absences	127,406	10,439	137,845	255,533
Claims and judgments	-	-	-	1,494,599
Total current liabilities	<u>481,129</u>	<u>68,928</u>	<u>550,057</u>	<u>2,006,824</u>
Non-current liabilities:				
Net OPEB liability	5,892	438	6,330	12,140
Post-closure liabilities	1,339,000	-	1,339,000	-
Pension liability	85,048	6,725	91,773	201,815
Total non-current liabilities	<u>1,429,940</u>	<u>7,163</u>	<u>1,437,103</u>	<u>213,955</u>
Total liabilities	<u>1,911,069</u>	<u>76,091</u>	<u>1,987,160</u>	<u>2,220,779</u>
Net Position				
Net Investment in Capital Assets	1,720,565	1,540,761	3,261,326	146,355
Restricted	5,448,329	-	5,448,329	-
Unrestricted	1,443,610	2,794,027	4,237,637	3,535,657
Total net position	<u>\$ 8,612,504</u>	<u>\$ 4,334,788</u>	<u>\$ 12,947,292</u>	<u>\$ 3,682,012</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

37,679

Total net position per Government-Wide financial statements

\$ 12,984,971

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, 2014

	Enterprise Funds			
	Solid Waste Fund	Other Enterprise Funds	Total	Internal Service Funds
Revenues				
Licenses, fees, and permits	\$ 109,840	\$ 216,286	\$ 326,126	\$ -
Charges for services	3,935,092	314,435	4,249,527	8,632,916
Total operating revenues	<u>4,044,932</u>	<u>530,721</u>	<u>4,575,653</u>	<u>8,632,916</u>
Operating Expenses				
Personnel services	1,508,690	134,888	1,643,578	3,691,740
Materials and services	2,586,933	363,704	2,950,637	3,988,639
Depreciation	97,543	201,537	299,080	64,672
Total Operating Expenses	<u>4,193,166</u>	<u>700,129</u>	<u>4,893,295</u>	<u>7,745,051</u>
Operating income (loss)	<u>(148,234)</u>	<u>(169,408)</u>	<u>(317,642)</u>	<u>887,865</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	32,567	10,306	42,873	18,609
Miscellaneous revenue	180	29,500	29,680	25,002
Operating grants and contributions	-	73,534	73,534	177,783
Proceeds from the sale of capital assets	-	-	-	(19,249)
Total non-operating revenue (expenses)	<u>32,747</u>	<u>113,340</u>	<u>146,087</u>	<u>202,145</u>
Income (loss) before contributions and transfers	(115,487)	(56,068)	(171,555)	1,090,010
Transfers in	-	-	-	82,843
Transfers out	-	(2,000)	(2,000)	(311,371)
Change in net position	(115,487)	(58,068)	(173,555)	861,482
Total net position - beginning	<u>8,727,991</u>	<u>4,392,856</u>	<u>13,120,847</u>	<u>2,820,530</u>
Total net position - ending	<u>\$ 8,612,504</u>	<u>\$ 4,334,788</u>	<u>\$ 12,947,292</u>	<u>\$ 3,682,012</u>
Change in net position, per above			(173,555)	
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			(4,577)	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ (178,132)</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, 2014

	<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	\$ 3,806,904	\$ 448,287	\$ 4,255,191	\$ 8,610,131
Other income	109,840	-	109,840	-
Payment to suppliers	(2,307,153)	(313,183)	(2,620,336)	(4,155,518)
Payments to employees	(1,481,234)	(132,207)	(1,613,441)	(3,635,848)
	<u>128,357</u>	<u>2,897</u>	<u>131,254</u>	<u>818,765</u>
Net Cash Flows Provided (Used) by Operating Activities				
Cash Flows From Noncapital Financing Activities				
Operating grants	-	73,534	73,534	177,783
Transfers from (to) other funds	-	(2,000)	(2,000)	(245,371)
Other income	180	29,500	29,680	25,002
	<u>180</u>	<u>101,034</u>	<u>101,214</u>	<u>(42,586)</u>
Net Cash Provided (Used) by Noncapital Financing				
Cash Flows From Capital and Related Financing Activities				
Purchase and construction of depreciable assets	-	-	-	(10,869)
Proceeds from disposal of depreciable assets	-	-	-	9,422
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,447)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities				
Cash Flows From Investing Activities				
Investment interest	32,565	10,306	42,871	18,609
	<u>32,565</u>	<u>10,306</u>	<u>42,871</u>	<u>18,609</u>
Net Cash Flows Provided by Investing Activities				
Net Increase (Decrease) in Cash and Cash Equivalents	161,102	114,237	275,339	793,341
Cash and Cash Equivalents, Beginning of Year	8,275,914	2,556,096	10,832,010	4,914,735
Cash and Cash Equivalents, End of Year	<u>\$ 8,437,016</u>	<u>\$ 2,670,333</u>	<u>\$ 11,107,349</u>	<u>\$ 5,708,076</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (148,234)	\$ (169,408)	\$ (317,642)	\$ 887,865
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	97,543	201,537	299,080	64,672
(Increase) decrease in assets				
Accounts receivable	(128,189)	(90,787)	(218,976)	(22,785)
Assessments receivable	-	8,353	8,353	-
Inventory	-	406	406	4,300
Prepaid expenses	-	22,701	22,701	-
Increase (decrease) in liabilities				
Accounts payable	158,780	27,414	186,194	(13,158)
Claims and judgments	-	-	-	(158,020)
Landfill closure liability	121,000	2,681	123,681	55,891
Accrued employee benefits	27,457	-	27,457	-
	<u>128,357</u>	<u>2,897</u>	<u>131,254</u>	<u>818,765</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, 2014

	Investment Trust Fund	Pension Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 1,134,054	\$ 2,516,327	\$ 575,162
Receivables:			
Interest and dividends	-	108,963	-
Accounts receivable	238,894	-	3,784
Property taxes receivable	5,870,839	-	-
Due from other funds	-	115,476	-
Total receivables	<u>6,109,733</u>	<u>224,439</u>	<u>3,784</u>
Investments:			
U.S. Government obligations	-	1,900,946	-
Corporate bonds	-	7,168,710	-
Corporate stocks	-	29,950,886	-
Other investments	-	1,334,528	-
Total Investments	<u>-</u>	<u>40,355,070</u>	<u>-</u>
Total assets	<u>7,243,787</u>	<u>43,095,836</u>	<u>578,946</u>
Liabilities			
Accounts payable	1,009,285	18,154	276,347
Due to other governments	-	-	302,599
Total liabilities	<u>1,009,285</u>	<u>18,154</u>	<u>578,946</u>
Net Position			
Assets held for pool participants	6,234,502	-	-
Held in trust for pension benefits	-	43,077,682	-
	<u>\$ 6,234,502</u>	<u>\$ 43,077,682</u>	<u>\$ -</u>

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, 2014

	<u>Investment Trust Fund</u>	<u>Pension Trust Fund</u>
Additions		
Contributions:		
Districts	\$ 61,167,797	\$ -
Employer	-	2,028,429
Plan Members	-	768,324
Total contributions	<u>61,167,797</u>	<u>2,796,753</u>
Investment earnings	17,009	6,461,859
Total additions	<u>61,184,806</u>	<u>9,258,612</u>
Deductions		
Distribution to district	68,839,525	-
Benefits	-	3,206,363
Administrative	-	262,068
Total deductions	<u>68,839,525</u>	<u>3,468,431</u>
Change in net position	<u>(7,654,719)</u>	<u>5,790,181</u>
Net position - beginning	13,889,221	37,287,501
Net position - ending	<u>\$ 6,234,502</u>	<u>\$ 43,077,682</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

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 the Friends have not been audited.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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

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.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has three discretely presented component units. These component units are aggregated on the government-wide financial statements. Information is presented later in the notes for each of the component units.

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

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

The County reports the following major enterprise funds:

- The solid waste fund accounts for solid waste disposal and the landfill site resources set aside for future use for landfill closure and post-closure care costs. Revenues are from charges for services.

The County reports the following internal service funds:

- The internal services fund accounts for costs of internal support departments, including 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.
- The external service fund accounts for personnel service costs expended by County employees that work at the Library District.
- The facility services fund accounts for maintenance and operations for all county owned facilities and real property.
- The risk management fund accounts for liability and property damage insurance, workers compensation insurance and unemployment insurance.

The County reports the following fiduciary funds:

- The investment trust fund accounts for resources held for the benefit of other special districts that receive property taxes.
- The pension trust fund accounts for resources held for the benefit of county employees to pay retirement benefits.
- The agency fund accounts for resources held for the benefit of outside parties in an agent capacity.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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

the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with 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.

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, offset against management fees charged by the county treasurer.

Inventories and Prepaid Items

Inventories are valued at cost, using the first-in/first-out (FIFO) method and consist of expendable supplies, vehicle repair parts and crushed rock. 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 accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of governmental fund-type prepaid expenses are recorded as expenditures when purchased rather than when consumed, and are offset on the balance sheet with a reserve for prepaid expenses account.

Other Assets

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. The revenue of governmental fund type foreclosed properties are recorded as revenue when received rather than when recognized as an asset, and are offset on the balance sheet in a non-spendable fund balance classification.

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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

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.

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, Enterprise, and Internal Service Funds.

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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

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 Board of Commissioners 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 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 Board of Commissioners may 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.

Property Taxes

Property taxes attach as an enforceable lien on real and personal property and are levied on July 1st. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed in full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date. Property taxes were levied at the permanent rate of \$1.7326 per \$1,000 of assessed value within the County. Measure 50 established the permanent rate and allows for an increase of the assessed value of three percent per year.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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

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.

For the year ending June 30, 2014, actual expenditures on a budgetary basis exceeded appropriations as follows:

Fund	Budget Category	Amount of Over Expenditure
General Fund		
General Government		
Commissioners	Personnel Services	\$ (390)
Public Safety		
Emergency Services	Personnel Services	(674)
Agriculture		
Experiment Station	Personnel Services	(10)
Watermaster	Personnel Services	(15)
Transient Room Tax		
	Materials and Services	(48,246)
	Transfers Out	(53,836)
Commission on Children & Families		
	Personnel Services	\$ (1,164)
	Transfers Out	(1,493)
Court Facility Security		
	Transfers Out	(2,049)
County Schools		
	Materials and Services	(35,323)
Animal Control		
	Materials and Services	(476)
Public Health		
Environmental Health	Personnel Services	(13,348)
Women Infants and Children	Material and Services	(4,462)
PH EMG Preparedness	Personnel Services	(761)
PH EMG Preparedness	Material and Services	(1,201)
Fairgrounds Fund		
Fair Operations	Material and Services	(25,687)
Fair Operations	Capital Outlay	(8,299)
Law Library		
	Materials and Services	(491)
Weed Control		
	Materials and Services	(1,728)

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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	\$ 10,385
Demand deposits	3,838,219
Investments:	
Money market	2,516,326
Local government investment pool	44,621,795
Debt securities	101,210,820
Annuities	379,628
Equity securities	31,285,413
	<u>\$ 183,862,586</u>

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

Cash and investments - governmental activities	\$ 127,533,365
Cash and investments - business-type activities	11,107,349
Cash and investments - component units	641,259
Statements of fiduciary net position	44,580,613
	<u>\$ 183,862,586</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 \$45,126,603.

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, 2014, 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, 2014

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, 2014, the County's investments consisted of:

<u>Security Description</u>	<u>Par Value (X \$1,000)</u>	<u>% of total portfolio</u>
Money market	\$ 2,516	1%
Local government investment pool	44,622	25%
Debt securities	101,211	56%
Annuities	380	0%
Equity securities	31,285	17%
Total investments	<u>\$ 180,014</u>	<u>100%</u>

At June 30, 2014, 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	\$ 61,805	34%
31 to 60 days	3,231	2%
61 to 90 days	2,552	1%
91 to 360 days	43,893	24%
12 to 24 months	31,094	17%
25 to 36 months	9,609	5%
Over three years	27,830	15%
Total investments	<u>\$ 180,014</u>	<u>100%</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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, 2014, were as follows:

	Property Taxes	Accounts	Other	Total
Governmental activities				
General fund	\$ 1,094,599	\$ 634,470	\$ -	\$ 1,729,069
Road fund	-	376,603	4,285	380,888
Transient room tax fund	-	212,148	-	212,148
Nonmajor funds	351,575	728,271	103,464	1,183,310
Internal service funds	-	44,417	-	44,417
	<u>1,446,174</u>	<u>1,995,909</u>	<u>107,749</u>	<u>3,549,832</u>
Business-type activities				
Solid waste fund	-	365,993	-	365,993
Nonmajor funds	22,586	116,889	-	139,475
	<u>22,586</u>	<u>482,882</u>	<u>-</u>	<u>505,468</u>
Fiduciary funds				
Investment trust fund	5,870,839	238,894	-	6,109,733
Agency fund	-	3,784	-	3,784
Pension fund	-	-	224,439	224,439
	<u>5,870,839</u>	<u>242,678</u>	<u>224,439</u>	<u>6,337,956</u>
Total receivables	<u>\$ 7,339,599</u>	<u>\$ 2,721,469</u>	<u>\$ 332,188</u>	<u>\$ 10,393,256</u>

Governmental funds report *deferred inflows of resources* 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 inflows of resources* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Governmental activities:		
Accounts Receivable	\$ 33,902	\$ 4,625
Assessment receivable	4,285	-
Property taxes	1,276,792	-
Foreclosed Assets	103,464	-
Economic Development	-	31,845
Total governmental activities:	<u>\$ 1,418,443</u>	<u>\$ 36,470</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

Note 5 – Other Assets

The County holds various real properties that have been acquired through foreclosure and abandonment. At June 30, 2014, the estimated market value of these assets at the time of receipt by the County was \$15,181,570. These assets are recorded at the amount of outstanding property taxes and interest thereon of \$1,087,256. Foreclosed properties sold on the installment basis have outstanding balances of \$103,464 at June 30, 2014, 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, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 1,416,464	\$ -	\$ -	\$ -	\$ 1,416,464
Construction in progress	3,296,517	3,957,753	-	(5,490,089)	1,764,181
Total	<u>4,712,981</u>	<u>3,957,753</u>	<u>-</u>	<u>(5,490,089)</u>	<u>3,180,645</u>
Capital assets, being depreciated:					
Building and improvements	51,783,692	249,999	-	1,383,172	53,416,863
Machinery and equipment	7,620,898	39,188	(178,257)	-	7,481,829
Vehicles	11,016,519	556,702	(582,013)	-	10,991,208
Infrastructure	332,334,826	-	(214,307)	4,106,917	336,227,436
Subtotal	<u>402,755,935</u>	<u>845,889</u>	<u>(974,577)</u>	<u>5,490,089</u>	<u>408,117,336</u>
Less accumulated depreciation:					
Building and improvements	20,647,293	1,531,234	(10,610)	-	22,167,917
Machinery and equipment	4,636,855	741,011	(125,237)	-	5,252,629
Vehicles	9,980,021	456,964	(623,307)	-	9,813,678
Infrastructure	162,873,026	5,841,617	-	-	168,714,643
Subtotal	<u>198,137,195</u>	<u>8,570,826</u>	<u>(759,154)</u>	<u>-</u>	<u>205,948,867</u>
Total	<u>204,618,740</u>	<u>(7,724,937)</u>	<u>(215,423)</u>	<u>5,490,089</u>	<u>202,168,469</u>
Governmental activities, net	<u>\$ 209,331,721</u>	<u>\$ (3,767,184)</u>	<u>\$ (215,423)</u>	<u>\$ -</u>	<u>\$ 205,349,114</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>1,831,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,831,569</u>
Capital assets, being depreciated:					
Building and improvements	300,938	-	-	-	300,938
Machinery and equipment	4,052,382	7,949	-	-	4,060,331
Vehicles	1,140,680	83,543	-	-	1,224,223
Subtotal	<u>5,494,000</u>	<u>91,492</u>	<u>-</u>	<u>-</u>	<u>5,585,492</u>
Less accumulated depreciation:					
Building and improvements	146,165	11,011	-	-	157,176
Machinery and equipment	2,638,700	260,530	-	-	2,899,230
Vehicles	980,299	119,029	-	-	1,099,328
Subtotal	<u>3,765,164</u>	<u>390,570</u>	<u>-</u>	<u>-</u>	<u>4,155,734</u>
Total	<u>1,728,836</u>	<u>(299,078)</u>	<u>-</u>	<u>-</u>	<u>1,429,758</u>
Business-type activities, net	<u>\$ 3,560,405</u>	<u>\$ (299,078)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,261,327</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

Note 6 – Capital Assets *(continued)*

Depreciation expense was charged to functions / programs as follows:

Governmental activities:	
General	\$ 306,391
Public safety	608,208
Public works	6,548,345
Human services	28,598
Community services	328,926
Community development	4,440
Agriculture	27,385
Internal support	64,672
	<u>\$ 7,916,965</u>
Business-type activities:	
Solid waste	\$ 97,543
Other activities	201,537
	<u>\$ 299,080</u>

Note 7 – Interfund Receivables, Payables and Transfers

Advances to\from other funds:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General fund	\$ 5,444	\$ 115,476
Transient room tax fund	-	285,664
Nonmajor funds	453,254	173,034
	<u>458,698</u>	<u>574,174</u>
Fiduciary funds		
Pension trust fund	115,476	-
	<u>115,476</u>	<u>-</u>
	<u>\$ 574,174</u>	<u>\$ 574,174</u>

The general fund balance to the pension trust fund is for pension contributions not yet remitted to the pension trust fund.

