



Board of Commissioners Finance Meeting Agenda
March 26, 2019 ~ 10:00am ~ Room 214

1. Call To Order & Those Present

2. Budget Hearing Presentation Materials

Vickie Noel will conduct a discussion about the method of presenting budget information at the upcoming budget hearings.

3. Moss Adams Audit Communication FY 2017-2018

Presentation and review of the letters provided by Moss Adams at conclusion of FY 2017-2018 audit:

Communications with Those Charged with Governance
Internal Control Letter

Documents:

[2018 KLAMATH COUNTY COMMUNICATIONS WITH TCWG.PDF](#)
[2018 KLAMATH COUNTY INTERNAL CONTROL LETTER.PDF](#)

4. Payroll Information To Employees

Discuss the requirements and methods for complying with Oregon BOLI provisions for communicating pay statements to employees.

BOLI requirements-ORS 652-610
Current process of paper pay statements
Springbrook capabilities/limitations
Ideas for alternative reporting
Internal email to employees
Form for employee express agreement to receive electronic pay statement
and certification of ability to print or store the statement at time of receipt

Documents:

[ORS 652-610-ITEMIZED PAY STATEMENTS.PDF](#)

5. North State Grocers Update

Discussion items:

- a) Status of the \$190,000 promissory note currently in default;
- b) Response to North State Grocery audit confirmation request

Documents:

[NORTH STATE AUDIT CONFIRMATION REQUEST 03.13.2019.PDF](#)

6. General Fund Financials

Monthly reporting on General Fund.

Documents:

[GENERAL FUND STB 03.21.2019.PDF](#)

[GENERAL FUND SUMMARY AS OF 02.28.2019.PDF](#)

7. Other County Business

8. Adjournment

Audio recordings of all proceedings are available at the County Commissioners' office. The meeting facility is handicap accessible. Persons needing materials in alternate format or communication access, should telephone this office at 541-883-5100  (voice/TDD) or the ADA Coordinator at 541-883-4296  at least 48 hours in advance of the scheduled meeting.

Klamath County Commissioners' Weekly Calendar is subject to change without notice.

305 Main Street 2nd Floor, Klamath Falls, OR 97601

E-mail: bocc@klamathcounty.org Website: www.klamathcounty.org

*COMMUNICATIONS WITH
THE BOARD OF COMMISSIONERS*

Klamath County, Oregon

June 30, 2018



Communications with the Board of Commissioners

Board of Commissioners
Klamath County, Oregon

We have audited 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, 2018, and have issued our report thereon dated February 27, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, Government Audit Standards, Issued by The Comptroller General of the United States; and the Provisions of the OMB Uniform Guidance

As stated in our engagement letter dated June 26, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the 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 and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we considered the County's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also, in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those

requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in the financial statements does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings and issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2018; however, the County implemented the following new accounting standards of the Governmental Accounting Standards Board (GASB):

- GASB 75 – Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions

Management performed an assessment of the pronouncements and has incorporated the pronouncement into the current year Annual Financial Report.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and

assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Useful lives of capital assets
- Estimated liabilities for claims and post-closure liabilities
- Estimated liabilities for post-employment pension and healthcare benefits

We evaluated the key factors and assumptions used to develop the above accounting estimates in determining that they are reasonable in relations to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the reporting entity and significant accounting policies in Note 1 to the financial statements. This disclosure reports the operations under the governance of the elected County Commissioners, as well as the more significant policies used by the County in the preparation of the financial statements.
- The disclosure of funds with over expenditures and funds with deficit balances in Note 2.
- The disclosure of cash and investment details in Note 3 to the financial statements. This disclosure provides the details of the amounts of cash and investments held in the various types of depositories and securities at year-end, as well as the details of the nature of the inherent risks the County is subject to.
- The disclosure of the County's long-term obligations in Note 9 to the financial statements. This disclosure provides the details of the amounts and types of debt outstanding at year-end and the principal and interest. The disclosure also discusses liabilities related to landfill closure and post-closure care for the Klamath Falls and Chemult landfills.
- Disclosure of post-employment pension and healthcare benefits in Notes 11, 12, and 13 to the financial statements. These required disclosures include details on the pension and post-retirement health care benefits the County provides its employees. The recorded liabilities for benefits included in the financial statements are an estimate based on various actuarial assumptions.
- The disclosure of the County's self-insurance program in Note 14 to the financial statements. This disclosure provides a summary of the various risks of loss the County is exposed to, and its

method of financing those risks. This note also provides a reconciliation of claims liabilities for the past two years. The claims liability is an estimate that is based on assumptions, and actual results could vary significantly from those estimates.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No uncorrected misstatements of the financial statements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 27, 2019.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We issued a 'Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards'.



