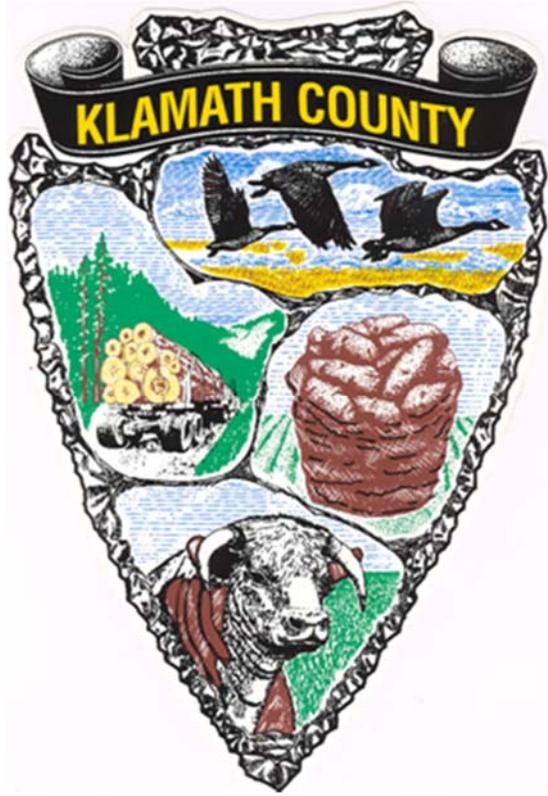


KLAMATH COUNTY, OREGON



Annual Financial Report

For the Fiscal Year Ended

June 30, 2015

Prepared by:

Finance Department

(This page intentionally left blank)

Klamath County, Oregon
Annual Financial Report
For the Fiscal Year Ended June 30, 2015
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
List of Elected and Appointed Officials	i
 FINANCIAL SECTION	
Report of Independent Auditors	1-3
Management’s Discussion and Analysis	4-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Statement of Fund Net Position – Proprietary Funds	16-17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	18-19
Statement of Cash Flows – Proprietary Funds	20-21
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to the Basic Financial Statements	24-60
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund	61-63
PERS Holding Fund	64
Transient Room Tax Fund	65
Road Fund	66
Pension Plan for Employees of Klamath County	
Schedule of Changes in County’s Net Pension Liability and Related Ratios	67
Schedule of County Contributions	68
Schedule of Investment Returns	69
State of Oregon Public Employees Retirement System	
Schedule of County’s Proportionate Share of the Net Pension Liability	70
Schedule of the County’s Contributions	71
County Health Insurance Continuation Plan	
Schedule of Funding Progress	72
Schedule of Employer Contributions	73
Other Supplemental Information:	
Combining and Individual Fund Statements and Schedules:	
Non-major Governmental Funds:	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	75
Non-Major Special Revenue Funds	
Combining Balance Sheet – Special Revenue Funds	76-81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Special Revenue Funds	82-88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	89-111

Klamath County, Oregon
Annual Financial Report
For the Fiscal Year Ended June 30, 2015
Table of Contents

Other Supplemental Information: (continued)

Combining and Individual Fund Statements and Schedules:	
Non-major Governmental Funds:	
Capital Project Funds	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	112-114
Proprietary Funds:	
Major Enterprise Funds:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Budgetary Basis	115-119
Non-Major Enterprise Funds:	
Combining Statement of Fund Net Position	120
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	121
Combining Statement of Cash Flows	122
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Budgetary Basis	123-125
Internal Service Funds:	
Combining Statement of Fund Net Position	126
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	127
Combining Statement of Cash Flows	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Budgetary Basis	129-133
Fiduciary Funds:	
Agency Funds:	
Combining Statement of Fiduciary Net Position	134-137
Combining Statement of Changes in Assets and Liabilities	138-146
Component Units:	
Non-Major Component Units:	
Combining Statement of Fund Net Position	147
Combining Statement of Changes in Fund Net Position	148
Other Schedules:	
Schedule of Property Tax Transactions	149
Schedule of Cash and Investments Held by Elected Officials	150

GOVERNMENT AUDITING STANDARDS SECTION

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 <i>Government Auditing Standards</i>	151-152
---	---------

SINGLE AUDIT SECTION

Report on Independent Auditors on Compliance for Each Major Federal Program And Report on Internal Control Over Compliance Required by OMB Circular A-133	153-154
Schedule of Expenditures of Federal Awards	155
Notes to the Schedule of Expenditures of Federal Awards	156
Schedule of Findings and Questioned Costs	157-158

STATE OF OREGON COMPLIANCE SECTION

Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With <i>Oregon Minimum Audit Standards</i>	159-160
--	---------

INTRODUCTORY SECTION

(This page intentionally left blank)

Klamath County, Oregon
List of Elected and Appointed Officials
June 30, 2015

Board of Commissioners

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tom Mallams	Commissioner	January 3, 2017
Dennis Linthicum/Kelley Minty-Morris	Commissioner	January 5, 2015/2019
Jim Bellet	Commissioner	January 3, 2017

Other Elected Officials

Leonard Hill	Assessor	January 3, 2017
Linda Smith	Clerk	January 5, 2019
Rob Patridge	District Attorney	January 5, 2019
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
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
Marilynn Sutherland	Public Health Director
Stan Strickland	Public Works Director
Tom Banks	Maintenance Director
Kiki Parker-Rose	Community Corrections Director
James Nielsen	Animal Control Officer
Carrie Buck	Developmental Disabilities Director
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

(This page intentionally left blank)

FINANCIAL SECTION

(This page intentionally left blank)

REPORT OF INDEPENDENT AUDITORS

(This page intentionally left blank)

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, 2015, 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
Enterprise Fund – Fairgrounds Fund	Unmodified
Enterprise Fund – Community Development 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

In the year ended June 30, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which modified the presentation of the financial statements by establishing standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, GASB Statement 68 requires disclosure of information related to pension benefits. As discussed in Note 16 to the basic financial statements, the adoption of GASB statements 68 and 71 resulted in the restatement of beginning net position. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison information on pages 61 through 66, the schedule of changes in County's net position liability and related ratios on page 67, the schedule of County contributions on page 68, the schedule of investment returns on page 69, the schedule of changes in County's net position liability on page 70, the schedule of the County's contributions on page 71, the schedule of county contributions, the schedule of funding progress on page 72, and the schedule of employer contributions on page 73 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, the schedule of changes in County's net position liability and related ratios, the schedule of County contributions, the schedule of investment returns, the schedule of changes in County's net position liability, the schedule of the County's contributions, the schedule of county contributions, the schedule of funding progress, and the schedule of employer contributions 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.

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 74 through 150, and the schedule of expenditures of federal awards on pages 155 through 156 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 presented for purposes of additional analysis and 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 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 February 29, 2016 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 February 29, 2016, 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.



For Moss Adams LLP
 Eugene, Oregon
 February 29, 2016

(This page intentionally left blank)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(This page intentionally left blank)

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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 \$331,969,298 (net position). Of this amount, governmental activities exceeded by \$312,770,159, and Business-type Activities exceeded by \$19,199,139.
- The government's total net position decreased by \$110,565, 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 \$119,278,749, a decrease of \$3,063,435, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,035,601.
- Klamath County's total long-term debt decreased by \$13,352 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, 2015

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 \$331,969,298 at the most recent fiscal year.

By far the largest portion of the County's net position (62.3 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 130,298,574	\$ 131,339,604	\$ 13,424,659	\$ 12,212,828	\$ 143,723,233	\$ 143,552,432
Capital assets	197,937,203	202,367,031	9,014,350	6,243,409	206,951,553	208,610,440
Total assets	328,235,777	333,706,635	22,439,009	18,456,237	350,674,786	352,162,872
Deferred outflows of resources	1,290,261	-	227,715	-	1,517,976	-
Total assets and deferred outflows of resources	329,526,038	333,706,635	22,666,724	18,456,237	352,192,762	352,162,872
Long-term liabilities outstanding	8,027,172	1,247,708	2,738,123	1,554,819	10,765,295	2,802,527
Other liabilities	7,139,229	7,105,399	625,686	827,626	7,764,915	7,933,025
Total liabilities	15,166,401	8,353,107	3,363,809	2,382,445	18,530,210	10,735,552
Deferred inflows of resources	1,589,478	-	103,776	-	1,693,254	-
Total liabilities and deferred inflows of resources	16,755,879	8,353,107	3,467,585	2,382,445	20,223,464	10,735,552
Net position:						
Invested in Capital Assets	197,827,234	202,243,711	9,014,351	6,243,409	206,841,585	208,487,120
Restricted	105,027,482	112,494,745	6,100,138	5,696,361	111,127,620	118,191,106
Unrestricted	9,915,443	10,615,072	4,084,650	4,134,022	14,000,093	14,749,094
Total net position	\$ 312,770,159	\$ 325,353,528	\$ 19,199,139	\$ 16,073,792	\$ 331,969,298	\$ 341,427,320

During the current fiscal year, certain funds were reclassified between fund types. The amounts for 2014 have been restated to reflect these changes. Information on these changes can be found in Note 16.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2015

The County's net position balance of unrestricted net position, which amounts to \$14,000,093, may be used to meet the government's ongoing obligations to citizens and creditors.

The County's net position balance of restricted net position, which amounts to \$111,127,620, 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		Business-type activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 5,338,460	\$ 4,096,008	\$ 7,097,260	\$ 6,443,861	\$ 12,435,720	\$ 10,539,869
Operating grants & contributions	20,199,384	21,630,155	51,709	124,498	20,251,093	21,754,653
Capital grants & contributions	-	272,736	2,800,000	-	2,800,000	272,736
General revenues:						
Property taxes	11,644,010	11,217,669	-	-	11,644,010	11,217,669
Other taxes	1,653,636	1,400,627	816,218	605,366	2,469,854	2,005,993
Grants & contributions, not restricted to specific programs	2,808,766	2,599,227	-	-	2,808,766	2,599,227
Unrestricted investment earnings	356,146	501,469	34,680	43,318	390,826	544,787
Miscellaneous	285,035	411,469	605,668	80,226	890,703	491,695
Special Item - debt forgiveness	3,333	3,333	-	-	3,333	3,333
Total revenues	<u>42,288,770</u>	<u>42,132,693</u>	<u>11,405,535</u>	<u>7,297,269</u>	<u>53,694,305</u>	<u>49,429,962</u>
Expenses:						
General government	6,791,944	6,283,467	-	-	6,791,944	6,283,467
Public safety	15,476,090	15,221,690	211,978	351,269	15,688,068	15,572,959
Public works	16,717,877	15,651,680	4,141,087	4,546,603	20,858,964	20,198,283
Human services	3,865,821	4,961,678	-	-	3,865,821	4,961,678
Community services	2,923,251	3,058,531	1,272,851	1,062,521	4,196,102	4,121,052
Community development	698,054	568,809	1,403,083	1,440,262	2,101,137	2,009,071
Agriculture	299,652	398,954	-	-	299,652	398,954
Interest on long-term debt	3,181	8,038	-	-	3,181	8,038
Total expenses	<u>46,775,870</u>	<u>46,152,847</u>	<u>7,028,999</u>	<u>7,400,655</u>	<u>53,804,869</u>	<u>53,553,502</u>
Increase (decrease) in net position, before transfers	(4,487,100)	(4,020,154)	4,376,536	(103,386)	(110,564)	(4,123,540)
Transfers	(93,314)	(74,369)	93,314	114,375	-	40,006
Increase (decrease) in net position	<u>(4,580,414)</u>	<u>(4,094,523)</u>	<u>4,469,850</u>	<u>10,989</u>	<u>(110,564)</u>	<u>(4,083,534)</u>
Net Position:						
Beginning	329,946,219	329,448,051	12,984,971	16,062,803	342,931,190	345,510,854
Restatement due to GASB 68 implementation	(8,002,955)	-	(1,344,503)	-	(9,347,458)	-
Restatement due to change in accounting principle	(4,592,690)	-	3,088,821	-	(1,503,869)	-
Beginning - Restated	<u>317,350,574</u>	<u>329,448,051</u>	<u>14,729,289</u>	<u>16,062,803</u>	<u>332,079,863</u>	<u>345,510,854</u>
Ending	<u>\$ 312,770,160</u>	<u>\$ 325,353,528</u>	<u>\$ 19,199,139</u>	<u>\$ 16,073,792</u>	<u>\$ 331,969,299</u>	<u>\$ 341,427,320</u>

During the current fiscal year, certain funds were reclassified between fund types and the County implemented certain new accounting principles. The amounts for 2014 have been restated to reflect these changes. Information on these changes can be found in Note 16.

Governmental activities: Governmental activities decreased the County's net position by \$4,580,414. Key elements of this decrease are as follows:

- Depreciation expense on infrastructure assets exceeds new investment by \$4,456,529.
- 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.

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

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2015

Business-type activities: Business-type activities increased Klamath County's net position by \$4,469,850. The primary reason for this increase was as follows:

- Klamath County took possession of the Tingley Lane transfer station at the end of the operating agreement with the provider. The assets associated with this acquisition were valued at \$3,267,211.
- Other tax revenue (transient room taxes) were up significantly over the prior year.
- Charges for services increased as solid waste and building permit activity increased with the improving economy.

Financial Analysis of the Government's Major 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 \$970,655 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 \$2,956,794 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.
- Capital projects for the reconstruction of Altamont Way and several bridge replacement projects caused expenditures to exceed revenues for the period.

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 increased by \$3,861,526 during the current fiscal year. The key factor is:

- Operating expenditures including depreciation expense were less than of operating revenues.
- Klamath County took possession of the Tingley Lane transfer station at the end of the operating agreement with the provider. The assets associated with this acquisition were valued at \$3,267,211.

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 and enterprise 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, 2015, amounts to \$206,951,553 (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.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2015

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 begun for the Veterans and Developmental Disabilities services to relocate the departments to space previously occupied by the OSU Extension service.
- Klamath County took possession of the Tingley Lane transfer station at the end of the operating agreement with the provider.
- Replacement of vehicles, communication and computer equipment in various departments.

	Governmental activities		Business-type activities		Totals	
	2015	2014	2015	2014	2015	2014
Land and construction in progress	\$ 2,273,665	\$ 3,032,144	\$ 1,980,569	\$ 1,980,070	\$ 4,254,234	\$ 5,012,214
Building and improvements	26,863,685	28,453,698	5,569,277	2,939,011	32,432,962	31,392,709
Machinery and equipment	1,266,528	2,193,644	1,295,605	1,196,654	2,562,133	3,390,298
Vehicles	2,101,307	1,174,752	168,899	127,674	2,270,206	1,302,426
Infrastructure	165,432,018	167,512,793	-	-	165,432,018	167,512,793
Total	\$ 197,937,203	\$ 202,367,031	\$ 9,014,350	\$ 6,243,409	\$ 206,951,553	\$ 208,610,440

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	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ 109,968	\$ 123,320	\$ -	\$ -	\$ 109,968	\$ 123,320
Total	\$ 109,968	\$ 123,320	\$ -	\$ -	\$ 109,968	\$ 123,320

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, 2015, \$5,464,087 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.

Klamath County, Oregon
Management's Discussion and Analysis
June 30, 2015

- Inflation has remained relatively low.
- The economy at the state level has picked up substantially. The State of Oregon is planning for modestly increased budget. This will stabilize the funding for human service and certain public safety programs funded at the state level.
- The Federal Government has authorized a one year extension to the Secure Rural Schools legislation but has not reauthorized 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 on an annualized basis and long-term use of these funds will be an ongoing consideration by the County.

All of these factors were considered in preparation of the County's budgets for 2014-15 and 2015-16 fiscal years.

The County will have to adjust the amount of spending available in the 2016-17 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
Incorporated: October 17, 1882
Average Temp: January 29.8 July 68.0
Annual Precipitation: 13.57"

E-Mail: bocc@co.klamath.or.us
Elevation at Klamath Falls: 4,105'
Assessed Value: \$4,869,847,107
Economy: forest products, agriculture,
tourism and recreation

Web: www.klamathcounty.org
Area: 6,135 sq. miles
Real Market Value: \$9,592,511,828
County Population: 70,000

Colleges: Oregon Institute of
Technology (OIT) and Klamath
Community College

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

(This page intentionally left blank)

Klamath County, Oregon
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total	(Unaudited) Component Units
Assets				
Cash and investments	\$ 124,208,741	\$ 6,643,991	\$ 130,852,732	\$ -
Cash and investments, restricted	-	6,100,138	6,100,138	708,892
Accounts receivable, net	2,194,283	432,487	2,626,770	-
Taxes receivable, net	1,361,385	26,054	1,387,439	-
Other receivables	1,787	-	1,787	-
Internal balances	(172,394)	172,394	-	-
Inventories	2,172,940	15,593	2,188,533	-
Prepaid expenses	28,918	34,002	62,920	-
Pension asset - Oregon PERS	502,914	-	502,914	-
Capital assets				-
Land	2,238,874	1,538,000	3,776,874	-
Construction in progress	34,791	442,569	477,360	-
Buildings and improvements, net	26,863,685	5,569,277	32,432,962	-
Machinery and equipment, net	1,266,528	1,295,605	2,562,133	-
Vehicles, net	2,101,307	168,899	2,270,206	-
Infrastructure, net	165,432,018	-	165,432,018	-
Total Assets	<u>328,235,777</u>	<u>22,439,009</u>	<u>350,674,786</u>	<u>708,892</u>
Deferred Outflows of Resources				
Deferred outflow - county pension	1,290,261	227,715	1,517,976	-
Total Assets and Deferred Outflows of Resources	<u>329,526,038</u>	<u>22,666,724</u>	<u>352,192,762</u>	<u>708,892</u>
Liabilities				
Accounts payable	3,213,651	418,444	3,632,095	-
Accrued expenses	1,290	2,394	3,684	-
Unearned revenues	43,199	-	43,199	-
Long-term liabilities:				
Due within one year				
Contracts	14,288	-	14,288	-
Compensated absences	2,379,590	204,848	2,584,438	-
Claims and judgments	1,487,211	-	1,487,211	-
Due in more than one year				
Contracts	95,681	-	95,681	-
OPEB liability	100,974	14,713	115,687	-
Pension liability	7,830,517	1,526,410	9,356,927	-
Accrued landfill closure/postclosure care costs	-	1,197,000	1,197,000	-
Total Liabilities	<u>15,166,401</u>	<u>3,363,809</u>	<u>18,530,210</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred inflow - county pension	1,589,478	103,776	1,693,254	-
Total Liabilities and Deferred Inflows of Resources	<u>16,755,879</u>	<u>3,467,585</u>	<u>20,223,464</u>	<u>-</u>
Net Position				
Net investment in capital assets	197,827,234	9,014,351	206,841,585	-
Restricted	105,027,482	6,100,138	111,127,620	708,892
Unrestricted	9,915,443	4,084,650	14,000,093	-
Total Net Position	<u>\$ 312,770,159</u>	<u>\$ 19,199,139</u>	<u>\$ 331,969,298</u>	<u>\$ 708,892</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Activities
For the Year Ended June 30, 2015

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	\$ 6,791,945	\$ 1,197,425	\$ 2,547,833	\$ -	\$ (3,046,687)		\$ (3,046,687)	\$ -
Public safety	15,476,090	2,822,753	3,832,773	-	(8,820,564)		(8,820,564)	-
Public works	16,717,877	246,496	10,558,377	-	(5,913,004)		(5,913,004)	-
Human services	3,865,821	1,000,885	2,733,351	-	(131,585)		(131,585)	-
Community services	2,923,251	67,627	280,177	-	(2,575,447)		(2,575,447)	-
Community development	698,054	-	243,001	-	(455,053)		(455,053)	-
Agriculture	299,652	3,274	3,872	-	(292,506)		(292,506)	-
Interest	3,181	-	-	-	(3,181)		(3,181)	-
Total governmental activities	46,775,871	5,338,460	20,199,384	-	(21,238,027)		(21,238,027)	-
Business-type activities								
Public safety	211,978	99,745	-	-		(112,233)	(112,233)	-
Public works	4,141,087	4,778,641	745	2,800,000		3,438,299	3,438,299	-
Community services	1,272,851	394,569	50,964	-		(827,318)	(827,318)	-
Community development	1,403,083	1,824,305	-	-		421,222	421,222	-
Total business-type activities	7,028,999	7,097,260	51,709	2,800,000		2,919,970	2,919,970	-
County Totals	\$ 53,804,870	\$ 12,435,720	\$ 20,251,093	\$ 2,800,000	(21,238,027)	2,919,970	(18,318,057)	-
Component Units								
Component Units	\$ 50,117	\$ 85,237	\$ -	\$ -				35,120
Total component units	\$ 50,117	\$ 85,237	\$ -	\$ -				35,120
General revenues:								
Taxes:								
Property taxes, levied for general purposes					11,644,010	-	11,644,010	-
Other taxes					1,653,636	816,218	2,469,854	-
Grants and contributions not restricted to specific programs					2,808,766	-	2,808,766	-
Unrestricted investment earnings					356,146	34,680	390,826	32,514
Miscellaneous					285,035	605,668	890,703	-
Special item - debt forgiveness					3,333	-	3,333	-
Transfers					(93,314)	93,314	-	-
Total general revenues and transfers					16,657,612	1,549,880	18,207,492	32,514
Change in net position					(4,580,415)	4,469,850	(110,565)	67,634
Net position - beginning					329,946,219	12,984,971	342,931,190	641,258
Restatement from implementation of GASB 68					(8,002,955)	(1,344,503)	(9,347,458)	-
Restatement for change in accounting principle					(4,592,690)	3,088,821	(1,503,869)	-
Net position - beginning, restated					317,350,574	14,729,289	332,079,863	641,258
Net position - ending					\$ 312,770,159	\$ 19,199,139	\$ 331,969,298	\$ 708,892

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Transient Room Tax Fund	Road Fund	Other Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 6,212,910	\$ 243,829	\$ 95,954,438	\$ 15,344,516	\$ 117,755,693
Accounts receivable	583,897	289,978	452,917	754,416	2,081,208
Taxes receivable, net	1,025,239	-	-	336,146	1,361,385
Due from other funds	27,072	-	11,221	235,364	273,657
Assessments receivable	-	-	1,787	-	1,787
Inventories	48,484	-	2,093,151	17,230	2,158,865
Prepaid expenses	-	-	24,316	4,602	28,918
Total assets	<u>\$ 7,897,602</u>	<u>\$ 533,807</u>	<u>\$ 98,537,830</u>	<u>\$ 16,692,274</u>	<u>\$ 123,661,513</u>
Liabilities					
Accounts payable	\$ 652,379	\$ 246,971	\$ 947,710	\$ 871,972	\$ 2,719,032
Payroll deductions payable	(301)	-	203	439	341
Due to other funds	35,957	286,836	35,164	58,150	416,107
Unearned revenue	9,431	-	-	33,768	43,199
Total liabilities	<u>697,466</u>	<u>533,807</u>	<u>983,077</u>	<u>964,329</u>	<u>3,178,679</u>
Deferred Inflows of Resources					
Unavailable revenue	905,586	-	1,787	296,712	1,204,085
Total deferred inflows of resources	<u>905,586</u>	<u>-</u>	<u>1,787</u>	<u>296,712</u>	<u>1,204,085</u>
Fund Balances					
Nonspendable	48,484	-	2,117,467	136,873	2,302,824
Restricted	-	-	95,435,499	11,913,334	107,348,833
Committed	210,465	-	-	952,817	1,163,282
Assigned	-	-	-	2,428,209	2,428,209
Unassigned	6,035,601	-	-	-	6,035,601
Total fund balances	<u>6,294,550</u>	<u>-</u>	<u>97,552,966</u>	<u>15,431,233</u>	<u>119,278,749</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,897,602</u>	<u>\$ 533,807</u>	<u>\$ 98,537,830</u>	<u>\$ 16,692,274</u>	<u>\$ 123,661,513</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, 2015

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

Total fund balances - governmental funds	\$ 119,278,749
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	197,811,649
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,204,085
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.	3,057,899
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,582,223)</u>
Net position of governmental activities	<u>\$ 312,770,159</u>

The accompanying notes are an integral part of this statement.

Klamath County, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Transient Room Tax Fund</u>	<u>Road Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 8,797,905	\$ -	\$ -	\$ 2,920,600	\$ 11,718,505
Sales and miscellaneous taxes	452,680	895,287	-	305,669	1,653,636
Fines and forfeitures	242,140	-	-	68,032	310,172
Licenses and permits	575,131	-	-	679,726	1,254,857
Intergovernmental	3,369,186	-	10,558,377	8,833,106	22,760,669
Charges for services	2,273,705	-	248,994	1,265,831	3,788,530
Investment earnings	19,736	-	271,746	49,228	340,710
Miscellaneous	48,800	-	1,258	222,099	272,157
Total Revenues	<u>15,779,283</u>	<u>895,287</u>	<u>11,080,375</u>	<u>14,344,291</u>	<u>42,099,236</u>
Expenditures					
Current:					
General government	3,714,688	895,287	-	2,261,125	6,871,100
Public safety	11,901,085	-	-	4,580,990	16,482,075
Public works	-	-	9,033,972	1,103,867	10,137,839
Human services	-	-	-	4,028,496	4,028,496
Community services	-	-	-	3,057,092	3,057,092
Community development	-	-	-	698,054	698,054
Agriculture	395,899	-	-	3,872	399,771
Debt Service:					
Principal	-	-	-	13,200	13,200
Interest and other charges	-	-	-	-	-
Capital Outlay	50,400	-	3,354,129	441,194	3,845,723
Total expenditures	<u>16,062,072</u>	<u>895,287</u>	<u>12,388,101</u>	<u>16,187,890</u>	<u>45,533,350</u>
Excess (deficiency) of revenues over expenditures	<u>(282,789)</u>	<u>-</u>	<u>(1,307,726)</u>	<u>(1,843,599)</u>	<u>(3,434,114)</u>
Other Financing Sources (Uses)					
Transfers in	1,812,259	-	50,932	1,411,334	3,274,525
Transfers out	(568,722)	-	(1,700,000)	(667,397)	(2,936,119)
Proceeds from sale of assets	9,907	-	-	22,366	32,273
Total other financing sources and uses	<u>1,253,444</u>	<u>-</u>	<u>(1,649,068)</u>	<u>766,303</u>	<u>370,679</u>
Net change in fund balances	970,655	-	(2,956,794)	(1,077,296)	(3,063,435)
Fund balances - beginning	5,331,376	-	99,530,486	16,501,548	121,363,410
Fund balances - change in inventory	(7,481)	-	979,274	6,981	978,774
Fund balances - ending	<u>\$ 6,294,550</u>	<u>\$ -</u>	<u>\$ 97,552,966</u>	<u>\$ 15,431,233</u>	<u>\$ 119,278,749</u>

Beginning fund balances restated for change in accounting principle; see note 16.