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, 2014

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

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfer Out:								
	General Fund	Road Fund	Nonmajor Governmental Funds	Internal Service Funds	Solid Waste Fund	Nonmajor Business Funds	Fiduciary Funds	Total
Transfer in:								
General fund	\$ -	\$ 1,700,000	\$ 104,762	\$ 5,000	\$ -	\$ -	\$ -	1,809,762
Road fund	-	-	-	-	-	2,000	-	2,000
Nonmajor governmental funds	467,263	-	718,519	305,372	-	-	40,006	1,531,160
Internal service funds	65,000	-	-	1,000	-	-	-	66,000
Total transfers in	\$ 532,263	\$ 1,700,000	\$ 823,281	\$ 311,372	\$ -	\$ 2,000	\$ 40,006	\$ 3,408,922

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, 2014

Note 8 – Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$148,036 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

Year ended June 30,		
2015	\$	126,317
2016		87,615
2017		73,548
2018		28,172
2019		2,100
	\$	317,752

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:

Purpose	Interest Rates	Amount
Governmental activities	8.97%	\$ 39,986
Housing Dev Grant	Non-interest bearing	83,334
		\$ 123,320

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

Year Ending June 30,	Principal	Interest
2015	\$ 13,350	\$ 3,182
2016	14,288	2,245
2017	15,312	1,221
2018	10,370	272
2019-2038	70,000	-
	\$ 123,320	\$ 6,920

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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, 2014 is \$958,000 for Klamath Falls, \$381,000 for Chemult, and \$1,339,000 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 15.1 acres and 46% filled. Total closure and post-closure care costs is estimated to be \$5,000,000 for all three cells, and \$2,006,000 of costs have been recognized through June 30, 2014. 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 5.8 acres and 64% filled. Total closure and post-closure care costs is estimated to be \$1,403,000 for all four cells, and \$822,000 of costs have been recognized through June 30, 2014. 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, 2014, investments of \$5,448,329, 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, 2014 (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, 2014

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

Changes in General Long-term Debt

Long-term liability activity for the year ended June 30, 2014, 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	\$ 135,816	\$ -	\$ (12,496)	\$ 123,320	\$ 13,350
Claims and judgements	1,652,619	257,500	(415,520)	1,494,599	1,494,599
Compensated absences	1,987,473	668,515	(185,531)	2,470,457	2,470,457
OPEB liability	67,119	29,093	(8,433)	87,779	-
Net pension obligation	1,226,294	270,024	(329,182)	1,167,136	-
Total governmental activities	<u>\$ 5,069,321</u>	<u>\$ 1,225,132</u>	<u>\$ (951,162)</u>	<u>\$ 5,343,291</u>	<u>\$ 3,978,406</u>
Business-type activities:					
Landfill closure	\$ 1,218,000	\$ 121,000	\$ -	\$ 1,339,000	\$ -
Compensated absences	127,630	17,760	(7,545)	137,845	137,845
OPEB liability	4,005	2,325	-	6,330	-
Net pension obligation	74,177	25,621	(8,025)	91,773	-
Total business-type activities	<u>\$ 1,423,812</u>	<u>\$ 166,706</u>	<u>\$ (15,570)</u>	<u>\$ 1,574,948</u>	<u>\$ 137,845</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, 2014

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.

Summary of significant accounting policies – basis of accounting and valuation of investments

The financial statements of PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair market value.

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 \$14,268 for community corrections employees for the year ended June 30, 2014. All other participants contribute the pickup portion or a total of \$207,451 for the year ended June 30, 2014. 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, 2014 were 6.10% and 0.00% respectively. The OPSRP rate in effect for the year ended June 30, 2014, 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, 2013, entry age normal method were used. The actuarial evaluation include an investment return of 7.75% 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 6.10% in 2014, grading down to 4.70% in 2083, the unfunded actuarial liability was amortized over a closed 16 year period for the OPSRP program and over a closed 20 year period for the Tier 1/Tier 2 program.

Annual Pension Cost

The County's contributions to PERS for the years ending June 30, 2012, 2013, and 2014 were \$318,955, \$297,105 and \$133,904 respectively, which equaled the required contribution for the year.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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 Employee's 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, 2014. 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. The county issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The report may be obtained by writing to the Chief Financial Officer, 305 Main Street, Klamath Falls, Oregon 97601 or by calling 541-883-4202.

Summary of significant accounting policies – basis of accounting and valuation of investments

The Plan financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at average market value. For the 2014 valuation, average market value was set equal to the current market value.

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 2013-14, Klamath County budgeted and contributed 16.00%. Currently 16.00% is budgeted in Fiscal Year 2014-15. The actuarially computed Annual Required Contribution (ARC) is 16.04% for 2014.

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, 2014, the annual pension cost was equal to the required and actual contributions of the County.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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

	July 2013 to June 2014
Annual required contribution (ARC)	\$ 2,036,022
Interest on net pension obligation	94,294
ARC adjustments	(161,566)
Annual pension cost	1,968,750
Contributions made	(2,007,537)
Increase in net pension obligation	(38,787)
Net pension obligation, beginning of year	1,300,606
Net pension obligation, end of year	1,261,819
Interest rate	7.25%
Amortization factor	8.05%

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 required contribution was determined as part of the January 1, 2014, actuarial valuation using the entry age normal method with a 10 year rolling amortization period. 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.

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>
6/30/2014	\$ 1,968,750	\$ 2,007,537	102.0%	\$ 1,261,819	\$ 2,036,022	98.6%
6/30/2013	1,948,112	1,618,431	83.1%	1,300,606	2,012,946	80.0%
6/30/2012	1,853,123	1,575,853	85.0%	970,925	1,898,907	83.0%

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial 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>
1/1/2014	41,387,000	51,720,000	10,333,000	80.0%	11,738,000	88.0%
1/1/2013	35,024,000	51,568,000	16,544,000	67.9%	14,077,000	117.5%
1/1/2012	34,397,000	49,640,000	15,243,000	69.3%	14,814,000	102.9%

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

Note 12 – Post-employment Healthcare Plan

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is provided to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. 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 2013 to June 2014
Annual required contribution (ARC)	\$ 40,008
Interest on net OPEB obligation	2,693
ARC adjustments	(2,394)
Annual OPEB cost	40,307
Contributions made	(18,009)
Increase in net OPEB obligation	22,298
Net pension OPEB, beginning of year	71,811
Net pension OPEB, end of year	94,109
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
2014	\$ 40,307	45.0%	\$ 94,109
2013	38,748	30.0%	71,811
2012	20,559	13.0%	44,695

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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

<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>
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%

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

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, 2012, 2013, and 2014 were \$606, \$9,254 and \$13,990, which equaled the required contribution for the year.

Note 14 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability workers' compensation and unemployment, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2014, 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:

	2014	2013
Claims and judgements:		
Beginning Balance	\$ 1,652,619	\$ 1,637,519
Additions	257,500	539,357
Decreases	(415,520)	(524,257)
Ending Balance	\$ 1,494,599	\$ 1,652,619

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2014

Note 15 – Fund Balance

Governmental fund type balances are comprised of the following at the end of the current period:

	<u>General Fund</u>	<u>Road Fund</u>	<u>Other Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$ 55,966	\$ 1,138,193	\$ 14,851	\$ 1,209,010
Due from other funds	-	-	173,034	173,034
Other Assets	-	-	1,087,257	1,087,257
Restricted for:				
General government			1,093,953	1,093,953
Public safety	-	-	1,776,241	1,776,241
Public works	-	98,392,293	2,707,294	101,099,587
Human services	-	-	2,742,912	2,742,912
Community services	-	-	2,555,635	2,555,635
Community development	-	-	2,295,819	2,295,819
Committed to:				
General government	-	-	467,202	467,202
Public safety	-	-	23,446	23,446
Community services	-	-	365,846	365,846
Community development	-	-	358,523	358,523
Agriculture	-	-	24,430	24,430
Assigned to:				
General government	-	-	2,511,581	2,511,581
Unassigned:	<u>5,275,410</u>	<u>-</u>	<u>-</u>	<u>5,275,410</u>
Total fund balances	<u>\$ 5,331,376</u>	<u>\$ 99,530,486</u>	<u>\$ 18,198,024</u>	<u>\$ 123,059,886</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.

REQUIRED SUPPLEMENTAL INFORMATION

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Klamath County, Oregon
Budget and Actual (with Variances)
General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 8,512,000	\$ 8,512,000	\$ 8,586,805	\$ 74,805
Other taxes	-	-	44	44
Licenses and permits	843,773	804,518	851,160	46,642
Intergovernmental	1,558,273	3,045,194	3,363,365	318,171
Charges for services	1,090,769	1,158,107	1,098,294	(59,813)
Fines and forfeitures	236,708	236,708	272,559	35,851
Investment earnings	6,500	6,500	24,249	17,749
Miscellaneous	27,079	80,868	110,547	29,679
Total revenues	<u>12,275,102</u>	<u>13,843,895</u>	<u>14,307,023</u>	<u>463,128</u>
Expenditures				
General Government				
Non-Departmental				
Materials and Services	557,964	557,964	548,506	9,458
Contingency	335,511	61,132	-	61,132
Treasurer				
Personnel Services	31,090	31,090	31,080	10
Materials and Services	25,852	25,852	24,183	1,669
Assessor				
Personnel Services	662,704	662,704	641,453	21,251
Materials and Services	357,911	373,911	360,201	13,710
Tax Collector				
Personnel Services	199,968	199,968	170,128	29,840
Materials and Services	298,163	300,208	236,248	63,960
Commissioners				
Personnel Services	290,897	290,897	291,287	(390)
Materials and Services	52,016	52,016	45,238	6,778
Clerk				
Personnel Services	343,658	343,658	329,011	14,647
Materials and Services	226,503	226,503	220,689	5,814
Total General Government	<u>3,382,237</u>	<u>3,125,903</u>	<u>2,898,024</u>	<u>227,879</u>
Public Safety				
Justice court				
Personnel Services	112,081	112,081	105,458	6,623
Materials and Services	74,627	74,627	68,071	6,556
District Attorney				
Personnel Services	962,780	1,070,371	1,005,223	65,148
Materials and Services	190,810	190,810	190,243	567
Sheriff				
Personnel Services	6,237,346	6,401,133	5,908,672	492,461
Materials and Services	1,728,387	2,048,167	1,885,759	162,408
Juvenile				
Personnel Services	1,316,372	1,316,372	1,268,403	47,969
Materials and Services	413,863	413,863	357,363	56,500

Klamath County, Oregon
Budget and Actual (with Variances)
General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Emergency Management				
Personnel Services	51,378	52,778	53,452	(674)
Materials and Services	65,191	52,633	50,335	2,298
Total Public Safety	<u>11,152,835</u>	<u>11,732,835</u>	<u>10,892,979</u>	<u>839,856</u>
Agriculture				
OSU Extension				
Personnel Services	93,407	83,296	72,069	11,227
Materials and Services	113,740	138,875	138,435	440
Experiment Station				
Personnel Services	50,004	50,004	50,014	(10)
Materials and Services	24,994	24,994	24,728	266
Watermaster				
Personnel Services	56,931	56,931	56,946	(15)
Materials and Services	24,005	24,005	22,914	1,091
Total Agriculture	<u>363,081</u>	<u>378,105</u>	<u>365,106</u>	<u>12,999</u>
Total expenditures	<u>14,898,153</u>	<u>15,236,843</u>	<u>14,156,109</u>	<u>1,080,734</u>
Excess (deficiency) of revenues over expenditures	<u>(2,623,051)</u>	<u>(1,392,948)</u>	<u>150,914</u>	<u>1,543,862</u>
Other Financing Sources (Uses)				
Transfers in	11,566,352	12,161,978	11,189,886	(972,092)
Transfers out	(10,229,301)	(10,888,030)	(9,938,404)	949,626
Proceeds from sale of assets	-	-	-	-
Total other financing sources and uses	<u>1,337,051</u>	<u>1,273,948</u>	<u>1,251,482</u>	<u>(22,466)</u>
Net change in fund balances	(1,286,000)	(119,000)	1,402,396	1,521,396
Fund balances - beginning	2,000,000	3,675,350	3,675,349	(1)
Fund balances - ending	<u>\$ 714,000</u>	<u>\$ 3,556,350</u>	<u>\$ 5,077,745</u>	<u>\$ 1,521,395</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 5,077,745	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			55,966	
Consolidation of PERS Holding fund for financial reporting purposes			<u>197,665</u>	
Fund Balance, Ending (GAAP)			<u>\$ 5,331,376</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
PERS Holding Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 696	\$ 196
Total revenues	<u>500</u>	<u>500</u>	<u>696</u>	<u>196</u>
Expenditures				
Non-Departmental				
Personal services	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>500</u>	<u>696</u>	<u>196</u>
Other Financing Sources (Uses)				
Transfers in	-	22,500	26,017	3,517
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>22,500</u>	<u>26,017</u>	<u>3,517</u>
Net change in fund balances	500	23,000	26,713	3,713
Fund balances - beginning	193,000	193,000	170,952	(22,048)
Fund balances - ending	<u>\$ 193,500</u>	<u>\$ 216,000</u>	<u>\$ 197,665</u>	<u>\$ (18,335)</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 197,665	
Consolidation of PERS Reserve fund for financial reporting purposes			<u>(197,665)</u>	
Fund Balance, Ending (GAAP)			<u>\$ -</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Road Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,312,000	\$ 10,612,000	\$ 10,775,412	\$ 163,412
Charges for services	146,000	146,000	183,274	37,274
Investment earnings	616,000	616,000	387,792	(228,208)
Miscellaneous	1,000	1,000	19,841	18,841
Total revenues	<u>6,075,000</u>	<u>11,375,000</u>	<u>11,366,319</u>	<u>(8,681)</u>
Expenditures				
Public Works				
Operating				
Personal services	4,349,953	4,349,953	3,501,975	847,978
Materials and services	6,338,163	6,338,163	4,938,697	1,399,466
Capital outlay	190,000	190,000	548	189,452
Contingencies	2,447,884	2,447,884	-	2,447,884
Bicycle Trails				
Materials and services	7,000	7,000	-	7,000
Capital outlay	239,000	239,000	59,750	179,250
Road Reserves				
Materials and services	10,000	460,000	450,120	9,880
Capital outlay	5,100,000	5,100,000	2,418,465	2,681,535
Contingencies	20,000,000	20,000,000	-	20,000,000
Equipment Reserves				
Capital outlay	590,000	590,000	10,268	579,732
Total expenditures	<u>39,272,000</u>	<u>39,722,000</u>	<u>11,379,823</u>	<u>28,342,177</u>
Excess (deficiency) of revenues over expenditures	<u>(33,197,000)</u>	<u>(28,347,000)</u>	<u>(13,504)</u>	<u>28,333,496</u>
Other Financing Sources (Uses)				
Transfers in	402,000	402,000	402,000	-
Transfers out	(2,100,000)	(2,100,000)	(2,100,000)	-
Proceeds from sale of capital assets	10,000	10,000	11,500	1,500
Total other financing sources and uses	<u>(1,688,000)</u>	<u>(1,688,000)</u>	<u>(1,686,500)</u>	<u>1,500</u>
Net change in fund balances	(34,885,000)	(30,035,000)	(1,700,004)	28,334,996
Fund balances - beginning	96,582,309	96,582,309	100,092,297	3,509,988
Fund balances - ending	<u>\$ 61,697,309</u>	<u>\$ 66,547,309</u>	<u>\$ 98,392,293</u>	<u>\$ 31,844,984</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 98,392,293	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			<u>1,138,193</u>	
Fund Balance, Ending (GAAP)			<u>\$ 99,530,486</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Transient Room Tax Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 1,350,000	\$ 1,604,000	\$ 1,707,082	\$ 103,082
Licenses and permits	1,000	1,000	-	(1,000)
Total revenues	<u>1,351,000</u>	<u>1,605,000</u>	<u>1,707,082</u>	<u>102,082</u>
Expenditures				
Community development				
Materials and services	654,063	778,843	827,089	(48,246)
Total expenditures	<u>654,063</u>	<u>778,843</u>	<u>827,089</u>	<u>(48,246)</u>
Excess (deficiency) of revenues over expenditures	<u>696,937</u>	<u>826,157</u>	<u>879,993</u>	<u>53,836</u>
Other Financing Sources (Uses)				
Transfers out	(696,937)	(826,157)	(879,993)	(53,836)
Total other financing sources and uses	<u>(696,937)</u>	<u>(826,157)</u>	<u>(879,993)</u>	<u>(53,836)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Klamath County, Oregon
Schedules of Funding Progress
For the Year Ended June 30, 2014**

**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)
1/1/2012	34,397	49,640	15,243	69.3%	14,814	102.9%
1/1/2013	35,024	51,568	16,544	67.9%	14,077	117.5%
1/1/2014	41,387	51,720	10,333	80.0%	11,738	88.0%

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 SUPPLEMENTAL INFORMATION

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**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

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Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2014

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:

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. This fund was closed in the fiscal year 2013-14 and operates as a sub-department of the Public Health fund.