MOSSADAMS

In addition, we issued a 'Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance'.

This information is intended solely for the use of the County Commissioners and management of Klamath County and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Medford, Oregon
March 14, 2019



MOSSADAMS

Board of Commissioners
Klamath County, Oregon

In planning and performing our audit of the financial statements of Klamath County, Oregon (the County) as of and for the year ended June 30, 2018, 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 of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Moss Adams LLP

Medford, Oregon
March 14, 2019



Management Advisory Comments

Formal Disaster Recovery Plan

During our information technology walkthroughs, we noted that the County does not have a formal disaster recovery plan. Disaster recovery plans are a documented set of procedures an organization may use to protect and recover their records and information technology infrastructure in the event of a disaster.

Recommendation: We recommend the County design and implement a formal disaster recovery plan.

Capital Assets

During our testing over capital assets, it was noted that capital assets are not adjusted in the capital assets module of Springbrook when adjustments are made by journal entry in the general ledger. At time of testing, it was noted to Moss Adams that County staff did not know how to adjust the cost of capital assets in the Springbrook capital assets module. As a result, all reports from the capital assets module did not agree to the general ledger. In addition, in the current year, the County had found an error related to a prior year to add capital assets improperly expensed in prior years.

Recommendation: We recommend the County work with Springbrook customer service to be able to adjust capital assets in the capital assets module. By only adjusting the amounts on the general ledger, the potential for errors in the capital asset balances is much greater. Moss Adams also recommends that the County reconciles their capital asset additions, disposals and ending capital asset report to general ledger balances on at least an annual basis to minimize potential posting errors and fully support ending balances of capital assets. Further, in light of the prior year adjustments in the current year and in prior years, Moss Adams recommends that the County examine its capitalization and reconciliation processes, especially for capitalizations out of construction-in-progress accounts.

Budget Process and Controls

During our budgetary statement tie-out to the general ledger, we noted multiple expenditures over budget, multiple line items within each fund with contingencies, and multiple supplemental budgets. Each operating fund (each fund from which operating expenses are paid) is allowed one appropriation for a general operating contingency per the Oregon local budgeting manual. We realize the County receives unexpected revenue during the year which require supplemental budget in order to spend those resources, but the number of supplemental budgets is very high and we believe that a better estimate of expenditures during the adoption process will lead to better accountability.

Recommendation: We recommend management to review their policies and procedures for adopting the next budget to make sure they are the most efficient and effective controls. Implementing better controls in the adoption process including more precise estimates should create efficiency and less supplemental budgets. We recommend using only one contingency category per fund during this next budget cycle to better comply with the local budget law.



MOSSADAMS

Property Tax Receivables

During our testing of property tax receivables, we noted the County accrues for interest. The interest is immaterial; however, we recommend the County review their policy to ensure it is correct and in accordance with U.S. GAAP.

Undistributed Interest

During our testing of cash, we noted the County has undistributed interest. The undistributed interest is immaterial; however, we recommend the County review their policy to ensure it is correct and in accordance with U.S. GAAP and the Oregon ORS's. Additionally, the County should have a policy in place regarding allocation of this interest.

We would like to express our gratitude for the assistance provided to us by the staff at the County during the course of our audit. We found them to be courteous, conscientious, and responsive to our requests.

2017 ORS 652.610¹

Itemized statement of amounts and purposes of deductions

• timely payment to recipient of amounts deducted

(1) (a) All persons, firms, partnerships, associations, cooperative associations, corporations, municipal corporations, the state and its political subdivisions, except the federal government and its agencies, employing, in this state, during any calendar month one or more persons, shall provide the employee on regular paydays and at other times payment of wages, salary or commission is made, with an itemized statement as described in paragraph (b) of this subsection.