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, 2015

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

Net change in fund balances - total governmental funds	\$	(2,084,661)
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.		(4,647,101)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(110,895)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.		238,073
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.		13,352
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.		1,264,757
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.		<u>746,060</u>
Change in net position of governmental activities	<u>\$</u>	<u>(4,580,415)</u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank)

Klamath County, Oregon
Statement of Fund Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds			
	Solid Waste Fund	Fairgrounds Fund	Community Development Fund	Other Enterprise Funds
Assets				
Current assets:				
Cash and investments	\$ 3,529,569	\$ 25,334	\$ 229,339	\$ 2,859,749
Accounts receivable, net	334,309	8,825	20,763	64,360
Due from other funds	4,116	195,608	6,220	13,941
Assessments receivables	-	-	-	26,055
Inventories	-	-	-	15,593
Prepaid expenses	-	1,250	-	32,752
Total current assets	<u>3,867,994</u>	<u>231,017</u>	<u>256,322</u>	<u>3,012,450</u>
Non-current assets:				
Cash and investments, restricted	5,464,087	78,697	557,354	-
Capital Assets, net:				
Land and improvements	1,389,000	148,500	-	500
Construction in progress	-	-	-	442,569
Vehicles	108,451	417	40,013	20,018
Buildings	2,855,475	2,660,619	-	53,183
Machinery and equipment	388,936	24,256	5,233	877,180
Total non-current assets	<u>10,205,949</u>	<u>2,912,489</u>	<u>602,600</u>	<u>1,393,450</u>
Deferred outflow of resources:				
County pension	98,577	30,372	90,106	8,660
Total deferred outflow of resources	<u>98,577</u>	<u>30,372</u>	<u>90,106</u>	<u>8,660</u>
Total assets and deferred outflow of resources	<u>14,172,520</u>	<u>3,173,878</u>	<u>949,028</u>	<u>4,414,560</u>
Liabilities				
Current Liabilities:				
Accounts payable	247,590	72,437	54,324	24,314
Payroll deductions payable	558	1,071	654	111
Due to other funds	9,561	120,975	17,710	5,014
Compensated absences	116,234	11,499	67,511	9,604
Claims and judgments	-	-	-	-
Total current liabilities	<u>373,943</u>	<u>205,982</u>	<u>140,199</u>	<u>39,043</u>
Non-current liabilities:				
Net OPEB liability	7,168	2,527	4,457	561
Post-closure liabilities	1,197,000	-	-	-
Pension liability	636,988	203,278	635,905	50,239
Total non-current liabilities	<u>1,841,156</u>	<u>205,805</u>	<u>640,362</u>	<u>50,800</u>
Deferred inflow of resources:				
County pension	44,924	13,841	41,064	3,947
Total deferred inflow of resources	<u>44,924</u>	<u>13,841</u>	<u>41,064</u>	<u>3,947</u>
Total liabilities and deferred inflow of resources	<u>2,260,023</u>	<u>425,628</u>	<u>821,625</u>	<u>93,790</u>
Net Position				
Net Investment in Capital Assets	4,741,862	2,833,792	45,247	1,393,450
Restricted	5,464,087	78,697	557,354	-
Unrestricted	1,706,548	(164,239)	(475,198)	2,927,320
Total net position	<u>\$ 11,912,497</u>	<u>\$ 2,748,250</u>	<u>\$ 127,403</u>	<u>\$ 4,320,770</u>

The accompanying notes are an integral part of this statement.

Enterprise Funds

<u>Total</u>	<u>Internal Service Funds</u>
\$ 6,643,991	\$ 6,453,048
428,257	80,695
219,885	12,727
26,055	-
15,593	14,075
34,002	-
<u>7,367,783</u>	<u>6,560,545</u>
6,100,138	-
1,538,000	-
442,569	-
168,899	53,260
5,569,277	5,380
<u>1,295,605</u>	<u>66,914</u>
<u>15,114,488</u>	<u>125,554</u>
227,715	253,653
<u>227,715</u>	<u>253,653</u>
<u>22,709,986</u>	<u>6,939,752</u>
398,665	390,384
2,394	949
153,260	24,307
204,848	249,872
-	1,487,211
<u>759,167</u>	<u>2,152,723</u>
14,713	14,721
1,197,000	-
<u>1,526,410</u>	<u>1,508,593</u>
<u>2,738,123</u>	<u>1,523,314</u>
103,776	115,597
<u>103,776</u>	<u>115,597</u>
<u>3,601,066</u>	<u>3,791,634</u>
9,014,351	125,554
6,100,138	-
<u>3,994,431</u>	<u>3,022,564</u>
<u>\$ 19,108,920</u>	<u>\$ 3,148,118</u>
90,219	
<u>\$ 19,199,139</u>	

Klamath County, Oregon
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds			
	Solid Waste Fund	Fairgrounds Fund	Community Development Fund	Other Enterprise Funds
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 2,959	\$ -
Licenses, fees, and permits	425	-	151,640	320,266
Charges for services	4,266,944	394,569	1,669,706	290,751
Total operating revenues	<u>4,267,369</u>	<u>394,569</u>	<u>1,824,305</u>	<u>611,017</u>
Operating Expenses				
Personnel services	1,354,629	433,923	1,111,607	121,612
Materials and services	2,136,699	670,575	318,157	309,785
Depreciation	80,616	83,564	3,137	103,686
Total Operating Expenses	<u>3,571,944</u>	<u>1,188,062</u>	<u>1,432,901</u>	<u>535,083</u>
Operating income (loss)	<u>695,425</u>	<u>(793,493)</u>	<u>391,404</u>	<u>75,934</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	24,358	421	1,992	7,909
Miscellaneous revenue	3,267,937	131,740	5,637	354
Operating grants and contributions	-	50,964	-	-
Other taxes	113,313	695,292	7,613	745
Proceeds (loss) from the sale of capital assets	<u>(199,507)</u>	<u>(107,798)</u>	<u>(118)</u>	<u>(46,126)</u>
Total non-operating revenue (expenses)	<u>3,206,101</u>	<u>770,619</u>	<u>15,124</u>	<u>(37,118)</u>
Income (loss) before contributions and transfers	3,901,526	(22,874)	406,528	38,816
Transfers in	-	-	141,746	6,000
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(14,432)</u>
Change in net position	3,861,526	(22,874)	548,274	30,384
Total net position - beginning	<u>8,612,505</u>	<u>2,950,183</u>	<u>138,637</u>	<u>4,334,788</u>
Restatement for change in accounting principle	<u>(561,534)</u>	<u>(179,059)</u>	<u>(559,508)</u>	<u>(44,402)</u>
Total net position - beginning, restated	<u>8,050,971</u>	<u>2,771,124</u>	<u>(420,871)</u>	<u>4,290,386</u>
Total net position - ending	<u>\$ 11,912,497</u>	<u>\$ 2,748,250</u>	<u>\$ 127,403</u>	<u>\$ 4,320,770</u>

Change in net position, per above

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

Change in Business-Type Activities in Net Position per Government-Wide Financial Statements

Beginning net position restated for change in accounting principle; see note 16.

The accompanying notes are an integral part of this statement.

Enterprise Funds

<u>Total</u>	<u>Internal Service Funds</u>
\$ 816,218	\$ -
51,709	263,604
2,959	-
472,331	-
6,621,970	8,522,184
<u>7,965,187</u>	<u>8,785,788</u>
3,021,771	3,529,979
3,435,216	4,002,923
271,003	49,317
6,727,990	7,582,219
<u>1,237,197</u>	<u>1,203,569</u>
34,680	15,435
3,405,668	12,877
<u>(353,549)</u>	<u>(4,062)</u>
3,086,799	24,250
4,323,996	1,227,819
147,746	58,702
<u>(54,432)</u>	<u>(487,921)</u>
4,417,310	798,600
16,036,113	3,682,012
<u>(1,344,503)</u>	<u>(1,332,494)</u>
14,691,610	2,349,518
<u>\$ 19,108,920</u>	<u>\$ 3,148,118</u>
4,417,310	
52,540	
<u>\$ 4,469,850</u>	

Klamath County, Oregon
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds			
	Solid Waste Fund	Fairgrounds Fund	Community Development Fund	Other Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 4,353,114	\$ 1,132,153	\$ 1,821,224	\$ 646,881
Payment to suppliers	(2,375,271)	(672,519)	(253,342)	(326,981)
Payments to employees	(1,230,059)	(449,042)	(1,163,061)	(127,815)
Net Cash Flows Provided (Used) by Operating Activities	747,784	10,592	404,821	192,085
Cash Flows From Noncapital Financing Activities				
Transfers from (to) other funds	(40,000)	-	141,746	(10,932)
Other income	325,918	131,740	5,637	354
Net Cash Provided (Used) by Noncapital Financing	285,918	131,740	147,383	(10,578)
Cash Flows From Capital and Related Financing Activities				
Purchase and construction of depreciable assets	(501,420)	(48,973)	(42,600)	-
Proceeds from disposal of depreciable assets	-	-	-	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(501,420)	(48,973)	(42,600)	-
Cash Flows From Investing Activities				
Investment interest	24,358	421	1,992	7,909
Net Cash Flows Provided by Investing Activities	24,358	421	1,992	7,909
Net Increase (Decrease) in Cash and Cash Equivalents	556,640	93,780	511,596	189,416
Cash and Cash Equivalents, Beginning of Year	8,437,016	10,251	275,097	2,670,333
Cash and Cash Equivalents, End of Year	<u>\$ 8,993,656</u>	<u>\$ 104,031</u>	<u>\$ 786,693</u>	<u>\$ 2,859,749</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 808,738	\$ (47,237)	\$ 399,017	\$ 76,679
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	80,616	83,564	3,137	103,686
(Increase) decrease in assets				
Accounts receivable	(31,684)	(1,079)	(4,474)	52,528
Due from other funds	4,116	(2,967)	(6,220)	(13,941)
Assessments receivable	-	-	-	(3,468)
Inventory	-	-	-	1,205
Prepaid expenses	-	(1,250)	-	10,759
Increase (decrease) in liabilities				
Accounts payable	(98,068)	53,588	55,022	(32,601)
Payroll deduction payable	558	1,071	654	111
Due to other funds	1,496	(54,283)	9,793	3,440
Deferred revenue	-	(4,625)	-	-
Claims and judgments	-	-	-	-
Landfill closure liability	(142,000)	-	-	(6,313)
Accrued employee benefits	124,012	(16,190)	(52,108)	-
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 747,784</u>	<u>\$ 10,592</u>	<u>\$ 404,821</u>	<u>\$ 192,085</u>
Noncash information				
Capital contribution (donation)	\$ 3,267,211	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Enterprise Funds

<u>Total</u>	<u>Internal Service Funds</u>
\$ 7,953,372	\$ 8,736,783
(3,628,113)	(3,862,444)
<u>(2,969,977)</u>	<u>(3,695,882)</u>
1,355,282	1,178,457
90,814	(429,219)
<u>463,649</u>	<u>12,877</u>
554,463	(416,342)
(592,993)	(42,269)
<u>-</u>	<u>9,691</u>
(592,993)	(32,578)
34,680	15,435
<u>34,680</u>	<u>15,435</u>
1,351,432	744,972
<u>11,392,697</u>	<u>5,708,076</u>
<u>\$ 12,744,129</u>	<u>\$ 6,453,048</u>
\$ 1,237,197	\$ 1,203,569
271,003	49,317
15,291	(36,278)
(19,012)	(12,727)
(3,468)	-
1,205	(10,132)
9,509	-
(22,059)	154,784
2,394	949
(39,554)	3,215
(4,625)	-
-	(7,388)
(148,313)	-
<u>55,714</u>	<u>(166,852)</u>
<u>\$ 1,355,282</u>	<u>\$ 1,178,457</u>
\$ 3,267,211	\$ -

Klamath County, Oregon
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Investment Trust Fund	Pension Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 1,068,569	\$ 1,358,054	\$ 1,761,425
Receivables:			
Interest and dividends	-	115,916	-
Accounts receivable	280,573	-	156,968
Property taxes receivable	-	-	5,714,554
Due from other funds	-	124,014	-
Total receivables	<u>280,573</u>	<u>239,930</u>	<u>5,871,522</u>
Investments:			
Debt securities	-	9,834,850	-
Public equity securities	-	32,413,679	-
Total Investments	<u>-</u>	<u>42,248,529</u>	<u>-</u>
Foreclosed properties	-	-	1,842,702
Total assets	<u>1,349,142</u>	<u>43,846,513</u>	<u>9,475,649</u>
Liabilities			
Accounts payable	1,349,142	21,253	325,971
Due to other funds	-	-	36,610
Amounts held in trust	-	-	9,113,068
Total liabilities	<u>1,349,142</u>	<u>21,253</u>	<u>9,475,649</u>
Net Position			
Held in trust for pension benefits	-	43,825,260	-
	<u>\$ -</u>	<u>\$ 43,825,260</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, 2015

	<u>Investment Trust Fund</u>	<u>Pension Trust Fund</u>
Additions		
Contributions:		
Districts	\$ 51,020,735	\$ -
Employer	-	2,177,063
Plan Members	-	768,377
Total contributions	<u>51,020,735</u>	<u>2,945,440</u>
Investment earnings	<u>-</u>	<u>1,327,167</u>
Total additions	<u>51,020,735</u>	<u>4,272,607</u>
Deductions		
Distribution to district	51,020,735	-
Benefits	-	3,238,192
Administrative	-	286,837
Total deductions	<u>51,020,735</u>	<u>3,525,029</u>
Change in net position	<u>-</u>	<u>747,578</u>
Net position - beginning	6,234,502	43,077,682
Prior period adjustment	(6,234,502)	-
Net position - beginning, restated	<u>-</u>	<u>43,077,682</u>
Net position - ending	<u>\$ -</u>	<u>\$ 43,825,260</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies

Organization

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

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

Reporting Entity

The accompanying financial statements present the 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 Pension Plan for Employees of Klamath County (Pension Plan) is intended to provide employees of Klamath County with income in the event of retirement, death or disability. The Pension Plan is governed by a board comprised of the County's board of commissioners and county management has operational responsibility. The Pension Plan is reported as one fiduciary fund.

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.

The Klamath County Extension Service District (Extension 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 Extension District. The Extension District is reported as two non-major governmental funds. The Extension District had no activity for fiscal year 2015.

Any persons with an interest in the Pension Plan, Library District, Drainage District or the Extension 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. Any persons with an interest in the Library Foundation should send a request to the Library Foundation at 126 S Third, Klamath Falls, OR 97601.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

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. Any persons with an interest in the Friends should send a request to the Friends at 126 S Third, Klamath Falls, OR 97601.

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. Any persons with an interest in the Museum Foundation should send a request to the Museum Foundation at 1451 Main Street, Klamath Falls, OR 97601.

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.

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 and supplementary information 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.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items, not properly included among program revenues, are reported instead as general revenues.

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

- 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 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.
- The community development 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.

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 by the Pension Plan 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.

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

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 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, except the pension trust fund. 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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

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.

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.

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.

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

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. The County reports deferred outflow of resources for pension related amounts: payments since the measurement date, changes in assumptions, and for the difference between projected and actual earnings.

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 County reports deferred inflows of resources for pension related amounts: the difference between projected and actual earnings, the difference between its contributions and its proportionate share of contributions and the difference between projected and actual experience. The County also reports a deferred inflow of resources under a modified accrual basis of accounting, for *unavailable revenue*. 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.

Restricted Amounts

Certain assets are classified as restricted assets because their use is limited by parties external to the County. Parties external to the County include citizens, creditors, grantors, public interest groups, other governments, and the courts. Restrictions may also be imposed by laws through constitutional provisions or legally enforceable enabling legislation.

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.

Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Pension Plan and the Oregon Public Employees Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The 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.

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, 2015

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, 2015, actual expenditures on a budgetary basis exceeded appropriations as follows:

Fund	Budget Category	Amount of Over Expenditure
General Fund		
Public Safety		
Sheriff		
Civil	Materials and services	\$ 914
Juvenile		
Probation	Materials and services	726
Detention	Materials and services	494
Agriculture		
Experiment Station	Materials and services	6
County School		
General Government		
County School	Materials and services	63,682
Transient Room Tax		
General Government		
Tax Collector	Materials and services	43,887
	Transfers out	50,635
Sheriff Special Revenue		
Public Safety		
Sheriff		
Court Facility Security	Personnel services	6,588
Public Health		
Human Services		
Public Health		
Emergency Preparedness	Personnel services	446
Vital Records	Personnel services	82
Children & Family Prevention	Material and services	4,352
Nursing Outreach	Material and services	7,079
Women Infants & Children	Material and services	3,887
Museum		
Community Services		
Museum		
Operations	Material and services	2,317

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
Weed Control		
Public Works		
Road		
Equipment Reserve	Transfers out	14,432
Fairgrounds		
Community Services		
Fair Board		
Operations	Materials and services	41,783
	Transfers out	5,106
Fair	Materials and services	57,130
Internal Services		
Internal Support Services		
General Administration	Materials and services	91
Multimedia	Personnel services	85

Deficit Fund Equity

Oregon state law requires fund disclosure of deficit fund balances/total net position. At June 30, 2015, one fund reported a deficit net position in the financial statements:

The external services fund, an internal service fund, reported deficit net position of \$309,596 in the Governmental Activities – Internal Service Funds columns of the Statement of Net Position – Proprietary Funds, and the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds. The activity for this fund is reported in governmental activities on the government-wide Statement of Activities. The deficit net position of the external fund is a result of the increase in the pension obligation liability. Without an increase in assets, the Pension Plan liability will continue to cause a negative net position for the external services fund. The fund accounts for the personnel costs of providing services to the Library District through an intergovernmental agreement. These interagency costs are built into the Library District’s base operating budget which will provide the fund with an ongoing revenue source dedicated to paying off this debt. The debt will be paid off in the fiscal year ending June 30, 2018.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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 at year-end:

	Primary Government	Fiduciary Activities	Total Government	Discretely Presented Component Units	Total
Cash on hand	\$ 11,235	\$ -	\$ 11,235	\$ -	\$ 11,235
Demand deposits	3,986,820	2,829,996	6,816,816	221,762	7,038,578
Investments:					
Money market	-	1,358,053	1,358,053	-	1,358,053
Local government investment pool	48,684,964	-	48,684,964	-	48,684,964
Debt securities	84,269,851	9,834,850	94,104,701	-	94,104,701
Annuities	-	-	-	411,706	411,706
Equity securities	-	32,413,678	32,413,678	75,424	32,489,102
	<u>\$ 136,952,870</u>	<u>\$ 46,436,577</u>	<u>\$ 183,389,447</u>	<u>\$ 708,892</u>	<u>\$ 184,098,339</u>

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

Cash and investments - governmental activities	\$ 124,208,741
Cash and investments - business-type activities	12,744,129
Cash and investments - component units	708,892
Statements of fiduciary net position	<u>46,436,577</u>
	<u>\$ 184,098,339</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 \$6,934,190.

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. Oregon Revised Statutes, Chapter 295 governs that the Office of the State Treasurer be given responsibility for overseeing collateralization of public funds held by depositories, banks and credit unions, in Oregon. The Public Funds Collateralization Program (PFCP) requires well capitalized depositories to pledge securities with a market value of at least 10% of their uninsured public deposits. The OST may require up to 110% be pledged for those banks that are poorly capitalized. A list of depositories that may accept public deposits over the insurance limits can be found at: <http://www.oregon.gov/treasury/Divisions/Finance/LocalGov/Pages/default.aspx>. Funds deposited with fiscal agents for the purpose of meeting the payment of principal or interest on bonds or like obligations are not required to be collateralized per Oregon Revised Statutes, Chapter 295.005. At year-end, the carrying amount of the County’s deposits was \$7,038,578 and the bank balance was \$9,156,015. Of this bank balance \$1,084,604 was covered by depository insurance, FDIC or NCUA, and \$8,071,412 was collateralized by the PFCP.

Investments

The County’s investments include U.S. Government securities, commercial paper, State Local Government Investment Pool (LGIP), money market accounts and overnight funds. The County also invests in equity securities, but they are held only in the pension trust fund. 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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 3 – Deposits and Investments *(continued)*

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, 2015, the County's investments were rated as follows:

<u>Credit Risk Debt Securities at June 30, 2015</u>	<u>Fair Value</u>
AAA	\$ 6,157,611
AA	64,559,006
A	8,694,072
BBB	<u>93,593</u>
Total Subject to Credit Risk	79,504,282
U.S. Government Guaranteed Securities	<u>14,600,419</u>
Total Debt Securities	<u>\$ 94,104,701</u>
S&P Ratings	

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. Below is a schedule of debt securities subject to interest rate risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Effective Weighted Duration Rate</u>
U.S. treasury obligations	\$ 12,706,817	2.18
U.S. federal agency securities	64,740,897	1.12
International corporate debt securities	1,472,195	2.56
Domestic corporate debt securities	<u>15,184,792</u>	2.08
Total Debt Securities	<u>\$ 94,104,701</u>	

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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, 2015, were as follows:

	<u>Property Taxes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental activities				
General fund	\$ 1,025,239	\$ 551,517	\$ -	\$ 1,576,756
Transient room tax fund	-	289,978	-	289,978
Road fund	-	452,917	1,787	454,704
Nonmajor funds	336,146	786,796	-	1,122,942
Internal service funds	-	80,695	-	80,695
	<u>1,361,385</u>	<u>2,161,903</u>	<u>1,787</u>	<u>3,525,075</u>
Business-type activities				
Solid waste fund	-	334,309	-	334,309
Fairgrounds fund	-	8,825	-	8,825
Community development fund	-	20,763	-	20,763
Nonmajor funds	26,055	64,360	-	90,415
	<u>26,055</u>	<u>428,257</u>	<u>-</u>	<u>454,312</u>
Fiduciary funds				
Investment trust fund	-	280,573	-	280,573
Pension fund	-	-	92,694	92,694
Agency funds	5,714,554	156,968	-	5,871,522
	<u>5,714,554</u>	<u>437,541</u>	<u>92,694</u>	<u>6,244,789</u>
Total receivables	<u>\$ 7,101,994</u>	<u>\$ 3,027,701</u>	<u>\$ 94,481</u>	<u>\$ 10,224,176</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:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
Accounts Receivable	\$ -	\$ 9,431
Assessment receivable	1,787	-
Property taxes	1,202,298	-
Economic Development	-	33,768
Total governmental activities:	<u>\$ 1,204,085</u>	<u>\$ 43,199</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 5 – Other Assets

The County holds various real properties that have been acquired through foreclosure and abandonment. At June 30, 2015, the assets are recorded at the amount of outstanding property taxes and interest thereon of \$1,842,702. Foreclosed properties sold on the installment basis have outstanding balances of \$118,634 at June 30, 2015, which is recorded in the agency fund as accounts receivable.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Fund Type Restatement</u>	<u>Adjusted Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities								
Capital assets, not being depreciated								
Land	\$ 1,416,464	\$ (148,500)	\$ 1,267,964	\$ -	\$ -	\$ (150,500)	\$ 1,121,410	\$ 2,238,874
Construction in progress	1,764,181	-	1,764,181	2,688,436	-	(4,417,826)	-	34,791
Total	<u>3,180,645</u>	<u>(148,500)</u>	<u>3,032,145</u>	<u>2,688,436</u>	<u>-</u>	<u>(4,568,326)</u>	<u>1,121,410</u>	<u>2,273,665</u>
Capital assets, being depreciated:								
Building and improvements	53,416,863	(4,991,299)	48,425,564	56,044	(1,000)	268,825	66,000	48,815,433
Machinery and equipment	7,481,829	(853,968)	6,627,861	825,681	(270,804)	(287,004)	(729,392)	6,166,342
Vehicles	10,991,208	(417,192)	10,574,016	317,828	(195,025)	96,986	333,420	11,127,225
Infrastructure	336,227,436	-	336,227,436	-	(176,295)	4,306,966	-	340,358,107
Subtotal	<u>408,117,336</u>	<u>(6,262,459)</u>	<u>401,854,877</u>	<u>1,199,553</u>	<u>(643,124)</u>	<u>4,385,773</u>	<u>(329,972)</u>	<u>406,467,107</u>
Less accumulated depreciation:								
Building and improvements	22,167,917	(2,196,051)	19,971,866	1,559,818	(1,000)	9,965	411,099	21,951,748
Machinery and equipment	5,252,629	(818,413)	4,434,216	188,296	(270,804)	(287,004)	835,110	4,899,814
Vehicles	9,813,678	(414,413)	9,399,265	406,286	(191,900)	96,986	(684,720)	9,025,917
Infrastructure	168,714,643	-	168,714,643	6,387,741	(176,295)	-	-	174,926,089
Subtotal	<u>205,948,867</u>	<u>(3,428,877)</u>	<u>202,519,990</u>	<u>8,542,141</u>	<u>(639,999)</u>	<u>(180,053)</u>	<u>561,489</u>	<u>210,803,568</u>
Total	<u>202,168,469</u>	<u>(2,833,582)</u>	<u>199,334,887</u>	<u>(7,342,588)</u>	<u>(3,125)</u>	<u>4,565,826</u>	<u>(891,461)</u>	<u>195,663,539</u>
Governmental activities, net	<u>\$ 205,349,114</u>	<u>\$ (2,982,082)</u>	<u>\$ 202,367,032</u>	<u>\$ (4,654,152)</u>	<u>\$ (3,125)</u>	<u>\$ (2,500)</u>	<u>\$ 229,949</u>	<u>\$ 197,937,204</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 6 – Capital Assets *(continued)*

	<u>Beginning Balance</u>	<u>Fund Type Restatement</u>	<u>Adjusted Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type activities								
Capital assets, not being depreciated								
Land	\$ 1,389,000	\$ 148,500	\$ 1,537,500	\$ -	\$ -	\$ 500	\$ -	\$ 1,538,000
Construction in progress	442,569	-	442,569	-	-	-	-	442,569
Total	<u>1,831,569</u>	<u>148,500</u>	<u>1,980,069</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>1,980,569</u>
Capital assets, being depreciated:								
Building and improvements	300,938	4,991,299	5,292,237	2,848,973	(10,000)	4,000	-	8,135,210
Machinery and equipment	4,060,331	853,968	4,914,299	452,211	(153,535)	194,884	-	5,407,859
Vehicles	1,224,223	371,378	1,595,601	91,809	-	28,983	-	1,716,393
Subtotal	<u>5,585,492</u>	<u>6,216,645</u>	<u>11,802,137</u>	<u>3,392,993</u>	<u>(163,535)</u>	<u>227,867</u>	<u>-</u>	<u>15,259,462</u>
Less accumulated depreciation:								
Building and improvements	157,176	2,196,051	2,353,227	112,835	(10,000)	2,000	107,872	2,565,934
Machinery and equipment	2,899,230	818,413	3,717,643	120,754	(3,535)	195,680	81,710	4,112,252
Vehicles	1,099,328	368,599	1,467,927	37,415	-	28,187	13,965	1,547,494
Subtotal	<u>4,155,734</u>	<u>3,383,063</u>	<u>7,538,797</u>	<u>271,004</u>	<u>(13,535)</u>	<u>225,867</u>	<u>203,547</u>	<u>8,225,680</u>
Total	<u>1,429,758</u>	<u>2,833,582</u>	<u>4,263,340</u>	<u>3,121,989</u>	<u>(150,000)</u>	<u>2,000</u>	<u>(203,547)</u>	<u>7,033,782</u>
Business-type activities, net	<u>\$ 3,261,327</u>	<u>\$ 2,982,082</u>	<u>\$ 6,243,409</u>	<u>\$ 3,121,989</u>	<u>\$ (150,000)</u>	<u>\$ 2,500</u>	<u>\$ (203,547)</u>	<u>\$ 9,014,351</u>

Information on the restatement can be found in Note 16.