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.

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.

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. This fund was closed in the fiscal year 2013-14 and operates as a sub-department of the Sheriff Special Revenue fund. The treasurer activity for this fund was closed and transferred to the Agency 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.

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2014

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.

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.

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.

Mental Health

The Mental Health Fund was established to administer mental health programs and is recipient of intergovernmental (primarily state) revenues and client fees.

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.

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.

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2014

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. This fund was closed in the fiscal year 2013-14.

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.

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, 2014

	<u>Capital Projects Funds</u>			
	<u>Special Revenue Funds</u>	<u>Equipment Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Pooled cash and investments	\$ 14,191,707	\$ 1,061,838	\$ 1,456,342	\$ 16,709,887
Accounts receivable	699,621	-	28,650	728,271
Taxes receivable, net	351,575	-	-	351,575
Due from other funds	280,220	173,034	-	453,254
Assessments receivable	-	-	-	-
Notes receivable	103,464	-	-	103,464
Inventories	14,851	-	-	14,851
Other assets	1,087,257	-	-	1,087,257
Total assets	<u>\$ 16,728,695</u>	<u>\$ 1,234,872</u>	<u>\$ 1,484,992</u>	<u>\$ 19,448,559</u>
Liabilities				
Accounts payable	\$ 570,870	\$ 31,835	\$ 3,414	\$ 606,119
Due to other funds	173,034	-	-	173,034
Unearned revenue	36,471	-	-	36,471
Other accrued expenses	-	-	-	-
Total liabilities	<u>780,375</u>	<u>31,835</u>	<u>3,414</u>	<u>815,624</u>
Deferred Inflows of Resources				
Unavailable revenue	\$ 434,911	-	-	434,911
Total deferred inflows of resources	<u>434,911</u>	<u>-</u>	<u>-</u>	<u>434,911</u>
Fund Balances				
Nonspendable	1,102,108	173,034	-	1,275,142
Restricted	13,171,854	-	-	13,171,854
Committed	1,239,447	-	-	1,239,447
Assigned	-	1,030,003	1,481,578	2,511,581
Unassigned	-	-	-	-
Total fund balances	<u>15,513,409</u>	<u>1,203,037</u>	<u>1,481,578</u>	<u>18,198,024</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,728,695</u>	<u>\$ 1,234,872</u>	<u>\$ 1,484,992</u>	<u>\$ 19,448,559</u>

Klamath County, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	<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>	
Revenues				
Property Taxes	\$ 2,841,216	\$ -	\$ -	\$ 2,841,216
Sales and miscellaneous taxes	879,993	-	-	879,993
Fines and forfeitures	162,956	-	-	162,956
Licenses, fees, and permits	679,175	-	-	679,175
Intergovernmental	10,134,342	-	-	10,134,342
Charges for services	3,037,930	-	-	3,037,930
Investment earnings	58,542	7,903	5,352	71,797
Miscellaneous	272,975	-	28,650	301,625
Total revenues	<u>18,067,129</u>	<u>7,903</u>	<u>34,002</u>	<u>18,109,034</u>
Expenditures				
Current:				
General government	2,508,865	-	-	2,508,865
Public safety	3,815,596	-	-	3,815,596
Public works	118,093	-	-	118,093
Human services	5,136,528	-	-	5,136,528
Community services	3,934,808	-	-	3,934,808
Community development	2,034,524	-	-	2,034,524
Agriculture	13,335	-	-	13,335
Debt Service				
Principal	9,162	-	-	9,162
Interest and other charges	8,965	-	-	8,965
Capital Outlay	431,833	188,385	437,259	1,057,477
Total expenditures	<u>18,011,709</u>	<u>188,385</u>	<u>437,259</u>	<u>18,637,353</u>
Excess (deficiency) of revenues over expenditures	<u>55,420</u>	<u>(180,482)</u>	<u>(403,257)</u>	<u>(528,319)</u>
Other Financing Sources (Uses)				
Transfers in	969,280	256,509	305,371	1,531,160
Transfers out	(725,867)	(97,415)	-	(823,282)
Proceeds from sale of assets	51,826	-	-	51,826
Total other financing sources and uses	<u>295,239</u>	<u>159,094</u>	<u>305,371</u>	<u>759,704</u>
Net change in fund balances	350,659	(21,388)	(97,886)	231,385
Fund balances - beginning	15,267,766	1,224,425	1,579,464	18,071,655
Fund balances - change in inventory	(105,016)	-	-	(105,016)
Fund balances - ending	<u>\$ 15,513,409</u>	<u>\$ 1,203,037</u>	<u>\$ 1,481,578</u>	<u>\$ 18,198,024</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	<u>Veterans Fund</u>	<u>Commission on Children and Families Fund</u>	<u>District Attorney Special Revenue Fund</u>	<u>Tourism Fund</u>
Assets				
Pooled cash and investments	\$ 54,528	\$ -	\$ 58,891	\$ 273,061
Accounts receivable	11,538	-	115,976	-
Taxes receivable, net	21,645	-	-	-
Due from other funds	-	-	-	47,158
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 87,711</u>	<u>\$ -</u>	<u>\$ 174,867</u>	<u>\$ 320,219</u>
Liabilities				
Accounts payable	\$ 3,298	\$ -	\$ 97,692	\$ 665
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>3,298</u>	<u>-</u>	<u>97,692</u>	<u>665</u>
Deferred Inflows of Resources				
Unavailable revenue	19,098	-	21,301	-
Total deferred inflows of resources	<u>19,098</u>	<u>-</u>	<u>21,301</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	65,315	-	55,874	-
Committed	-	-	-	319,554
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>65,315</u>	<u>-</u>	<u>55,874</u>	<u>319,554</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 87,711</u>	<u>\$ -</u>	<u>\$ 174,867</u>	<u>\$ 320,219</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Sheriff Special Revenue Fund	Taylor Grazing Fund	Title III Fund	Court Facility Security Fund
Assets				
Pooled cash and investments	\$ 253,437	\$ -	\$ 2,050,622	\$ -
Accounts receivable	60,778	-	-	-
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 314,215</u>	<u>\$ -</u>	<u>\$ 2,050,622</u>	<u>\$ -</u>
Liabilities				
Accounts payable	9,794	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>9,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	304,421	-	2,050,622	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>304,421</u>	<u>-</u>	<u>2,050,622</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 314,215</u>	<u>\$ -</u>	<u>\$ 2,050,622</u>	<u>\$ -</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014**

	Klamath Falls Streets Fund	Surveyor Fund	Parks Fund	Experimental Station Research Fund
Assets				
Pooled cash and investments	\$ 2,707,294	\$ 1,093,953	\$ 258,463	\$ 24,410
Accounts receivable	-	-	19,982	20
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 2,707,294</u>	<u>\$ 1,093,953</u>	<u>\$ 278,445</u>	<u>\$ 24,430</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,603	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,603</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	2,707,294	1,093,953	275,842	-
Committed	-	-	-	24,430
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,707,294</u>	<u>1,093,953</u>	<u>275,842</u>	<u>24,430</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,707,294</u>	<u>\$ 1,093,953</u>	<u>\$ 278,445</u>	<u>\$ 24,430</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Community Development Fund	Property Sales Fund	Museum Fund	Economic Development Fund
Assets				
Pooled cash and investments	\$ 275,097	\$ 313,450	\$ 342,658	\$ 371,288
Accounts receivable	16,289	-	340	20,321
Taxes receivable, net	-	-	23,842	-
Due from other funds	-	-	40,421	-
Assessments receivable	-	-	-	-
Notes receivable	-	103,464	-	-
Inventories	-	-	-	-
Other assets	-	1,087,257	-	-
Total assets	<u>\$ 291,386</u>	<u>\$ 1,504,171</u>	<u>\$ 407,261</u>	<u>\$ 391,609</u>
Liabilities				
Accounts payable	\$ 7,220	\$ 231	\$ 29,503	\$ 68,889
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	31,846
Other payables	-	-	-	-
Total liabilities	<u>7,220</u>	<u>231</u>	<u>29,503</u>	<u>100,735</u>
Deferred Inflows of Resources				
Unavailable revenue	-	103,464	20,981	-
Total deferred inflows of resources	<u>-</u>	<u>103,464</u>	<u>20,981</u>	<u>-</u>
Fund Balances				
Nonspendable	-	1,087,257	-	-
Restricted	245,197	-	-	290,874
Committed	38,969	313,219	356,777	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>284,166</u>	<u>1,400,476</u>	<u>356,777</u>	<u>290,874</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 291,386</u>	<u>\$ 1,504,171</u>	<u>\$ 407,261</u>	<u>\$ 391,609</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Community Corrections Fund	County School Fund	Animal Control Fund	Public Health Fund
Assets				
Pooled cash and investments	\$ 1,430,279	\$ (2)	\$ 22,643	\$ 138,404
Accounts receivable	5,459	112,455	2,732	280,016
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	14,851
Other assets	-	-	-	-
Total assets	<u>\$ 1,435,738</u>	<u>\$ 112,453</u>	<u>\$ 25,375</u>	<u>\$ 433,271</u>
Liabilities				
Accounts payable	\$ 19,793	\$ 112,453	\$ 1,929	\$ 107,573
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>19,793</u>	<u>112,453</u>	<u>1,929</u>	<u>107,573</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	14,851
Restricted	1,415,945	-	-	310,847
Committed	-	-	23,446	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,415,945</u>	<u>-</u>	<u>23,446</u>	<u>325,698</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,435,738</u>	<u>\$ 112,453</u>	<u>\$ 25,375</u>	<u>\$ 433,271</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	<u>Mental Health Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>Library Service District Operating Fund</u>
Assets				
Pooled cash and investments	\$ 2,358,960	\$ 10,251	\$ 75,455	\$ 943,762
Accounts receivable	15,877	7,745	5,326	24,765
Taxes receivable, net	-	-	-	306,088
Due from other funds	-	192,641	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 2,374,837</u>	<u>\$ 210,637</u>	<u>\$ 80,781</u>	<u>\$ 1,274,615</u>
Liabilities				
Accounts payable	\$ 8,086	\$ 21,073	\$ 1,895	\$ 36,853
Due to other funds	-	173,034	-	-
Unearned revenue	-	4,625	-	-
Other payables	-	-	-	-
Total liabilities	<u>8,086</u>	<u>198,732</u>	<u>1,895</u>	<u>36,853</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	270,067
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,067</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	2,366,751	2,836	78,886	967,695
Committed	-	9,069	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,366,751</u>	<u>11,905</u>	<u>78,886</u>	<u>967,695</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,374,837</u>	<u>\$ 210,637</u>	<u>\$ 80,781</u>	<u>\$ 1,274,615</u>

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014**

	Library Service District Reserve Fund	Clerk 5% Storage Fund	Ambulance Advisory Training Fund	Clerk Overpayments Fund
Assets				
Pooled cash and investments	\$ 978,485	\$ 142,633	\$ 2,305	\$ 11,380
Accounts receivable	-	2	-	-
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 978,485</u>	<u>\$ 142,635</u>	<u>\$ 2,305</u>	<u>\$ 11,380</u>
Liabilities				
Accounts payable	\$ 38,983	\$ -	\$ 2,305	\$ 32
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Other payables	-	-	-	-
Total liabilities	<u>38,983</u>	<u>-</u>	<u>2,305</u>	<u>32</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	939,502	-	-	-
Committed	-	142,635	-	11,348
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>939,502</u>	<u>142,635</u>	<u>-</u>	<u>11,348</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 978,485</u>	<u>\$ 142,635</u>	<u>\$ 2,305</u>	<u>\$ 11,380</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Total
Assets	
Pooled cash and investments	\$ 14,191,707
Accounts receivable	699,621
Taxes receivable, net	351,575
Due from other funds	280,220
Assessments receivable	-
Notes receivable	103,464
Inventories	14,851
Other assets	1,087,257
Total assets	\$ 16,728,695
Liabilities and Fund Balances	
Accounts payable	\$ 570,870
Due to other funds	173,034
Deferred revenue	36,471
Other accrued expenses	-
Other payables	-
Total liabilities	780,375
Deferred Inflows of Resources	
Unavailable revenue	434,911
Total deferred inflows of resources	434,911
Fund balances:	
Nonspendable	1,102,108
Restricted	13,171,854
Committed	1,239,447
Assigned	-
Unassigned	-
Total fund balances	15,513,409
Total liabilities and fund balances	\$ 16,728,695

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2014

	<u>Veterans Fund</u>	<u>Commission on Children and Families Fund</u>	<u>District Attorney Special Revenue Fund</u>	<u>Tourism Fund</u>
Revenues				
Property Taxes	\$ 183,999	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	147,876
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	-	-	-	-
Intergovernmental	56,150	272,337	410,012	-
Charges for services	-	-	26,377	-
Investment earnings	332	336	224	941
Miscellaneous	-	492	-	-
Total revenues	<u>240,481</u>	<u>273,165</u>	<u>436,613</u>	<u>148,817</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	439,457	-
Public works	-	-	-	-
Human services	259,227	376,860	-	-
Community services	-	-	-	-
Community development	-	-	-	73,190
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>259,227</u>	<u>376,860</u>	<u>439,457</u>	<u>73,190</u>
Excess (deficiency) of revenues over expenditures	<u>(18,746)</u>	<u>(103,695)</u>	<u>(2,844)</u>	<u>75,627</u>
Other Financing Sources (Uses)				
Transfers in	-	8,790	-	-
Transfers out	(2,144)	(30,148)	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources and uses	<u>(2,144)</u>	<u>(21,358)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(20,890)	(125,053)	(2,844)	75,627
Fund balances - beginning	86,205	125,053	58,718	243,927
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 65,315</u>	<u>\$ -</u>	<u>\$ 55,874</u>	<u>\$ 319,554</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2014

	<u>Sheriff Special Revenue Fund</u>	<u>Taylor Grazing Fund</u>	<u>Title III Fund</u>	<u>Court Facility Security Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	32,669	-	-	38,868
Licenses, fees, and permits	-	-	-	-
Intergovernmental	225,622	3,955	-	-
Charges for services	-	-	-	-
Investment earnings	877	-	8,762	(48)
Miscellaneous	12,872	-	-	-
Total revenues	<u>272,040</u>	<u>3,955</u>	<u>8,762</u>	<u>38,820</u>
Expenditures				
Current:				
General government	-	3,955	-	-
Public safety	313,501	-	-	95,281
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	-	-
Community development	-	-	258,726	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>313,501</u>	<u>3,955</u>	<u>258,726</u>	<u>95,281</u>
Excess (deficiency) of revenues over expenditures	<u>(41,461)</u>	<u>-</u>	<u>(249,964)</u>	<u>(56,461)</u>
Other Financing Sources (Uses)				
Transfers in	52,654	-	-	61,114
Transfers out	(1,372)	-	-	(5,138)
Proceeds from sale of assets	27,566	-	-	-
Total other financing sources and uses	<u>78,848</u>	<u>-</u>	<u>-</u>	<u>55,976</u>
Net change in fund balances	37,387	-	(249,964)	(485)
Fund balances - beginning	267,034	-	2,300,586	485
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 304,421</u>	<u>\$ -</u>	<u>\$ 2,050,622</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, 2014