(b) The statement required under this subsection must be a written statement, sufficiently itemized to show:

(A) The date of the payment;

(B) The dates of work covered by the payment;

(C) The name of the employee;

(D) The name and business registry number or business identification number;

(E) The address and telephone number of the employer;

(F) The rate or rates of pay;

(G) Whether the employee is paid by the hour, shift, day or week or on a salary, piece or commission basis;

(H) Gross wages;

(I) Net wages;

(J) The amount and purpose of each deduction made during the respective period of service that the payment covers;

(K) Allowances, if any, claimed as part of minimum wage;

- (L) Unless the employee is paid on a salary basis and is exempt from overtime compensation as established by local, state or federal law, the regular hourly rate or rates of pay, the overtime rate or rates of pay, the number of regular hours worked and pay for those hours, and the number of overtime hours worked and pay for those hours; **and**
 - (M) If the employee is paid a piece rate, the applicable piece rate or rates of pay, the number of pieces completed at each piece rate and the total pay for each rate.
- (c) Notwithstanding paragraph (b) of this subsection, the employer may provide the statement required under this subsection to the employee in electronic form pursuant to ORS 84.001 (Short title) to 84.061 (Federal electronic signatures law partially superseded) if:
- (A) The statement contains the information described in paragraph (b) of this section;
 - (B) The employee expressly agrees to receive the statement in electronic form; **and**
 - (C) The employee has the ability to print or store the statement at the time of receipt.
- (2) (a) The statement may be attached to or be a part of the check, draft, voucher or other instrument by which payment is made, or may be delivered separately from the instrument.
- (b) The statement shall be provided electronically at the time payment is made to all state officers and employees paid electronically under the state payroll system as provided by ORS 292.026 (Payroll payments).
- (c) State agencies shall provide access to electronic statements to employees who do not have regular access to computers in their workplace.
- (d) Notwithstanding paragraph (b) of this subsection, if an officer or employee paid under the state payroll system as provided by ORS 292.026 (Payroll payments) wants to receive payment of net salary and wages by check or to receive a paper statement of itemized payroll deductions, the officer or employee shall request paper statements or payment by check in accordance with the procedures adopted by rule by the Oregon Department of Administrative Services.

- (3)** An employer may not withhold, deduct or divert any portion of an employee's wages unless:
- (a)** The employer is required to do so by law;
 - (b)** The deductions are voluntarily authorized in writing by the employee, are for the employee's benefit and are recorded in the employer's books;
 - (c)** The employee has voluntarily signed an authorization for a deduction for any other item, provided that the ultimate recipient of the money withheld is not the employer and that the deduction is recorded in the employer's books;
 - (d)** The deduction is authorized by a collective bargaining agreement to which the employer is a party;
 - (e)** The deduction is authorized under ORS 18.736 (Processing fee); **or**
 - (f)** The deduction is made from the payment of wages upon termination of employment and is authorized pursuant to a written agreement between the employee and employer for the repayment of a loan made to the employee by the employer, if all of the following conditions are met:
 - (A)** The employee has voluntarily signed the agreement;
 - (B)** The loan was paid to the employee in cash or other medium permitted by ORS 652.110 (Method of paying employees);
 - (C)** The loan was made solely for the employee's benefit and was not used, either directly or indirectly, for any purpose required by the employer or connected with the employee's employment with the employer;
 - (D)** The amount of the deduction at termination of employment does not exceed the amount permitted to be garnished under ORS 18.385 (Wage exemption); **and**
 - (E)** The deduction is recorded in the employer's books.
- (4)** When an employer deducts an amount from an employee's wages as required or authorized by law or agreement, the employer shall pay the amount deducted to the appropriate recipient as required by the law or agreement. The employer shall pay the amount deducted within the time required by the law or the agreement or, if the time for payment is not specified by the law or agreement, within seven days after the date the wages from which the deductions are made are due. Failure to pay the amount as required constitutes an unlawful deduction.

(5) This section does not:

- (a)** Prohibit the withholding of amounts authorized in writing by the employee to be contributed by the employee to charitable organizations, including contributions made pursuant to ORS 243.666 (Certified or recognized labor organization as exclusive employee group representative) and 663.110 (Employee organization, bargaining rights);
- (b)** Prohibit deductions by checkoff dues to labor organizations or service fees when the deductions are not otherwise prohibited by law; **or**
- (c)** Diminish or enlarge the right of any person to assert and enforce a lawful setoff or counterclaim or to attach, take, reach or apply an employee's compensation on due legal process. [Amended by 1977 c.618 §1; 1980 s.s. c.1 §2; 1981 c.594 §5; 1995 c.753 §2; 2001 c.249 §78; 2003 c.779 §5; 2007 c.676 §1; 2013 c.369 §5; 2016 c.115 §1]

¹ Legislative Counsel Committee, *CHAPTER 652—Hours; Wages; Wage Claims; Records*, https://www.oregonlegislature.gov/bills_laws/ors/ors652.html (2017) (last accessed Mar. 30, 2018).