Included in the \$3,392,993 increase in capital assets is \$3,267,211 in non-cash (donated) assets to the Solid Waste Fund.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 6 – Capital Assets *(continued)*

Depreciation expense was charged to functions / programs as follows:

Governmental activities:	
General	\$ 273,170
Public safety	300,791
Public works	7,810,658
Human services	47,498
Community services	59,342
Agriculture	1,364
Internal support	49,318
	<u>\$ 8,542,141</u>
Business-type activities:	
Public safety	\$ 95,116
Public works	89,186
Community services	83,564
Community development	3,138
	<u>\$ 271,004</u>

Note 7 – Interfund Receivables, Payables and Transfers

Advances to\from other funds:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General fund	\$ 59,452	\$ 35,957
Transient room tax fund	-	286,836
Road fund	11,221	35,164
Nonmajor funds	202,984	58,150
	<u>273,657</u>	<u>416,107</u>
Proprietary funds		
Solid waste fund	4,116	9,561
Fairgrounds fund	195,609	120,975
Community development fund	6,220	17,710
Nonmajor funds	13,941	5,014
Internal service funds	12,727	24,307
	<u>232,613</u>	<u>177,567</u>
Fiduciary funds:		
Pension trust fund	124,014	-
Agency fund	-	36,610
	<u>124,014</u>	<u>36,610</u>
	<u>\$ 630,284</u>	<u>\$ 630,284</u>

These balances resulted from interfund activity for payments-in-lieu of taxes and other charges incurred were for amounts that are equivalent in value to services provided and 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, 2015

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

The following table reconciles the internal balances from the fund financial statements to the government-wide financial statements. Interfund balances between governmental and business-type activities and fiduciary activities are required to be presented as external balances on the government-wide financial statements but as internal balances on the fund financial statements. Internal balances within governmental and business-type activities are reduced to eliminate balances within the reporting units and add the amount due from business-type activities for internal service funds (governmental activities) is reconcile the amount of internal balances due between activity types.

	Fund Financial Statements	Fiduciary Fund Type Reclassifications	Internal Balance Reclassifications	Government-Wide Presentation
Governmental activities				
Accounts receivable	\$ 2,161,903	\$ 32,380	\$ -	\$ 2,194,283
Due from other funds	286,384	(32,380)	(254,004)	-
Accounts payable	3,109,416	104,235	-	3,213,651
Due to other funds	440,414	(104,235)	(163,785)	172,394
Business-type activities				
Accounts receivable	\$ 428,257	\$ 4,230	\$ -	\$ 432,487
Due from other funds	219,885	(4,230)	(43,261)	172,394
Accounts payable	398,665	19,779	-	418,444
Due to other funds	153,260	(19,779)	(133,481)	-

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfer Out:

	General Fund	Road Fund	Nonmajor Governmental Funds	Governmental Activities	Internal Service Funds	Solid Waste Fund	Community Development Fund	Nonmajor Business Funds	Total
Transfer in:									
General fund	\$ -	\$ 1,700,000	\$ 112,259	\$ -	\$ -	\$ -	\$ -	\$ -	1,812,259
Road fund	-	-	-	-	-	36,500	-	14,432	50,932
Nonmajor governmental funds	433,448	-	499,505	-	478,381	-	-	-	1,411,334
Governmental activities	-	-	-	-	-	-	-	-	-
Internal service funds	49,162	-	-	-	9,540	-	-	-	58,702
Solid waste fund	-	-	-	-	-	-	-	-	-
Community development fund	86,112	-	55,634	-	-	-	-	-	141,746
Nonmajor business funds	-	-	-	2,500	-	3,500	-	-	6,000
Total transfers in	<u>\$ 568,722</u>	<u>\$ 1,700,000</u>	<u>\$ 667,398</u>	<u>\$ 2,500</u>	<u>\$ 487,921</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 14,432</u>	<u>\$ 3,480,973</u>

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

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

Note 8 – Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$148,036 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

Year ended June 30,	
2016	\$ 111,274
2017	101,334
2018	59,477
2019	56,304
2020	25,064
	\$ 353,453

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 paid from 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 paid from 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%	\$ 29,969
Housing Dev Grant	Non-interest bearing	79,999
		\$ 109,968

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 14,288	\$ 2,245
2017	15,312	1,221
2018	10,368	280
2019	3,333	-
2020	3,333	-
2021-2025	16,667	-
2026-2030	16,667	-
2031-2035	16,667	-
2036-2039	13,333	-
Total	\$ 109,968	\$ 3,746

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, 2015 is \$1,021,000 for Klamath Falls, \$176,000 for Chemult, and \$1,197,000 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 47% filled. Total closure and post-closure care costs is estimated to be \$4,416,000 for all three cells, and \$2,070,000 of costs have been recognized through June 30, 2015. 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 63% filled. Total closure and post-closure care costs is estimated to be \$1,375,000 for all four cells, and \$862,000 of costs have been recognized through June 30, 2015. Actual payments made by the County for closure costs for the Chemult site to date total \$686,000. 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, 2015, investments of \$5,464,087, 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, 2015

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

Changes in General Long-term Debt

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Restatement</u>	<u>Adjusted Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:							
Loans payable	\$ 123,320	\$ -	\$ 123,320	\$ -	\$ (13,352)	\$ 109,968	\$ 14,288
Claims and judgements	1,494,599	-	1,494,599	-	(7,388)	1,487,211	1,487,211
Compensated absences	2,470,457	(71,737)	2,398,720	-	(19,130)	2,379,590	2,379,590
OPEB liability	87,779	(5,736)	82,043	18,931	-	100,974	-
Net pension liability - Oregon PERS	-	1,132,230	1,132,230	-	(1,132,230)	-	-
Net pension liability - county	1,167,136	6,855,651	8,022,787	-	(192,270)	7,830,517	-
Total governmental activities	<u>\$ 5,343,291</u>	<u>\$ 7,910,408</u>	<u>\$ 13,253,699</u>	<u>\$ 18,931</u>	<u>\$ (1,364,370)</u>	<u>\$ 11,908,260</u>	<u>\$ 3,881,089</u>
Business-type activities:							
Landfill closure	\$ 1,339,000	\$ -	\$ 1,339,000	\$ -	\$ (142,000)	\$ 1,197,000	\$ -
Compensated absences	137,845	71,737	209,582	-	(4,734)	204,848	204,848
OPEB liability	6,330	5,736	12,066	2,647	-	14,713	-
Net pension liability - county	91,773	1,456,364	1,548,137	-	(21,727)	1,526,410	-
Total business-type activities	<u>\$ 1,574,948</u>	<u>\$ 1,533,837</u>	<u>\$ 3,108,785</u>	<u>\$ 2,647</u>	<u>\$ (168,461)</u>	<u>\$ 2,942,971</u>	<u>\$ 204,848</u>

See Note 16 for information on the restatement.

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 10 – Contingent Liabilities

The County is the subject of various lawsuits and claims. Management and legal counsel of the County believe the total amount of liability, if any, which may arise 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.

The County has been notified of environmental remediation required at the Extension location on Washburn Way. The County is investigating the costs of remediation and does not believe the cost will have a material effect on the County's financial condition.

Note 11 – Defined Benefit Pension Plans

Klamath County has two pension plans covering substantially all employees. Police officers in the 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 Pension Plan for Employees of Klamath County, administered by the County with U.S. Bank of Oregon as the trustee.

Pension Plan for Employees of Klamath County

Plan Description

All County employees' not participants of OPERS are participants in the Pension Plan for Employees of Klamath County (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, 2015. The plan is a stand-alone plan and covered under the Internal Revenue Code 401(a) and the subsequent trust document/restatement.

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.

Benefits Provided

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

Active and transferred participants	276
Participants with deferred benefits	63
Participants receiving benefits	295
Non-vested terminated participants with account balances	14
Total	648
 Number of participating employers	1

Contributions

The Board establishes the employer contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The amount is expressed as a percentage of the covered salary of each participating employee. For the year ended June 30, 2015, the active employee contribution rate was 6.0 percent of annual pay, and the County’s contribution rate was 17.0 percent of annual pay.

Net Pension Liability

The County’s net pension liability was measured as of January 1, 2015 and rolled forward to June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	5.0 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males or females with no collar adjustment and combined employee and healthy, annuitant experience, projected to 2018.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to January 1, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

<u>Asset Class</u>	<u>Actual Allocation</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Money market	10%	5%	1%
Investment grade fixed income	20%	25%	2%
International fixed income	3%	0%	0%
High yield bonds	0%	0%	0%
Large capitalization equities	37%	40%	6%
Mid capitalization equities	10%	10%	7%
Small capitalization equities	6%	10%	7%
Equity sectors	0%	0%	0%
International equities	9%	10%	7%
Emerging market equities	1%	0%	0%
Real estate investment trust equities	3%	0%	0%
Commodities	1%	0%	0%
Precious metals	0%	0%	0%
Hedged mutual fund equities	0%	0%	0%
Total	<u>100%</u>	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Changes in the Net Pension Liability

The following table presents the changes in the net pension liability for the fiscal year ended June 30, 2015. Total pension liability was determined based on the actuarial valuation performed on January 1, 2015 and rolled forward to June 30, 2015.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 52,551,284	\$ 42,980,360	\$ 9,570,924
Changes for the year:			
Service cost	945,495	-	945,495
Interest	3,759,725	-	3,759,725
Differences between expected and actual experience	(938,886)	-	(938,886)
Contributions - employer	-	2,169,384	(2,169,384)
Contributions - employee	-	767,519	(767,519)
Net investment income	-	1,327,168	(1,327,168)
Benefit payments, including refunds of employee contributions	(3,238,193)	(3,238,193)	-
Administrative expense	-	(283,739)	283,739
Other changes	-	-	-
Net changes	<u>528,141</u>	<u>742,139</u>	<u>(213,998)</u>
Balances at end of year	<u>\$ 53,079,425</u>	<u>\$ 43,722,499</u>	<u>\$ 9,356,926</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.25 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's net pension liability	\$ 14,129,970	\$ 9,356,926	\$ 5,235,261

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of \$1,184,531. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,430,571	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	651,947
Total	\$ 1,430,571	\$ 651,947

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2016	\$ 357,643	\$ 194,902
2017	357,643	194,902
2018	357,643	194,902
2019	357,642	67,241

Payable to the Pension Plan

At June 30, 2015, the County reported a payable of \$124,014 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Benefits Provided

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two Retirement Benefit Chapter 238).

- Pension Benefits: Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
- Death Benefits: Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: • the member was employed by a PERS employer at the time of death, • the member died within 120 days after termination of PERS-covered employment, • the member died as a result of injury sustained while employed in a PERS covered job, • or the member was on an official leave of absence from a PERS-covered job at the time of death.
- Disability Benefits: A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- Benefit Changes: After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Pension Program (OPSRP DB)

- Pension Benefits: The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- Death Benefits: Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- Disability Benefits: A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

- **Benefit Changes After Retirement:** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$87,406, excluding amounts to fund employer specific liabilities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported an asset of \$502,914 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2012 and rolled forward to June 30, 2014. The County's proportion of the net pension asset was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2011, the District's proportion was 0.022 percent.

For the year ended June 30, 2015, the County recognized negative pension expense of \$(497,051). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 88,895
Contributions made subsequent to measurement period	87,406	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	952,411
Total	\$ 87,406	\$ 1,041,306

\$87,406 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2016	\$ 87,406	\$ 262,295
2017	-	262,295
2018	-	262,295
2019	-	254,421

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Actuarial Method and Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Valuation date	December 31, 2012 rolled forward to June 30, 2014.
Experience study report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB Statement No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Assumed Asset Allocation

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt securities	15.0%	25.0%	20.0%
Public equity	32.5%	42.5%	37.5%
Private equity	16.0%	24.0%	20.0%
Real estate	9.5%	15.5%	12.5%
Alternative equity	0.0%	10.0%	10.0%
Opportunity portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Core fixed income	7.2%	4.5%
Short-term bonds	8.0%	3.7%
Intermediate-term bonds	3.0%	4.1%
High yield bonds	1.8%	6.7%
Large capitalization domestic equities	11.7%	7.2%
Mid capitalization domestic equities	3.9%	7.3%
Small capitalization domestic equities	2.3%	7.5%
Developed foreign equities	14.2%	6.9%
Emerging foreign equities	5.5%	7.4%
Private equities	20.0%	8.3%
Opportunity funds / absolute return	5.0%	6.0%
Real estate (properties)	13.8%	6.5%
Real estate (REITS)	2.5%	6.8%
Commodities	1.3%	6.1%
Total	<u>100.0%</u>	
Assumed Inflation Mean		2.8%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.75 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's net pension liability (asset)	\$ 1,064,993	\$ (502,910)	\$ (1,828,999)

Payable to the Pension Plan

At June 30, 2015, the County reported a payable of \$30,280 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Changes in Plan Provisions Effecting the Roll Forward

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for benefit recipients who are not subject to Oregon income tax, because they do not reside in Oregon, and limited the 2013 post-retirement COLA to 1.5 percent of annual benefit.

Senate Bill 861, signed into law in October 2013, limited post-retirement COLA for years beyond 2013 to 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000. The decrease in the Total Pension Liability resulting from Senate Bill 861, measured as of June 30, 2014, created an estimated (\$2,423.6) million decrease in Plan pension liabilities.

Senate Bill 862, signed into law in October 2013, made targeted changes such as allowing garnishment of OPERS benefits for convicted felons. These changes do not significantly affect System liabilities and were not reflected in the valuation.

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a two percent increase annually. OPERS will make restoration payments to eligible recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms will be recognized as of and for the measurement period ending June 30, 2015, or the County's fiscal year ending June 30, 2016.

OPERS has also changed its assumed rate of return from 7.75 to 7.5 percent. Based on the sensitivity analysis and estimates provided by OPERS, this could increase net pension liability by another \$64 million.

Changes in Assumptions:

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Changes in Actuarial Methods and Allocation Procedures

Actuarial Cost Method. The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow OPERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements No. 67 and 68.

Tier 1/Tier 2 UAL Amortization. In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70 to 60 percent or increases from 130 to 140 percent. Previously the ranges had been 80 to 70 percent and 120 to 130 percent. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 OPERS Board public meeting.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

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

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 member’s actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by OPERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting. The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75 percent. Previously, the assumed investment return and interest crediting to regular account balances was 8 percent and the assumed interest crediting to variable account balances was 8.25 percent.

OPSRP Administrative Expenses. Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million to \$5.5 million per year.

Healthcare Cost Inflation. The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by the plan’s healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

Healthy Mortality. The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality. The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination. Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay. Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation. The RHIA participation rate for healthy retirees was reduced from 48 to 45 percent. The RHIPA participation rate was changed from a uniform rate of 13 percent to a service-based table of rates.

Aggregate Pension Plans

The aggregate information for the two defined benefit pension plans that the County participates in is presented in the table below:

	<u>County Pension</u>	<u>State Pension</u>	<u>Total</u>
Pension assets	\$ -	\$ 502,910	\$ 502,910
Deferred outflows of resources	1,430,571	87,406	1,517,977
Pension liabilities	9,356,926	-	9,356,926
Deferred inflows of resources	651,947	1,041,306	1,693,253
Pension expense	1,184,531	(497,051)	687,480

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 12 – Defined Contribution Pension Plans

Klamath County has multiple defined contribution 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) OPSRP Individual Account Program. All County employees can choose to participate in various deferred compensation plans.

OPSRP Individual Account Program (OPSRP IAP)

Benefits

- Pension Benefits: An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.
- Death Benefits: Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.
- Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. We will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension liability (asset) proportionate shares provided to employers in June 2015.

Contributions

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 \$13,611 for community corrections employees for the year ended June 30, 2015. All other participants covered participants contribute the pickup portion or a total of \$230,268 for the year ended June 30, 2015.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Deferred Compensation Plan

Benefits

The County offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The Plan is available to all County employees and permits them to defer a portion of their current earnings until the employee's termination, retirement, death, or unforeseeable emergency.

Contributions

The County does not contribute to the plan. Employees have the ability to contribute amounts up to limits established by the Internal Revenue Code. The Plan's participants have the right to designate how the funds will be invested. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries and are considered property of the Plan's participants, not subject to the County's general creditors. As a result, Plan balances and activities are not reflected in these financial statements and the County has no liability for losses under the Plan. Participants contributed \$171,981 for the year ended June 30, 2015.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 13 – Post-Employment Healthcare Plans

Recordkeeping

The deferred compensation plan is administered by various third party administrators who agree to hold harmless and indemnify the County, its appointed and elected officers, and participating employees from any loss resulting from their respective agent's failure to perform their duties and services pursuant to the deferred compensation program.

Other postemployment benefits (OPEB) for the County combines two separate plans. The County provides an implicit rate subsidy for retiree Health Insurance Continuation premiums and a contribution to the OPERS cost-sharing multiple-employer defined benefit plan.

County Health Insurance Continuation Plan

Plan Description

The County has a Health Insurance Continuation option available for most groups of retirees. It is a substantive postemployment benefits plan offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires the County provide retirees with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, and the rate would be calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer "plan" is not a stand-alone plan and does not issue its own 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). 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.

Annual required contribution (ARC)	\$	24,147
Interest on net OPEB obligation		3,529
ARC adjustments		<u>(3,137)</u>
Annual OPEB cost		24,539
Contributions made		<u>(2,961)</u>
Increase in net OPEB obligation		21,578
Net pension OPEB, beginning of year		<u>94,109</u>
Net pension OPEB, end of year	\$	<u><u>115,687</u></u>
Interest rate		3.75%
Amortization factor		30

Annual OPEB Cost

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015, were as follows:

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 13 – Post-Employment Healthcare Plans *(continued)*

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 24,539	12.0%	\$ 115,687
2014	40,307	45.0%	94,109
2013	38,748	30.0%	71,811

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the actuarially accrued liability was \$188,636, 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. The funded status of the plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b) - (a) / (c)
6/30/2014	\$ -	\$ 188,636	\$ 188,636	0.0%	\$ 12,693,405	1.5%
6/30/2012	-	319,835	319,835	0.0%	14,125,192	2.3%
6/30/2010	-	129,286	129,286	0.0%	17,244,740	0.7%

Actuarial Funding Methods and Assumptions

In the actuarial valuation as of July 1, 2014, 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.

OPERS 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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 13 – Post-Employment Healthcare Plans *(continued)*

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 employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier One and Two employees, and 0.49 percent for OPSRP employees. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. The City's contributions to RHIA equaled the required contributions each year and were:

Year Ended June 30	RHIA Contributions	Percentage of Annual Contributions Made
2015	\$ 19,451	100.0%
2014	13,990	100.0%
2013	9,254	100.0%

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 is a member of the City/County Insurance Services (CIS). CIS was created by the Association of Oregon Counties and the League of Oregon Cities for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. CIS is fully funded by its members, who pay annual assessments on an experience rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. The County obtains insurance from CIS for the following coverages: general liability limit of \$10,000,000 per occurrence; a public employee dishonesty bond for claims up to \$250,000; and various real, personal and inland marine property coverage for replacement costs.

The County has established risk management programs for general liability, workers' compensation and unemployment, whereby premiums are calculated on insured risks and/or 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. The interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2015, interfund premiums exceeded reimbursable expenditures.

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

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 14 – Risk Management *(continued)*

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

	2015	2014
Claims and judgments:		
Beginning Balance	\$ 1,494,599	\$ 1,652,619
Additions	1,133,566	257,500
Decreases	(1,140,954)	(415,520)
Ending Balance	\$ 1,487,211	\$ 1,494,599

Note 15 – Fund Balance

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

	General Fund	Road Fund	Other Funds	Total
Fund balances:				
Nonspendable:				
Inventory	\$ 48,484	\$ 2,093,151	\$ 17,230	\$ 2,158,865
Due from other funds	-	-	115,041	115,041
Other Assets	-	24,316	4,602	28,918
Restricted for:				
General government	-	-	1,136,575	1,136,575
Public safety	-	-	1,652,293	1,652,293
Public works	-	95,435,499	1,610,504	97,046,003
Human services	-	-	2,841,649	2,841,649
Community services	-	-	2,570,501	2,570,501
Community development	-	-	2,101,812	2,101,812
Committed to:				
General government	-	-	135,461	135,461
Public safety	210,465	-	49,908	260,373
Community services	-	-	459,595	459,595
Community development	-	-	307,853	307,853
Assigned to:				
General government	-	-	2,428,139	2,428,139
Unassigned:	6,035,601	-	70	6,035,671
Total fund balances	\$ 6,294,550	\$ 97,552,966	\$ 15,431,233	\$ 119,278,749

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.

Note 16 – Change in Accounting Principles

Change in Fund Type

During the fiscal year ended June 30, 2015, the County restated four funds for a change in accounting principle. The funds that were changed and the reason for the change are identified below:

- Property sales fund was changed from a governmental fund to an agency fund. This change was made to more accurately follow Oregon revised statutes as they relate to handling of tax foreclosed properties prior to their disposition.

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 16 – Change in Accounting Principles *(continued)*

- Fairgrounds fund was changed from a governmental fund to an enterprise fund. Management made the determination that the fund type definition for an enterprise fund (intended to be self-supporting through charges for services) more accurately reflects the intent of operations.
- Community development fund was changed from a governmental fund to an enterprise fund. Management made the determination that the fund type definition for an enterprise fund (intended to be self-supporting through charges for services) more accurately reflects the intent of operations.
- Unsegregated property tax fund with a fund balance of \$6,137,132 was changed from an investment trust fund to an agency fund. Management made the determination that the fund type definition of an agency fund (where the County temporarily holds funds before remittance to other governments) more accurately reflects the intent of the statutory requirements.

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Governmental Activities:	\$ 329,946,219	\$ 325,353,529	\$ (4,592,690)
Business-type Activities:	12,984,971	16,073,792	3,088,821
Fiduciary Funds	-	1,503,869	1,503,869

Pensions

During the fiscal year ended June 30, 2015, the County implemented the following Governmental Accounting Standards Board (GASB) pronouncements:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the County are detailed below.

Net pension liability – previous standards defined pension liabilities in terms of the Annual Required Contribution. Statement No. 68 defines net pension liability as the portion of the actuarial present value of the projected benefit payments that is attributed to past periods of employee service, net of the pension plan’s fiduciary net position.

Deferred inflows of resources and deferred outflows of resources – Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the differences between projected and actual earnings on pension plan investments. These differences are recognized in pension expense using a systematic and rational method over a closed five-year period. In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This statement requires that contributions made by participating employers to pension plans after the Measurement Date for the Net Pension Liability but before the end of the financial statement period for the employer be reported as deferred outflows of resources.