	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	-	56,001	-	-
Intergovernmental	-	-	110,147	-
Charges for services	-	-	-	231
Investment earnings	10,870	4,428	1,017	130
Miscellaneous	-	1,495	-	-
Total revenues	<u>10,870</u>	<u>61,924</u>	<u>111,164</u>	<u>361</u>
Expenditures				
Current:				
General government	-	97,086	-	-
Public safety	-	-	-	-
Public works	118,093	-	-	-
Human services	-	-	-	-
Community services	-	-	85,807	-
Community development	-	-	-	-
Agriculture	-	-	-	13,335
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay				
Total expenditures	<u>118,093</u>	<u>97,086</u>	<u>85,807</u>	<u>13,335</u>
Excess (deficiency) of revenues over expenditures	<u>(107,223)</u>	<u>(35,162)</u>	<u>25,357</u>	<u>(12,974)</u>
Other Financing Sources (Uses)				
Transfers in	-	1,000	-	-
Transfers out	-	(1,000)	(3,500)	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>
Net change in fund balances	(107,223)	(35,162)	21,857	(12,974)
Fund balances - beginning	2,814,517	1,129,115	253,985	37,404
Fund balances - change in inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,707,294</u>	<u>\$ 1,093,953</u>	<u>\$ 275,842</u>	<u>\$ 24,430</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, 2014

	Community Development Fund	Property Sales Fund	Museum Fund	Economic Development Fund
Revenues				
Property Taxes	\$ -	\$ -	\$ 209,052	\$ -
Sales and miscellaneous taxes	-	-	126,751	-
Fines and forfeitures	3,004	-	-	-
Licenses, fees, and permits	85,962	997	-	-
Intergovernmental	-	-	15,305	259,786
Charges for services	1,384,358	122,527	19,499	-
Investment earnings	431	1,230	1,455	1,300
Miscellaneous	21,254	2,500	97,271	56,321
Total revenues	<u>1,495,009</u>	<u>127,254</u>	<u>469,333</u>	<u>317,407</u>
Expenditures				
Current:				
General government	-	106,675	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	411,625	-
Community development	1,447,070	-	-	255,538
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	42,758	-
Total expenditures	<u>1,447,070</u>	<u>106,675</u>	<u>454,383</u>	<u>255,538</u>
Excess (deficiency) of revenues over expenditures	<u>47,939</u>	<u>20,579</u>	<u>14,950</u>	<u>61,869</u>
Other Financing Sources (Uses)				
Transfers in	116,112	-	-	-
Transfers out	-	(1,000)	(25,000)	-
Proceeds from sale of assets	-	1,735	-	-
Total other financing sources and uses	<u>116,112</u>	<u>735</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	164,051	21,314	(10,050)	61,869
Fund balances - beginning	120,115	1,490,377	366,827	229,005
Fund balances - change in inventory	-	(111,215)	-	-
Fund balances - ending	<u>\$ 284,166</u>	<u>\$ 1,400,476</u>	<u>\$ 356,777</u>	<u>\$ 290,874</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, 2014

	<u>Community Corrections Fund</u>	<u>County School Fund</u>	<u>Animal Control Fund</u>	<u>Public Health Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	18,519	-
Licenses, fees, and permits	30,492	-	296,134	177,250
Intergovernmental	3,047,038	2,300,056	-	1,101,195
Charges for services	259,625	-	2,199	666,471
Investment earnings	4,715	467	40	646
Miscellaneous	3,387	-	250	3,065
Total revenues	<u>3,345,257</u>	<u>2,300,523</u>	<u>317,142</u>	<u>1,948,627</u>
Expenditures				
Current:				
General government	-	2,300,523	-	-
Public safety	2,667,888	-	297,164	-
Public works	-	-	-	-
Human services	-	-	-	2,055,924
Community services	-	-	-	-
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	7,995	-	-	-
Total expenditures	<u>2,675,883</u>	<u>2,300,523</u>	<u>297,164</u>	<u>2,055,924</u>
Excess (deficiency) of revenues over expenditures	<u>669,374</u>	<u>-</u>	<u>19,978</u>	<u>(107,297)</u>
Other Financing Sources (Uses)				
Transfers in	277,861	-	-	157,648
Transfers out	(68,543)	-	-	(30,000)
Proceeds from sale of assets	-	-	-	1,525
Total other financing sources and uses	<u>209,318</u>	<u>-</u>	<u>-</u>	<u>129,173</u>
Net change in fund balances	878,692	-	19,978	21,876
Fund balances - beginning	537,253	-	3,468	297,623
Fund balances - change in inventory	-	-	-	6,199
Fund balances - ending	<u>\$ 1,415,945</u>	<u>\$ -</u>	<u>\$ 23,446</u>	<u>\$ 325,698</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, 2014

	<u>Mental Health Fund</u>	<u>Fairgrounds Fund</u>	<u>Law Library Fund</u>	<u>Library Service District Operating Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ 2,448,165
Sales and miscellaneous taxes	-	605,366	-	-
Fines and forfeitures	-	-	69,896	-
Licenses, fees, and permits	-	-	5,906	7,056
Intergovernmental	2,198,940	50,964	-	82,835
Charges for services	123,139	394,884	-	38,620
Investment earnings	10,472	14	298	4,884
Miscellaneous	37,386	29,292	-	7,390
Total revenues	<u>2,369,937</u>	<u>1,080,520</u>	<u>76,100</u>	<u>2,588,950</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Human services	2,444,517	-	-	-
Community services	-	981,182	62,315	2,393,879
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	9,162	-	-	-
Interest and other charges	8,038	927	-	-
Capital Outlay	-	8,299	-	-
Total expenditures	<u>2,461,717</u>	<u>990,408</u>	<u>62,315</u>	<u>2,393,879</u>
Excess (deficiency) of revenues over expenditures	<u>(91,780)</u>	<u>90,112</u>	<u>13,785</u>	<u>195,071</u>
Other Financing Sources (Uses)				
Transfers in	93,838	263	-	-
Transfers out	(358,022)	-	-	(200,000)
Proceeds from sale of assets	21,000	-	-	-
Total other financing sources and uses	<u>(243,184)</u>	<u>263</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balances	(334,964)	90,375	13,785	(4,929)
Fund balances - beginning	2,701,715	(78,470)	65,101	972,624
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 2,366,751</u>	<u>\$ 11,905</u>	<u>\$ 78,886</u>	<u>\$ 967,695</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, 2014

	Library Service District Reserve Fund	Clerk 5% Storage Fund	Ambulance Advisory Training Fund	Clerk Overpayments Fund
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	-	18,396	-	981
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	4,147	521	9	44
Miscellaneous	-	-	-	-
Total revenues	<u>4,147</u>	<u>18,917</u>	<u>9</u>	<u>1,025</u>
Expenditures				
Current:				
General government	-	-	-	626
Public safety	-	-	2,305	-
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	372,781	-	-	-
Total expenditures	<u>372,781</u>	<u>-</u>	<u>2,305</u>	<u>626</u>
Excess (deficiency) of revenues over expenditures	<u>(368,634)</u>	<u>18,917</u>	<u>(2,296)</u>	<u>399</u>
Other Financing Sources (Uses)				
Transfers in	200,000	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources and uses	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(168,634)	18,917	(2,296)	399
Fund balances - beginning	1,108,136	123,718	2,296	10,949
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 939,502</u>	<u>\$ 142,635</u>	<u>\$ -</u>	<u>\$ 11,348</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, 2014

	Total
Revenues	
Property Taxes	\$ 2,841,216
Other taxes	879,993
Fines and forfeitures	162,956
Licenses, fees, and permits	679,175
Intergovernmental	10,134,342
Charges for services	3,037,930
Investment earnings	58,542
Miscellaneous	272,975
Total revenues	18,067,129
Expenditures	
Current:	
General government	2,508,865
Public safety	3,815,596
Public works	118,093
Human services	5,136,528
Community services	3,934,808
Community development	2,034,524
Agriculture	13,335
Debt Service	
Principal	9,162
Interest and other charges	8,965
Capital Outlay	431,833
Total expenditures	18,011,709
Excess (deficiency) of revenues over expenditures	55,420
Other Financing Sources (Uses)	
Transfers in	969,280
Transfers out	(725,867)
Proceeds from sale of assets	51,826
Total other financing sources and uses	295,239
Net change in fund balances	350,659
Fund balances - beginning	15,267,766
Fund balances - change in inventory	(105,016)
Fund balances - ending	\$ 15,513,409