Technical Assistance for Employers

Department

ITEMIZED PAY STATEMENTS

About BOLI

On January 1, 2017, Senate Bill 1587 went into effect amending Oregon Revised Statute (ORS) 652.610 and ORS 652.750.

Contact Us

Back to BOLI homepage

ORS 652.610 is sometimes referred to by employers and the Bureau of Labor and Industries as the 'payroll deduction statute'. Until now, **ORS 652.610** has primarily identified when and how an employer can make lawful deductions from an employee's pay and the means and manner of providing an itemized statement. Before the amendment to **ORS 652.610**, Oregon Administrative Rule (OAR) 839-020-0012 identified what specific information employers must provide on an employee's itemized statement of earnings, which is required on regular paydays and other times payment of wages, salary or commission is made. Beginning January 1, 2017, in addition to continuing to identify lawful deductions, the amendments to **ORS 652.610** will mandate what specific information employers must provide on the itemized statement of earnings. Beginning January 1, 2017, additional information not previously required will need to be on the itemized statement of earnings.

Employer Seminars

Employer Handbooks and Posters

On-site Training

FAQ's and Fact Sheets

Administrative Rules

Oregon Revised Statutes

Government Agency

Contact List

Related Links

A comparison of what was previously required by **OAR 839-020-0012** which will now be required by **ORS 652.610** as well as some new information that will be required (in bold) is illustrated in the table below:

Itemized Pay Statement Requirements (prior to January 1, 2017)	Itemized Pay Statement Requirements Effective January 1, 2017
The total gross payment being made.	Gross wages.
The amount and a brief description of each and every deduction from the gross payment.	The amount and purpose of each deduction made during the respective period of service that the payment covers. Allowances, if any, claimed as part of minimum wage.
The total number of hours worked during the time covered by the gross payment.	Unless the employee is paid on a salary basis and is exempt from overtime compensation as established by local, state or federal law, the regular hourly rate or rates of pay, the overtime rate or rates of pay, the number of regular hours worked and pay for those hours, and the number of overtime hours worked and pay for those hours.
The rate of pay.	The rate or rates of pay. Whether the employee is paid by the hour, shift, day or week or on a salary, piece or commission basis.
If multiple rates of pay are paid, the total number of hours worked at each rate of pay. If the worker is paid on a piece rate, the number of pieces done and the rate of pay per piece done.	If the employee is paid a piece rate, the applicable piece rate or rates of pay, the number of pieces completed at each piece rate and the total pay for each rate.
The net amount paid after any deductions.	Net wages.
The employer's name, address and telephone number	The name of the employee. The name and business registry number or business identification number of the employer. The address and telephone number of the employer.
The pay period for which the payment is made.	The date of the payment. The dates of work covered by the payment.

Although the wording of some provisions in the amended statute are slightly different from the way they appeared in **OAR 839-020-0012**, much of the substance of what was previously required on the itemized statement will still be required on January 1, 2017. In addition, the amendments to **ORS 652.610** set forth some new information that will need to be provided upon the effective date of the statute. Among other things, these amendments require employers to provide either a business registry number, which is the number assigned a registered business entity by the Oregon Secretary of State, or a business identification number (BIN) which is assigned by the Department of Revenue and Employment Department to business entities operating in Oregon. The new amendment also requires a more detailed breakdown of regular hourly rates and overtime rates of pay made to employees.

Under **OAR 839-020-0012(3)**, employers are allowed to provide the itemized statement of earnings in an electronic format if the employee agrees and has the ability to print or store the statement at the time of receipt. **ORS 652.610** was amended to include a similar provision that will still allow electronic statements, however, the wording of the statute now requires that the employee “expressly agree” to receive the statement electronically. In light of this new change in statutory language, employers may want to get their employee’s written permission to provide pay statements electronically if they elect to provide an electronic statement with remuneration.

Senate Bill 1587 also amends **ORS 652.750**, which is a statute that currently allows employees to view or acquire a certified copy of their personnel records from their employer or former employer. The statute requires employers to either provide the employee or former employee with an opportunity to review their personnel records or receive a certified copy of their personnel records within 45 days of the request. Personnel records of the employee are those that are used or have been used to determine the employee’s qualification for employment, promotion, additional compensation, employment termination or other disciplinary action. Beginning January 1, 2017, an employee’s personnel records will also include time and pay records that were not previously part of the personnel records. Time and pay records are those records related to hours worked, wages earned, and wages paid. Beginning on January 1, 2017, an employer must provide the personnel records AND time and pay records of the employee or former employee within 45 days of the employee’s request.