Statement No. 68 is effective for financial reporting periods beginning after June 15, 2014, with the effects of accounting change to be applied retroactively by restating the financial statements. The County adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the government-wide financial statements as of June 30, 2014:

Klamath County, Oregon
Notes to the Basic Financial Statements
June 30, 2015

Note 16 – Change in Accounting Principles *(continued)*

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Deferred outflow of resources:			
Payments to OPERS since the measurement date	\$ -	\$ 96,787	\$ 96,787
Noncurrent liabilities:			
Net pension liability - County Pension Plan	1,258,908	9,570,924	(8,312,016)
Net pension liability - OPERS	-	1,132,230	(1,132,230)
Net position: government-wide	342,931,190	333,583,731	(9,347,459)

Summary Table

Below is a summary of the restatements by fund type made during the fiscal year ending June 30, 2015.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Agency Funds
Statement of Net Position				
Net position - beginning	\$ 329,946,220	\$ 12,984,971	\$ 49,312,184	\$ 578,946
Restatement for change in accounting principle	(4,592,690)	3,088,821	(6,234,502)	7,738,371
Restatement for implementation of GASB 68	(8,002,956)	(1,344,503)	-	-
Net position - restated	\$ 317,350,574	\$ 14,729,289	\$ 43,077,682	\$ 8,317,317

REQUIRED SUPPLEMENTAL INFORMATION

(This page intentionally left blank)

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variance)
General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 8,596,000	\$ 8,596,000	\$ 8,768,047	\$ 172,047
Other taxes	260,000	282,000	482,538	200,538
Licenses and permits	546,830	480,840	575,131	94,291
Intergovernmental	1,470,134	1,894,155	3,369,186	1,475,031
Charges for services	1,964,965	2,155,361	2,273,705	118,344
Fines and forfeitures	248,588	248,588	242,140	(6,448)
Investment earnings	7,500	7,500	19,141	11,641
Miscellaneous	53,579	48,000	48,761	761
Total revenues	<u>13,147,596</u>	<u>13,712,444</u>	<u>15,778,649</u>	<u>2,066,205</u>
Expenditures				
General Government				
Non-Departmental				
Materials and services	574,669	591,512	585,607	5,905
Contingency	177,918	165,437	-	165,437
Treasurer				
Personnel services	34,897	34,897	34,619	278
Materials and services	368,829	368,829	355,744	13,085
Assessor				
Personnel services	655,031	710,124	687,837	22,287
Materials and services	371,763	266,763	262,862	3,901
Tax Collector				
Operating				
Personnel services	281,504	277,754	264,574	13,180
Materials and services	517,200	520,950	464,766	56,184
Property Sales				
Personnel services	-	16,586	1,539	15,047
Materials and services	-	229,110	133,892	95,218
Clerk				
Elections				
Personnel services	214,884	163,478	156,453	7,025
Materials and services	139,595	152,605	150,268	2,337
Recording				
Personnel services	142,351	186,757	182,753	4,004
Materials and services	89,542	89,542	85,027	4,515
Commissioner				
Personnel services	295,956	295,956	290,484	5,472
Materials and services	57,816	59,516	58,263	1,253
Total General Government	<u>3,921,955</u>	<u>4,129,816</u>	<u>3,714,688</u>	<u>415,128</u>
Public Safety				
District Attorney				
Personnel services	1,131,558	1,131,558	1,102,529	29,029
Materials and services	209,054	295,769	269,032	26,737
Capital outlay	15,000	-	-	-
Justice court				
Personnel services	115,248	118,029	117,972	57
Materials and services	69,340	66,559	60,742	5,817

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Sheriff				
Administration				
Personnel services	278,285	278,285	270,986	7,299
Materials and services	69,117	66,117	66,006	111
Patrol				
Personnel services	2,260,588	2,380,258	2,308,071	72,187
Materials and services	626,550	629,550	625,061	4,489
Corrections				
Personnel services	3,569,863	3,468,062	3,356,327	111,735
Materials and services	1,346,387	1,249,387	1,169,267	80,120
Capital outlay	-	52,000	50,400	1,600
Civil				
Personnel services	527,632	552,232	530,655	21,577
Materials and services	125,213	125,213	126,127	(914)
Juvenile				
Administration				
Personnel services	158,410	158,410	157,720	690
Materials and services	27,723	27,723	22,843	4,880
Probation				
Personnel services	584,033	584,033	557,440	26,593
Materials and services	81,286	81,286	82,012	(726)
Detention				
Personnel services	564,437	564,437	546,219	18,218
Materials and services	195,724	243,977	244,471	(494)
Youth Inspiration Program				
Personnel services	151,971	151,971	147,069	4,902
Materials and services	41,279	41,279	39,778	1,501
Emergency Management				
Personnel services	39,255	42,444	41,012	1,432
Materials and services	77,314	62,967	59,746	3,221
Capital Outlay	-	-	-	-
Total Public Safety	<u>12,265,267</u>	<u>12,371,546</u>	<u>11,951,485</u>	<u>420,061</u>
Agriculture				
Watermaster				
Personnel services	58,657	58,657	56,786	1,871
Materials and services	22,883	23,883	23,554	329
OSU Extension				
Personnel services	94,772	36,094	36,094	-
Materials and services	112,806	177,406	177,305	101
Capital outlay	-	12,612	-	12,612
Experiment Station				
Personnel services	53,483	23,610	23,609	1
Materials and services	27,823	78,544	78,550	(6)
Total Agriculture	<u>370,424</u>	<u>410,806</u>	<u>395,898</u>	<u>14,908</u>
Total expenditures	<u>16,557,646</u>	<u>16,912,168</u>	<u>16,062,071</u>	<u>850,097</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variance)
General Fund
For the Year Ended June 30, 2015

	<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	(3,410,050)	(3,199,724)	(283,422)	2,916,302
Other Financing Sources (Uses)				
Transfers in	12,806,242	13,033,298	12,272,773	(760,525)
Transfers out	(11,386,192)	(11,828,340)	(11,041,402)	786,938
Proceeds from sale of assets		4,766	9,907	5,141
Total other financing sources and uses	<u>1,420,050</u>	<u>1,209,724</u>	<u>1,241,278</u>	<u>31,554</u>
Net change in fund balances	(1,990,000)	(1,990,000)	957,856	2,947,856
Fund balances - beginning	<u>3,100,000</u>	<u>5,077,000</u>	<u>5,077,745</u>	<u>745</u>
Fund balances - ending	<u>\$ 1,110,000</u>	<u>\$ 3,087,000</u>	<u>\$ 6,035,601</u>	<u>\$ 2,948,601</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 6,035,601	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			48,485	
Consolidation of PERS Reserve fund for financial reporting purposes			<u>210,465</u>	
Fund Balance, Ending (GAAP)			<u>\$ 6,294,551</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
PERS Holding Fund
For the Year Ended June 30, 2015

	<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	\$ -	\$ -	\$ 595	\$ 595
Miscellaneous	-	-	39	39
Total revenues	<u>-</u>	<u>-</u>	<u>634</u>	<u>634</u>
Expenditures				
Public Safety				
Non-Departmental				
Contingencies	30,000	14,200	-	14,200
Total expenditures	<u>30,000</u>	<u>14,200</u>	<u>-</u>	<u>14,200</u>
Excess (deficiency) of revenues over expenditures	<u>(30,000)</u>	<u>(14,200)</u>	<u>634</u>	<u>14,834</u>
Other Financing Sources (Uses)				
Transfers in	-	31,500	32,166	666
Transfers out	-	(20,000)	(20,000)	-
Total other financing sources and uses	<u>-</u>	<u>11,500</u>	<u>12,166</u>	<u>666</u>
Net change in fund balances	(30,000)	(2,700)	12,800	15,500
Fund balances - beginning	170,000	197,665	197,665	-
Fund balances - ending	<u>\$ 140,000</u>	<u>\$ 194,965</u>	<u>\$ 210,465</u>	<u>\$ 15,500</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 210,465	
Consolidation of PERS Reserve fund for financial reporting purposes			<u>(210,465)</u>	
Fund Balance, Ending (GAAP)			<u>\$ -</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variance)
Transient Room Tax Fund
For the Year Ended June 30, 2015

	<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	\$ 1,450,000	\$ 1,800,000	\$ 1,895,522	\$ 95,522
Licenses and permits	1,000	1,000	-	(1,000)
Total revenues	<u>1,451,000</u>	<u>1,801,000</u>	<u>1,895,522</u>	<u>94,522</u>
Expenditures				
General Government				
Tax Collector				
Materials and services	685,942	851,400	895,287	(43,887)
Total expenditures	<u>685,942</u>	<u>851,400</u>	<u>895,287</u>	<u>(43,887)</u>
Excess (deficiency) of revenues over expenditures	<u>765,058</u>	<u>949,600</u>	<u>1,000,235</u>	<u>50,635</u>
Other Financing Sources (Uses)				
Transfers out	<u>(765,058)</u>	<u>(949,600)</u>	<u>(1,000,235)</u>	<u>(50,635)</u>
Total other financing sources and uses	<u>(765,058)</u>	<u>(949,600)</u>	<u>(1,000,235)</u>	<u>(50,635)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For generally accepted accounting principles statements, the amount reported as transfers out is eliminated along with an equal amount of revenue. These amounts are reported as other tax revenue in the respective fund instead of as a transfer in.

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Road Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,362,000	\$ 10,273,724	\$ 10,558,377	\$ 284,653
Charges for services	146,000	161,378	248,994	87,616
Investment earnings	616,000	616,000	271,746	(344,254)
Miscellaneous	1,000	1,000	1,258	258
Total revenues	<u>6,125,000</u>	<u>11,052,102</u>	<u>11,080,375</u>	<u>28,273</u>
Expenditures				
Public Works				
Road				
Road Operating				
Personnel services	4,392,770	4,217,770	3,098,212	1,119,558
Materials and services	6,273,291	6,448,291	5,935,627	512,664
Capital outlay	240,000	240,000	29,603	210,397
Contingencies	2,469,939	2,506,439	-	2,506,439
Bicycle Trails				
Materials and services	7,000	7,000	-	7,000
Capital outlay	79,000	79,000	141	78,859
Road Reserves				
Materials and services	10,000	10,000	133	9,867
Capital outlay	5,600,000	5,600,000	2,644,567	2,955,433
Contingencies	10,000,000	10,000,000	-	10,000,000
Equipment Reserves				
Capital outlay	375,250	679,850	679,818	32
Total expenditures	<u>29,447,250</u>	<u>29,788,350</u>	<u>12,388,101</u>	<u>17,400,249</u>
Excess (deficiency) of revenues over expenditures	<u>(23,322,250)</u>	<u>(18,736,248)</u>	<u>(1,307,726)</u>	<u>17,428,522</u>
Other Financing Sources (Uses)				
Transfers in	402,000	449,878	464,310	14,432
Transfers out	(2,100,000)	(2,113,378)	(2,113,378)	-
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Total other financing sources and uses	<u>(1,688,000)</u>	<u>(1,653,500)</u>	<u>(1,649,068)</u>	<u>4,432</u>
Net change in fund balances	(25,010,250)	(20,389,748)	(2,956,794)	17,432,954
Fund balances - beginning	89,670,375	97,952,375	98,392,293	439,918
Fund balances - ending	<u>\$ 64,660,125</u>	<u>\$ 77,562,627</u>	<u>\$ 95,435,499</u>	<u>\$ 17,872,872</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 95,435,499	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			2,093,151	
Prepaid Expense recognized for GAAP, but is not included for the Budgetary Basis			<u>24,316</u>	
Fund Balance, Ending (GAAP)			<u>\$ 97,552,966</u>	

Klamath County, Oregon
Schedule of Changes in County's Net Pension Liability and Related Ratios
Pension Plan for Employees of Klamath County
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 945,495	\$ 1,136,495
Interest	-	-	-	-	-	-	-	-	3,759,725	3,785,926
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	(938,886)	(1,856,897)
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	-	-	-	-	-	-	-	-	(3,238,193)	(3,194,816)
Net change in total pension liability	-	-	-	-	-	-	-	-	528,141	(129,292)
Total pension liability - beginning	-	-	-	-	-	-	-	-	52,551,284	52,680,576
Total pension liability - ending (a)	<u>\$ -</u>	<u>\$ 53,079,425</u>	<u>\$ 52,551,284</u>							
Plan fiduciary net position										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,169,384	\$ 2,007,537
Contributions - member	-	-	-	-	-	-	-	-	767,519	763,633
Net investment income	-	-	-	-	-	-	-	-	1,327,158	6,463,578
Benefit payments, including refunds of member contributions	-	-	-	-	-	-	-	-	(3,238,193)	(3,194,816)
Administrative expense	-	-	-	-	-	-	-	-	(283,739)	(275,193)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	742,129	5,764,739
Plan fiduciary net position- beginning	-	-	-	-	-	-	-	-	42,980,360	37,215,621
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ 43,722,489</u>	<u>\$ 42,980,360</u>							
County's net pension liability - ending (a) - (b)	<u>\$ -</u>	<u>\$ 9,356,936</u>	<u>\$ 9,570,924</u>							
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	82.37%	81.79%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,191,331	\$ 12,693,405
County's net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	70.93%	75.40%

Klamath County, Oregon
Schedule of County Contributions
Pension Plan for Employees of Klamath County
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,353,724	\$ 2,036,022
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	2,169,384	2,007,537
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,340	\$ 28,485
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,791,980	\$ 12,693,405
Contribution as a percentage of covered - employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.96%	15.82%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothing market
Inflation	3.5%
Salary increases	4.5% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	In the 2014 actuarial valuation, expected retirement ages of plan members were adjusted to more closely reflect actual experience.
Mortality	In the 2014 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP2000 Healthy Annuitant Mortality Table.

Klamath County, Oregon
Schedule of Investment Returns
Pension Plan for Employees of Klamath County
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.12%	17.63%

Klamath County, Oregon
Schedule of the County's Proportionate Share of the Net Pension Liability
State of Oregon Public Employees Retirement System
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%
County's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (502,914)	\$ 1,132,230
County's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,983,402	\$ 3,695,317
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-12.63%	30.64%
Plan fiduciary net position as a percentage of the total pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	103.59%	92%

Klamath County, Oregon
Schedule of the County Contributions
State of Oregon Public Employees Retirement System
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,406	\$ 96,787
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	87,406	96,787
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,983,402	\$ 3,695,317
Contribution as a percentage of covered - employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.19%	2.62%

**Klamath County, Oregon
Schedule of Funding Progress
County Health Insurance Continuation Plan
For the Year Ended June 30, 2015**

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)
6/30/2014	\$ -	\$ 188,636	\$ 188,636	0.0%	\$ 12,693,405	1.5%
6/30/2012	-	319,835	319,835	0.0%	14,125,192	2.3%
6/30/2010	-	129,286	129,286	0.0%	17,244,740	0.7%

Klamath County, Oregon
Schedule of Employer Contributions
County Health Insurance Continuation Plan
For the Year Ended June 30, 2015

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 24,539	12.0%	\$ 115,687
2014	40,307	45.0%	94,109
2013	38,748	30.0%	71,811

(This page intentionally left blank)

OTHER SUPPLEMENTAL INFORMATION

(This page intentionally left blank)

**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

(This page intentionally left blank)

NON-MAJAR GOVERNMENTAL FUNDS

(This page intentionally left blank)

**Klamath County, Oregon
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015**

	<u>Capital Projects Funds</u>				
	<u>Special Revenue Funds</u>	<u>Equipment Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Law Enforcement Memorial Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Pooled cash and investments	\$ 12,914,052	\$ 619,024	\$ 1,811,370	\$ 70	\$ 15,344,516
Accounts receivable	786,796	-	-	-	786,796
Taxes receivable, net	336,146	-	-	-	336,146
Due from other funds	87,943	115,041	-	-	202,984
Assessments receivable	-	-	-	-	-
Inventories	17,230	-	-	-	17,230
Prepaid expenses	4,602	-	-	-	4,602
Total assets	<u>\$ 14,146,769</u>	<u>\$ 734,065</u>	<u>\$ 1,811,370</u>	<u>\$ 70</u>	<u>\$ 16,692,274</u>
Liabilities					
Accounts payable	\$ 869,717	\$ -	\$ 2,255	\$ -	\$ 871,972
Payroll deduction payable	439	-	-	-	439
Due to other funds	58,150	-	-	-	58,150
Unearned revenue	33,768	-	-	-	33,768
Total liabilities	<u>962,074</u>	<u>-</u>	<u>2,255</u>	<u>-</u>	<u>964,329</u>
Deferred Inflows of Resources					
Unavailable revenue	296,712	-	-	-	296,712
Total deferred inflows of resources	<u>296,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,712</u>
Fund Balances					
Nonspendable	21,832	115,041	-	-	136,873
Restricted	11,913,334	-	-	-	11,913,334
Committed	952,817	-	-	-	952,817
Assigned	-	619,024	1,809,115	70	2,428,209
Total fund balances	<u>12,887,983</u>	<u>734,065</u>	<u>1,809,115</u>	<u>70</u>	<u>15,431,233</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,146,769</u>	<u>\$ 734,065</u>	<u>\$ 1,811,370</u>	<u>\$ 70</u>	<u>\$ 16,692,274</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	Special Revenue Funds	Equipment Reserve Fund	Capital Projects Fund	Law Enforcement Memorial Fund	
Revenues					
Property Taxes	\$ 2,920,600	\$ -	\$ -	\$ -	\$ 2,920,600
Sales and miscellaneous taxes	305,669	-	-	-	305,669
Fines and forfeitures	68,032	-	-	-	68,032
Licenses, fees, and permits	679,726	-	-	-	679,726
Intergovernmental	8,833,106	-	-	-	8,833,106
Charges for services	1,265,831	-	-	-	1,265,831
Investment earnings	43,194	1,791	4,243	-	49,228
Miscellaneous	222,099	-	-	-	222,099
Total revenues	<u>14,338,257</u>	<u>1,791</u>	<u>4,243</u>	<u>-</u>	<u>14,344,291</u>
Expenditures					
Current:					
General government	2,261,125	-	-	-	2,261,125
Public safety	4,580,990	-	-	-	4,580,990
Public works	1,103,867	-	-	-	1,103,867
Human services	4,028,496	-	-	-	4,028,496
Community services	3,057,092	-	-	-	3,057,092
Community development	698,054	-	-	-	698,054
Agriculture	3,872	-	-	-	3,872
Debt Service					
Principal	13,200	-	-	-	13,200
Interest and other charges	-	-	-	-	-
Capital Outlay	209,253	76,854	155,087	-	441,194
Total expenditures	<u>15,955,949</u>	<u>76,854</u>	<u>155,087</u>	<u>-</u>	<u>16,187,890</u>
Excess (deficiency) of revenues over expenditures	<u>(1,617,692)</u>	<u>(75,063)</u>	<u>(150,844)</u>	<u>-</u>	<u>(1,843,599)</u>
Other Financing Sources (Uses)					
Transfers in	759,506	173,447	478,381	-	1,411,334
Transfers out	(100,041)	(567,356)	-	-	(667,397)
Proceeds from sale of assets	22,366	-	-	-	22,366
Total other financing sources and uses	<u>681,831</u>	<u>(393,909)</u>	<u>478,381</u>	<u>-</u>	<u>766,303</u>
Net change in fund balances	(935,861)	(468,972)	327,537	-	(1,077,296)
Fund balances - beginning	13,816,863	1,203,037	1,481,578	70	16,501,548
Fund balances - change in inventory	6,981	-	-	-	6,981
Fund balances - ending	<u>\$ 12,887,983</u>	<u>\$ 734,065</u>	<u>\$ 1,809,115</u>	<u>\$ 70</u>	<u>\$ 15,431,233</u>

Beginning fund balances restated for change in accounting principle; see note 16.

NON-MAJOR SPECIAL REVENUE FUNDS

(This page intentionally left blank)

Klamath County, Oregon
Non-Major Special Revenue Funds
June 30, 2015

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:

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.

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.

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. This fund was reclassified as a fiduciary fund in the 2014-15 fiscal year.

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.

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.

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.

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.

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.

District Attorney Special Revenue

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

Sheriff Special Revenue

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

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.

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.

Klamath County, Oregon
Non-Major Governmental Funds
June 30, 2015

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.

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.

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.

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.

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.

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.

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.

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.

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. This fund was closed in the fiscal year 2014-15.

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	<u>County School Fund</u>	<u>Taylor Grazing Fund</u>	<u>Clerk Storage Fund</u>	<u>Clerk Overpayment Fund</u>
Assets				
Pooled cash and investments	\$ 13,164	\$ -	\$ 128,736	\$ 6,426
Accounts receivable	131,656	-	299	-
Taxes receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Assessments receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 144,820</u>	<u>\$ -</u>	<u>\$ 129,035</u>	<u>\$ 6,426</u>
Liabilities				
Accounts payable	\$ 144,820	\$ -	\$ -	\$ -
Payroll deduction payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>144,820</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	-	-	-	-
Committed	-	-	129,035	6,426
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>129,035</u>	<u>6,426</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 144,820</u>	<u>\$ -</u>	<u>\$ 129,035</u>	<u>\$ 6,426</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	<u>Surveyor Fund</u>	<u>Tourism Competitive Grant Fund</u>	<u>Economic Development Fund</u>	<u>District Attorney Special Revenue Fund</u>
Assets				
Pooled cash and investments	\$ 1,149,471	\$ 292,465	\$ 413,641	\$ 60,221
Accounts receivable	693	-	-	71,435
Taxes receivable, net	-	-	-	-
Due from other funds	-	46,248	-	-
Assessments receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 1,150,164</u>	<u>\$ 338,713</u>	<u>\$ 413,641</u>	<u>\$ 131,656</u>
Liabilities				
Accounts payable	\$ 13,400	\$ 30,860	\$ 57,777	\$ 66,291
Payroll deduction payable	17	-	-	-
Due to other funds	172	-	1,667	224
Unearned revenue	-	-	33,768	-
Total liabilities	<u>13,589</u>	<u>30,860</u>	<u>93,212</u>	<u>66,515</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	1,136,575	-	320,429	65,141
Committed	-	307,853	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,136,575</u>	<u>307,853</u>	<u>320,429</u>	<u>65,141</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,150,164</u>	<u>\$ 338,713</u>	<u>\$ 413,641</u>	<u>\$ 131,656</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	Sheriff Special Revenue Fund	Community Corrections Fund	Animal Control Fund	Klamath Falls Street Fund
Assets				
Pooled cash and investments	\$ 269,645	\$ 1,338,651	\$ 61,434	\$ 1,610,504
Accounts receivable	71,543	56,080	11,417	-
Taxes receivable, net	-	-	-	-
Due from other funds	32,380	1,655	-	-
Assessments receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 373,568</u>	<u>\$ 1,396,386</u>	<u>\$ 72,851</u>	<u>\$ 1,610,504</u>
Liabilities				
Accounts payable	\$ 21,367	\$ 136,347	\$ 21,433	\$ -
Payroll deduction payable	(3)	47	-	-
Due to other funds	105	24,939	1,510	-
Unearned revenue	-	-	-	-
Total liabilities	<u>21,469</u>	<u>161,333</u>	<u>22,943</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	352,099	1,235,053	-	1,610,504
Committed	-	-	49,908	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>352,099</u>	<u>1,235,053</u>	<u>49,908</u>	<u>1,610,504</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 373,568</u>	<u>\$ 1,396,386</u>	<u>\$ 72,851</u>	<u>\$ 1,610,504</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	<u>Public Health Fund</u>	<u>Mental Health Fund</u>	<u>Veterans Fund</u>	<u>Library Service District Operating Fund</u>
Assets				
Pooled cash and investments	\$ 279,984	\$ 2,423,454	\$ 38,847	\$ 1,203,966
Accounts receivable	347,366	114	11,639	24,778
Taxes receivable, net	-	-	20,272	291,654
Due from other funds	399	-	-	-
Assessments receivable	-	-	-	-
Inventories	17,230	-	-	-
Prepaid expenses	2,508	-	-	2,094
Total assets	<u>\$ 647,487</u>	<u>\$ 2,423,568</u>	<u>\$ 70,758</u>	<u>\$ 1,522,492</u>
Liabilities				
Accounts payable	\$ 185,915	\$ 42,503	\$ 16,892	\$ 57,524
Payroll deduction payable	411	(317)	101	-
Due to other funds	10,127	5,698	1,190	-
Unearned revenue	-	-	-	-
Total liabilities	<u>196,453</u>	<u>47,884</u>	<u>18,183</u>	<u>57,524</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	17,906	257,469
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>17,906</u>	<u>257,469</u>
Fund Balances				
Nonspendable	19,738	-	-	2,094
Restricted	431,296	2,375,684	34,669	1,205,405
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>451,034</u>	<u>2,375,684</u>	<u>34,669</u>	<u>1,207,499</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 647,487</u>	<u>\$ 2,423,568</u>	<u>\$ 70,758</u>	<u>\$ 1,522,492</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	Library Service District Reserve			
	Fund	Law Library Fund	Museum Fund	Parks Fund
Assets				
Pooled cash and investments	\$ 910,119	\$ 160,691	\$ 430,365	\$ 330,486
Accounts receivable	-	76	5,317	22,003
Taxes receivable, net	-	-	24,220	-
Due from other funds	-	-	39,641	-
Assessments receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 910,119</u>	<u>\$ 160,767</u>	<u>\$ 499,543</u>	<u>\$ 352,489</u>
Liabilities				
Accounts payable	\$ 48,250	\$ 1,666	\$ 16,886	\$ 7,786
Payroll deduction payable	-	-	168	15
Due to other funds	-	-	1,557	562
Unearned revenue	-	-	-	-
Total liabilities	<u>48,250</u>	<u>1,666</u>	<u>18,611</u>	<u>8,363</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	21,337	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>21,337</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	861,869	159,101	-	344,126
Committed	-	-	459,595	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>861,869</u>	<u>159,101</u>	<u>459,595</u>	<u>344,126</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 910,119</u>	<u>\$ 160,767</u>	<u>\$ 499,543</u>	<u>\$ 352,489</u>

Klamath County, Oregon
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	<u>Title III Fund</u>	<u>Experiment Station Fund</u>	<u>Total</u>
Assets			
Pooled cash and investments	\$ 1,791,782	\$ -	\$ 12,914,052
Accounts receivable	-	-	786,796
Taxes receivable, net	-	-	336,146
Due from other funds	-	-	87,943
Assessments receivable	-	-	-
Inventories	-	-	17,230
Prepaid expenses	-	-	4,602
Total assets	<u>\$ 1,791,782</u>	<u>\$ -</u>	<u>\$ 14,146,769</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 869,717
Payroll deduction payable	-	-	439
Due to other funds	10,399	-	58,150
Unearned revenue	-	-	33,768
Total liabilities	<u>10,399</u>	<u>-</u>	<u>962,074</u>
Deferred Inflows of Resources			
Unavailable revenue	-	-	296,712
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>296,712</u>
Fund Balances			
Nonspendable	-	-	21,832
Restricted	1,781,383	-	11,913,334
Committed	-	-	952,817
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>1,781,383</u>	<u>-</u>	<u>12,887,983</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,791,782</u>	<u>\$ -</u>	<u>\$ 14,146,769</u>

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	<u>County School Fund</u>	<u>Taylor Grazing Fund</u>	<u>Clerk Storage Fund</u>	<u>Clerk Overpayment Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	-	-	21,361	637
Intergovernmental	2,192,462	3,872	-	-
Charges for services	-	-	459	-
Investment earnings	420	-	433	33
Miscellaneous	-	-	147	-
Total revenues	<u>2,192,882</u>	<u>3,872</u>	<u>22,400</u>	<u>670</u>
Expenditures				
Current:				
General government	2,192,882	-	-	592
Public safety	-	-	-	-
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Agriculture	-	3,872	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>2,192,882</u>	<u>3,872</u>	<u>-</u>	<u>592</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>22,400</u>	<u>78</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(36,000)	(5,000)
Proceeds from sale of assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(36,000)</u>	<u>(5,000)</u>
Net change in fund balances	-	-	(13,600)	(4,922)
Fund balances - beginning	-	-	142,635	11,348
Fund balances - change in inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,035</u>	<u>\$ 6,426</u>

Beginning fund balances restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