Klamath County, Oregon
Budget and Actual (with Variances)
Veterans Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 186,000	\$ 186,000	\$ 183,999	\$ (2,001)
Intergovernmental	10,440	56,150	56,150	-
Investment earnings	250	250	332	82
Total revenues	<u>196,690</u>	<u>242,400</u>	<u>240,481</u>	<u>(1,919)</u>
Expenditures				
Human services				
Personal services	192,780	193,771	181,095	12,676
Materials and services	53,522	84,453	78,132	6,321
Contingencies	18,244	32,032	-	32,032
Total expenditures	<u>264,546</u>	<u>310,256</u>	<u>259,227</u>	<u>51,029</u>
Excess (deficiency) of revenues over expenditures	<u>(67,856)</u>	<u>(67,856)</u>	<u>(18,746)</u>	<u>49,110</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	(70,000)	(70,000)	(20,890)	49,110
Fund balances - beginning	70,000	70,000	86,205	16,205
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,315</u>	<u>\$ 65,315</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Commission of Children & Families Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 19,765	\$ 274,872	\$ 272,337	\$ (2,535)
Investment earnings	150	356	336	(20)
Miscellaneous	-	492	492	-
Total revenues	<u>19,915</u>	<u>275,720</u>	<u>273,165</u>	<u>(2,555)</u>
Expenditures				
Human services				
Personal services	49,019	88,065	89,229	(1,164)
Materials and services	52,111	294,053	287,631	6,422
Contingencies	<u>29,713</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>130,843</u>	<u>382,118</u>	<u>376,860</u>	<u>5,258</u>
Excess (deficiency) of revenues over expenditures	<u>(110,928)</u>	<u>(106,398)</u>	<u>(103,695)</u>	<u>2,703</u>
Other Financing Sources (Uses)				
Transfers in	10,000	10,000	8,790	(1,210)
Transfers out	<u>-</u>	<u>(28,655)</u>	<u>(30,148)</u>	<u>(1,493)</u>
Total other financing sources and uses	<u>10,000</u>	<u>(18,655)</u>	<u>(21,358)</u>	<u>(2,703)</u>
Net change in fund balances	(100,928)	(125,053)	(125,053)	-
Fund balances - beginning	100,928	125,053	125,053	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
District Attorney Special Revenue Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 177,858	\$ 419,974	\$ 410,012	\$ (9,962)
Charges for services	22,776	22,776	26,376	3,600
Investment earnings	200	200	224	24
Total revenues	<u>200,834</u>	<u>442,950</u>	<u>436,612</u>	<u>(6,338)</u>
Expenditures				
Public safety				
Personal services	156,334	156,334	128,566	27,768
Materials and services	<u>212,610</u>	<u>314,226</u>	<u>310,890</u>	<u>3,336</u>
Total expenditures	<u>368,944</u>	<u>470,560</u>	<u>439,456</u>	<u>31,104</u>
Excess (deficiency) of revenues over expenditures	<u>(168,110)</u>	<u>(27,610)</u>	<u>(2,844)</u>	<u>24,766</u>
Other Financing Sources (Uses)				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	-	10,000
Total other financing sources and uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Net change in fund balances	(178,110)	(37,610)	(2,844)	34,766
Fund balances - beginning	178,110	37,610	58,718	(21,108)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,874</u>	<u>\$ 13,658</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Tourism Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 941	\$ 441
Total revenues	<u>500</u>	<u>500</u>	<u>941</u>	<u>441</u>
Expenditures				
Community Development				
Materials and services	163,487	163,487	73,190	90,297
Contingencies	<u>154,000</u>	<u>176,046</u>	<u>-</u>	<u>176,046</u>
Total expenditures	<u>317,487</u>	<u>339,533</u>	<u>73,190</u>	<u>266,343</u>
Excess (deficiency) of revenues over expenditures	<u>(316,987)</u>	<u>(339,033)</u>	<u>(72,249)</u>	<u>266,784</u>
Other Financing Sources (Uses)				
Transfers in	<u>116,987</u>	<u>139,033</u>	<u>147,876</u>	<u>8,843</u>
Total other financing sources and uses	<u>116,987</u>	<u>139,033</u>	<u>147,876</u>	<u>8,843</u>
Net change in fund balances	(200,000)	(200,000)	75,627	275,627
Fund balances - beginning	<u>200,000</u>	<u>200,000</u>	<u>243,927</u>	<u>43,927</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,554</u>	<u>\$ 319,554</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Sheriff Special Revenue Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 5,000	\$ 32,600	\$ 32,669	\$ 69
Intergovernmental	251,112	251,112	225,622	(25,490)
Charges for services	200	200	-	(200)
Investment earnings	300	300	877	577
Miscellaneous	11,700	11,700	12,872	1,172
Total revenues	<u>268,312</u>	<u>295,912</u>	<u>272,040</u>	<u>(23,872)</u>
Expenditures				
Public safety				
Personal services	199,250	197,750	187,620	10,130
Materials and services	280,840	300,840	125,881	174,959
Capital outlay	40,000	40,000	-	40,000
Contingencies	49,638	57,038	-	57,038
Total expenditures	<u>569,728</u>	<u>595,628</u>	<u>313,501</u>	<u>282,127</u>
Excess (deficiency) of revenues over expenditures	<u>(301,416)</u>	<u>(299,716)</u>	<u>(41,461)</u>	<u>258,255</u>
Other Financing Sources (Uses)				
Transfers in	46,183	49,272	52,654	3,382
Transfers out	-	(1,500)	(1,372)	128
Proceeds from sale of capital assets	-	27,400	27,566	166
Total other financing sources and uses	<u>46,183</u>	<u>75,172</u>	<u>78,848</u>	<u>3,676</u>
Net change in fund balances	(255,233)	(224,544)	37,387	261,931
Fund balances - beginning	255,233	255,233	267,034	11,801
Fund balances - ending	<u>\$ -</u>	<u>\$ 30,689</u>	<u>\$ 304,421</u>	<u>\$ 273,732</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Taylor Grazing Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 3,955	\$ (45)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,955</u>	<u>(45)</u>
Expenditures				
Agriculture				
Materials and services	4,000	4,000	3,955	45
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>3,955</u>	<u>45</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 13,500	\$ 13,500	\$ 8,762	\$ (4,738)
Total revenues	<u>13,500</u>	<u>13,500</u>	<u>8,762</u>	<u>(4,738)</u>
Expenditures				
Community development				
Federal Title III Orginal				
Materials and services	375,000	375,000	24,527	350,473
Contingencies	400,000	400,000	-	400,000
Federal Title III New				
Materials and services	449,700	449,700	225,313	224,387
Contingencies	500,000	500,000	-	500,000
O&C Title III Orginal				
Materials and services	67,000	67,000	8,886	58,114
Contingencies	125,000	125,000	-	125,000
O&C Title III New				
Materials and services	65,000	65,000	-	65,000
Contingencies	80,000	80,000	-	80,000
Total expenditures	<u>2,061,700</u>	<u>2,061,700</u>	<u>258,726</u>	<u>1,802,974</u>
Net change in fund balances	(2,048,200)	(2,048,200)	(249,964)	1,798,236
Fund balances - beginning	2,380,700	2,380,700	2,300,586	(80,114)
Fund balances - ending	<u>\$ 332,500</u>	<u>\$ 332,500</u>	<u>\$ 2,050,622</u>	<u>\$ 1,718,122</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Court Facility Security Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 39,000	\$ 39,000	\$ 38,868	\$ (132)
Investment earnings	-	-	(48)	(48)
Total revenues	<u>39,000</u>	<u>39,000</u>	<u>38,820</u>	<u>(180)</u>
Expenditures				
Public safety				
Personal services	33,711	96,025	95,258	767
Materials and services	200	1,000	24	976
Contingencies	5,089	-	-	-
Total expenditures	<u>39,000</u>	<u>97,025</u>	<u>95,282</u>	<u>1,743</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(58,025)</u>	<u>(56,462)</u>	<u>1,563</u>
Other Financing Sources (Uses)				
Transfers in	-	61,114	61,114	-
Transfers out	-	(3,089)	(5,138)	(2,049)
Total other financing sources and uses	<u>-</u>	<u>58,025</u>	<u>55,976</u>	<u>(2,049)</u>
Net change in fund balances	-	-	(486)	(486)
Fund balances - beginning	-	-	486	486
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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 13,000	\$ 13,000	\$ 10,870	\$ (2,130)
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>10,870</u>	<u>(2,130)</u>
Expenditures				
Public Works				
Materials and services	2,613,000	2,613,000	118,093	2,494,907
Total expenditures	<u>2,613,000</u>	<u>2,613,000</u>	<u>118,093</u>	<u>2,494,907</u>
Net change in fund balances	<u>(2,600,000)</u>	<u>(2,600,000)</u>	<u>(107,223)</u>	<u>2,492,777</u>
Fund balances - beginning	2,600,000	2,600,000	2,814,517	214,517
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,707,294</u>	<u>\$ 2,707,294</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Surveyor Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Licenses and permits	\$ 61,375	\$ 61,375	\$ 56,001	\$ (5,374)
Investment earnings	5,600	5,600	4,429	(1,171)
Miscellaneous	60	60	1,495	1,435
Total revenues	<u>67,035</u>	<u>67,035</u>	<u>61,925</u>	<u>(5,110)</u>
Expenditures				
Community development				
Surveyor				
Personal services	5,680	5,680	5,670	10
Materials and services	2,755	2,755	1,377	1,378
Corner Restoration				
Personal services	17,045	17,045	17,008	37
Materials and services	162,555	162,555	73,032	89,523
Total expenditures	<u>188,035</u>	<u>188,035</u>	<u>97,087</u>	<u>90,948</u>
Excess (deficiency) of revenues over expenditures	<u>(121,000)</u>	<u>(121,000)</u>	<u>(35,162)</u>	<u>85,838</u>
Other Financing Sources (Uses)				
Transfers in	1,000	1,000	1,000	-
Transfers out	(1,000)	(1,000)	(1,000)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(121,000)	(121,000)	(35,162)	85,838
Fund balances - beginning	1,121,000	1,121,000	1,129,115	8,115
Fund balances - ending	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,093,953</u>	<u>\$ 93,953</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Parks Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 91,650	\$ 91,650	\$ 110,147	\$ 18,497
Charges for services	6,250	6,250	-	(6,250)
Investment earnings	2,300	2,303	1,017	(1,286)
Total revenues	<u>100,200</u>	<u>100,203</u>	<u>111,164</u>	<u>10,961</u>
Expenditures				
Community Services				
Personal services	59,971	53,163	50,018	3,145
Materials and services	67,079	65,516	35,789	29,727
Contingencies	42,600	42,600	-	42,600
Total expenditures	<u>169,650</u>	<u>161,279</u>	<u>85,807</u>	<u>75,472</u>
Excess (deficiency) of revenues over expenditures	<u>(69,450)</u>	<u>(61,076)</u>	<u>25,357</u>	<u>86,433</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	(72,950)	(64,576)	21,857	86,433
Fund balances - beginning	255,600	247,226	253,985	6,759
Fund balances - ending	<u>\$ 182,650</u>	<u>\$ 182,650</u>	<u>\$ 275,842</u>	<u>\$ 93,192</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Experiment Station Field Research Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 11,000	\$ 11,000	\$ -	\$ (11,000)
Charges for services	-	-	231	231
Investment earnings	120	120	130	10
Total revenues	<u>11,120</u>	<u>11,120</u>	<u>361</u>	<u>(10,759)</u>
Expenditures				
Agriculture				
Personal services	20,171	7,486	7,486	-
Materials and services	21,861	34,546	5,849	28,697
Total expenditures	<u>42,032</u>	<u>42,032</u>	<u>13,335</u>	<u>28,697</u>
Net change in fund balances	(30,912)	(30,912)	(12,974)	17,938
Fund balances - beginning	30,912	30,912	37,404	6,492
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,430</u>	<u>\$ 24,430</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Development Department Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 1,300	\$ 2,400	\$ 3,004	\$ 604
Licenses and permits	98,458	88,458	85,962	(2,496)
Charges for services	1,462,437	1,325,054	1,384,358	59,304
Investment earnings	100	58	430	372
Miscellaneous	17,000	18,700	21,254	2,554
Total revenues	<u>1,579,295</u>	<u>1,434,670</u>	<u>1,495,008</u>	<u>60,338</u>
Expenditures				
Community Development				
Planning				
Personal services	168,089	188,409	183,461	4,948
Materials and services	91,570	75,975	75,943	32
Reserves				
Building				
Personal services	891,749	800,066	795,204	4,862
Materials and services	194,856	177,070	169,012	8,058
Onsite				
Personal services	113,441	124,149	124,091	58
Materials and services	58,567	41,665	37,090	4,575
Code Enforcement				
Personal services	45,493	52,531	48,977	3,554
Materials and services	23,199	15,716	13,291	2,425
Administration				
Personal services	106,860	-	-	-
Materials and services	89,462	-	-	-
Total expenditures	<u>1,783,286</u>	<u>1,475,581</u>	<u>1,447,069</u>	<u>28,512</u>
Excess (deficiency) of revenues over expenditures	<u>(203,991)</u>	<u>(40,911)</u>	<u>47,939</u>	<u>88,850</u>
Other Financing Sources (Uses)				
Transfers in	172,936	116,112	116,112	-
Transfers out	(8,643)	-	-	-
Total other financing sources and uses	<u>164,293</u>	<u>116,112</u>	<u>116,112</u>	<u>-</u>
Net change in fund balances	(39,698)	75,201	164,051	88,850
Fund balances - beginning	39,698	121,286	120,115	(1,171)
Fund balances - ending	<u>\$ -</u>	<u>\$ 196,487</u>	<u>\$ 284,166</u>	<u>\$ 87,679</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Property Sales Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 26,217	\$ 26,217	\$ 997	\$ (25,220)
Charges for services	80,500	80,500	122,527	42,027
Investment earnings	1,000	1,000	1,230	230
Miscellaneous	150	150	2,500	2,350
Total revenues	<u>107,867</u>	<u>107,867</u>	<u>127,254</u>	<u>19,387</u>
Expenditures				
General Government				
Personal services	61,925	77,359	69,034	8,325
Materials and services	189,942	174,508	37,641	136,867
Contingencies	30,000	30,000	-	30,000
Total expenditures	<u>281,867</u>	<u>281,867</u>	<u>106,675</u>	<u>175,192</u>
Excess (deficiency) of revenues over expenditures	<u>(174,000)</u>	<u>(174,000)</u>	<u>20,579</u>	<u>194,579</u>
Other Financing Sources (Uses)				
Transfers out	(1,000)	(1,000)	(1,000)	-
Proceeds from sale of capital assets	145,000	145,000	1,735	(143,265)
Total other financing sources and uses	<u>144,000</u>	<u>144,000</u>	<u>735</u>	<u>(143,265)</u>
Net change in fund balances	(30,000)	(30,000)	21,314	51,314
Fund balances - beginning	250,000	250,000	291,905	41,905
Fund balances - ending	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 313,219</u>	<u>\$ 93,219</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 313,219	
Nonspendable fund balance recognized for GAAP, but is not included for the Budgetary Basis			<u>1,087,257</u>	
Fund Balance, Ending (GAAP)			<u>\$ 1,400,476</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Museum Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 210,000	\$ 210,000	\$ 209,052	\$ (948)
Intergovernmental	18,950	28,950	15,306	(13,644)
Charges for services	15,500	15,500	19,499	3,999
Investment earnings	1,000	1,000	1,454	454
Miscellaneous	59,000	66,500	97,271	30,771
Total revenues	<u>304,450</u>	<u>321,950</u>	<u>342,582</u>	<u>20,632</u>
Expenditures				
Community services				
Operations				
Personal services	277,305	277,305	235,410	41,895
Materials and services	130,232	130,232	130,067	165
Contingencies	25,188	44,084	-	44,084
Reserve				
Materials and services	115,000	82,500	46,148	36,352
Capital outlay	-	50,000	42,758	7,242
Contingencies	50,000	50,000	-	50,000
Total expenditures	<u>597,725</u>	<u>634,121</u>	<u>454,383</u>	<u>179,738</u>
Excess (deficiency) of revenues over expenditures	<u>(293,275)</u>	<u>(312,171)</u>	<u>(111,801)</u>	<u>200,370</u>
Other Financing Sources (Uses)				
Transfers in	100,275	119,171	126,751	7,580
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources and uses	<u>75,275</u>	<u>94,171</u>	<u>101,751</u>	<u>7,580</u>
Net change in fund balances	(218,000)	(218,000)	(10,050)	207,950
Fund balances - beginning	305,000	305,000	366,827	61,827
Fund balances - ending	<u>\$ 87,000</u>	<u>\$ 87,000</u>	<u>\$ 356,777</u>	<u>\$ 269,777</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Economic Development Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 259,786	\$ 9,786
Investment earnings	500	500	1,300	800
Miscellaneous	-	36,000	56,321	
Total revenues	<u>250,500</u>	<u>286,500</u>	<u>317,407</u>	<u>10,586</u>
Expenditures				
Community development				
Materials and services	261,000	297,000	255,538	41,462
Contingencies	<u>79,500</u>	<u>79,500</u>	-	<u>79,500</u>
Total expenditures	<u>340,500</u>	<u>376,500</u>	<u>255,538</u>	<u>120,962</u>
Net change in fund balances	(90,000)	(90,000)	61,869	151,869
Fund balances - beginning	<u>90,000</u>	<u>90,000</u>	<u>229,005</u>	<u>139,005</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,874</u>	<u>\$ 290,874</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Community Corrections Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 26,070	\$ 26,070	\$ 30,492	\$ 4,422
Intergovernmental	2,373,308	3,061,156	3,047,038	(14,118)
Charges for services	239,400	248,400	259,625	11,225
Investment earnings	3,700	3,700	4,714	1,014
Miscellaneous	500	500	3,388	2,888
Total revenues	<u>2,642,978</u>	<u>3,339,826</u>	<u>3,345,257</u>	<u>5,431</u>
Expenditures				
Public Safety				
Klamath County				
Personal services	1,595,135	1,779,997	1,620,975	159,022
Materials and services	1,005,483	1,532,340	1,026,481	505,859
Capital outlay		7,995	7,995	-
Contingencies	100,000	368,519	-	368,519
Local Alcohol & Drug Planning				
Materials and services	-	31,760	20,432	11,328
Contingencies	-	206,785	-	206,785
Total expenditures	<u>2,700,618</u>	<u>3,927,396</u>	<u>2,675,883</u>	<u>1,092,491</u>
Excess (deficiency) of revenues over expenditures	<u>(57,640)</u>	<u>(587,570)</u>	<u>669,374</u>	<u>1,256,944</u>
Other Financing Sources (Uses)				
Transfers in	-	277,861	277,861	-
Transfers out	(50,543)	(68,543)	(68,543)	-
Total other financing sources and uses	<u>(50,543)</u>	<u>209,318</u>	<u>209,318</u>	<u>-</u>
Net change in fund balances	(108,183)	(378,252)	878,692	1,256,944
Fund balances - beginning	232,183	537,252	537,253	1
Fund balances - ending	<u>\$ 124,000</u>	<u>\$ 159,000</u>	<u>\$ 1,415,945</u>	<u>\$ 1,256,945</u>