Updated January 2017

DISCLAIMER

Nothing on this website is intended as legal advice. Any responses to specific questions are based on the facts as we understand them, and not intended to apply to any other situations. This communication is not an agency order. If you need legal advice, please consult an attorney. We attempt to update the information on this website as soon as practicable following changes or developments in the laws and rules affecting Oregon employers, but we make no warranties or representations, express or implied, about whether the information provided is current. We urge you to check the applicable statutes and administrative rules yourself and to consult with legal counsel prior to taking action that may invoke employee rights or employer responsibilities or omitting to act when required by law to act.

**TECHNICAL ASSISTANCE FOR EMPLOYERS
800 NE OREGON STREET, STE 1045
PORTLAND, OR 97232
971-673-0824**

THIS INFORMATION IS AVAILABLE IN AN ALTERNATE FORMAT

Help us improve! Was this page helpful?

OREGON.GOV

- State Directories
- Agencies A to Z
- Oregon Administrative Rules
- Oregon Revised Statutes
- Oregon - an Equal Opportunity Employer
- About Oregon.gov

WEB SITE LINKS

- Text Only Site
- Accessibility
- Oregon.gov
- Browser Support
- Privacy Policy
- Web Site Feedback

PDF FILE ACCESSIBILITY

Adobe Reader, or equivalent, is required to view PDF files. Click the "Get Adobe Reader" image to get a free download of the reader from Adobe.



03/13/2019

Klamath County
305 Main Street Suite 121
Klamath Falls, Or 97601

Our auditors, Campbell Taylor & Company, LLC, are conducting an audit of our financial statements. Please confirm directly to them the following information relating to our note payable to you as of December 29, 2018:

Date of note:	12/1/2017
Original amount of note:	\$ 1,710,000
Unpaid principal balance:	\$ 1,710,000
Promissory Note Outstanding	\$190,000
Maturity date:	12/1/2020
Interest rate:	2%
Date to which interest has been paid:	12/1/2018
Description of collateral or personal guarantees:	211 N. 8 th St., Klamath Falls, Or. 97601

Please indicate in the space provided below whether the above is in agreement with your records. If it is not, please furnish our auditors any information you may have that will help them reconcile the difference.

After signing and dating your reply, please mail it directly to Campbell Taylor & Company, LLC, 3741 Douglas Blvd, Suite 350, Roseville, CA 95661 in the enclosed return envelope.

Very truly yours,

Michel LeClerc, CFO
North State Grocery, Inc.

To: Campbell Taylor & Company, LLC

The above information regarding the obligation from North State Grocery, Inc. agrees with our records at December 29, 2018 with the following exceptions (if any): _____

If there are any direct or contingent liabilities to you not otherwise indicated above, please list: _____

Signature: _____
Title: _____
Date: _____

General Ledger

Summary Trial Balance

User: smurphy
 Printed: 11/26/2018
 Period: 01 to 13, 2019
 Fund 1000 General Fund

REVENUE

Department 1000	Non-Departmental	2017-18 ACTUAL	2018-19 BUDGET	2018-19 FYTD ACTUAL
1000-1000-1000-1000-40010	Property Taxes - Current	10,276,089	10,000,000	10,213,908
1000-1000-1000-1000-40011	Property Taxes - Prior	499,404	500,000	260,045
1000-1000-1000-1000-40100	Tax Offsets	279,663	0	62,542
1000-1000-1000-1000-40400	Franchise Fees - SO Cable TV	315,805	300,000	164,264
1000-1000-1000-1000-43000	Charges for Service	0	0	0
1000-1000-1000-1000-43050	Rental Income	24,246	0	8,243
1000-1000-1000-1000-44000	Miscellaneous	1,498	0	16
1000-1000-1000-1000-44950	Investments - Interest On	53,323	0	118,240
1000-1000-1000-1000-44970	Interest Income-Notes Receivab	30,083	0	34,200
1000-1000-1000-1000-44990	Sales - Surplus Property	6,106	0	0
1000-1000-1000-1000-44995	Sale of Assets	329,998	0	0
1000-1000-1000-1000-45020	State Board of Forestry	608,716	150,000	129,505
1000-1000-1000-1000-45030	Small Rail Car	5,641	5,500	8,892
1000-1000-1000-1000-45040	Taxes - Electric Coop	96,402	86,000	104,427
1000-1000-1000-1000-45050	Taxes - Cigarette	57,559	60,000	29,256
1000-1000-1000-1000-45060	Licenses - Amusement	5,063	15,000	12,019
1000-1000-1000-1000-45070	Revenues - Liquor	370,418	350,000	194,328
1000-1000-1000-1000-45080	Revenues - Marijuana	138,068	0	0
1000-1000-1000-1000-46010	PILT	3,128,671	910,000	0
1000-1000-1000-1000-46020	O&C Land Grant	864,799	500,000	0
1000-1000-1000-1000-46030	Fish & Wildlife	10,856	12,000	0
1000-1000-1000-1000-48810	Interfund Loan Proceeds	1,585,684	0	279,558
1000-1000-1000-1000-48815	MA Debt Proceeds Adj	(35,684)	0	-279,558
1000-1000-1000-1000-49050	Trans - PERS Reserve	0	189,570	191,193
1000-1000-1000-1000-49110	Trans - Treasurer	0	0	0
1000-1000-1000-1000-49220	Trans - Justice Court	0	0	0
1000-1000-1000-1000-49950	Beginning Fund Balance	5,008,517	7,159,884	10,574,913
1000-1000-1000-1000-49952	MA Beginning Fund Balance Adj	35,684	0	0
	REVENUE Totals:	23,696,608	20,237,954	22,105,990