Revenues	Surveyor Fund	Tourism Competitive Grant Fund	Economic Development Fund	District Attorney Special Revenue Fund
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	164,200	-	-
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	64,767	-	-	-
Intergovernmental	-	-	243,001	411,973
Charges for services	-	-	-	35,548
Investment earnings	3,203	841	1,014	87
Miscellaneous	397	194	31,846	-
Total revenues	<u>68,367</u>	<u>165,235</u>	<u>275,861</u>	<u>447,608</u>
Expenditures				
Current:				
General government	67,651	-	-	-
Public safety	-	-	-	438,341
Public works	-	-	-	-
Human services	-	-	-	-
Community services	-	-	-	-
Community development	-	176,936	246,306	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>67,651</u>	<u>176,936</u>	<u>246,306</u>	<u>438,341</u>
Excess (deficiency) of revenues over expenditures	<u>716</u>	<u>(11,701)</u>	<u>29,555</u>	<u>9,267</u>
Other Financing Sources (Uses)				
Transfers in	41,906	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources and uses	<u>41,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	42,622	(11,701)	29,555	9,267
Fund balances - beginning	1,093,953	319,554	290,874	55,874
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 1,136,575</u>	<u>\$ 307,853</u>	<u>\$ 320,429</u>	<u>\$ 65,141</u>

Beginning fund balances restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	Sheriff Special Revenue Fund	Community Corrections Fund	Animal Control Fund	Klamath Falls Street Fund
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	50,247	-	17,785	-
Licenses, fees, and permits	-	43,515	337,535	-
Intergovernmental	193,689	2,771,082	3,499	-
Charges for services	62,568	305,143	2,838	-
Investment earnings	763	5,539	177	7,077
Miscellaneous	27,413	66	121	-
Total revenues	<u>334,680</u>	<u>3,125,345</u>	<u>361,955</u>	<u>7,077</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	411,207	3,393,977	337,465	-
Public works	-	-	-	1,103,867
Human services	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	94,355	-	-
Total expenditures	<u>411,207</u>	<u>3,488,332</u>	<u>337,465</u>	<u>1,103,867</u>
Excess (deficiency) of revenues over expenditures	<u>(76,527)</u>	<u>(362,987)</u>	<u>24,490</u>	<u>(1,096,790)</u>
Other Financing Sources (Uses)				
Transfers in	126,115	180,516	1,972	-
Transfers out	(1,910)	-	-	-
Proceeds from sale of assets	-	1,578	-	-
Total other financing sources and uses	<u>124,205</u>	<u>182,094</u>	<u>1,972</u>	<u>-</u>
Net change in fund balances	47,678	(180,893)	26,462	(1,096,790)
Fund balances - beginning	304,421	1,415,946	23,446	2,707,294
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 352,099</u>	<u>\$ 1,235,053</u>	<u>\$ 49,908</u>	<u>\$ 1,610,504</u>

Beginning fund balances restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	<u>Public Health Fund</u>	<u>Mental Health Fund</u>	<u>Veterans Fund</u>	<u>Library Service District Operating Fund</u>
Revenues				
Property Taxes	\$ -	\$ -	\$ 184,259	\$ 2,520,347
Sales and miscellaneous taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	203,748	-	-	8,163
Intergovernmental	1,510,444	1,176,352	46,555	93,056
Charges for services	722,355	74,782	-	32,527
Investment earnings	1,042	7,157	228	4,273
Miscellaneous	16,849	1,760	44	8,739
Total revenues	<u>2,454,438</u>	<u>1,260,051</u>	<u>231,086</u>	<u>2,667,105</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Human services	2,484,377	1,274,693	269,426	-
Community services	-	-	-	2,414,604
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	13,200	-	-
Interest and other charges	-	-	-	-
Capital Outlay				
Total expenditures	<u>2,484,377</u>	<u>1,287,893</u>	<u>269,426</u>	<u>2,414,604</u>
Excess (deficiency) of revenues over expenditures	<u>(29,939)</u>	<u>(27,842)</u>	<u>(38,340)</u>	<u>252,501</u>
Other Financing Sources (Uses)				
Transfers in	150,388	31,172	7,694	-
Transfers out	-	(15,185)	-	(14,791)
Proceeds from sale of assets	-	20,788	-	-
Total other financing sources and uses	<u>150,388</u>	<u>36,775</u>	<u>7,694</u>	<u>(14,791)</u>
Net change in fund balances	120,449	8,933	(30,646)	237,710
Fund balances - beginning	325,698	2,366,751	65,315	967,695
Fund balances - change in inventory	<u>4,887</u>	<u>-</u>	<u>-</u>	<u>2,094</u>
Fund balances - ending	<u>\$ 451,034</u>	<u>\$ 2,375,684</u>	<u>\$ 34,669</u>	<u>\$ 1,207,499</u>

Beginning fund balances restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	Library Service District Reserve			
	Fund	Law Library Fund	Museum Fund	Parks Fund
Revenues				
Property Taxes	\$ -	\$ -	\$ 215,994	\$ -
Sales and miscellaneous taxes	-	-	141,469	-
Fines and forfeitures	-	-	-	-
Licenses, fees, and permits	-	-	-	-
Intergovernmental	-	58,667	6,895	121,559
Charges for services	-	6,310	20,627	-
Investment earnings	2,535	445	1,329	974
Miscellaneous	-	-	134,523	-
Total revenues	<u>2,535</u>	<u>65,422</u>	<u>520,837</u>	<u>122,533</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Human services	-	-	-	-
Community services	11,930	52,604	465,675	112,279
Community development	-	-	-	-
Agriculture	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	83,029	-	31,869	-
Total expenditures	<u>94,959</u>	<u>52,604</u>	<u>497,544</u>	<u>112,279</u>
Excess (deficiency) of revenues over expenditures	<u>(92,424)</u>	<u>12,818</u>	<u>23,293</u>	<u>10,254</u>
Other Financing Sources (Uses)				
Transfers in	14,791	67,397	79,525	58,030
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources and uses	<u>14,791</u>	<u>67,397</u>	<u>79,525</u>	<u>58,030</u>
Net change in fund balances	(77,633)	80,215	102,818	68,284
Fund balances - beginning	939,502	78,886	356,777	275,842
Fund balances - change in inventory	-	-	-	-
Fund balances - ending	<u>\$ 861,869</u>	<u>\$ 159,101</u>	<u>\$ 459,595</u>	<u>\$ 344,126</u>

Beginning fund balances restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	Experiment Station		Total
	Title III Fund	Fund	
Revenues			
Property Taxes	\$ -	\$ -	\$ 2,920,600
Sales and miscellaneous taxes	-	-	305,669
Fines and forfeitures	-	-	68,032
Licenses, fees, and permits	-	-	679,726
Intergovernmental	-	-	8,833,106
Charges for services	-	2,674	1,265,831
Investment earnings	5,573	51	43,194
Miscellaneous	-	-	222,099
Total revenues	5,573	2,725	14,338,257
Expenditures			
Current:			
General government	-	-	2,261,125
Public safety	-	-	4,580,990
Public works	-	-	1,103,867
Human services	-	-	4,028,496
Community services	-	-	3,057,092
Community development	274,812	-	698,054
Agriculture	-	-	3,872
Debt Service			
Principal	-	-	13,200
Interest and other charges	-	-	-
Capital Outlay	-	-	209,253
Total expenditures	274,812	-	15,955,949
Excess (deficiency) of revenues over expenditures	(269,239)	2,725	(1,617,692)
Other Financing Sources (Uses)			
Transfers in	-	-	759,506
Transfers out	-	(27,155)	(100,041)
Proceeds from sale of assets	-	-	22,366
Total other financing sources and uses	-	(27,155)	681,831
Net change in fund balances	(269,239)	(24,430)	(935,861)
Fund balances - beginning	2,050,622	24,430	13,816,863
Fund balances - change in inventory	-	-	6,981
Fund balances - ending	\$ 1,781,383	\$ -	\$ 12,887,983

Beginning fund balances restated for change in accounting principle; see note 16.

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
County School Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 565,100	\$ 2,129,100	\$ 2,192,462	\$ 63,362
Investment earnings	100	100	420	320
Total revenues	<u>565,200</u>	<u>2,129,200</u>	<u>2,192,882</u>	<u>63,682</u>
Expenditures				
General Government				
County School				
Materials and services	565,200	2,129,200	2,192,882	(63,682)
Total expenditures	<u>565,200</u>	<u>2,129,200</u>	<u>2,192,882</u>	<u>(63,682)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Taylor Grazing Fund
For the Year Ended June 30, 2015

	<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	\$ 3,872	\$ (128)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,872</u>	<u>(128)</u>
Expenditures				
Agriculture				
Taylor Grazing				
Materials and services	4,000	4,000	3,872	128
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>3,872</u>	<u>128</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Property Sales Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 32,757	\$ -	\$ -	\$ -
Charges for services	105,750	-	-	-
Investment earnings	1,000	-	-	-
Total revenues	<u>139,507</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
General Government				
Tax Collector				
Materials and services	278,710	-	-	-
Contingencies	39,797	-	-	-
Total expenditures	<u>318,507</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(179,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	(1,000)	(313,219)	(313,219)	-
Proceeds from sale of capital assets	150,000	-	-	-
Total other financing sources and uses	<u>149,000</u>	<u>(313,219)</u>	<u>(313,219)</u>	<u>-</u>
Net change in fund balances	(30,000)	(313,219)	(313,219)	-
Fund balances - beginning	250,000	313,219	313,219	-
Fund balances - ending	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This fund was reclassified as of July 1, 2014 to be a fiduciary fund. The budget was amended to record a transfer out for budgetary compliance purposes. There is no generally accepted accounting standards based financial statements for this fund due to the change in accounting principle reporting for this fund.

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Clerk Storage Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 13,000	\$ 19,000	\$ 21,361	\$ 2,361
Charges for services	-	-	459	459
Investment earnings	-	-	433	433
Miscellaneous	-	-	147	147
Total revenues	<u>13,000</u>	<u>19,000</u>	<u>22,400</u>	<u>3,400</u>
Other Financing Sources (Uses)				
Transfers out	<u>(36,000)</u>	<u>(36,000)</u>	<u>(36,000)</u>	<u>\$ -</u>
Total other financing sources and uses	<u>(36,000)</u>	<u>(36,000)</u>	<u>(36,000)</u>	<u>-</u>
Net change in fund balances	<u>(23,000)</u>	<u>(17,000)</u>	<u>(13,600)</u>	<u>3,400</u>
Fund balances - beginning	<u>123,718</u>	<u>142,718</u>	<u>142,635</u>	<u>(83)</u>
Fund balances - ending	<u>\$ 100,718</u>	<u>\$ 125,718</u>	<u>\$ 129,035</u>	<u>\$ 3,317</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Clerk Overpayment Fund
For the Year Ended June 30, 2015

	<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	\$ 500	\$ 500	\$ 637	\$ 137
Investment earnings			33	33
Total revenues	<u>500</u>	<u>500</u>	<u>670</u>	<u>170</u>
Expenditures				
General Government				
Clerk				
Materials and services	1,000	1,000	592	408
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>592</u>	<u>408</u>
Excess (deficiency) of revenues over expenditures	<u>(500)</u>	<u>(500)</u>	<u>78</u>	<u>578</u>
Other Financing Sources (Uses)				
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources and uses	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balances	(5,500)	(5,500)	(4,922)	578
Fund balances - beginning	10,949	10,949	11,348	399
Fund balances - ending	<u>\$ 5,449</u>	<u>\$ 5,449</u>	<u>\$ 6,426</u>	<u>\$ 977</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Surveyor Fund
For the Year Ended June 30, 2015

	<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	\$ 64,055	\$ 64,055	\$ 64,767	\$ 712
Investment earnings	5,500	5,500	3,203	(2,297)
Miscellaneous	150	150	397	247
Total revenues	<u>69,705</u>	<u>69,705</u>	<u>68,367</u>	<u>(1,338)</u>
Expenditures				
General Government				
Surveyor				
Personnel services	11,427	11,427	11,392	35
Materials and services	11,164	11,164	9,918	1,246
Comer Restoration				
Personnel services	11,427	11,427	11,393	34
Materials and services	168,073	168,073	34,948	133,125
Total expenditures	<u>202,091</u>	<u>202,091</u>	<u>67,651</u>	<u>134,440</u>
Excess (deficiency) of revenues over expenditures	<u>(132,386)</u>	<u>(132,386)</u>	<u>716</u>	<u>133,102</u>
Other Financing Sources (Uses)				
Transfers in	12,886	42,906	42,906	-
Transfers out	(1,000)	(1,000)	(1,000)	-
Total other financing sources and uses	<u>11,886</u>	<u>41,906</u>	<u>41,906</u>	<u>-</u>
Net change in fund balances	(120,500)	(90,480)	42,622	133,102
Fund balances - beginning	1,120,500	1,120,500	1,093,953	(26,547)
Fund balances - ending	<u>\$ 1,000,000</u>	<u>\$ 1,030,020</u>	<u>\$ 1,136,575</u>	<u>\$ 106,555</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Tourism Fund
For the Year Ended June 30, 2015

	<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	\$ 841	\$ 341
Miscellaneous	-	-	194	194
Total revenues	<u>500</u>	<u>500</u>	<u>1,035</u>	<u>535</u>
Expenditures				
Community Development				
Tourism				
Materials and services	186,000	286,000	176,936	109,064
Contingencies	160,193	90,512	-	90,512
Total expenditures	<u>346,193</u>	<u>376,512</u>	<u>176,936</u>	<u>199,576</u>
Excess (deficiency) of revenues over expenditures	<u>(345,693)</u>	<u>(376,012)</u>	<u>(175,901)</u>	<u>200,111</u>
Other Financing Sources (Uses)				
Transfers in	125,693	156,012	164,200	8,188
Total other financing sources and uses	<u>125,693</u>	<u>156,012</u>	<u>164,200</u>	<u>8,188</u>
Net change in fund balances	(220,000)	(220,000)	(11,701)	208,299
Fund balances - beginning	220,000	320,000	319,554	(446)
Fund balances - ending	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 307,853</u>	<u>\$ 207,853</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Economic Development Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 280,000	\$ 280,000	\$ 243,001	\$ (36,999)
Investment earnings	500	500	1,014	514
Miscellaneous	-	31,846	31,846	-
Total revenues	<u>280,500</u>	<u>312,346</u>	<u>275,861</u>	<u>(36,485)</u>
Expenditures				
Community Development				
Economic Development				
Materials and services	231,000	292,846	246,306	46,540
Contingencies	<u>249,500</u>	<u>219,500</u>	-	219,500
Total expenditures	<u>480,500</u>	<u>512,346</u>	<u>246,306</u>	<u>266,040</u>
Net change in fund balances	(200,000)	(200,000)	29,555	229,555
Fund balances - beginning	<u>200,000</u>	<u>291,000</u>	<u>290,874</u>	<u>(126)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 91,000</u>	<u>\$ 320,429</u>	<u>\$ 229,429</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
District Attorney Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 171,000	\$ 497,439	\$ 411,973	\$ (85,466)
Charges for services	25,000	25,000	35,548	10,548
Investment earnings	150	150	87	(63)
Total revenues	<u>196,150</u>	<u>522,589</u>	<u>447,608</u>	<u>(74,981)</u>
Expenditures				
Public Safety				
District Attorney				
Special Revenues				
Materials and services	-	280,584	251,368	29,216
Support Enforcement				
Personnel services	116,615	116,615	79,501	37,114
Materials and services	13,717	13,717	11,099	2,618
Domestic Violence				
Personnel services	-	28,666	28,611	55
Materials and services	85,050	102,658	67,762	34,896
Enforcement				
Materials and services	1,800	1,800	-	1,800
Total expenditures	<u>217,182</u>	<u>544,040</u>	<u>438,341</u>	<u>105,699</u>
Excess (deficiency) of revenues over expenditures	<u>(21,032)</u>	<u>(21,451)</u>	<u>9,267</u>	<u>30,718</u>
Other Financing Sources (Uses)				
Transfers in	14,332	14,332	-	(14,332)
Total other financing sources and uses	<u>14,332</u>	<u>14,332</u>	<u>-</u>	<u>(14,332)</u>
Net change in fund balances	(6,700)	(7,119)	9,267	16,386
Fund balances - beginning	6,700	7,119	55,874	(48,755)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,141</u>	<u>\$ (32,369)</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Sheriff Special Revenue Fund
For the Year Ended June 30, 2015

	<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	\$ 33,000	\$ 50,247	\$ 17,247
Intergovernmental	277,321	272,321	193,689	(78,632)
Charges for services	200	200	62,568	62,368
Investment earnings	300	300	763	463
Miscellaneous	11,700	38,200	27,413	(10,787)
Total revenues	<u>294,521</u>	<u>344,021</u>	<u>334,680</u>	<u>(9,341)</u>
Expenditures				
Public Safety				
Sheriff				
Special Revenue				
Materials and services	191,683	192,083	21,279	170,804
Contingencies	-	48,500	-	48,500
Marine				
Personnel services	200,956	204,956	167,112	37,844
Materials and services	50,668	73,908	72,221	1,687
Capital outlay	40,000	40,000	-	40,000
Contingencies	28,140	-	-	-
Search and Rescue				
Materials and services	53,490	52,990	33,145	19,845
Court Facility Security				
Personnel services	81,407	106,838	113,426	(6,588)
Materials and services	4,094	4,094	4,024	70
Contingencies	401	-	-	-
Total expenditures	<u>650,839</u>	<u>723,369</u>	<u>411,207</u>	<u>312,162</u>
Excess (deficiency) of revenues over expenditures	<u>(356,318)</u>	<u>(379,348)</u>	<u>(76,527)</u>	<u>302,821</u>
Other Financing Sources (Uses)				
Transfers in	101,085	126,115	126,115	-
Transfers out	-	(2,000)	(1,910)	90
Total other financing sources and uses	<u>101,085</u>	<u>124,115</u>	<u>124,205</u>	<u>90</u>
Net change in fund balances	(255,233)	(255,233)	47,678	302,911
Fund balances - beginning	255,233	255,233	304,421	49,188
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,099</u>	<u>\$ 352,099</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Community Corrections Fund
For the Year Ended June 30, 2015

	<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	\$ 21,825	\$ 43,155	\$ 43,515	\$ 360
Intergovernmental	2,592,389	2,783,364	2,771,082	(12,282)
Charges for services	285,000	285,500	305,143	19,643
Investment earnings	4,100	6,600	5,539	(1,061)
Miscellaneous	1,000	1,000	66	(934)
Total revenues	<u>2,904,314</u>	<u>3,119,619</u>	<u>3,125,345</u>	<u>5,726</u>
Expenditures				
Public Safety				
Community Corrections				
Klamath County				
Personnel services	1,972,945	2,421,286	2,079,238	342,048
Materials and services	1,416,841	1,551,938	1,277,050	274,888
Capital outlay	-	-	-	-
Contingencies	125,000	93,043	-	93,043
Local Alcohol & Drug Planning				
Materials and services	33,600	38,077	37,689	388
Contingencies	214,150	229,335	-	229,335
Equipment Reserve				
Capital outlay	-	94,535	94,355	180
Contingencies	-	30,000	-	30,000
Total expenditures	<u>3,762,536</u>	<u>4,458,214</u>	<u>3,488,332</u>	<u>969,882</u>
Excess (deficiency) of revenues over expenditures	<u>(858,222)</u>	<u>(1,338,595)</u>	<u>(362,987)</u>	<u>975,608</u>
Other Financing Sources (Uses)				
Transfers in	-	271,620	260,453	(11,167)
Transfers out	(57,146)	(79,937)	(79,937)	-
Proceeds from sale of assets	-	1,578	1,578	-
Total other financing sources and uses	<u>(57,146)</u>	<u>193,261</u>	<u>182,094</u>	<u>(11,167)</u>
Net change in fund balances	(915,368)	(1,145,334)	(180,893)	964,441
Fund balances - beginning	1,072,522	1,415,966	1,415,946	(20)
Fund balances - ending	<u>\$ 157,154</u>	<u>\$ 270,632</u>	<u>\$ 1,235,053</u>	<u>\$ 964,421</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Animal Control Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 17,785	\$ 17,785
Licenses and permits	316,118	336,903	337,535	632
Intergovernmental	4,000	4,000	3,499	(501)
Charges for services	2,000	2,000	2,838	838
Investment earnings	-	-	177	177
Miscellaneous	-	-	121	121
Total revenues	<u>322,118</u>	<u>342,903</u>	<u>361,955</u>	<u>19,052</u>
Expenditures				
Public Safety				
Animal Control				
Personnel services	169,702	190,487	189,473	1,014
Materials and services	152,416	152,416	147,992	4,424
Contingencies	-	1,972	-	1,972
Total expenditures	<u>322,118</u>	<u>344,875</u>	<u>337,465</u>	<u>7,410</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,972)</u>	<u>24,490</u>	<u>26,462</u>
Other Financing Sources (Uses)				
Transfers in	-	1,972	1,972	-
Total other financing sources and uses	<u>-</u>	<u>1,972</u>	<u>1,972</u>	<u>-</u>
Net change in fund balances	-	-	26,462	26,462
Fund balances - beginning	-	-	23,446	23,446
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,908</u>	<u>\$ 49,908</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Klamath Falls Streets Fund
For the Year Ended June 30, 2015

	<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	\$ 7,077	\$ (5,923)
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>7,077</u>	<u>(5,923)</u>
Expenditures				
Public Works				
Road				
Klamath Falls Streets				
Materials and services	<u>2,513,000</u>	<u>2,513,000</u>	<u>1,103,867</u>	<u>1,409,133</u>
Total expenditures	<u>2,513,000</u>	<u>2,513,000</u>	<u>1,103,867</u>	<u>1,409,133</u>
Net change in fund balances	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(1,096,790)</u>	<u>1,403,210</u>
Fund balances - beginning	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,707,294</u>	<u>207,294</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,610,504</u>	<u>\$ 1,610,504</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2015

	<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	\$ 164,708	\$ 200,000	\$ 203,748	\$ 3,748
Intergovernmental	1,532,310	1,523,166	1,510,444	(12,722)
Charges for services	747,550	682,890	722,355	39,465
Investment earnings	500	1,000	1,042	-
Miscellaneous	500	2,800	16,849	14,049
Total revenues	<u>2,445,568</u>	<u>2,409,856</u>	<u>2,454,438</u>	<u>44,540</u>
Expenditures				
Human Services				
Public Health				
Equipment Reserve				
Contingencies	-	92,219	-	92,219
Emergency Preparedness				
Personnel services	67,479	67,479	67,925	(446)
Materials and services	17,521	17,906	11,945	5,961
Contingencies	1,109	1,157		1,157
Vital Records				
Personnel services	43,589	45,002	45,084	(82)
Materials and services	7,411	11,161	11,039	122
Contingencies		50,334		50,334
Children & Family Prevention				
Personnel services	90,101	34,439	34,439	-
Materials and services	294,076	204,906	209,258	(4,352)
Contingencies	45,316	-	-	-
Environmental Health				
Personnel services	278,695	285,466	266,959	18,507
Materials and services	67,117	80,397	77,164	3,233
Contingencies		30,839		30,839
Clinic Nursing				
Personnel services	421,174	421,174	372,825	48,349
Materials and services	279,098	314,652	298,711	15,941
Contingencies	55,283	3,779		3,779
Nursing Outreach				
Personnel services	159,291	159,291	150,282	9,009
Materials and services	174,318	142,580	149,659	(7,079)
Contingencies	59,928	70,496		70,496
Women Infants & Children				
Personnel services	328,940	328,940	317,787	11,153
Materials and services	84,055	98,805	102,692	(3,887)
Contingencies	8,534	1,105		1,105
Health Promotion & Disease Prevention				
Personnel services	219,006	291,015	277,605	13,410
Materials and services	88,686	117,958	91,003	26,955
Total expenditures	<u>2,808,149</u>	<u>2,871,100</u>	<u>2,484,377</u>	<u>386,723</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Public Health Fund
For the Year Ended June 30, 2015

	<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	(362,581)	(461,244)	(29,939)	431,305
Other Financing Sources (Uses)				
Transfers in	120,000	193,219	193,207	(12)
Transfers out		(42,819)	(42,819)	-
Total other financing sources and uses	120,000	150,400	150,388	(12)
Net change in fund balances	(242,581)	(310,844)	120,449	431,293
Fund balances - beginning	242,581	310,844	310,847	3
Fund balances - ending	\$ -	\$ -	\$ 431,296	\$ 431,296
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 431,296	
Inventory recognized for GAAP, but is not included for the Budgetary Basis			17,230	
Prepaid Expense recognized for GAAP, but is not included for the Budgetary Basis			2,508	
Fund Balance, Ending (GAAP)			\$ 451,034	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Mental Health Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,405,858	\$ 1,419,520	\$ 1,176,352	\$ (243,168)
Charges for services	71,160	71,160	74,782	3,622
Investment earnings	5,000	5,000	7,157	2,157
Miscellaneous	-	-	1,760	1,760
Total revenues	<u>1,482,018</u>	<u>1,495,680</u>	<u>1,260,051</u>	<u>(235,629)</u>
Expenditures				
Human Services				
Mental Health				
Administration				
Personnel services	-	-	(3)	3
Materials and services	141,445	141,445	81,533	59,912
Contingency	498,355	483,170		483,170
Developmental Disabilities				
Personnel services	848,313	868,709	804,675	64,034
Materials and services	505,664	532,533	385,431	147,102
Contingency	841,881	849,478	-	849,478
Reach Properties				
Materials and services	12,000	12,000	3,057	8,943
Debt service	13,200	13,200	13,200	-
Contingency	16,826	16,826	-	16,826
Total expenditures	<u>2,877,684</u>	<u>2,917,361</u>	<u>1,287,893</u>	<u>1,629,468</u>
Excess (deficiency) of revenues over expenditures	<u>(1,395,666)</u>	<u>(1,421,681)</u>	<u>(27,842)</u>	<u>1,393,839</u>
Other Financing Sources (Uses)				
Transfers in	-	31,200	31,172	(28)
Transfers out	(10,000)	(15,185)	(15,185)	-
Proceeds from sale of assets	-	-	20,788	20,788
Total other financing sources and uses	<u>(10,000)</u>	<u>16,015</u>	<u>36,775</u>	<u>20,760</u>
Net change in fund balances	<u>(1,405,666)</u>	<u>(1,405,666)</u>	<u>8,933</u>	<u>1,414,599</u>
Fund balances - beginning	<u>1,833,118</u>	<u>2,366,118</u>	<u>2,366,751</u>	<u>633</u>
Fund balances - ending	<u>\$ 427,452</u>	<u>\$ 960,452</u>	<u>\$ 2,375,684</u>	<u>\$ 1,415,232</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Veterans Fund
For the Year Ended June 30, 2015