Klamath County, Oregon
Budget and Actual (with Variances)
County Schools Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 100	\$ 100	\$ -	\$ (100)
Intergovernmental	315,000	2,265,000	2,300,056	35,056
Investment earnings	100	100	467	367
Total revenues	<u>315,200</u>	<u>2,265,200</u>	<u>2,300,523</u>	<u>35,323</u>
Expenditures				
Community services				
Materials and services	<u>315,200</u>	<u>2,265,200</u>	<u>2,300,523</u>	<u>(35,323)</u>
Total expenditures	<u>315,200</u>	<u>2,265,200</u>	<u>2,300,523</u>	<u>(35,323)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Animal Control Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 18,519	\$ 13,519
Licenses and permits	280,602	294,602	296,133	1,531
Charges for services	2,000	2,000	2,199	199
Investment earnings	-	-	40	40
Miscellaneous	-	-	250	250
Total revenues	<u>287,602</u>	<u>301,602</u>	<u>317,141</u>	<u>15,539</u>
Expenditures				
Public safety				
Personal services	152,430	166,430	161,516	4,914
Materials and services	135,172	135,172	135,648	(476)
Total expenditures	<u>287,602</u>	<u>301,602</u>	<u>297,164</u>	<u>4,438</u>
Net change in fund balances	-	-	19,977	19,977
Fund balances - beginning	-	-	3,469	3,469
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,446</u>	<u>\$ 23,446</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 173,170	\$ 165,479	\$ 177,250	\$ 11,771
Intergovernmental	1,004,965	1,073,092	1,101,195	28,103
Charges for services	1,194,981	704,786	666,471	(38,315)
Investment earnings	-	-	647	-
Miscellaneous		300	3,065	2,765
Total revenues	<u>2,373,116</u>	<u>1,943,657</u>	<u>1,948,628</u>	<u>4,324</u>
Expenditures				
Human services				
Administration				
Materials and services	178,666	-	-	-
Debt service	-	8,339	8,339	-
Environmental Health				
Personal services	272,973	252,760	266,108	(13,348)
Materials and services	73,087	76,828	68,248	8,580
Contingencies	-	24,570	-	24,570
Clinic Nursing				
Personal services	439,940	385,366	358,278	27,088
Materials and services	319,560	328,837	305,916	22,921
Contingencies	-	22,996	-	22,996
Medical Examiner				
Materials and services	30,000	7,500	7,500	-
Nursing Outreach				
Personal services	232,592	169,479	160,846	8,633
Materials and services	234,483	161,466	146,856	14,610
Contingencies	-	41,359	-	41,359
Women Infants & Children				
Personal services	330,984	329,219	296,945	32,274
Materials and services	81,016	92,553	97,015	(4,462)
Health Promotion & Disease Prevention				
Personal services	124,034	221,400	173,335	48,065
Materials and services	63,781	61,431	43,859	17,572
Contingencies	-	35,677	-	35,677
Vital Records				
Personal services	33,508	37,352	35,977	1,375
Materials and services	8,492	11,380	6,950	4,430
Contingencies	-	3,768	-	3,768
Emergency Preparedness				
Personal services	82,023	72,580	73,341	(761)
Materials and services	17,977	13,550	14,751	(1,201)
Contingencies	-	18,394	-	18,394
Children & Family Prevention				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Total expenditures	<u>2,523,116</u>	<u>2,376,804</u>	<u>2,064,264</u>	<u>312,540</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	(150,000)	(433,147)	(115,636)	317,511
Other Financing Sources (Uses)				
Transfers in	270,000	276,155	157,648	(118,507)
Transfers out	(120,000)	(150,000)	(30,000)	120,000
Proceeds from sale of assets	-	-	1,525	1,525
Total other financing sources and uses	<u>150,000</u>	<u>126,155</u>	<u>129,173</u>	<u>3,018</u>
Net change in fund balances	-	(306,992)	13,537	320,529
Fund balances - beginning	-	335,647	297,310	(38,337)
Fund balances - ending	<u>\$ -</u>	<u>\$ 28,655</u>	<u>\$ 310,847</u>	<u>\$ 282,192</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 310,847	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			<u>14,851</u>	
Fund Balance, Ending (GAAP)			<u>\$ 325,698</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Mental Health Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 7,497,088	\$ 1,984,695	\$ 2,198,940	\$ 214,245
Charges for services	152,860	135,117	123,139	(11,978)
Investment earnings	10,000	10,000	10,472	472
Miscellaneous	1,050	37,283	37,386	103
Total revenues	<u>7,660,998</u>	<u>2,167,095</u>	<u>2,369,937</u>	<u>202,842</u>
Expenditures				
Human services				
Administration				
Personnel Services	831,186	77,366	70,058	7,308
Materials and Services	655,747	835,242	809,560	25,682
Debt Service	14,300	-	-	-
Contingency	752,708	878,907	-	878,907
Outpatient Treatment				
Personnel Services	884,517	63,821	63,819	2
Materials and Services	169,850	975	922	53
Medical Services				
Personnel Services	498,065	39,462	39,458	4
Materials and Services	32,388	957	955	2
Developmental Disabilities				
Personnel Services	785,521	815,517	762,176	53,341
Materials and Services	316,205	393,332	353,801	39,531
Contingencies	297,817	322,017	-	322,017
Supported Employment				
Personnel Services	195,059	-	-	-
Materials and Services	9,340	305	304	1
Phoenix Place				
Personnel Services	1,277,290	91,609	91,606	3
Materials and Services	108,349	42,729	40,827	1,902
Debt Service	95,700	369,000	310,905	58,095
Subcontractors				
Personnel Services	25,341	25,341	4,212	21,129
Materials and Services	2,214,955	196,840	190,168	6,672
Property Reserve				
Materials and Services	5,000	19,000	16,651	2,349
Debt Service	13,200	13,200	13,200	-
Contingencies	2,000	6,265	-	6,265
Total expenditures	<u>9,184,538</u>	<u>4,191,885</u>	<u>2,768,622</u>	<u>1,423,263</u>
Excess (deficiency) of revenues over expenditures	<u>(1,523,540)</u>	<u>(2,024,790)</u>	<u>(398,685)</u>	<u>1,626,105</u>
Other Financing Sources (Uses)				
Transfers in	467,726	536,306	575,144	38,838
Transfers out	(478,026)	(839,328)	(839,328)	-
Proceeds from sale of assets	-	-	21,000	21,000
Total other financing sources and uses	<u>(10,300)</u>	<u>(303,022)</u>	<u>(243,184)</u>	<u>59,838</u>
Net change in fund balances	<u>(1,533,840)</u>	<u>(2,327,812)</u>	<u>(641,869)</u>	<u>1,685,943</u>
Fund balances - beginning	<u>1,577,452</u>	<u>3,008,619</u>	<u>3,008,620</u>	<u>1</u>
Fund balances - ending	<u>\$ 43,612</u>	<u>\$ 680,807</u>	<u>\$ 2,366,751</u>	<u>\$ 1,685,944</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Fairgrounds Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 50,964	\$ 964
Charges for services	440,705	440,705	394,884	(45,821)
Investment earnings	-	-	13	13
Miscellaneous	-	28,500	29,292	792
Total revenues	<u>490,705</u>	<u>519,205</u>	<u>475,153</u>	<u>(44,052)</u>
Expenditures				
Community services				
Fair Operations				
Personal services	433,673	474,994	454,057	20,937
Materials and services	474,707	474,707	500,394	(25,687)
Debt service	247,000	247,000	234,158	12,842
Capital outlay	-	-	8,299	(8,299)
Contingencies	-	88,278	-	88,278
Building Reserve				
Materials and services	-	28,770	26,731	2,039
Total expenditures	<u>1,155,380</u>	<u>1,313,749</u>	<u>1,223,639</u>	<u>90,110</u>
Excess (deficiency) of revenues over expenditures	<u>(664,675)</u>	<u>(794,544)</u>	<u>(748,486)</u>	<u>46,058</u>
Other Financing Sources (Uses)				
Transfers in	479,675	567,953	605,629	37,676
Interfund loan proceeds	185,000	185,000	173,034	(11,966)
Total other financing sources and uses	<u>664,675</u>	<u>752,953</u>	<u>778,663</u>	<u>25,710</u>
Net change in fund balances	-	(41,591)	30,177	71,768
Fund balances - beginning	-	41,591	154,762	113,171
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,939</u>	<u>\$ 184,939</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 184,939	
Interfund loan not recognized for GAAP, but is included for the Budgetary Basis			<u>(173,034)</u>	
Fund Balance, Ending (GAAP)			<u>\$ 11,905</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Law Library Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 68,000	\$ 68,000	\$ 69,896	\$ 1,896
Charges for services	6,000	6,000	5,906	(94)
Investment earnings	200	200	298	98
Total revenues	<u>74,200</u>	<u>74,200</u>	<u>76,100</u>	<u>1,900</u>
Expenditures				
Community services				
Materials and services	61,824	61,824	62,315	(491)
Contingencies	92,189	92,189	-	92,189
Total expenditures	<u>154,013</u>	<u>154,013</u>	<u>62,315</u>	<u>91,698</u>
Net change in fund balances	(79,813)	(79,813)	13,785	93,598
Fund balances - beginning	79,813	79,813	65,101	(14,712)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,886</u>	<u>\$ 78,886</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Library Service District Operating Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Property taxes	\$ 2,358,141	\$ 2,358,141	\$ 2,448,165	\$ 90,024
Licenses, fees, and permits	5,100	5,100	7,056	1,956
Intergovernmental	46,075	46,075	82,835	36,760
Charges for services	36,625	36,625	38,620	1,995
Investment earnings	7,000	7,000	4,884	(2,116)
Miscellaneous	12,000	12,000	7,390	(4,610)
Total revenues	<u>2,464,941</u>	<u>2,464,941</u>	<u>2,588,950</u>	<u>124,009</u>
Expenditures				
Community services				
Materials and services	2,553,642	2,557,307	2,393,879	163,428
Contingency	161,299	157,634	-	157,634
Total expenditures	<u>2,714,941</u>	<u>2,714,941</u>	<u>2,393,879</u>	<u>321,062</u>
Excess (deficiency) of revenues over expenditures	<u>(250,000)</u>	<u>(250,000)</u>	<u>195,071</u>	<u>445,071</u>
Other Financing Sources (Uses)				
Transfers out	(300,000)	(200,000)	(200,000)	-
Total other financing sources and uses	<u>(300,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	(550,000)	(450,000)	(4,929)	445,071
Fund Balance - Beginning	850,000	850,000	972,624	122,624
Fund Balance - Ending	<u>\$ 300,000</u>	<u>\$ 400,000</u>	<u>\$ 967,695</u>	<u>\$ 567,695</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Library Service District Reserve Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 3,000	\$ 3,000	\$ 4,147	\$ 1,147
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>4,147</u>	<u>1,147</u>
Expenditures				
Community services				
Capital outlay	<u>400,000</u>	<u>400,000</u>	<u>372,781</u>	<u>27,219</u>
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>372,781</u>	<u>27,219</u>
Excess (deficiency) of revenues over expenditures	<u>(397,000)</u>	<u>(397,000)</u>	<u>(368,634)</u>	<u>28,366</u>
Other Financing Sources (Uses)				
Transfers in	<u>300,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources and uses	<u>300,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	(97,000)	(197,000)	(168,634)	28,366
Fund Balance - Beginning	<u>1,127,162</u>	<u>1,127,162</u>	<u>1,108,136</u>	<u>(19,026)</u>
Fund Balance - Ending	<u>\$ 1,030,162</u>	<u>\$ 930,162</u>	<u>\$ 939,502</u>	<u>\$ 9,340</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Clerk 5% Storage Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 16,800	\$ 16,800	\$ 18,396	\$ 1,596
Investment earnings	-	-	521	521
Total revenues	<u>16,800</u>	<u>16,800</u>	<u>18,917</u>	<u>2,117</u>
Expenditures				
General government				
Materials and services	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>16,800</u>	<u>16,800</u>	<u>18,917</u>	<u>2,117</u>
Fund balances - beginning	108,304	108,304	123,718	15,414
Fund balances - ending	<u>\$ 125,104</u>	<u>\$ 125,104</u>	<u>\$ 142,635</u>	<u>\$ 17,531</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Ambulance Advisory Training Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 9	\$ 9
Miscellaneous	500	500	-	(500)
Total revenues	<u>500</u>	<u>500</u>	<u>9</u>	<u>(491)</u>
Expenditures				
Public Safety				
Materials and services	<u>3,300</u>	<u>3,300</u>	<u>2,305</u>	<u>995</u>
Total expenditures	<u>3,300</u>	<u>3,300</u>	<u>2,305</u>	<u>995</u>
Net change in fund balances	(2,800)	(2,800)	(2,296)	504
Fund balances - beginning	<u>2,800</u>	<u>2,800</u>	<u>2,296</u>	<u>(504)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Clerk Overpayments Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 1,000	\$ 1,000	\$ 981	\$ (19)
Investment earnings	18	18	44	26
Total revenues	<u>1,018</u>	<u>1,018</u>	<u>1,025</u>	<u>7</u>
Expenditures				
General government				
Materials and services	<u>1,000</u>	<u>1,000</u>	<u>626</u>	<u>374</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>626</u>	<u>374</u>
Net change in fund balances	18	18	399	381
Fund balances - beginning	<u>11,000</u>	<u>11,000</u>	<u>10,949</u>	<u>(51)</u>
Fund balances - ending	<u>\$ 11,018</u>	<u>\$ 11,018</u>	<u>\$ 11,348</u>	<u>\$ 330</u>

Klamath County, Oregon
Budget and Actual (with Variances)
Equipment Reserve Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 6,000	\$ 10,000	\$ 7,903	\$ (2,097)
Total revenues	<u>6,000</u>	<u>10,000</u>	<u>7,903</u>	<u>(2,097)</u>
Expenditures				
General Government				
Materials and services	5,000	5,000	-	5,000
Capital outlay	68,900	242,957	188,385	54,572
Debt Service	185,000	185,000	173,034	11,966
Contingencies	299,060	247,734	-	247,734
Total Expenditures	<u>557,960</u>	<u>680,691</u>	<u>361,419</u>	<u>319,272</u>
Excess (deficiency) of revenues over expenditures	<u>(551,960)</u>	<u>(670,691)</u>	<u>(353,516)</u>	<u>317,175</u>
Other Financing Sources (Uses)				
Transfers in	165,159	256,509	256,509	-
Transfers out	(70,199)	(107,018)	(97,415)	9,603
Interfund loan proceeds	357,000	623,200	548,475	(74,725)
Total other financing sources and uses	<u>451,960</u>	<u>772,691</u>	<u>707,569</u>	<u>(65,122)</u>
Net change in fund balances	(100,000)	102,000	354,053	252,053
Fund balances - beginning	1,000,000	676,000	675,950	(50)
Fund balances - ending	<u>\$ 900,000</u>	<u>\$ 778,000</u>	<u>\$ 1,030,003</u>	<u>\$ 252,003</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 1,030,003	
Interfund loan not recognized for Budgetary Basis, but is included for GAAP			<u>173,034</u>	
Fund Balance, Ending (GAAP)			<u>\$ 1,203,037</u>	

Klamath County, Oregon
Budget and Actual (with Variances)
Capital Projects Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ 5,000	\$ 5,352	\$ 352
Miscellaneous	-	-	28,650	28,650
Total revenues	<u>-</u>	<u>5,000</u>	<u>34,002</u>	<u>29,002</u>
Expenditures				
General government				
Capital outlay	131,000	473,796	437,259	36,537
Contingencies	169,000	234,905	-	234,905
Total Expenditures	<u>300,000</u>	<u>708,701</u>	<u>437,259</u>	<u>271,442</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>(703,701)</u>	<u>(403,257)</u>	<u>300,444</u>
Other Financing Sources (Uses)				
Transfers in	100,000	305,371	305,371	-
Total other financing sources and uses	<u>100,000</u>	<u>305,371</u>	<u>305,371</u>	<u>-</u>
Net change in fund balances	(200,000)	(398,330)	(97,886)	300,444
Fund balances - beginning	700,000	1,579,464	1,579,464	-
Fund balances - ending	<u>\$ 500,000</u>	<u>\$ 1,181,134</u>	<u>\$ 1,481,578</u>	<u>\$ 300,444</u>

Klamath County, Oregon
Enterprise Funds
June 30, 2014

Non-Major Enterprise Funds:

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.

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, 2014

Non-Major Enterprise Funds				
	Interoperable Radio			Total
	Weed Control Fund	Communications Fund	Drainage Service District Fund	
Assets				
Current assets:				
Cash and cash equivalents	\$ 197,358	\$ 313,854	\$ 2,159,121	\$ 2,670,333
Accounts receivable, net	38,434	73,534	4,921	116,889
Assessments receivable	-	-	22,586	22,586
Inventories	16,798	-	-	16,798
Prepaid expenses	-	-	43,511	43,511
Total current assets	<u>252,590</u>	<u>387,388</u>	<u>2,230,139</u>	<u>2,870,117</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	(143,063)	(983,257)	-	(1,126,320)
Total non-current assets	<u>45,123</u>	<u>1,495,639</u>	<u>-</u>	<u>1,540,762</u>
Total assets	<u>297,713</u>	<u>1,883,027</u>	<u>2,230,139</u>	<u>4,410,879</u>
Liabilities				
Current Liabilities:				
Accounts payable	2,491	52,492	3,506	58,489
Compensated absences	10,439	-	-	10,439
Claims and judgments	-	-	-	-
Total current liabilities	<u>12,930</u>	<u>52,492</u>	<u>3,506</u>	<u>68,928</u>
Non-current liabilities:				
Net OPEB liability	438	-	-	438
Post-closure liabilities	-	-	-	-
Pension liability	6,725	-	-	6,725
Total non-current liabilities	<u>7,163</u>	<u>-</u>	<u>-</u>	<u>7,163</u>
Total liabilities	<u>20,093</u>	<u>52,492</u>	<u>3,506</u>	<u>76,091</u>
Net Position				
Invested in capital assets	45,123	1,495,638	-	1,540,761
Unrestricted	232,497	334,897	2,226,633	2,794,027
Total net position	<u>\$ 277,620</u>	<u>\$ 1,830,535</u>	<u>\$ 2,226,633</u>	<u>\$ 4,334,788</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, 2014

	Non-Major Enterprise Funds			
	Weed Control Fund	Interoperable Radio Communications Fund	Drainage Service District Fund	Total
Revenues				
Licenses, fees, and permits	\$ -	\$ -	\$ 216,286	\$ 216,286
Charges for services	214,685	99,750	-	314,435
Total operating revenues	<u>214,685</u>	<u>99,750</u>	<u>216,286</u>	<u>530,721</u>
Operating Expenses				
Personal services	134,888	-	-	134,888
Materials and services	86,673	161,736	115,295	363,704
Depreciation	12,004	189,533	-	201,537
Total Operating Expenses	<u>233,565</u>	<u>351,269</u>	<u>115,295</u>	<u>700,129</u>
Operating income (loss)	<u>(18,880)</u>	<u>(251,519)</u>	<u>100,991</u>	<u>(169,408)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	838	1,142	8,326	10,306
Miscellaneous revenue	-	29,500	-	29,500
Operating grants and contributions	-	73,534	-	73,534
Proceeds from the sale of capital assets	-	-	-	-
Total non-operating revenue (expenses)	<u>838</u>	<u>104,176</u>	<u>8,326</u>	<u>113,340</u>
Income (loss) before contributions and transfers	<u>(18,042)</u>	<u>(147,343)</u>	<u>109,317</u>	<u>(56,068)</u>
Transfers in	-	-	-	-
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Change in net position	<u>(20,042)</u>	<u>(147,343)</u>	<u>109,317</u>	<u>(58,068)</u>
Total net position - beginning	<u>297,662</u>	<u>1,977,878</u>	<u>2,117,316</u>	<u>4,392,856</u>
Total net position - ending	<u>\$ 277,620</u>	<u>\$ 1,830,535</u>	<u>\$ 2,226,633</u>	<u>\$ 4,334,788</u>

Klamath County, Oregon
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2014

	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	\$ 202,353	\$ 26,216	\$ 219,718	\$ 448,287
Other income	-	-	-	-
Payment to suppliers	(84,120)	(109,427)	(119,636)	(313,183)
Payments to employees	(132,207)	-	-	(132,207)
Net Cash Flows Provided (Used) by Operating Activities	(13,974)	(83,211)	100,082	2,897
Cash Flows From Noncapital Financing Activities				
Operating grants	-	73,534	-	73,534
Transfers from (to) other funds	(2,000)	-	-	(2,000)
Other income	-	29,500	-	29,500
Net Cash Provided (Used) by Noncapital Financing	(2,000)	103,034	-	101,034
Cash Flows From Capital and Related Financing Activities				
Purchase and construction of depreciable assets	-	-	-	-
Proceeds from disposal of depreciable assets	-	-	-	-
Net Cash Flows (Used) by Capital and Related Financing Activities	-	-	-	-
Cash Flows From Investing Activities				
Investment interest	839	1,141	8,326	10,306
Net Cash Flows Provided by Investing Activities	839	1,141	8,326	10,306
Net Increase (Decrease) in Cash and Cash Equivalents	(15,135)	20,964	108,408	114,237
Cash and Cash Equivalents, Beginning of Year	212,493	292,890	2,050,713	2,556,096
Cash and Cash Equivalents, End of Year	\$ 197,358	\$ 313,854	\$ 2,159,121	\$ 2,670,333
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (18,880)	\$ (251,519)	\$ 100,991	\$ (169,408)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	12,004	189,533	-	201,537
(Increase) decrease in assets				
Accounts receivable	(12,332)	(73,534)	(4,921)	(90,787)
Assessments receivable	-	-	8,353	8,353
Inventory	406	-	-	406
Prepaid expenses	-	-	22,701	22,701
Increase (decrease) in liabilities				
Accounts payable	2,147	52,309	(27,042)	27,414
Claims and judgments	-	-	-	-
Landfill closure liability	-	-	-	-
Accrued employee benefits	2,681	-	-	2,681
Net Cash Flows Provided (Used) by Operating Activities	\$ (13,974)	\$ (83,211)	\$ 100,082	\$ 2,897