	<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	\$ 184,259	\$ (1,741)
Intergovernmental	10,440	48,432	46,555	(1,877)
Investment earnings	250	250	228	(22)
Miscellaneous	-	-	45	45
Total revenues	<u>196,690</u>	<u>234,682</u>	<u>231,087</u>	<u>(3,595)</u>
Expenditures				
Human Services				
Veterans				
Personnel services	190,732	192,508	191,858	650
Materials and services	57,059	84,125	77,568	6,557
Contingencies	18,899	31,749	-	31,749
Total expenditures	<u>266,690</u>	<u>308,382</u>	<u>269,426</u>	<u>38,956</u>
Excess (deficiency) of revenues over expenditures	<u>(70,000)</u>	<u>(73,700)</u>	<u>(38,340)</u>	<u>35,360</u>
Other Financing Sources (Uses)				
Transfers in	-	7,700	7,694	-
Total other financing sources and uses	<u>-</u>	<u>7,700</u>	<u>7,694</u>	<u>-</u>
Net change in fund balances	(70,000)	(66,000)	(30,646)	35,360
Fund balances - beginning	70,000	66,000	65,315	(685)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,669</u>	<u>\$ 34,675</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Library Service District Operating Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 2,370,722	\$ 2,370,722	\$ 2,520,347	\$ 149,625
Licenses, fees, and permits	5,350	5,350	8,163	2,813
Intergovernmental	32,000	32,000	93,056	61,056
Charges for services	35,884	28,362	32,527	4,165
Investment earnings	5,000	5,000	4,273	(727)
Miscellaneous	1,000	1,000	8,739	7,739
Total revenues	<u>2,449,956</u>	<u>2,442,434</u>	<u>2,667,105</u>	<u>224,671</u>
Expenditures				
Community Services				
Library Service District				
Materials and services	2,558,645	2,539,339	2,414,604	124,735
Contingency	199,313	211,097	-	211,097
Total expenditures	<u>2,757,958</u>	<u>2,750,436</u>	<u>2,414,604</u>	<u>335,832</u>
Excess (deficiency) of revenues over expenditures	<u>(308,002)</u>	<u>(308,002)</u>	<u>252,501</u>	<u>560,503</u>
Other Financing Sources (Uses)				
Transfers out	(14,791)	(14,791)	(14,791)	-
Total other financing sources and uses	<u>(14,791)</u>	<u>(14,791)</u>	<u>(14,791)</u>	<u>-</u>
Net change in fund balances	(322,793)	(322,793)	237,710	560,503
Fund Balance - Beginning	772,793	967,793	967,695	(98)
Fund Balance - Ending	<u>\$ 450,000</u>	<u>\$ 645,000</u>	<u>\$ 1,205,405</u>	<u>\$ 560,405</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 1,205,405	
Prepaid Expense recognized for GAAP, but is not included for the Budgetary Basis			2,094	
Fund Balance, Ending (GAAP)			<u>\$ 1,207,499</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Library Service District Reserve Fund
For the Year Ended June 30, 2015

	<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	\$ 2,535	\$ (465)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,535</u>	<u>(465)</u>
Expenditures				
Community Services				
Library Service District				
Materials and services	-	13,400	11,930	1,470
Capital outlay	238,500	225,100	83,029	142,071
Total expenditures	<u>238,500</u>	<u>238,500</u>	<u>94,959</u>	<u>143,541</u>
Excess (deficiency) of revenues over expenditures	<u>(235,500)</u>	<u>(235,500)</u>	<u>(92,424)</u>	<u>143,076</u>
Other Financing Sources (Uses)				
Transfers in	14,791	14,791	14,791	-
Total other financing sources and uses	<u>14,791</u>	<u>14,791</u>	<u>14,791</u>	<u>-</u>
Net change in fund balances	(220,709)	(220,709)	(77,633)	143,076
Fund Balance - Beginning	930,162	939,162	939,502	340
Fund Balance - Ending	<u>\$ 709,453</u>	<u>\$ 718,453</u>	<u>\$ 861,869</u>	<u>\$ 143,416</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Law Library Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 63,000	\$ 63,000	\$ 58,667	\$ (4,333)
Charges for services	5,500	5,500	6,310	810
Investment earnings	250	250	445	195
Total revenues	<u>68,750</u>	<u>68,750</u>	<u>65,422</u>	<u>(3,328)</u>
Expenditures				
Community Services				
Law Library				
Personnel services	-	19,306	13,960	5,346
Materials and services	57,166	49,644	38,644	11,000
Contingencies	15,850	61,466	-	61,466
Total expenditures	<u>73,016</u>	<u>130,416</u>	<u>52,604</u>	<u>77,812</u>
Excess (deficiency) of revenues over expenditures	<u>(4,266)</u>	<u>(61,666)</u>	<u>12,818</u>	<u>74,484</u>
Other Financing Sources (Uses)				
Transfers in		67,400	67,397	(3)
Total other financing sources and uses	<u>-</u>	<u>67,400</u>	<u>67,397</u>	<u>(3)</u>
Net change in fund balances	(4,266)	5,734	80,215	74,481
Fund balances - beginning	<u>89,273</u>	<u>79,273</u>	<u>78,886</u>	<u>(387)</u>
Fund balances - ending	<u>\$ 85,007</u>	<u>\$ 85,007</u>	<u>\$ 159,101</u>	<u>\$ 74,094</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Museum Fund
For the Year Ended June 30, 2015

	<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	\$ 207,000	\$ 207,000	\$ 215,994	\$ 8,994
Other taxes	-	-	726	726
Intergovernmental	-	-	6,895	6,895
Charges for services	15,500	15,500	20,627	5,127
Investment earnings	1,000	1,000	1,329	329
Miscellaneous	74,000	74,000	134,523	60,523
Total revenues	<u>297,500</u>	<u>297,500</u>	<u>380,094</u>	<u>82,594</u>
Expenditures				
Community Services				
Museum				
Equipment Reserve				
Capital outlay	-	28,000	27,510	490
Contingencies	-	51,526	-	51,526
Operations				
Personnel services	276,392	276,392	255,402	20,990
Materials and services	147,618	156,618	158,935	(2,317)
Contingencies	40,352	66,339	-	66,339
Reserve				
Materials and services	115,000	115,000	51,338	63,662
Capital outlay	-	5,000	4,359	641
Contingencies	129,000	45,000	-	45,000
Total expenditures	<u>708,362</u>	<u>743,875</u>	<u>497,544</u>	<u>246,331</u>
Excess (deficiency) of revenues over expenditures	<u>(410,862)</u>	<u>(446,375)</u>	<u>(117,450)</u>	<u>328,925</u>
Other Financing Sources (Uses)				
Transfers in	<u>186,737</u>	<u>213,250</u>	<u>220,268</u>	<u>7,018</u>
Total other financing sources and uses	<u>186,737</u>	<u>213,250</u>	<u>220,268</u>	<u>7,018</u>
Net change in fund balances	(224,125)	(233,125)	102,818	335,943
Fund balances - beginning	<u>311,125</u>	<u>357,125</u>	<u>356,777</u>	<u>(348)</u>
Fund balances - ending	<u>\$ 87,000</u>	<u>\$ 124,000</u>	<u>\$ 459,595</u>	<u>\$ 335,595</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Parks Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 106,650	\$ 106,650	\$ 121,559	\$ 14,909
Investment earnings	1,450	1,450	974	(476)
Total revenues	<u>108,100</u>	<u>108,100</u>	<u>122,533</u>	<u>14,433</u>
Expenditures				
Community Services				
Parks				
Equipment Reserve				
Contingencies	-	61,530	-	-
Operating				
Personnel services	79,937	81,787	75,938	5,849
Materials and services	50,961	51,181	36,339	14,842
Contingencies	27,902	-	-	-
Parks Reserve				
Contingencies	-	-	-	-
Total expenditures	<u>158,800</u>	<u>194,498</u>	<u>112,277</u>	<u>20,691</u>
Excess (deficiency) of revenues over expenditures	<u>(50,700)</u>	<u>(86,398)</u>	<u>10,256</u>	<u>96,654</u>
Other Financing Sources (Uses)				
Transfers in	5,000	66,530	66,528	(2)
Transfers out	(8,500)	(8,500)	(8,500)	-
Total other financing sources and uses	<u>(3,500)</u>	<u>58,030</u>	<u>58,028</u>	<u>(2)</u>
Net change in fund balances	(54,200)	(28,368)	68,284	96,652
Fund balances - beginning	<u>242,500</u>	<u>275,405</u>	<u>275,842</u>	<u>437</u>
Fund balances - ending	<u>\$ 188,300</u>	<u>\$ 247,037</u>	<u>\$ 344,126</u>	<u>\$ 97,089</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Title III Fund
For the Year Ended June 30, 2015

	<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	\$ 13,500	\$ 13,500	\$ 5,573	\$ (7,927)
Total revenues	<u>13,500</u>	<u>13,500</u>	<u>5,573</u>	<u>(7,927)</u>
Expenditures				
Community Development				
Federal Title III				
Original				
Materials and services	92,000	92,000	(11,070)	103,070
Contingencies	611,000	611,000	-	611,000
New				
Materials and services	353,000	353,000	285,882	67,118
Contingencies	325,000	325,000	-	325,000
O&C Title III				
Original				
Materials and services	95,000	95,000	-	95,000
Contingencies	102,500	102,500	-	102,500
New				
Materials and services	75,000	75,000	-	75,000
Contingencies	73,000	73,000	-	73,000
Total expenditures	<u>1,726,500</u>	<u>1,726,500</u>	<u>274,812</u>	<u>1,451,688</u>
Net change in fund balances	(1,713,000)	(1,713,000)	(269,239)	1,443,761
Fund balances - beginning	2,068,000	2,068,000	2,050,622	(17,378)
Fund balances - ending	<u>\$ 355,000</u>	<u>\$ 355,000</u>	<u>\$ 1,781,383</u>	<u>\$ 1,426,383</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Experiment Station Field Research Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 6,308			\$ -
Charges for services	4,000	2,675	2,674	(1)
Investment earnings	120	51	51	-
Total revenues	<u>10,428</u>	<u>2,726</u>	<u>2,725</u>	<u>(1)</u>
Expenditures				
Agriculture				
Experiment Station				
Materials and services	15,417	-	-	-
Contingencies	9,503	-	-	-
Total expenditures	<u>24,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(14,492)</u>	<u>2,726</u>	<u>2,725</u>	<u>(1)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(6,308)</u>	<u>(27,156)</u>	<u>(27,155)</u>	<u>1</u>
Total other financing sources and uses	<u>(6,308)</u>	<u>(27,156)</u>	<u>(27,155)</u>	<u>1</u>
Net change in fund balances	(20,800)	(24,430)	(24,430)	-
Fund balances - beginning	<u>20,800</u>	<u>24,430</u>	<u>24,430</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECT FUNDS

(This page intentionally left blank)

Klamath County, Oregon
Capital Projects Funds
June 30, 2015

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.

Law Enforcement Memorial

The Law Enforcement Memorial Fund was established to account for donations for infrastructure improvements to the County Courthouse to honor fallen law enforcement officers in the county.

(This page intentionally left blank)

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Equipment Reserve Fund
For the Year Ended June 30, 2015

	<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	\$ 1,791	\$ (1,209)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>1,791</u>	<u>(1,209)</u>
Expenditures				
General Government				
Non-Departmental				
Capital outlay	159,000	152,000	76,854	75,146
Debt service	123,000	123,000	115,041	7,959
Contingencies	317,053	5,035		5,035
Total Expenditures	<u>599,053</u>	<u>280,035</u>	<u>191,895</u>	<u>88,140</u>
Excess (deficiency) of revenues over expenditures	<u>(596,053)</u>	<u>(277,035)</u>	<u>(190,104)</u>	<u>86,931</u>
Other Financing Sources (Uses)				
Transfers in	205,093	173,447	173,447	-
Transfers out	(233,040)	(567,412)	(567,356)	56
Interfund loan proceeds	185,000	185,000	173,034	(11,966)
Total other financing sources and uses	<u>157,053</u>	<u>(208,965)</u>	<u>(220,875)</u>	<u>(11,910)</u>
Net change in fund balances	(439,000)	(486,000)	(410,979)	75,021
Fund balances - beginning	1,000,000	1,030,000	1,030,003	3
Fund balances - ending	<u>\$ 561,000</u>	<u>\$ 544,000</u>	<u>\$ 619,024</u>	<u>\$ 75,024</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 619,024	
Interfund loan not recognized for Budgetary Basis, but is included for GAAP			<u>115,041</u>	
Fund Balance, Ending (GAAP)			<u>\$ 734,065</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Capital Projects Fund
For the Year Ended June 30, 2015

	<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	\$ 4,243	\$ 1,243
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>4,243</u>	<u>1,243</u>
Expenditures				
General government				
Non-Departmental				
Capital outlay	307,000	307,000	155,087	151,913
Contingencies	<u>383,381</u>	<u>383,381</u>	<u>-</u>	<u>383,381</u>
Total Expenditures	<u>690,381</u>	<u>690,381</u>	<u>155,087</u>	<u>535,294</u>
Excess (deficiency) of revenues over expenditures	<u>(687,381)</u>	<u>(687,381)</u>	<u>(150,844)</u>	<u>536,537</u>
Other Financing Sources (Uses)				
Transfers in	<u>137,381</u>	<u>478,381</u>	<u>478,381</u>	<u>-</u>
Total other financing sources and uses	<u>137,381</u>	<u>478,381</u>	<u>478,381</u>	<u>-</u>
Net change in fund balances	(550,000)	(209,000)	327,537	536,537
Fund balances - beginning	<u>1,050,000</u>	<u>1,481,578</u>	<u>1,481,578</u>	<u>-</u>
Fund balances - ending	<u>\$ 500,000</u>	<u>\$ 1,272,578</u>	<u>\$ 1,809,115</u>	<u>\$ 536,537</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Law Enforcement Memorial Fund
For the Year Ended June 30, 2015

	<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	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
General government				
Non-Departmental				
Materials and services	-	70	-	70
Total Expenditures	<u>-</u>	<u>70</u>	<u>-</u>	<u>70</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(70)</u>	<u>-</u>	<u>70</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(70)	-	70
Fund balances - beginning	-	70	70	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 70</u>

This fund was reclassified as of July 1, 2014 to be a capital project fund. The fund was previously reported as a fiduciary fund. The budget was amended to record beginning fund balance for budgetary compliance purposes.

(This page intentionally left blank)

PROPRIETARY FUNDS

(This page intentionally left blank)

MAJOR ENTERPRISE FUNDS

(This page intentionally left blank)

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Solid Waste Fund
For the Year Ended June 30, 2015

	<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	\$ 109,000	\$ 109,000	\$ 113,313	\$ 4,313
Licenses and permits	400	400	425	25
Charges for services	4,133,000	4,133,000	4,266,944	133,944
Investment earnings	47,500	44,900	24,358	(20,542)
Miscellaneous	500	500	726	226
Total revenues	<u>4,290,400</u>	<u>4,287,800</u>	<u>4,405,766</u>	<u>117,966</u>
Expenditures				
Public Works				
Solid Waste				
Operating				
Personnel services	1,930,247	1,611,322	1,427,771	183,551
Materials and services	2,335,332	2,506,851	2,278,699	228,152
Capital outlay	661,876	-	-	-
Contingencies	853,321	932,256	-	932,256
Landfill Closure				
Materials and services	-	-	-	-
Contingencies	-	-	-	-
Equipment Reserve				
Capital outlay	-	42,500	34,209	8,291
Total Expenditures	<u>5,780,776</u>	<u>5,092,929</u>	<u>3,740,679</u>	<u>1,352,250</u>
Excess (deficiency) of revenues over expenditures	<u>(1,490,376)</u>	<u>(805,129)</u>	<u>665,087</u>	<u>1,470,216</u>
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	30,000	-
Transfers out	(30,000)	(70,000)	(70,000)	-
Total other financing sources and uses	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	(1,490,376)	(845,129)	625,087	1,470,216
Fund balances - beginning	8,528,355	8,449,285	8,449,285	-
Fund balances - ending	<u>\$ 7,037,979</u>	<u>\$ 7,604,156</u>	<u>\$ 9,074,372</u>	<u>\$ 1,470,216</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 9,074,372	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			4,741,862	
Accrued expenses (landfill closure) are recognized for GAAP, but are not included for the Budgetary Basis			(1,197,000)	
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis			(116,234)	
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis			(590,504)	
Net Position, Ending (GAAP)			<u>\$ 11,912,496</u>	
Noncash information				
Capital contribution (donation)			\$ 3,267,211	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Fairgrounds Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 48,110	\$ 48,110	\$ 50,964	\$ 2,854
Charges for services	390,291	390,291	394,569	4,278
Investment earnings	-	-	421	421
Miscellaneous	-	160,000	131,740	(28,260)
Total revenues	<u>438,401</u>	<u>598,401</u>	<u>577,694</u>	<u>(20,707)</u>
Expenditures				
Community Services				
Fairgrounds				
Operations				
Personnel services	432,516	462,516	450,111	12,405
Materials and services	390,287	397,287	439,070	(41,783)
Debt service	-	185,000	173,450	11,550
Capital outlay	15,000	49,000	48,973	27
Contingencies		167,236	-	167,236
Fair				
Materials and services	119,331	119,331	176,461	(57,130)
Contingencies	22,404	22,404	-	22,404
Building Reserve				
Materials and services	-	62,800	55,879	6,921
Total expenditures	<u>979,538</u>	<u>1,465,574</u>	<u>1,343,944</u>	<u>121,630</u>
Excess (deficiency) of revenues over expenditures	<u>(541,137)</u>	<u>(867,173)</u>	<u>(766,250)</u>	<u>100,923</u>
Other Financing Sources (Uses)				
Transfers in	531,628	659,864	700,399	40,535
Transfers out	(185,000)	-	(5,106)	(5,106)
Interfund loan proceeds	123,000	123,000	115,041	(7,959)
Total other financing sources and uses	<u>469,628</u>	<u>782,864</u>	<u>810,334</u>	<u>27,470</u>
Net change in fund balances	(71,509)	(84,309)	44,084	128,393
Fund balances - beginning	71,509	184,309	184,939	630
Fund balances - ending	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 229,023</u>	<u>\$ 129,023</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Fairgrounds Fund
For the Year Ended June 30, 2015

Reconciliation of Fund Balance - Budgetary Basis to Net Position

Fund Balance - Budgetary Basis - End of Year	\$	229,023
Interfund loan not recognized for GAAP, but is included for the Budgetary Basis		(115,041)
Capital assets recognized for GAAP but are not included for the Budgetary Basis		2,833,792
Prepaid Expense recognized for GAAP, but is not included for the Budgetary Basis		1,250
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis		(11,499)
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis		(189,275)
		(189,275)
Fund Balance, Ending (GAAP)	\$	2,748,250

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Community Development Fund
For the Year Ended June 30, 2015

	<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	\$ 7,613	\$ 7,613	\$ 7,613	\$ -
Fines and forfeitures	1,300	2,800	2,959	159
Licenses and permits	97,570	138,298	151,639	13,341
Charges for services	1,341,884	1,600,552	1,669,706	69,154
Investment earnings		2,100	1,992	(108)
Miscellaneous	17,000	3,000	5,637	2,637
Total revenues	<u>1,465,367</u>	<u>1,754,363</u>	<u>1,839,546</u>	<u>85,183</u>
Expenditures				
Community Development				
Planning				
Personnel services	189,310	182,088	171,341	10,747
Materials and services	72,746	68,676	57,024	11,652
Building				
Equipment Reserve				
Materials and services	-	20,000	17,796	2,204
Debt service	-	68,000	42,600	25,400
Capital outlay	-	102,706	-	102,706
Building Operations				
Personnel services	951,717	841,938	832,580	9,358
Materials and services	187,012	192,872	190,997	1,875
Onsite				
Equipment Reserve				
Contingencies	-	661	-	661
Onsite Operations				
Personnel services	115,255	115,255	111,250	4,005
Materials and services	34,798	37,298	34,870	2,428
Contingencies	-	13,390	-	13,390
Code Enforcement				
Equipment Reserve				
Contingencies	-	133	-	133
Code Enforcement Operations				
Personnel services	53,561	53,561	48,544	5,017
Materials and services	18,331	17,997	17,470	527
Contingencies	-	22,786	-	22,786
Code Enforcement Violations				
Contingencies	-	-	-	-
Total expenditures	<u>1,622,730</u>	<u>1,737,361</u>	<u>1,524,472</u>	<u>212,889</u>
Excess (deficiency) of revenues over expenditures	<u>(157,363)</u>	<u>17,002</u>	<u>315,074</u>	<u>298,072</u>
Other Financing Sources (Uses)				
Transfers in	109,191	320,687	297,604	(23,083)
Transfers out	(8,643)	(178,937)	(155,858)	23,079
Total other financing sources and uses	<u>100,548</u>	<u>141,750</u>	<u>141,746</u>	<u>(4)</u>
Net change in fund balances	(56,815)	158,752	456,820	298,068
Fund balances - beginning	56,815	284,167	284,166	(1)
Fund balances - ending	<u>\$ -</u>	<u>\$ 442,919</u>	<u>\$ 740,986</u>	<u>\$ 298,067</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Community Development Fund
For the Year Ended June 30, 2015

Reconciliation of Fund Balance - Budgetary Basis to Net Position

Fund Balance - Budgetary Basis - End of Year	\$ 740,986
Capital assets recognized for GAAP but are not included for the Budgetary Basis	45,247
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis	(67,511)
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis	<u>(591,319)</u>
Net Position, Ending (GAAP)	<u><u>\$ 127,403</u></u>

(This page intentionally left blank)

NON-MAJOR ENTERPRISE FUNDS

(This page intentionally left blank)

Klamath County, Oregon
Non-Major Enterprise Funds
June 30, 2015

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.

Drainage Service District

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

Interoperable Radio Communications

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

(This page intentionally left blank)

Klamath County, Oregon
Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2015

	Weed Control Fund	Drainage Service District Fund	Interoperable Radio Communications Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 211,385	\$ 2,297,578	\$ 350,786	\$ 2,859,749
Accounts receivable, net	64,110	-	250	64,360
Due from other funds	13,941	-	-	13,941
Assessments receivable	-	26,055	-	26,055
Inventories	15,593	-	-	15,593
Prepaid expenses	8,106	20,810	3,836	32,752
Total current assets	313,135	2,344,443	354,872	3,012,450
Non-current assets:				
Cash and investments	-	-	-	-
Capital Assets, net:				
Land and improvements	-	500	-	500
Construction in progress	-	-	442,569	442,569
Vehicles	20,018	-	-	20,018
Buildings	-	1,921	51,262	53,183
Machinery and equipment	9,545	-	867,635	877,180
Total non-current assets	29,563	2,421	1,361,466	1,393,450
Deferred outflow of resources:				
County pension	8,660	-	-	8,660
Total deferred outflow of resources	8,660	-	-	8,660
Total assets and deferred outflow of resources	351,358	2,346,864	1,716,338	4,414,560
Liabilities				
Current Liabilities:				
Accounts payable	19,204	4,878	232	24,314
Payroll deductions payable	111	-	-	111
Due to other funds	3,922	1,092	-	5,014
Compensated absences	9,604	-	-	9,604
Total current liabilities	32,841	5,970	232	39,043
Non-current liabilities:				
Net OPEB liability	561	-	-	561
Post-closure liabilities	-	-	-	-
Pension liability	50,239	-	-	50,239
Total non-current liabilities	50,800	-	-	50,800
Deferred inflow of resources:				
County pension	3,947	-	-	3,947
Total deferred outflow of resources	3,947	-	-	3,947
Total liabilities and deferred inflow of resources	87,588	5,970	232	93,790
Net Position				
Invested in capital assets	29,563	2,421	1,361,466	1,393,450
Restricted	-	-	-	-
Unrestricted	234,207	2,338,473	354,640	2,927,320
Total net position	\$ 263,770	\$ 2,340,894	\$ 1,716,106	\$ 4,320,770

Klamath County, Oregon
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2015

	<u>Weed Control Fund</u>	<u>Drainage Service District Fund</u>	<u>Interoperable Radio Communications Fund</u>	<u>Total</u>
Revenues				
Other taxes	\$ -	\$ 745	\$ -	\$ 745
Licenses, fees, and permits	-	220,521	99,745	320,266
Intergovernmental	-	-	-	-
Charges for services	290,751	-	-	290,751
Total operating revenues	<u>290,751</u>	<u>221,266</u>	<u>99,745</u>	<u>611,762</u>
Operating Expenses				
Personal services	121,612	-	-	121,612
Materials and services	112,778	116,157	80,850	309,785
Depreciation	8,492	78	95,116	103,686
Total Operating Expenses	<u>242,882</u>	<u>116,235</u>	<u>175,966</u>	<u>535,083</u>
Operating income (loss)	<u>47,869</u>	<u>105,031</u>	<u>(76,221)</u>	<u>76,679</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	684	6,376	849	7,909
Miscellaneous revenue	-	354	-	354
Proceeds (loss) from the sale of capital assets	(7,069)	-	(39,057)	(46,126)
Total non-operating revenue (expenses)	<u>(6,385)</u>	<u>6,730</u>	<u>(38,208)</u>	<u>(37,863)</u>
Income (loss) before contributions and transfers	41,484	111,761	(114,429)	38,816
Transfers in	3,500	2,500	-	6,000
Transfers out	(14,432)	-	-	(14,432)
Change in net position	<u>30,552</u>	<u>114,261</u>	<u>(114,429)</u>	<u>30,384</u>
Total net position - beginning	277,620	2,226,633	1,830,535	4,334,788
Prior period adjustment	(44,402)	-	-	(44,402)
Total net position - beginning, restated	<u>233,218</u>	<u>2,226,633</u>	<u>1,830,535</u>	<u>4,290,386</u>
Total net position - ending	<u>\$ 263,770</u>	<u>\$ 2,340,894</u>	<u>\$ 1,716,106</u>	<u>\$ 4,320,770</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2015

	<u>Weed Control Fund</u>	<u>Drainage Service District Fund</u>	<u>Interoperable Radio Communications Fund</u>	<u>Total</u>
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 251,134	\$ 222,718	\$ 173,029	\$ 646,881
Payment to suppliers	(99,044)	(90,991)	(136,946)	(326,981)
Payments to employees	(127,815)	-	-	(127,815)
Net Cash Flows Provided (Used) by Operating Activities	<u>24,275</u>	<u>131,727</u>	<u>36,083</u>	<u>192,085</u>
Cash Flows From Noncapital Financing Activities				
Transfers from (to) other funds	(10,932)	-	-	(10,932)
Other income	-	354	-	354
Net Cash Provided (Used) by Noncapital Financing	<u>(10,932)</u>	<u>354</u>	<u>-</u>	<u>(10,578)</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities				
Investment interest	684	6,376	849	7,909
Net Cash Flows Provided by Investing Activities	<u>684</u>	<u>6,376</u>	<u>849</u>	<u>7,909</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,027	138,457	36,932	189,416
Cash and Cash Equivalents, Beginning of Year	<u>197,358</u>	<u>2,159,121</u>	<u>313,854</u>	<u>2,670,333</u>
Cash and Cash Equivalents, End of Year	<u>\$ 211,385</u>	<u>\$ 2,297,578</u>	<u>\$ 350,786</u>	<u>\$ 2,859,749</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 47,869	\$ 105,031	\$ (76,221)	\$ 76,679
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities				
Depreciation expense	8,492	78	95,116	103,686
(Increase) decrease in assets				
Accounts receivable	(25,677)	4,921	73,284	52,528
Due from other funds	(13,941)	-	-	(13,941)
Assessments receivable	-	(3,468)	-	(3,468)
Inventory	1,205	-	-	1,205
Prepaid expenses	(8,106)	22,701	(3,836)	10,759
Increase (decrease) in liabilities				
Accounts payable	18,287	1,372	(52,260)	(32,601)
Payroll deduction payable	111	-	-	111
Due to other funds	2,348	1,092	-	3,440
Claims and judgments	-	-	-	-
Landfill closure liability	-	-	-	-
Accrued employee benefits	(6,313)	-	-	(6,313)
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 24,275</u>	<u>\$ 131,727</u>	<u>\$ 36,083</u>	<u>\$ 192,085</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Weed Control Fund
For the Year Ended June 30, 2015

	<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	\$ 200,000	\$ 200,000	\$ 295,214	\$ 95,214
Investment earnings	800	800	685	(115)
Total revenues	<u>200,800</u>	<u>200,800</u>	<u>295,899</u>	<u>95,099</u>
Expenditures				
Public Works				
Road				
Weed Control				
Personnel services	192,149	155,359	127,926	27,433
Materials and services	95,056	133,846	119,680	14,166
Contingencies	-	23,445	-	23,445
Equipment Reserve				
Capital outlay	25,000	25,000	-	25,000
Contingencies	19,945	-	-	-
Total Expenditures	<u>332,150</u>	<u>337,650</u>	<u>247,606</u>	<u>90,044</u>
Excess (deficiency) of revenues over expenditures	<u>(131,350)</u>	<u>(136,850)</u>	<u>48,293</u>	<u>185,143</u>
Other Financing Sources (Uses)				
Transfers in	8,000	11,500	11,500	-
Transfers out	(10,000)	(8,000)	(22,432)	(14,432)
Total other financing sources and uses	<u>(2,000)</u>	<u>3,500</u>	<u>(10,932)</u>	<u>(14,432)</u>
Net change in fund balances	(133,350)	(133,350)	37,361	170,711
Fund balances - beginning	<u>203,350</u>	<u>203,350</u>	<u>228,838</u>	<u>25,488</u>
Fund balances - ending	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 266,199</u>	<u>\$ 196,199</u>
Fund Balance - Budgetary Basis - End of Year			\$ 266,199	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			29,563	
Inventory recognized for GAAP but is not included for the Budgetary Basis			15,593	
Prepaid Expense recognized for GAAP, but is not included for the Budgetary Basis			8,105	
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis			(9,603)	
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis			<u>(46,087)</u>	
Net Position, Ending (GAAP)			<u>\$ 263,770</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Drainage Service District Fund
For the Year Ended June 30, 2015

	<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	\$ 221,784	26,784
Other taxes	-	-	745	745
Interest	10,000	10,000	6,375	(3,625)
Miscellaneous	-	-	355	355
Total Revenues	<u>205,000</u>	<u>205,000</u>	<u>229,259</u>	<u>24,259</u>
Expenses				
Public Works				
Drainage				
Materials and services	307,317	307,317	93,457	213,860
Contingencies	897,683	897,683	-	897,683
Total Expenses	<u>1,205,000</u>	<u>1,205,000</u>	<u>93,457</u>	<u>1,111,543</u>
Net change in fund balances	(1,000,000)	(1,000,000)	135,802	1,135,802
Fund Balance - beginning of year	2,000,000	2,159,000	2,158,858	(142)
Fund Balance - end of year	<u>\$ 1,000,000</u>	<u>\$ 1,159,000</u>	<u>\$ 2,294,660</u>	<u>\$ 1,135,660</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 2,294,660	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			2,422	
Prepaid expenses are recognized for GAAP, but are not included for the Budgetary Basis			20,810	
Receivables are recognized for GAAP, but are deferred for the Budgetary Basis			<u>23,002</u>	
Net Position, Ending (GAAP)			<u>\$ 2,340,894</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Interoperable Radio Communications Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 73,540	\$ 73,540	\$ -	\$ (73,540)
Charges for services	100,000	100,000	99,745	(255)
Investment earnings	1,200	1,200	849	(351)
Total revenues	<u>174,740</u>	<u>174,740</u>	<u>100,594</u>	<u>(74,146)</u>
Expenditures				
Public Safety				
Sheriff				
Materials and services	214,650	214,650	84,686	129,964
Contingencies	2,796	2,796	-	2,796
Total Expenditures	<u>217,446</u>	<u>217,446</u>	<u>84,686</u>	<u>132,760</u>
Net change in fund balances	(42,706)	(42,706)	15,908	58,614
Fund balances - beginning	292,706	292,706	334,896	42,190
Fund balances - ending	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 350,804</u>	<u>\$ 100,804</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 350,804	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			1,361,466	
Prepaid Expense recognized for GAAP, but is not included for the Budgetary Basis			<u>3,836</u>	
Net Position, Ending (GAAP)			<u>\$ 1,716,106</u>	

INTERNAL SERVICE FUNDS

(This page intentionally left blank)

Klamath County, Oregon
Internal Service Funds
June 30, 2015

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.

(This page intentionally left blank)

Klamath County, Oregon
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2015

	Internal Services Fund	External Services Fund	Facility Services Fund	Risk Management Fund	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,017,776	\$ 213,617	\$ 1,218,223	\$ 4,003,432	\$ 6,453,048
Accounts Receivable, net	80,695	-	-	-	80,695
Due from other funds	12,727	-	-	-	12,727
Assessments receivable	-	-	-	-	-
Inventories	14,075	-	-	-	14,075
Prepaid Expenses	-	-	-	-	-
Total current assets	<u>1,125,273</u>	<u>213,617</u>	<u>1,218,223</u>	<u>4,003,432</u>	<u>6,560,545</u>
Non-current assets:					
Cash and investments	-	-	-	-	-
Capital Assets:					
Land and improvements	-	-	-	-	-
Construction in Progress	-	-	-	-	-
Vehicles	25,192	-	28,068	-	53,260
Buildings	-	-	5,380	-	5,380
Machinery and Equipment	66,914	-	-	-	66,914
Total non-current assets	<u>92,106</u>	<u>-</u>	<u>33,448</u>	<u>-</u>	<u>125,554</u>
Deferred outflow of resources:					
County pension	146,886	69,170	31,798	5,799	253,653
Total deferred outflow of resources	<u>146,886</u>	<u>69,170</u>	<u>31,798</u>	<u>5,799</u>	<u>253,653</u>
Total assets and deferred outflow of resources	<u>1,364,265</u>	<u>282,787</u>	<u>1,283,469</u>	<u>4,009,231</u>	<u>6,939,752</u>
Liabilities					
Current Liabilities:					
Accounts payable	136,502	53,108	162,992	37,782	390,384
Payroll deductions payable	431	(255)	666	107	949
Due to other funds	15,098	5,965	2,761	483	24,307
Compensated absences	131,758	43,159	73,971	984	249,872
Claims and judgments	-	-	-	1,487,211	1,487,211
Total current liabilities	<u>283,789</u>	<u>101,977</u>	<u>240,390</u>	<u>1,526,567</u>	<u>2,152,723</u>
Non-current liabilities:					
Net OPEB liability	6,765	5,539	2,221	196	14,721
Post-closure liabilities	-	-	-	-	-
Pension liability	842,612	453,344	203,150	9,487	1,508,593
Total non-current liabilities	<u>849,377</u>	<u>458,883</u>	<u>205,371</u>	<u>9,683</u>	<u>1,523,314</u>
Deferred inflow of resources:					
County pension	66,940	31,523	14,491	2,643	115,597
Total deferred inflow of resources	<u>66,940</u>	<u>31,523</u>	<u>14,491</u>	<u>2,643</u>	<u>115,597</u>
Total liabilities and deferred inflow of resources	<u>1,200,106</u>	<u>592,383</u>	<u>460,252</u>	<u>1,538,893</u>	<u>3,791,634</u>
Net Position					
Invested in capital assets	92,106	-	33,448	-	125,554
Restricted	-	-	-	-	-
Unrestricted	72,053	(309,596)	789,769	2,470,338	3,022,564
Total net position	<u>\$ 164,159</u>	<u>\$ (309,596)</u>	<u>\$ 823,217</u>	<u>\$ 2,470,338</u>	<u>\$ 3,148,118</u>

Klamath County, Oregon
Combining Statement of Revenue, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Internal Services Fund	External Services Fund	Facility Services Fund	Risk Management Fund	Total
Revenues					
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	263,604	-	-	-	263,604
Fines and forfeitures	-	-	-	-	-
Licenses, fees, and permits	-	-	-	-	-
Charges for services	3,180,749	1,325,428	2,122,278	1,893,729	8,522,184
Total operating revenues	<u>3,444,353</u>	<u>1,325,428</u>	<u>2,122,278</u>	<u>1,893,729</u>	<u>8,785,788</u>
Operating Expenses					
Personal services	1,809,662	1,230,276	414,811	75,230	3,529,979
Materials and services	1,610,773	5,232	1,182,142	1,204,776	4,002,923
Depreciation	47,928	-	1,389	-	49,317
Total operating expenses	<u>3,468,363</u>	<u>1,235,508</u>	<u>1,598,342</u>	<u>1,280,006</u>	<u>7,582,219</u>
Operating income (loss)	<u>(24,010)</u>	<u>89,920</u>	<u>523,936</u>	<u>613,723</u>	<u>1,203,569</u>
Non-Operating Revenues (Expenses)					
Interest and investment revenue	2,431	-	3,512	9,492	15,435
Miscellaneous revenue	12,845	-	32	-	12,877
Proceeds (loss) from the sale of capital assets	(3,935)	-	(127)	-	(4,062)
Total non-operating revenue (expenses)	<u>11,341</u>	<u>-</u>	<u>3,417</u>	<u>9,492</u>	<u>24,250</u>
Income (loss) before contributions and transfers	(12,669)	89,920	527,353	623,215	1,227,819
Transfers in	58,702	-	-	-	58,702
Transfers out	-	-	(478,381)	(9,540)	(487,921)
Change in net position	46,033	89,920	48,972	613,675	798,600
Total net position - beginning	<u>863,051</u>	<u>-</u>	<u>953,377</u>	<u>1,865,584</u>	<u>3,682,012</u>
Prior period adjustment	(744,925)	(399,516)	(179,132)	(8,921)	(1,332,494)
Total net position - beginning, restated	<u>118,126</u>	<u>(399,516)</u>	<u>774,245</u>	<u>1,856,663</u>	<u>2,349,518</u>
Total net assets - ending	<u>\$ 164,159</u>	<u>\$ (309,596)</u>	<u>\$ 823,217</u>	<u>\$ 2,470,338</u>	<u>\$ 3,148,118</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Internal Service Funds	External Services Fund	Facility Services Fund	Risk Management Fund	Total
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 3,394,458	\$ 1,325,428	\$ 2,122,290	\$ 1,894,607	\$ 8,736,783
Payment to suppliers	(1,522,679)	53,841	(1,162,734)	(1,230,872)	(3,862,444)
Payments to employees	(1,910,678)	(1,276,212)	(430,650)	(78,342)	(3,695,882)
Net Cash Flows Provided (Used) by Operating Activities	(38,899)	103,057	528,906	585,393	1,178,457
Cash Flows From Noncapital Financing Activities					
Transfer from (to) other funds	50,162	-	(478,381)	(1,000)	(429,219)
Other income	12,845	-	32	-	12,877
Net Cash Provided (Used) by Noncapital Financing	63,007	-	(478,349)	(1,000)	(416,342)
Cash Flows From Capital and Related Financing Activities					
Purchase and construction of depreciable assets	(18,999)	-	(23,270)	-	(42,269)
Proceeds from disposal of depreciable assets	7,577	-	2,114	-	9,691
Net Cash Flows (Used) by Capital and Related Financing Activities	(11,422)	-	(21,156)	-	(32,578)
Cash Flows From Investing Activities					
Investment interest	2,431	-	3,512	9,492	15,435
Net Cash Flows Provided by Investing Activities	2,431	-	3,512	9,492	15,435
Net Increase (Decrease) in Cash and Cash Equivalents	15,117	103,057	32,913	593,885	744,972
Cash and Cash Equivalents, Beginning of Year	1,002,659	110,560	1,185,310	3,409,547	5,708,076
Cash and Cash Equivalents, End of Year	\$ 1,017,776	\$ 213,617	\$ 1,218,223	\$ 4,003,432	\$ 6,453,048
Reconciliation of Operating (Loss) to Net Cash Flows Provided (Used) by Operating Activities					
Operating (Loss)	\$ (24,010)	\$ 89,920	\$ 523,936	\$ 613,723	\$ 1,203,569
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities					
Depreciation expense	47,928	-	1,389	-	49,317
(Increase) decrease in assets					
Accounts receivable	(37,168)	-	12	878	(36,278)
Due from other funds	(12,727)	-	-	-	(12,727)
Assessments receivable	-	-	-	-	-
Inventory	(10,132)	-	-	-	(10,132)
Prepaid expenses	-	-	-	-	-
Increase (decrease) in liabilities					
Accounts payable	95,061	59,073	19,358	(18,708)	154,784
Payroll deduction payable	431	(255)	666	107	949
Due to other funds	3,165	-	50	-	3,215
Claims and judgments	-	-	-	(7,388)	(7,388)
Landfill closure liability	-	-	-	-	-
Accrued employee benefits	(101,447)	(45,681)	(16,505)	(3,219)	(166,852)
Net Cash Flows Provided (Used) by Operating Activities	\$ (38,899)	\$ 103,057	\$ 528,906	\$ 585,393	\$ 1,178,457

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Internal Services Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 2,745,989	\$ 2,818,697	\$ 2,809,281	\$ (9,416)
Charges for services	783,093	823,701	635,073	(188,628)
Investment earnings	3,200	3,200	2,428	(772)
Miscellaneous	-	-	12,845	12,845
Total revenues	<u>3,532,282</u>	<u>3,645,598</u>	<u>3,459,627</u>	<u>(185,971)</u>
Expenditures				
Internal Support Services				
Non-Departmental				
Contingencies	204,298	114,857	-	114,857
General Administration				
Personal services	147,489	147,489	141,650	5,839
Materials and services	25,589	25,589	25,680	(91)
Human Resources				
Personal services	265,520	265,520	254,290	11,230
Materials and services	163,536	163,536	135,956	27,580
County Counsel				
Personal services	234,702	235,531	230,026	5,505
Materials and services	69,414	68,585	63,894	4,691
Finance				
Personal services	493,871	496,656	482,026	14,630
Materials and services	507,878	553,528	468,512	85,016
Information Technology				
Operations				
Personal services	629,538	600,194	598,691	1,503
Materials and services	288,584	291,084	189,595	101,489
Steering Committee				
Materials and services	325,943	469,843	467,841	2,002
Capital Outlay	25,000	-	-	-
Contingencies	-	45,000	-	45,000
Geographic Information Systems				
Personal services	124,138	142,196	140,830	1,366
Materials and services	172,216	242,924	238,375	4,549
Multimedia				
Personal services	62,711	63,511	63,596	(85)
Materials and services	28,655	32,855	31,053	1,802
Equipment Reserve				
Capital Outlay	-	19,500	18,999	501
Total Expenditures	<u>3,769,082</u>	<u>3,978,398</u>	<u>3,551,014</u>	<u>427,384</u>

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Internal Service Funds
For the Year Ended June 30, 2015

	<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	(236,800)	(332,800)	(91,387)	241,413
Other Financing Sources (Uses)				
Transfers in	2,578,378	2,802,819	2,716,447	(86,372)
Transfers out	(2,577,378)	(2,739,819)	(2,666,283)	73,536
Proceeds from sale of assets	10,000	12,500	7,577	(4,923)
Total other financing sources and uses	11,000	75,500	57,741	(17,759)
Net change in fund balances	(225,800)	(257,300)	(33,646)	223,654
Fund balances - beginning	896,000	993,000	992,812	(188)
Fund balances - ending	<u>\$ 670,200</u>	<u>\$ 735,700</u>	<u>\$ 959,166</u>	<u>\$ 223,466</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 959,166	
Inventory recognized for GAAP but is not included for the Budgetary Basis			14,075	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			92,106	
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis			(131,758)	
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis			(769,430)	
Net Position, Ending (GAAP)			<u>\$ 164,159</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
External Service Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,412,285	\$ 1,392,979	\$ 1,325,428	\$ (67,551)
Total revenues	<u>1,412,285</u>	<u>1,392,979</u>	<u>1,325,428</u>	<u>(67,551)</u>
Expenditures				
External Support Services				
Library Service District				
Personnel services	1,407,053	1,387,747	1,275,958	111,789
Material and Services	5,232	5,232	5,232	-
Contingencies		111,000	-	111,000
Total Expenditures	<u>1,412,285</u>	<u>1,503,979</u>	<u>1,281,190</u>	<u>222,789</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(111,000)</u>	<u>44,238</u>	<u>155,238</u>
Net change in fund balances	-	(111,000)	44,238	155,238
Fund balances - beginning	-	111,000	110,560	(440)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,798</u>	<u>\$ 154,798</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 154,798	
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis			(43,159)	
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis			<u>(421,234)</u>	
Net Position, Ending (GAAP)			<u>\$ (309,595)</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Facility Services Fund
For the Year Ended June 30, 2015

	<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	\$ 2,042,887	\$ 2,136,347	\$ 2,122,279	\$ (14,068)
Investment earnings	3,000	3,000	3,512	512
Miscellaneous	-	-	32	32
Total revenues	<u>2,045,887</u>	<u>2,139,347</u>	<u>2,125,823</u>	<u>(13,524)</u>
Expenditures				
Internal Support Services				
Maintenance				
Operations				
Personnel services	489,634	489,634	431,316	58,318
Materials and services	1,327,839	1,363,198	1,182,142	181,056
Contingencies	123,533	216,993	-	216,993
Equipment Reserve				
Capital outlay	26,000	26,000	23,269	2,731
Total Expenditures	<u>1,967,006</u>	<u>2,095,825</u>	<u>1,636,727</u>	<u>459,098</u>
Excess (deficiency) of revenues over expenditures	<u>78,881</u>	<u>43,522</u>	<u>489,096</u>	<u>445,574</u>
Other Financing Sources (Uses)				
Transfers in	7,500	7,500	7,500	-
Transfers out	(144,881)	(485,881)	(485,881)	-
Proceeds from sale of capital assets	-	-	2,113	2,113
Total other financing sources and uses	<u>(137,381)</u>	<u>(478,381)</u>	<u>(476,268)</u>	<u>2,113</u>
Net change in fund balances	(58,500)	(434,859)	12,828	447,687
Fund balances - beginning	637,000	1,039,159	1,038,977	(182)
Fund balances - ending	<u>\$ 578,500</u>	<u>\$ 604,300</u>	<u>\$ 1,051,805</u>	<u>\$ 447,505</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 1,051,805	
Capital assets recognized for GAAP but are not included for the Budgetary Basis			33,448	
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis			(73,972)	
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis			(188,064)	
Net Position, Ending (GAAP)			<u>\$ 823,217</u>	

Klamath County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances), Budgetary Basis
Risk Management Fund
For the Year Ended June 30, 2015

	<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	\$ 1,661,780	\$ 1,674,615	\$ 1,893,729	\$ 219,114
Investment earnings	8,000	8,000	9,492	1,492
Total revenues	<u>1,669,780</u>	<u>1,682,615</u>	<u>1,903,221</u>	<u>220,606</u>
Expenditures				
Internal Support Services				
Human Resources				
Personnel services	89,962	89,962	78,450	11,512
Materials and services	1,585,441	1,598,276	1,212,163	386,113
Capital outlay	-	-	-	-
Contingencies	327,213	327,213	-	327,213
Total Expenditures	<u>2,002,616</u>	<u>2,015,451</u>	<u>1,290,613</u>	<u>724,838</u>
Excess (deficiency) of revenues over expenditures	<u>(332,836)</u>	<u>(332,836)</u>	<u>612,608</u>	<u>945,444</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	-
Total other financing sources and uses	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	-
Net change in fund balances	(333,836)	(333,836)	611,608	945,444
Fund balances - beginning	1,833,836	3,353,336	3,353,452	116
Fund balances - ending	<u>\$ 1,500,000</u>	<u>\$ 3,019,500</u>	<u>\$ 3,965,060</u>	<u>\$ 945,560</u>
Reconciliation of Fund Balance - Budgetary Basis to Net Position				
Fund Balance - Budgetary Basis - End of Year			\$ 3,965,060	
Accrued expenses (compensated absences) are recognized for GAAP, but are not included for the Budgetary Basis			(984)	
Accrued expenses (net pension and opeb liabilities) are recognized for GAAP, but are not included for the Budgetary Basis			(6,525)	
Accrued expenses (claims liabilities) are recognized for GAAP, but are not included for the Budgetary Basis			<u>(1,487,211)</u>	
Net Position, Ending (GAAP)			<u>\$ 2,470,340</u>	

FIDUCIARY FUNDS

(This page intentionally left blank)

AGENCY FUNDS

(This page intentionally left blank)

Klamath County, Oregon
Agency Funds
June 30, 2015

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity. The Agency Funds consist of the following:

Assessment & Taxation

The Assessment and Taxation Fund receives a portion of the Clerk recording fees and a portion of the interest collected on past due property taxes collected by the Tax Collector and are remitted to the State of Oregon as provided in Oregon statute.

State Court

The State Court Fund receives funds from the Oregon Judicial Department and other state courts and are used to pay restitution as directed by the court or to provide other services as directed by the local state court.

Sheriff Seizure

The Sheriff Seizure Fund receives funds that the county Sheriff has seized related to law enforcement actions and is being held until a court directs the release of the funds.

Sheriff Revolving

The Sheriff Revolving Fund receives funds related to civil actions and remits those funds as directed by the relevant court.

Sheriff Inmate Welfare

The Sheriff Inmate Welfare Fund receives funds from inmates in the county jail and remits those funds back to the release inmate or spends them on optional items that benefit all inmates.

School Construction Tax

The School Construction Tax Fund receives funds from local property owners for new property improvements that are subject to tax as established by the local school districts and remits those funds to the school districts.

Unsegregated Property Tax

The Unsegregated Property Tax Fund receives funds from property owners for property taxes assessed by the County and remits those funds to local government agencies.

Public Health Records

The Public Health Records Fund receives funds from the public that have requested certain public health records and remits those funds to the State of Oregon.

Assessor Manufactured Home

The Assessor Manufactured Home Fund receives funds for title transfers on manufactured homes from the public and remits those funds to the State of Oregon.

Justice Court

The Justice Court Fund receives funds the public that have tickets from local law enforcement agencies or governments for code enforcement violations that have been sited to the Justice Court and remits those funds to the agency that sited the public or to the County Treasurer for funds retained by the court after adjudication.

Community Development State Fees

The Community Development State Fees Fund receives funds from the public for fees assessed by the State of Oregon for property development and remits those funds to the State of Oregon.

Treasurer Bond

The Treasurer Bond Fund receives funds from the public for bonds related to public works improvements or from bonds posted for civil action in a court. The County Treasurer remits these funds back to the public as directed by the public or the court.

Klamath County, Oregon
Agency Funds
June 30, 2015

Surveyor Bond

The Surveyor Bond Fund receives funds from the public for bonds related to property development actions under the purview of the County Surveyor. The County Treasurer remits these funds back to the public as directed by the County Surveyor.

Court Facilities Security

The Court Facilities Security Fund receives funds from the Oregon Judicial Department and local justice and municipal courts and are used as directed by the local state court.

Tax Foreclosed Property

The Tax Foreclosed Property Fund receives property from the Tax Collector that have been foreclosed on by the County for the non-payment of property taxes. Property is disposed of any proceeds are remitted to the County as reimbursement of costs incurred in managing the property and then distributed to the local taxing districts.