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Solid Waste Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 109,787	\$ 109,787	\$ 109,840	\$ 53
Charges for services	4,092,000	4,092,000	3,935,092	(156,908)
Investment earnings	52,400	52,439	32,567	(19,872)
Miscellaneous	500	500	180	(320)
Total revenues	<u>4,254,687</u>	<u>4,254,726</u>	<u>4,077,679</u>	<u>(177,047)</u>
Expenditures				
Public Works				
Solid Waste Operating				
Personal services	1,649,481	1,690,693	1,481,235	209,458
Materials and services	2,984,813	2,943,640	2,465,933	477,707
Contingencies	310,993	310,993	-	310,993
Landfill Closure				
Materials and services	-	-	-	-
Equipment Reserve				
Capital outlay	399,930	399,930	-	399,930
Total Expenditures	<u>5,345,217</u>	<u>5,345,256</u>	<u>3,947,168</u>	<u>1,398,088</u>
Excess (deficiency) of revenues over expenditures	<u>(1,090,530)</u>	<u>(1,090,530)</u>	<u>130,511</u>	<u>1,221,041</u>
Other Financing Sources (Uses)				
Transfers in	210,000	210,000	210,000	-
Transfers out	<u>(210,000)</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,090,530)	(1,090,530)	130,511	1,221,041
Fund balances - beginning	8,350,240	8,350,240	8,318,774	(31,466)
Fund balances - ending	<u>\$ 7,259,710</u>	<u>\$ 7,259,710</u>	<u>\$ 8,449,285</u>	<u>\$ 1,189,575</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 8,449,285	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			1,720,565	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,557,346)</u>	
Net Position, Ending (GAAP)			<u>\$ 8,612,504</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Weed Control Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 190,000	\$ 190,000	\$ 212,295	\$ 22,295
Investment earnings	1,000	1,000	838	(162)
Total revenues	<u>191,000</u>	<u>191,000</u>	<u>213,133</u>	<u>22,133</u>
Expenditures				
Public Works				
Weed Control Operating				
Personal services	170,227	170,227	132,207	38,020
Materials and services	84,538	84,538	86,266	(1,728)
Contingencies	21,235	21,235	-	21,235
Equipment Reserve				
Materials and services	5,000	5,000	-	5,000
Total Expenditures	<u>281,000</u>	<u>281,000</u>	<u>218,473</u>	<u>62,527</u>
Excess (deficiency) of revenues over expenditures	<u>(90,000)</u>	<u>(90,000)</u>	<u>(5,340)</u>	<u>84,660</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	(92,000)	(92,000)	(7,340)	84,660
Fund balances - beginning	204,000	204,000	236,178	32,178
Fund balances - ending	<u>\$ 112,000</u>	<u>\$ 112,000</u>	<u>\$ 228,838</u>	<u>\$ 116,838</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 228,838	
Inventory recognized for GAAP but is not included for the Budgetary Basis			16,798	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			45,123	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(13,139)</u>	
Net Position, Ending (GAAP)			<u>\$ 277,620</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Interoperable Radio Communications Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 73,540	\$ 73,540	\$ 73,534	\$ -
Charges for services	100,000	100,000	99,750	(250)
Investment earnings	1,200	1,200	1,142	(58)
Miscellaneous	-	29,500	29,500	-
Total revenues	<u>174,740</u>	<u>204,240</u>	<u>203,926</u>	<u>(308)</u>
Expenditures				
Public Works				
Materials and services	196,225	225,725	161,736	63,989
Contingencies	13,833	13,833	-	13,833
Total Expenditures	<u>210,058</u>	<u>239,558</u>	<u>161,736</u>	<u>77,822</u>
Net change in fund balances	(35,318)	(35,318)	42,190	77,508
Fund balances - beginning	285,318	285,318	292,707	7,389
Fund balances - ending	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 334,897</u>	<u>\$ 84,897</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 334,897	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			<u>1,495,638</u>	
Net Position, Ending (GAAP)			<u>\$ 1,830,535</u>	

Klamath County, Oregon
Budget & Actual - Budgetary Basis (with Variances)
Drainage Service District Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Drainage Fees	\$ 195,000	\$ 195,000	\$ 219,441	24,441
Interest	10,000	10,000	8,326	(1,674)
Total Revenues	<u>205,000</u>	<u>205,000</u>	<u>227,767</u>	<u>22,767</u>
Expenses				
Public Works				
Drainage Service District				
Materials and services	309,791	309,791	92,594	217,197
Contingencies	895,209	895,209	-	895,209
Total Expenses	<u>1,205,000</u>	<u>1,205,000</u>	<u>92,594</u>	<u>1,112,406</u>
Net change in fund balances	(1,000,000)	(1,000,000)	135,173	1,135,173
Fund Balance - beginning of year	2,000,000	2,000,000	2,023,685	23,685
Fund Balance - end of year	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,158,858</u>	<u>\$ 1,158,858</u>

Reconciliation of Fund Balance - Budgetary Basis to Net Position

Fund Balance - Budgetary Basis - End of Year	\$ 2,158,858
Prepaid expenses are recognized for GAAP, but are not included for the Budgetary Basis	43,511
Receivable are recognized for GAAP, but are deferred for the Budgetary Basis	<u>24,264</u>
Net Position, Ending (GAAP)	<u>\$ 2,226,633</u>

Klamath County, Oregon
Internal Service Funds
June 30, 2014

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

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

Facility Services

The Facility Services Fund was established to ensure adequate maintenance and operations for all county owned facilities and real property. A facility services charge policy has been enacted for most county occupied facilities.

Risk Management

The Risk Management Fund was initiated to collect amounts 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, 2014

	Internal Services Fund	External Services Fund	Facility Services Fund	Risk Management Fund	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,002,659	\$ 110,560	\$ 1,185,310	\$ 3,409,547	\$ 5,708,076
Accounts Receivable, net	43,527	-	12	878	44,417
Assessments receivable	-	-	-	-	-
Inventories	3,943	-	-	-	3,943
Prepaid Expenses	-	-	-	-	-
Total current assets	<u>1,050,129</u>	<u>110,560</u>	<u>1,185,322</u>	<u>3,410,425</u>	<u>5,756,436</u>
Non-current assets:					
Capital Assets:					
Land and improvements	-	-	-	-	-
Construction in Progress	-	-	-	-	-
Vehicles	74,448	-	148,132	-	222,580
Buildings	-	-	35,000	-	35,000
Machinery and Equipment	660,696	-	17,700	12,200	690,596
Less Accumulated depreciation	(611,137)	-	(187,024)	(3,660)	(801,821)
Total non-current assets	<u>124,007</u>	<u>-</u>	<u>13,808</u>	<u>8,540</u>	<u>146,355</u>
Total assets	<u>1,174,136</u>	<u>110,560</u>	<u>1,199,130</u>	<u>3,418,965</u>	<u>5,902,791</u>
Liabilities					
Current Liabilities:					
Accounts payable	53,374	-	146,345	56,973	256,692
Compensated absences	139,340	45,424	70,440	329	255,533
Claims and judgments	-	-	-	1,494,599	1,494,599
Total current liabilities	<u>192,714</u>	<u>45,424</u>	<u>216,785</u>	<u>1,551,901</u>	<u>2,006,824</u>
Non-current liabilities:					
Net OPEB liability	5,547	4,627	1,837	129	12,140
Post-closure liabilities	-	-	-	-	-
Pension liability	112,824	60,509	27,131	1,351	201,815
Total non-current liabilities	<u>118,371</u>	<u>65,136</u>	<u>28,968</u>	<u>1,480</u>	<u>213,955</u>
Total liabilities	<u>311,085</u>	<u>110,560</u>	<u>245,753</u>	<u>1,553,381</u>	<u>2,220,779</u>
Net Position					
Invested in capital assets	124,007	-	13,808	8,540	146,355
Unrestricted	739,044	-	939,569	1,857,044	3,535,657
Total net position	<u>\$ 863,051</u>	<u>\$ -</u>	<u>\$ 953,377</u>	<u>\$ 1,865,584</u>	<u>\$ 3,682,012</u>

Klamath County, Oregon
Combining Statement of Revenue, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Internal Services Fund	External Services Fund	Facility Services Fund	Risk Management Fund	Total
Revenues					
Licenses, fees, and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	3,251,089	1,244,278	2,108,864	2,028,685	8,632,916
Total operating revenues	<u>3,251,089</u>	<u>1,244,278</u>	<u>2,108,864</u>	<u>2,028,685</u>	<u>8,632,916</u>
Operating Expenses					
Personal services	1,908,691	1,244,157	464,241	74,651	3,691,740
Materials and services	1,849,861	121	1,163,343	975,314	3,988,639
Depreciation	58,881	-	4,571	1,220	64,672
Total operating expenses	<u>3,817,433</u>	<u>1,244,278</u>	<u>1,632,155</u>	<u>1,051,185</u>	<u>7,745,051</u>
Operating income (loss)	<u>(566,344)</u>	<u>-</u>	<u>476,709</u>	<u>977,500</u>	<u>887,865</u>
Non-Operating Revenues (Expenses)					
Interest and investment revenue	4,290	-	3,988	10,331	18,609
Miscellaneous revenue	736	-	24,266	-	25,002
Operating grants and contributions	177,783	-	-	-	177,783
Proceeds from the sale of capital assets	(19,249)	-	-	-	(19,249)
Interest expense	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Total non-operating revenue (expenses)	<u>163,560</u>	<u>-</u>	<u>28,254</u>	<u>10,331</u>	<u>202,145</u>
Income (loss) before contributions and transfers	<u>(402,784)</u>	<u>-</u>	<u>504,963</u>	<u>987,831</u>	<u>1,090,010</u>
Transfers in	82,843	-	-	-	82,843
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>(305,371)</u>	<u>(1,000)</u>	<u>(311,371)</u>
Change in net position	(324,941)	-	199,592	986,831	861,482
Total net position - beginning	<u>1,187,992</u>	<u>-</u>	<u>753,785</u>	<u>878,753</u>	<u>2,820,530</u>
Total net assets - ending	<u>\$ 863,051</u>	<u>\$ -</u>	<u>\$ 953,377</u>	<u>\$ 1,865,584</u>	<u>\$ 3,682,012</u>

Klamath County, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Internal Service Funds	External Services Fund	Facility Services Fund	Risk Management Fund	Total
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 3,229,185	\$ 1,244,278	\$ 2,108,861	\$ 2,027,807	\$ 8,610,131
Other income	-	-	-	-	-
Payment to suppliers	(1,840,522)	(121)	(1,130,293)	(1,184,582)	(4,155,518)
Payments to employees	(1,878,100)	(1,223,428)	(460,058)	(74,262)	(3,635,848)
Net Cash Flows Provided (Used) by Operating Activities	(489,437)	20,729	518,510	768,963	818,765
Cash Flows From Noncapital Financing Activities					
Operating grants	177,783	-	-	-	177,783
Transfer from (to) other funds	61,000	-	(305,371)	(1,000)	(245,371)
Other income	736	-	24,266	-	25,002
Net Cash Provided (Used) by Noncapital Financing	239,519	-	(281,105)	(1,000)	(42,586)
Cash Flows From Capital and Related Financing Activities					
Purchase and construction of depreciable assets	(10,869)	-	-	-	(10,869)
Proceeds from disposal of depreciable assets	9,422	-	-	-	9,422
Net Cash Flows (Used) by Capital and Related Financing Activities	(1,447)	-	-	-	(1,447)
Cash Flows From Investing Activities					
Investment interest	4,290	-	3,988	10,331	18,609
Net Cash Flows Provided by Investing Activities	4,290	-	3,988	10,331	18,609
Net Increase (Decrease) in Cash and Cash Equivalents	(247,075)	20,729	241,393	778,294	793,341
Cash and Cash Equivalents, Beginning of Year	1,249,734	89,831	943,917	2,631,253	4,914,735
Cash and Cash Equivalents, End of Year	\$ 1,002,659	\$ 110,560	\$ 1,185,310	\$ 3,409,547	\$ 5,708,076
Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities					
Operating (Loss)	\$ (566,344)	\$ -	\$ 476,709	\$ 977,500	\$ 887,865
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities					
Depreciation expense	58,881	-	4,571	1,220	64,672
(Increase) decrease in assets					
Accounts receivable	(21,904)	-	(3)	(878)	(22,785)
Assessments receivable	-	-	-	-	-
Inventory	4,300	-	-	-	4,300
Prepaid expenses	-	-	-	-	-
Increase (decrease) in liabilities					
Accounts payable	5,039	-	33,051	(51,248)	(13,158)
Claims and judgments	-	-	-	(158,020)	(158,020)
Landfill closure liability	-	-	-	-	-
Accrued employee benefits	30,591	20,729	4,182	389	55,891
Net Cash Flows Provided (Used) by Operating Activities	\$ (489,437)	\$ 20,729	\$ 518,510	\$ 768,963	\$ 818,765

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Internal Services Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 121,375	\$ 274,175	\$ 177,783	\$ (96,392)
Charges for services	3,281,754	3,435,954	3,251,089	(184,865)
Investment earnings	3,000	3,000	4,290	1,290
Miscellaneous	-	-	736	736
Total revenues	<u>3,406,129</u>	<u>3,713,129</u>	<u>3,433,898</u>	<u>(279,231)</u>
Expenditures				
Internal Support Services				
Non-Departmental				
Materials and services	3,000	3,000	-	3,000
Contingencies	75,470	114,552	-	114,552
General Administration				
Personal services	139,166	139,166	138,633	533
Materials and services	33,737	33,737	26,097	7,640
Human Resources				
Personal services	255,917	255,917	247,867	8,050
Materials and services	173,139	173,139	113,406	59,733
County Counsel				
Personal services	229,959	229,959	228,548	1,411
Materials and services	74,157	74,157	43,926	30,231
Finance				
Personal services	479,038	479,038	463,877	15,161
Materials and services	478,321	876,321	743,629	132,692
Information Technology				
Personal services	729,621	646,094	634,439	11,655
Materials and services	260,379	416,406	315,393	101,013
Geographic Information Systems				
Personal services	126,872	131,072	130,396	676
Materials and services	94,482	247,282	153,764	93,518
Multimedia				
Personal services	44,973	44,973	34,340	10,633
Materials and services	43,293	43,293	37,499	5,794
Steering Committee				
Materials and services	381,605	508,105	411,848	96,257
Capital Outlay	25,000	36,000	10,868	25,132
Equipment Reserve				
Capital Outlay	-	-	-	-
Total Expenditures	<u>3,648,129</u>	<u>4,452,211</u>	<u>3,734,530</u>	<u>717,681</u>

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Internal Services Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	(242,000)	(739,082)	(300,632)	438,450
Other Financing Sources (Uses)				
Transfers in	2,611,154	3,146,654	2,963,268	(183,386)
Transfers out	(2,610,154)	(3,085,654)	(2,902,268)	183,386
Proceeds from sale of assets	5,000	5,000	9,422	4,422
Total other financing sources and uses	6,000	66,000	70,422	4,422
Net change in fund balances	(236,000)	(673,082)	(230,210)	442,872
Fund balances - beginning	1,182,000	1,239,082	1,223,022	(16,060)
Fund balances - ending	<u>\$ 946,000</u>	<u>\$ 566,000</u>	<u>\$ 992,812</u>	<u>\$ 426,812</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 992,812	
Inventory recognized for GAAP but is not included for the Budgetary Basis			3,943	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			124,007	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(257,711)</u>	
Net Position, Ending (GAAP)			<u>\$ 863,051</u>	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
External Service Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,386,754	\$ 1,386,754	\$ 1,244,278	\$ (142,476)
Total revenues	<u>1,386,754</u>	<u>1,386,754</u>	<u>1,244,278</u>	<u>(142,476)</u>
Expenditures				
External Support Services				
Library Service District				
Personal services	1,386,633	1,386,633	1,223,428	163,205
Material and Services	121	121	121	-
Total Expenditures	<u>1,386,754</u>	<u>1,386,754</u>	<u>1,223,549</u>	<u>163,205</u>
Net change in fund balances	-	-	20,729	20,729
Fund balances - beginning	-	-	89,831	89,831
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,560</u>	<u>\$ 110,560</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 110,560	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(110,560)</u>	
Net Position, Ending (GAAP)			<u>\$ -</u>	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Facility Services Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,893,402	\$ 2,103,997	\$ 2,108,864	\$ 4,867
Investment earnings	-	-	3,988	3,988
Miscellaneous	-	24,237	24,266	29
Total revenues	<u>1,893,402</u>	<u>2,128,234</u>	<u>2,137,118</u>	<u>8,884</u>
Expenditures				
Internal Support Services				
Maintenance				
Personal services	462,985	462,985	460,058	2,927
Materials and services	1,330,975	1,376,149	1,163,344	212,805
Contingencies	187,121	319,121	-	319,121
Equipment Reserve				
Capital outlay	14,000	14,000	-	14,000
Total Expenditures	<u>1,995,081</u>	<u>2,172,255</u>	<u>1,623,402</u>	<u>548,853</u>
Excess (deficiency) of revenues over expenditures	<u>(101,679)</u>	<u>(44,021)</u>	<u>513,716</u>	<u>557,737</u>
Other Financing Sources (Uses)				
Transfers in	12,321	12,321	12,321	-
Transfers out	(112,321)	(317,692)	(317,692)	-
Total other financing sources and uses	<u>(100,000)</u>	<u>(305,371)</u>	<u>(305,371)</u>	<u>-</u>
Net change in fund balances	(201,679)	(349,392)	208,345	557,737
Fund balances - beginning	649,500	830,634	830,632	(2)
Fund balances - ending	<u>\$ 447,821</u>	<u>\$ 481,242</u>	<u>\$ 1,038,977</u>	<u>\$ 557,735</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 1,038,977	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			13,808	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(99,408)</u>	
Net Position, Ending (GAAP)			<u>\$ 953,377</u>	