Klamath County, Oregon
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015

	<u>Assessment & Taxation Fund</u>	<u>State Court Fund</u>	<u>Sheriff Seizure Fund</u>	<u>Sheriff Revolving Fund</u>
Assets				
Cash and cash equivalents	\$ 203,632	\$ 180,545	\$ 29,750	\$ 1,900
Receivables:				
Interest and dividends	-	-	-	-
Accounts receivable	5,250	100	-	-
Property taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Total receivables	<u>5,250</u>	<u>100</u>	<u>-</u>	<u>-</u>
Investments:				
Debt securities	-	-	-	-
Public equity securities	-	-	-	-
Total Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreclosed properties	-	-	-	-
Total assets	<u>208,882</u>	<u>180,645</u>	<u>29,750</u>	<u>1,900</u>
Liabilities				
Accounts payable	208,882	7,986	-	1,900
Due to other funds	-	-	-	-
Amounts held in trust	-	172,659	29,750	-
Total liabilities	<u>208,882</u>	<u>180,645</u>	<u>29,750</u>	<u>1,900</u>
Net Position				
Held in trust for pension benefits	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015

	Sheriff Inmate Welfare Fund	School Construction Tax Fund	Unsegregated Property Tax Fund	Public Health Records Fund
Assets				
Cash and cash equivalents	\$ (3)	\$ 85,241	\$ 425,991	\$ 144
Receivables:				
Interest and dividends	-	-	-	-
Accounts receivable	-	-	-	1
Property taxes receivable	-	-	5,714,554	-
Due from other funds	-	-	-	-
Total receivables	<u>-</u>	<u>-</u>	<u>5,714,554</u>	<u>1</u>
Investments:				
Debt securities	-	-	-	-
Public equity securities	-	-	-	-
Total Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreclosed properties	-	-	-	-
Total assets	<u>(3)</u>	<u>85,241</u>	<u>6,140,545</u>	<u>145</u>
Liabilities				
Accounts payable	-	81,011	3,413	145
Due to other funds	-	4,230	-	-
Amounts held in trust	<u>(3)</u>	<u>-</u>	<u>6,137,132</u>	<u>-</u>
Total liabilities	<u>(3)</u>	<u>85,241</u>	<u>6,140,545</u>	<u>145</u>
Net Position				
Held in trust for pension benefits	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015

	Assessor Manufactured Home Fund	Justice Court Fund	Community Development State Fees Fund	Treasurer Bond Fund
Assets				
Cash and cash equivalents	\$ 750	\$ 58,411	\$ 21,444	\$ 25,500
Receivables:				
Interest and dividends	-	-	-	-
Accounts receivable	100	-	340	-
Property taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Total receivables	<u>100</u>	<u>-</u>	<u>340</u>	<u>-</u>
Investments:				
Debt securities	-	-	-	-
Public equity securities	-	-	-	-
Total Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreclosed properties	-	-	-	-
Total assets	<u>850</u>	<u>58,411</u>	<u>21,784</u>	<u>25,500</u>
Liabilities				
Accounts payable	850	-	21,784	-
Due to other funds	-	-	-	-
Amounts held in trust	-	58,411	-	25,500
Total liabilities	<u>850</u>	<u>58,411</u>	<u>21,784</u>	<u>25,500</u>
Net Position				
Held in trust for pension benefits	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015

	<u>Surveyor Bond Fund</u>	<u>Court Facilities Security Fund</u>	<u>Tax Foreclosed Property Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 5,400	\$ 35,975	\$ 686,745	\$ 1,761,425
Receivables:				
Interest and dividends	-	-	-	-
Accounts receivable	-	535	150,642	156,968
Property taxes receivable	-	-	-	5,714,554
Due from other funds	-	-	-	-
Total receivables	<u>-</u>	<u>535</u>	<u>150,642</u>	<u>5,871,522</u>
Investments:				
Debt securities	-	-	-	-
Public equity securities	-	-	-	-
Total Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreclosed properties	-	-	1,842,702	1,842,702
Total assets	<u>5,400</u>	<u>36,510</u>	<u>2,680,089</u>	<u>9,475,649</u>
Liabilities				
Accounts payable	-	-	-	325,971
Due to other funds	-	32,380	-	36,610
Amounts held in trust	5,400	4,130	2,680,089	9,113,068
Total liabilities	<u>5,400</u>	<u>36,510</u>	<u>2,680,089</u>	<u>9,475,649</u>
Net Position				
Held in trust for pension benefits	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance July 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assessment & Taxation Fund						
Assets						
Cash and cash equivalents	\$ 183,895	\$ -	\$ 183,895	\$ 633,411	\$ (613,674)	\$ 203,632
Accounts receivable	30	-	30	5,272	(52)	5,250
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 183,925</u>	<u>\$ -</u>	<u>\$ 183,925</u>	<u>\$ 638,683</u>	<u>\$ (613,726)</u>	<u>\$ 208,882</u>
Liabilities						
Accounts payable	\$ 183,690	\$ -	\$ 183,690	\$ 638,683	\$ (613,491)	\$ 208,882
Due to other funds	-	-	-	-	-	-
Amounts held in trust	235	-	235	-	(235)	-
Total liabilities	<u>\$ 183,925</u>	<u>\$ -</u>	<u>\$ 183,925</u>	<u>\$ 638,683</u>	<u>\$ (613,726)</u>	<u>\$ 208,882</u>
State Court Fund						
Assets						
Cash and cash equivalents	\$ 167,709	\$ -	\$ 167,709	\$ 55,193	\$ (42,357)	\$ 180,545
Accounts receivable	3,425	-	3,425	100	(3,425)	100
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 171,134</u>	<u>\$ -</u>	<u>\$ 171,134</u>	<u>\$ 55,293</u>	<u>\$ (45,782)</u>	<u>\$ 180,645</u>
Liabilities						
Accounts payable	\$ 3,211	\$ -	\$ 3,211	\$ 50,557	\$ (45,782)	\$ 7,986
Due to other funds	-	-	-	-	-	-
Amounts held in trust	167,923	-	167,923	4,736	-	172,659
Total liabilities	<u>\$ 171,134</u>	<u>\$ -</u>	<u>\$ 171,134</u>	<u>\$ 55,293</u>	<u>\$ (45,782)</u>	<u>\$ 180,645</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance July 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Sheriff Seizure Fund						
Assets						
Cash and cash equivalents	\$ 29,740	\$ -	\$ 29,740	\$ 10	\$ -	\$ 29,750
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 29,740</u>	<u>\$ -</u>	<u>\$ 29,740</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 29,750</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Amounts held in trust	29,740	-	29,740	10	-	29,750
Total liabilities	<u>\$ 29,740</u>	<u>\$ -</u>	<u>\$ 29,740</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 29,750</u>
Sheriff Revolving Fund						
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,314,444	\$ (1,312,544)	\$ 1,900
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,314,444</u>	<u>\$ (1,312,544)</u>	<u>\$ 1,900</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,314,444	\$ (1,312,544)	\$ 1,900
Due to other funds	-	-	-	-	-	-
Amounts held in trust	-	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,314,444</u>	<u>\$ (1,312,544)</u>	<u>\$ 1,900</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance July 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Sheriff Inmate Welfare Fund						
Assets						
Cash and cash equivalents	\$ 13,534	\$ -	\$ 13,534	\$ 839,513	\$ (853,050)	\$ (3)
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 13,534</u>	<u>\$ -</u>	<u>\$ 13,534</u>	<u>\$ 839,513</u>	<u>\$ (853,050)</u>	<u>\$ (3)</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 839,513	\$ (839,513)	\$ -
Due to other funds	-	-	-	-	-	-
Amounts held in trust	13,534	-	13,534	-	(13,537)	(3)
Total liabilities	<u>\$ 13,534</u>	<u>\$ -</u>	<u>\$ 13,534</u>	<u>\$ 839,513</u>	<u>\$ (853,050)</u>	<u>\$ (3)</u>
School Construction Tax Fund						
Assets						
Cash and cash equivalents	\$ 67,488	\$ -	\$ 67,488	\$ 244,622	\$ (226,869)	\$ 85,241
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 67,488</u>	<u>\$ -</u>	<u>\$ 67,488</u>	<u>\$ 244,622</u>	<u>\$ (226,869)</u>	<u>\$ 85,241</u>
Liabilities						
Accounts payable	\$ 67,488	\$ -	\$ 67,488	\$ 240,392	\$ (226,869)	\$ 81,011
Due to other funds	-	-	-	4,230	-	4,230
Amounts held in trust	-	-	-	-	-	-
Total liabilities	<u>\$ 67,488</u>	<u>\$ -</u>	<u>\$ 67,488</u>	<u>\$ 244,622</u>	<u>\$ (226,869)</u>	<u>\$ 85,241</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Restatement</u>	<u>Restated Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Unsegregated Property Tax Fund						
Assets						
Cash and cash equivalents	\$ -	\$ 363,731	\$ 363,731	\$ 908,543	\$ (846,283)	\$ 425,991
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	5,870,839	5,870,839	-	(156,285)	5,714,554
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 6,234,570</u>	<u>\$ 6,234,570</u>	<u>\$ 908,543</u>	<u>\$ (1,002,568)</u>	<u>\$ 6,140,545</u>
Liabilities						
Accounts payable	\$ -	\$ 68	\$ 68	\$ 877,011	\$ (873,666)	\$ 3,413
Due to other funds	-	-	-	-	-	-
Amounts held in trust	-	6,234,502	6,234,502	31,532	(128,902)	6,137,132
Total liabilities	<u>\$ -</u>	<u>\$ 6,234,570</u>	<u>\$ 6,234,570</u>	<u>\$ 908,543</u>	<u>\$ (1,002,568)</u>	<u>\$ 6,140,545</u>
Public Health Records Fund						
Assets						
Cash and cash equivalents	\$ 121	\$ -	\$ 121	\$ 616	\$ (593)	\$ 144
Accounts receivable	-	-	-	1	-	1
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 617</u>	<u>\$ (593)</u>	<u>\$ 145</u>
Liabilities						
Accounts payable	\$ 121	\$ -	\$ 121	\$ 617	\$ (593)	\$ 145
Due to other funds	-	-	-	-	-	-
Amounts held in trust	-	-	-	-	-	-
Total liabilities	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 617</u>	<u>\$ (593)</u>	<u>\$ 145</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance July 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assessor Manufactured Home Fund						
Assets						
Cash and cash equivalents	\$ 1,000	\$ -	\$ 1,000	\$ 11,540	\$ (11,790)	\$ 750
Accounts receivable	275	-	275	100	(275)	100
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 1,275</u>	<u>\$ -</u>	<u>\$ 1,275</u>	<u>\$ 11,640</u>	<u>\$ (12,065)</u>	<u>\$ 850</u>
Liabilities						
Accounts payable	\$ 1,000	\$ -	\$ 1,000	\$ 11,640	\$ (11,790)	\$ 850
Due to other funds	-	-	-	-	-	-
Amounts held in trust	275	-	275	-	(275)	-
Total liabilities	<u>\$ 1,275</u>	<u>\$ -</u>	<u>\$ 1,275</u>	<u>\$ 11,640</u>	<u>\$ (12,065)</u>	<u>\$ 850</u>
Justice Court Fund						
Assets						
Cash and cash equivalents	\$ 59,923	\$ -	\$ 59,923	\$ 103,285	\$ (104,797)	\$ 58,411
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 59,923</u>	<u>\$ -</u>	<u>\$ 59,923</u>	<u>\$ 103,285</u>	<u>\$ (104,797)</u>	<u>\$ 58,411</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 103,285	\$ (103,285)	\$ -
Due to other funds	-	-	-	-	-	-
Amounts held in trust	59,923	-	59,923	-	(1,512)	58,411
Total liabilities	<u>\$ 59,923</u>	<u>\$ -</u>	<u>\$ 59,923</u>	<u>\$ 103,285</u>	<u>\$ (104,797)</u>	<u>\$ 58,411</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance July 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Community Development State Fee Fund						
Assets						
Cash and cash equivalents	\$ 20,783	\$ -	\$ 20,783	\$ 140,288	\$ (139,627)	\$ 21,444
Accounts receivable	54	-	54	340	(54)	340
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 20,837</u>	<u>\$ -</u>	<u>\$ 20,837</u>	<u>\$ 140,628</u>	<u>\$ (139,681)</u>	<u>\$ 21,784</u>
Liabilities						
Accounts payable	\$ 20,837	\$ -	\$ 20,837	\$ 140,628	\$ (139,681)	\$ 21,784
Due to other funds	-	-	-	-	-	-
Amounts held in trust	-	-	-	-	-	-
Total liabilities	<u>\$ 20,837</u>	<u>\$ -</u>	<u>\$ 20,837</u>	<u>\$ 140,628</u>	<u>\$ (139,681)</u>	<u>\$ 21,784</u>
Treasurer Bond Fund						
Assets						
Cash and cash equivalents	\$ 25,500	\$ -	\$ 25,500	\$ -	\$ -	\$ 25,500
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 25,500</u>	<u>\$ -</u>	<u>\$ 25,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,500</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Amounts held in trust	25,500	-	25,500	-	-	25,500
Total liabilities	<u>\$ 25,500</u>	<u>\$ -</u>	<u>\$ 25,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,500</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance July 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Surveyor Bond Fund						
Assets						
Cash and cash equivalents	\$ 5,400	\$ -	\$ 5,400	\$ -	\$ -	\$ 5,400
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,400</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Amounts held in trust	5,400	-	5,400	-	-	5,400
Total liabilities	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,400</u>
Court Facilities Security Fund						
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 35,975	\$ -	\$ 35,975
Accounts receivable	-	-	-	535	-	535
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,510</u>	<u>\$ -</u>	<u>\$ 36,510</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	32,380	-	32,380
Amounts held in trust	-	-	-	4,130	-	4,130
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,510</u>	<u>\$ -</u>	<u>\$ 36,510</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Restatement</u>	<u>Restated Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Tax Foreclosed Property Fund						
Assets						
Cash and cash equivalents	\$ -	\$ 313,450	\$ 313,450	\$ 376,569	\$ (3,274)	\$ 686,745
Accounts receivable	-	103,464	103,464	47,178	-	150,642
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	1,087,257	1,087,257	755,445	-	1,842,702
Total assets	<u>\$ -</u>	<u>\$ 1,504,171</u>	<u>\$ 1,504,171</u>	<u>\$ 1,179,192</u>	<u>\$ (3,274)</u>	<u>\$ 2,680,089</u>
Liabilities						
Accounts payable	\$ -	\$ 231	\$ 231	\$ 3,043	\$ (3,274)	\$ -
Due to other funds	-	-	-	-	-	-
Amounts held in trust	-	1,503,940	1,503,940	1,176,149	-	2,680,089
Total liabilities	<u>\$ -</u>	<u>\$ 1,504,171</u>	<u>\$ 1,504,171</u>	<u>\$ 1,179,192</u>	<u>\$ (3,274)</u>	<u>\$ 2,680,089</u>
Law Enforcement Memorial Fund						
Assets						
Cash and cash equivalents	\$ 70	\$ (70)	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Foreclosed assets	-	-	-	-	-	-
Total assets	<u>\$ 70</u>	<u>\$ (70)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Amounts held in trust	70	(70)	-	-	-	-
Total liabilities	<u>\$ 70</u>	<u>\$ (70)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Beginning net position restated for change in accounting principle; see note 16.

Klamath County, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

Total	Balance July 1, 2014	Restatement	Restated Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets						
Cash and cash equivalents	\$ 575,163	\$ 677,111	\$ 1,252,274	\$ 4,664,009	\$ (4,154,858)	\$ 1,761,425
Accounts receivable	3,784	103,464	107,248	53,526	(3,806)	156,968
Property taxes receivable	-	5,870,839	5,870,839	-	(156,285)	5,714,554
Foreclosed assets	-	1,087,257	1,087,257	755,445	-	1,842,702
Total assets	<u>\$ 578,947</u>	<u>\$ 7,738,671</u>	<u>\$ 8,317,618</u>	<u>\$ 5,472,980</u>	<u>\$ (4,314,949)</u>	<u>\$ 9,475,649</u>
Liabilities						
Accounts payable	\$ 276,347	\$ 299	\$ 276,646	\$ 4,219,813	\$ (4,170,488)	\$ 325,971
Due to other funds	-	-	-	36,610	-	36,610
Amounts held in trust	302,600	7,738,372	8,040,972	1,216,557	(144,461)	9,113,068
Total liabilities	<u>\$ 578,947</u>	<u>\$ 7,738,671</u>	<u>\$ 8,317,618</u>	<u>\$ 5,472,980</u>	<u>\$ (4,314,949)</u>	<u>\$ 9,475,649</u>

Beginning net position restated for change in accounting principle; see note 16.

(This page intentionally left blank)

NON-MAJOR COMPONENT UNITS

(This page intentionally left blank)

Klamath County, Oregon
Non-Major Component Units
June 30, 2015

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.

(This page intentionally left blank)

Klamath County, Oregon
Combining Statement of Fund Net Position
Non-Major Component Units
June 30, 2015

	Library Foundation	Friends	Museum Foundation	Component Units
Assets				
Current assets:				
Cash and investments	\$ 161,798	\$ 65,539	\$ 481,555	\$ 708,892
Total current assets	161,798	65,539	481,555	708,892
Total assets	161,798	65,539	481,555	708,892
Net Position				
Restricted	161,798	65,539	481,555	708,892
Total net position	\$ 161,798	\$ 65,539	\$ 481,555	\$ 708,892

Klamath County, Oregon
Combining Statement of Changes in Fund Net Position
Non-Major Component Units
For the Year Ended June 30, 2015

	<u>Library Foundation</u>	<u>Friends</u>	<u>Museum Foundation</u>	<u>Component Units</u>
Revenues				
Miscellaneous	\$ 27,301	\$ 29,942	\$ 27,994	\$ 85,237
Total operating revenues	<u>27,301</u>	<u>29,942</u>	<u>27,994</u>	<u>85,237</u>
Operating Expenses				
Materials and services	19,978	24,045	6,094	50,117
Total Operating Expenses	<u>19,978</u>	<u>24,045</u>	<u>6,094</u>	<u>50,117</u>
Operating income (loss)	<u>7,323</u>	<u>5,897</u>	<u>21,900</u>	<u>35,120</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	400	-	32,114	32,514
Total non-operating revenue (expenses)	<u>400</u>	<u>-</u>	<u>32,114</u>	<u>32,514</u>
Change in net position	7,723	5,897	54,014	67,634
Total net position - beginning	<u>154,075</u>	<u>59,642</u>	<u>427,541</u>	<u>641,258</u>
Total net position - ending	<u>\$ 161,798</u>	<u>\$ 65,539</u>	<u>\$ 481,555</u>	<u>\$ 708,892</u>

OTHER SCHEDULES

(This page intentionally left blank)

Klamath County, Oregon
Schedule of Property Tax Transactions
For the Year Ended June 30, 2015

<u>Year End June 30</u>	<u>Balance as of July 1, 2014</u>	<u>Current Levy</u>	<u>Discounts and Adjustments</u>	<u>Collections</u>	<u>Balance as of June 30, 2015</u>	<u>Interest Receivable as of June 30, 2015</u>
All Klamath County Funds and Governments:						
2014-2015	\$ -	\$ 62,675,840	\$ (1,478,915)	\$ 58,561,356	\$ 2,635,569	\$ 233,616
2013-2014	2,698,817	-	(33,689)	1,161,849	1,503,279	359,799
2012-2013	1,496,343	-	(20,840)	534,634	940,869	365,128
2011-2012	1,044,145	-	(16,948)	614,856	412,341	215,456
2010-2011	445,528	-	(14,620)	325,944	104,964	56,708
2009-2010	114,431	-	(14,830)	41,323	58,278	31,923
2008-2009	53,356	-	(14,324)	18,483	20,549	-
Prior	178,214	-	(2,788)	11,911	163,515	-
	<u>\$ 6,030,834</u>	<u>\$ 62,675,840</u>	<u>\$ (1,596,954)</u>	<u>\$ 61,270,356</u>	<u>\$ 5,839,364</u>	<u>\$ 1,262,630</u>
All Budgeted County Funds - by Year of Levy:						
2014-2015	\$ -	\$ 11,913,484	\$ (281,113)	\$ 11,131,399	\$ 500,972	\$ 40,497
2013-2014	519,841	-	(6,489)	223,793	289,559	69,304
2012-2013	301,555	-	(4,200)	107,744	189,611	73,583
2011-2012	210,190	-	(3,411)	123,773	83,006	43,372
2010-2011	98,514	-	(3,233)	72,072	23,209	12,539
2009-2010	26,423	-	(3,424)	9,542	13,457	7,371
2008-2009	12,080	-	(3,243)	4,185	4,652	-
Prior	41,483	-	(2,530)	2,645	36,308	-
	<u>\$ 1,210,086</u>	<u>\$ 11,913,484</u>	<u>\$ (307,643)</u>	<u>\$ 11,675,153</u>	<u>\$ 1,140,774</u>	<u>\$ 246,666</u>
All Budgeted County Funds - by Fund:						
General Fund	\$ 898,811	\$ 8,718,737	\$ (218,499)	\$ 8,556,082	\$ 842,967	\$ 182,272
Veterans Fund	17,773	220,807	(9,664)	212,248	16,668	3,604
Library Fund	251,339	2,528,418	(66,993)	2,472,962	239,802	51,852
Museum Fund	19,577	220,641	(6,598)	213,706	19,914	4,306
Drainage Fund	22,586	224,881	(5,889)	220,155	21,423	4,632
	<u>\$ 1,210,086</u>	<u>\$ 11,913,484</u>	<u>\$ (307,643)</u>	<u>\$ 11,675,153</u>	<u>\$ 1,140,774</u>	<u>\$ 246,666</u>

Klamath County, Oregon
Schedule of Cash and Investments Held by Elected Officials
For the Year Ended June 30, 2015

	Cash and cash equivalents July 1, 2014	Receipts	Turnovers to Treasurer from other departments	Turnovers to Treasurer from Elected Officials	Disbursements	Cash and cash equivalents June 30, 2015
Assessor	\$ 250	\$ 259,618	\$ (259,618)	\$ -	\$ -	\$ 250
Clerk	100	852,525	(852,525)	-	-	100
Commissioners	50	1,405	(1,405)	-	-	50
Surveyor	-	65,164	(65,164)	-	-	-
District Attorney	-	652,395	(652,395)	-	-	-
Justice of the Peace	60,023	313,314	(209,710)	-	(105,116)	58,511
Sheriff	48,474	3,842,868	(3,003,345)	-	(853,050)	34,947
Treasurer	140,502,669	174,635,990	-	5,044,162	(180,493,813)	139,689,008
	<u>\$ 140,611,566</u>	<u>\$ 180,623,279</u>	<u>\$ (5,044,162)</u>	<u>\$ 5,044,162</u>	<u>\$ (181,451,979)</u>	<u>\$ 139,782,866</u>

	Cash on Hand	Cash in banks and state pool	Investments	Total
Assessor	\$ 250	\$ -	\$ -	\$ 250
Clerk	100	-	-	100
Commissioners	50	-	-	50
Surveyor	-	-	-	-
District Attorney	-	-	-	-
Justice of the Peace	100	58,411	-	58,511
Sheriff	5,200	29,747	-	34,947
Treasurer	5,535	55,413,622	84,269,851	139,689,008
	<u>\$ 11,235</u>	<u>\$ 55,501,780</u>	<u>\$ 84,269,851</u>	<u>\$ 139,782,866</u>

GOVERNMENT AUDITING STANDARDS SECTION

(This page intentionally left blank)

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*

The 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, 2015, 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 February 29, 2016. 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss Adams, LLP

Eugene, Oregon
February 29, 2016

SINGLE AUDIT SECTION

(This page intentionally left blank)

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

The 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 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, 2015. 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, 2015.

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
February 29, 2016

Klamath County, Oregon
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2015

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	\$ 8,980.29	\$ 8,980.29
National School Lunch Program	10.555	16,491.00	16,491.00
Schools and Roads - Grants to States	10.665	7,054,993.65	7,329,806.92
Passed through Oregon Department of Human Services **			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	<u>420,572.07</u>	<u>420,572.07</u>
Total US Department of Agriculture		<u>7,501,037.01</u>	<u>7,775,850.28</u>
US DEPARTMENT OF INTERIOR			
Direct			
Non-Sale Disposals of Mineral Material	15.214	1,183.88	1,183.88
Payment in Lieu of Taxes (PILT)	15.226	748,631.65	748,631.65
Distribution of Receipts to State & Local Governments	15.227	906,022.89	906,022.89
Clean Vessel Act Program	15.616	5,250.00	5,250.00
National Wildlife Refuge Fund	15.659	<u>53,368.00</u>	<u>53,368.00</u>
Total of US Department of Interior		<u>1,714,456.42</u>	<u>1,714,456.42</u>
US DEPARTMENT OF JUSTICE			
Direct			
Edward Byrne Memorial Justice Assistance Grant	16.738	212,288.99	212,288.99
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	87,132.55	87,132.55
Crime Victim Assistance	16.575	29,776.28	29,776.28
Drug Control Discretionary Grant (Marijuana Eradication)	16.580	26,908.27	26,908.27
State Criminal Alien Assistance Program	16.606	<u>5,609.00</u>	<u>5,609.00</u>
Total US Department of Justice		<u>361,715.09</u>	<u>361,715.09</u>
US GENERAL SERVICES ADMINISTRATION			
Direct			
Disposal of Federal Surplus Real Property	39.002	<u>452.97</u>	<u>452.97</u>
		<u>452.97</u>	<u>452.97</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Oregon Department of Human Services **			
State Public Water System Supervision	66.432	25,435.00	25,435.00
ARRA - Capitalization Grant for Drinking Water State Revolving Funds	66.468 *	<u>18,151.00</u>	<u>18,151.00</u>
Total Environmental Protection Agency		<u>43,586.00</u>	<u>43,586.00</u>
US DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Oregon Commission on Children and Family **			
Promoting Safe and Stable Families	93.556	9,020.00	9,020.00
Social Services Block Grant	93.667	8,972.00	8,972.00
Passed through Oregon Department of Justice **			
Child Support, Incentives, Matched Expenditures	93.563	73,431.00	73,431.00
Passed through Oregon Department of Human Services (pass through number 142016)			
Public Health Emergency Preparedness	93.069	87,580.00	87,580.00
Environmental Public Health and Emergency Response	93.070	10,000.00	10,000.00
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	743.00	743.00
Family Planning Services	93.217	19,673.22	19,673.22
Maternal and Child Health Services Block Grant to the States	93.994	<u>25,669.50</u>	<u>25,669.50</u>
Total US Department Health & Human Services		<u>235,088.72</u>	<u>235,088.72</u>
US DEPARTMENT OF HOMELAND SECURITY			
Passed thru Oregon Emergency Management **			
Boating Safety Financial Assistance	97.012	23,391.00	23,391.00
Emergency Management Performance Grants	97.042	<u>56,443.00</u>	<u>56,443.00</u>
		<u>79,834.00</u>	<u>79,834.00</u>
		<u>\$ 9,936,170.21</u>	<u>\$ 10,210,983.48</u>

* Recovery Act Funds

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

The accompanying notes are an integral part of this schedule.

Klamath County, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note 1- Basis of Presentation and Significant Accounting Policies

The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or the cash flows of the County.

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-87, *Cost Principles for State, Local and Indian Tribal Governments*, and 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, 2015**

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 – Enterprise Fund – Fairgrounds Fund
- Unmodified – Enterprise Fund – Community Development 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 OMB 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 on Compliance for Major Federal Programs</i>
10.665	Schools and Roads – Grants to States	<i>Unmodified</i>
10.557	Special Supplemental Food Program for Women, Infants, and Children (WIC)	<i>Unmodified</i>

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

\$ 306,330

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

STATE OF OREGON COMPLIANCE SECTION

(This page intentionally left blank)

**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, 2015 and have issued our report thereon dated February 29, 2016. 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 2015 and 2016.
- 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.
- The County ended the year with a deficit fund balance on a GAAP basis for the external services fund, an internal service fund, which resulted from the requirement to record an obligation for the unfunded portion of the County's involvement in the Klamath County Pension Plan. This is not a violation of state laws.

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 noted certain matters that we reported to management of the County in a separate letter.

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.



For Moss Adams LLP
Eugene, Oregon
February 29, 2016