Klamath County, Oregon
Budget and Actual - Budgetary Basis (with Variances)
Risk Management Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,992,095	\$ 1,990,634	\$ 2,028,685	\$ 38,051
Investment earnings	9,000	9,000	10,332	1,332
Total revenues	<u>2,001,095</u>	<u>1,999,634</u>	<u>2,039,017</u>	<u>39,383</u>
Expenditures				
Internal support services				
Personal services	86,951	86,951	74,262	12,689
Materials and services	1,885,937	1,884,476	1,133,334	751,142
Contingencies	327,207	327,207	-	327,207
Total Expenditures	<u>2,300,095</u>	<u>2,298,634</u>	<u>1,207,596</u>	<u>1,091,038</u>
Excess (deficiency) of revenues over expenditures	<u>(299,000)</u>	<u>(299,000)</u>	<u>831,421</u>	<u>1,130,421</u>
Other Financing Sources (Uses)				
Transfers out	(1,000)	(1,000)	(1,000)	-
Total other financing sources and uses	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balances	(300,000)	(300,000)	830,421	1,130,421
Fund balances - beginning	1,800,000	2,523,000	2,523,031	31
Fund balances - ending	<u>\$ 1,500,000</u>	<u>\$ 2,223,000</u>	<u>\$ 3,353,452</u>	<u>\$ 1,130,452</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 3,353,452	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			8,540	
Accrued expenses are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,496,408)</u>	
Net Position, Ending (GAAP)			<u>\$ 1,865,584</u>	

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Klamath County, Oregon
Agency Funds
June 30, 2014

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity.

Klamath County, Oregon
Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2014

	Balance	Additions	Deductions	Balance
Assets	July 1, 2013	July 1, 2013	July 1, 2013	June 30, 2014
Cash and cash equivalents	\$ 342,226	\$ 2,915,550	\$ (2,682,614)	\$ 575,162
Accounts receivable	1,200	3,784	(1,200)	3,784
Total assets	<u>\$ 343,426</u>	<u>\$ 2,919,334</u>	<u>\$ (2,683,814)</u>	<u>\$ 578,946</u>
Liabilities				
Accounts payable	\$ 10,240	\$ 276,347	\$ (10,240)	\$ 276,347
Due to other governments	333,186	2,642,987	(2,673,574)	302,599
Total liabilities	<u>\$ 343,426</u>	<u>\$ 2,919,334</u>	<u>\$ (2,683,814)</u>	<u>\$ 578,946</u>

Klamath County, Oregon
Component Units
June 30, 2014

Component Units

Component units, are entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. Klamath County has three non-major 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 the 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
Combining Statement of Fund Net Position
Non-Major Component Units
June 30, 2014

	<u>Library Foundation</u>	<u>Friends</u>	<u>Museum Foundation</u>	<u>Component Units</u>
Assets				
Current assets:				
Cash and investments	\$ 154,075	\$ 59,643	\$ 427,541	\$ 641,259
Total current assets	<u>154,075</u>	<u>59,643</u>	<u>427,541</u>	<u>641,259</u>
Total assets	<u>154,075</u>	<u>59,643</u>	<u>427,541</u>	<u>641,259</u>
Net Position				
Unrestricted	154,075	59,643	427,541	641,259
Total net position	<u>\$ 154,075</u>	<u>\$ 59,643</u>	<u>\$ 427,541</u>	<u>\$ 641,259</u>

Klamath County, Oregon
Combining Statement of Changes in Fund Net Position
Non-Major Component Units
June 30, 2014

	<u>Library Foundation</u>	<u>Friends</u>	<u>Museum Foundation</u>	<u>Component Units</u>
Revenues				
Miscellaneous	\$ 140,308	\$ 18,711	\$ 16,024	\$ 175,043
Total operating revenues	<u>140,308</u>	<u>18,711</u>	<u>16,024</u>	<u>175,043</u>
Operating Expenses				
Materials and services	447,322	16,491	12,442	476,255
Total Operating Expenses	<u>447,322</u>	<u>16,491</u>	<u>12,442</u>	<u>476,255</u>
Operating income (loss)	<u>(307,014)</u>	<u>2,220</u>	<u>3,582</u>	<u>(301,212)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	10,406	-	31	10,437
Total non-operating revenue (expenses)	<u>10,406</u>	<u>-</u>	<u>31</u>	<u>10,437</u>
Change in net position	(296,608)	2,220	3,613	(290,775)
Total net position - beginning	<u>450,683</u>	<u>57,423</u>	<u>423,928</u>	<u>932,034</u>
Total net position - ending	<u>\$ 154,075</u>	<u>\$ 59,643</u>	<u>\$ 427,541</u>	<u>\$ 641,259</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, 2014

<u>Year End June 30</u>	<u>Levy & Balance as of July 1, 2013</u>	<u>Discounts and Adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Balance as of June 30, 2014</u>
All Klamath County Funds and Governments:					
2013-2014	\$ 60,870,692	\$ (1,930,014)	\$ 39,563	\$ 56,241,861	\$ 2,738,380
2012-2013	2,858,090	(59,053)	112,867	1,302,694	1,609,210
2011-2012	1,678,541	(36,876)	125,111	597,520	1,169,256
2010-2011	1,133,479	(38,847)	213,813	649,104	659,341
2009-2010	523,131	(52,249)	140,822	356,451	255,253
2008-2009	130,646	(32,898)	25,657	44,392	79,013
2007-2008	71,248	(33,435)	12,368	16,945	33,236
Prior	368,830	(185,755)	39,096	25,729	196,442
	<u>\$ 67,634,657</u>	<u>\$ (2,369,127)</u>	<u>\$ 709,297</u>	<u>\$ 59,234,696</u>	<u>\$ 6,740,131</u>

All Budgeted County Funds - by Year of Levy:

2013-2014	\$ 11,283,296	\$ (357,757)	\$ 7,334	\$ 10,425,273	\$ 507,600
2012-2013	554,122	(11,449)	21,882	252,564	311,991
2011-2012	324,710	(7,134)	24,202	115,589	226,189
2010-2011	246,211	(8,442)	46,444	140,997	143,216
2009-2010	118,746	(11,864)	31,965	80,911	57,936
2008-2009	29,135	(7,341)	5,722	9,900	17,616
2007-2008	15,579	(7,311)	2,704	3,705	7,267
Prior	85,203	(42,911)	9,032	5,944	45,380
	<u>\$ 12,657,002</u>	<u>\$ (454,209)</u>	<u>\$ 149,285</u>	<u>\$ 11,034,883</u>	<u>\$ 1,317,195</u>

All Budgeted County Funds - by Fund:

General Fund	\$ 9,608,211	\$ (336,232)	\$ 102,278	\$ 8,401,112	\$ 973,145
Courthouse Fund	67,380	(10,653)	12,962	32,684	37,005
Fairground Fund	12,306	(3,426)	2,440	4,992	6,328
Veterans Service	196,086	(6,862)	2,087	171,451	19,860
Library Fund	2,773,019	(97,036)	29,518	2,424,644	280,857
	<u>\$ 12,657,002</u>	<u>\$ (454,209)</u>	<u>\$ 149,285</u>	<u>\$ 11,034,883</u>	<u>\$ 1,317,195</u>

Klamath County, Oregon
Schedule of Cash and Investments Held by Elected Officials
For the Year Ended June 30, 2014

	Cash and cash equivalents July 1, 2013	Receipts	Turnovers to Treasurer from other departments	Turnovers to Treasurer from Elected Officials	Disbursements	Cash and cash equivalents June 30, 2014
Assessor	\$ 250	\$ 246,375	\$ -	\$ (246,375)	\$ -	\$ 250
Clerk	100	780,876	-	(780,876)	-	100
District Attorney	-	637,559	-	(637,559)	-	-
Sheriff	51,593	3,978,029	-	(3,160,782)	(820,366)	48,474
Surveyor	-	79,324	-	(79,324)	-	-
Justice of the Peace	48,178	827,729	-	(518,843)	(297,041)	60,023
Commissioners	50	129	-	(129)	-	50
Treasurer	144,041,030	95,272,492	5,423,888	-	(104,234,741)	140,502,669
	<u>\$ 144,141,201</u>	<u>\$ 101,822,513</u>	<u>\$ 5,423,888</u>	<u>\$ (5,423,888)</u>	<u>\$ (105,352,148)</u>	<u>\$ 140,611,566</u>

	Cash on Hand	Cash in banks and state pool	Investments	Total
Assessor	\$ 250	\$ -	\$ -	\$ 250
Clerk	100	-	-	100
District Attorney	-	-	-	-
Sheriff	5,200	43,274	-	48,474
Surveyor	-	-	-	-
Justice of the Peace	100	59,923	-	60,023
Commissioners	50	-	-	50
Treasurer	5,430	48,239,336	92,257,903	140,502,669
	<u>\$ 11,130</u>	<u>\$ 48,342,533</u>	<u>\$ 92,257,903</u>	<u>\$ 140,611,566</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 the 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, each major fund, and the aggregate remaining fund information of Klamath County, Oregon (the "County") as of and for the year ended June 30, 2014, and the related notes to the financial statements. We were not engaged to audit the aggregate discretely presented component units. Collectively these financial statements comprise Klamath County, Oregon's basic financial statements, and we have issued our report thereon dated December 18, 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 these component units.

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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.



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*.

The County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 *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
December 18, 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 ("the County") 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, 2014. 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, 2014.

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. 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
December 18, 2014

Klamath County, Oregon
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

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	\$ 8,251.53	\$ 8,251.53
National School Lunch Program	10.555	15,305.12	15,305.12
Schools and Roads - Grants to States	10.665	7,337,940.11	7,596,666.11
Passed through Oregon Department of Human Services **			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	392,123.28	392,123.28
Total US Department of Agriculture		<u>7,753,620.04</u>	<u>8,012,346.04</u>
US DEPARTMENT OF INTERIOR			
Direct			
Non-Sale Disposals of Mineral Material	15.214	3,006.73	3,006.73
Payment in Lieu of Taxes (PILT)	15.226	803,514.00	803,514.00
Distribution of Receipts to State & Local Governments	15.227	942,284.72	942,284.72
Clean Vessel Act Program	15.616	31,650.00	31,650.00
National Wildlife Refuge Fund	15.659	12,592.51	12,592.51
Total of US Department of Interior		<u>1,793,047.96</u>	<u>1,793,047.96</u>
US DEPARTMENT OF JUSTICE			
Direct			
Edward Byrne Memorial Justice Assistance Grant	16.738	11,355.32	11,355.32
Edward Byrne Memorial Justice Assistance Grant	16.738	32,254.00	32,254.00
ARRA - Edward Byrne Memorial Grant	16.803 *	109,032.00	109,032.00
Subtotal JAG Cluster		<u>152,641.32</u>	<u>152,641.32</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	110,793.64	110,793.64
Crime Victim Assistance	16.575	29,775.96	29,775.96
Drug Control Discretionary Grant (Marijuana Eradication)	16.580	26,576.65	26,576.65
State Criminal Alien Assistance Program	16.606	3,872.00	3,872.00
Total US Department of Justice		<u>323,659.57</u>	<u>323,659.57</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Oregon Department of Transportation **			
Highway Planning and Construction	20.205	40,931.66	40,931.66
		<u>40,931.66</u>	<u>40,931.66</u>
US GENERAL SERVICES ADMINISTRATION			
Direct			
Disposal of Federal Surplus Real Property	39.002	177,703.25	177,703.25
		<u>177,703.25</u>	<u>177,703.25</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Oregon Department of Human Services **			
State Public Water System Supervision	66.432	19,962.00	19,962.00
ARRA - Capitalization Grant for Drinking Water State Revolving Funds	66.468 *	17,739.00	17,739.00
Total Environmental Protection Agency		<u>37,701.00</u>	<u>37,701.00</u>
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Oregon Commission on Children and Family **			
Promoting Safe and Stable Families	93.556	8,000.00	8,000.00
Social Services Block Grant	93.667	53,835.00	53,835.00
Passed through Oregon Department of Justice **			
Child Support, Incentives, Matched Expenditures	93.563	93,894.04	93,894.04
Passed through Oregon Department of Human Services (pass through number 142016)			
Public Health Emergency Preparedness	93.069	92,896.92	92,896.92
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	661.00	661.00
Family Planning Services	93.217	21,588.00	21,588.00
Immunization Cooperative Agreements	93.268	900.00	900.00
PPHF National Public Health Improvement Initiative	93.507	2,500.00	2,500.00
Medical Assistance Program	93.778	245,894.64	245,894.64
Block Grants for Community Mental Health Services	93.958	2,046.64	2,046.64
Block Grants for Prevention and Treatment of Substance Abuse	93.959	46,044.04	46,044.04
Maternal and Child Health Services Block Grant to the States	93.994	42,748.00	42,748.00
Total US Department Health & Human Services		<u>611,008.28</u>	<u>611,008.28</u>
US DEPARTMENT OF HOMELAND SECURITY			
Passed thru Oregon Emergency Management **			
Boating Safety Financial Assistance	97.012	161,419.00	161,419.00
Emergency Management Performance Grants	97.042	59,199.00	59,199.00
		<u>220,618.00</u>	<u>220,618.00</u>
		<u>\$ 10,958,289.76</u>	<u>\$ 11,217,015.76</u>

* Recovery Act Funds

** State agencies did not provide pass-through grantor numbers

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Klamath County, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

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, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

- Unmodified – Governmental Activities
- Unmodified – Business-type Activities
- Disclaimer – Aggregate Discretely Presented Component Units
- Unmodified – Governmental Fund – General Fund
- Unmodified – Governmental Fund – Road Fund
- Unmodified – Governmental Fund – Transient Room Tax 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 federal 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 Federal 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 – Grants to States	Unmodified

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

\$ 336,510

Auditee qualified as low-risk auditee?

- Yes No

Section II - Financial Statement Findings

FINDING 2014-001 – Significant Deficiency in Internal Controls over Capital Assets

Criteria: A local government is responsible for maintaining effective processes and controls to capture costs incurred in the construction of infrastructure assets, to communicate when a project is completed, to add the costs to the capital asset records, to compute depreciation, and to make related entries to the general ledger.

Condition: The County did not properly capitalize an infrastructure project that was completed during the year.

Context: An infrastructure project with a total cost of \$2,665,000 was not properly added to the capital asset records or the general ledger during the year. The County's total infrastructure, net of depreciation is \$167,512,793 of the County's \$208,610,440 total capital assets.

Effect: As a result, the County made an adjustment of \$2,665,000 to Infrastructure as of June 30, 2014.

Cause: The infrastructure listing and construction in progress accounts are maintained by different department from accounting, and the County's existing processes and controls were not adequate to ensure project costs were properly added to the capital asset records along with related entries in the general ledger.

Recommendation: We suggest the County revise its periodic procedures and related controls to improve communication between departments managing capital asset projects, with departments and individuals responsible for maintaining capital asset records, and with accounting personnel responsible for general ledger entries for capital assets and depreciation.

Views of responsible officials and planned corrective actions:

The County will modify its processes to ensure that adequate communication and reconciliations are performed to prevent similar situations from occurring in the future.

Section III - Federal Award Findings and Questioned Costs

None reported

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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, the aggregate remaining fund information, and the aggregate discretely presented component units of Klamath County, Oregon (the "the County") as of and for the year ended June 30, 2014 and have issued our report thereon dated December 18, 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 2014 and 2015.
- 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

We noted certain matters that we reported to management of the County in a separate letter dated December 18, 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
Partner for Moss Adams LLP
Eugene, Oregon
December 18, 2014