EXPENSE

Department 1000	Non-Departmental	2017-18 ACTUAL	2018-19 BUDGET	2018-19 FYTD ACTUAL
1000-1000-1000-1000-62000	Contract Services	0	140,000	145,000
1000-1000-1000-1000-63005	Donations	7,500	6,000	7,500
1000-1000-1000-1000-63100	Dues	114,630	20,000	77,532
1000-1000-1000-1000-63105	Fees	0	0	0
1000-1000-1000-1000-63390	Interest Expense	0	0	0
1000-1000-1000-1000-64000	Distribution to District	1,433,165	1,500,000	1,498,057
1000-1000-1000-1000-64040	Special Assessments	3,596	1,000	0
1000-1000-1000-1000-64050	Irrigation Taxes	0	0	0
1000-1000-1000-1000-65175	Refunds	0	0	0
1000-1000-1000-1000-65380	Building Maint & Repair	0	0	0
1000-1000-1000-1000-67505	Utilities - Gas	0	0	0
1000-1000-1000-1000-67510	Utilities - Water & Sewer	0	0	0
1000-1000-1000-1000-67520	Utilities - Electricity	662	1,000	216
1000-1000-1000-1000-69910	Facility Services	56,713	38,146	25,431
1000-1000-1000-1000-69940	Risk Management	8,015	2,205	1,470
1000-1000-1000-1000-69950	Insurance Liability	15,893	4,693	3,129
1000-1000-1000-1000-69989	Fees - Internal	0	0	0
1000-1000-1000-1000-69990	Contract Services - Internal	228	2,000	423
1000-1000-1000-1000-70220	Facilitites Improvement	0	0	0
1000-1000-1000-1000-88010	Interfund Loan Principal	0	1,550,000	1,550,000
1000-1000-1000-1000-88020	Interfund Loan Interest	0	0	0
1000-1000-1000-1000-89010	MA Debt Service Adjustment	0	0	0
1000-1000-1000-1000-90110	Trans - Treasurer	0	0	0
1000-1000-1000-1000-90120	Trans - Assessor	1,065,931	993,953	662,635
1000-1000-1000-1000-90130	Trans - Tax Collector	284,613	260,167	173,445
1000-1000-1000-1000-90140	Trans - Clerk	371,198	350,062	233,375
1000-1000-1000-1000-90150	Trans - Commissioners	394,085	407,175	272,283
1000-1000-1000-1000-90160	Trans - Surveyor	12,000	11,640	7,760
1000-1000-1000-1000-91530	Trans - Information Technology	0	0	0
1000-1000-1000-1000-92010	Trans - District Attorney	1,394,439	1,342,490	888,327
1000-1000-1000-1000-92020	Trans - Justice Court	0	0	0
1000-1000-1000-1000-92030	Trans - Sheriff	6,925,722	7,519,003	5,003,753
1000-1000-1000-1000-92050	Trans - Juvenile	1,294,394	1,324,583	896,062
1000-1000-1000-1000-92080	Trans - Emergency Services	74,242	75,742	50,495
1000-1000-1000-1000-92090	Trans - State Courts	354,549	360,495	240,330
1000-1000-1000-1000-94010	Trans - Health Service	222,000	195,000	130,000
1000-1000-1000-1000-95030	Trans - Fairgrounds	293,467	0	0
1000-1000-1000-1000-96020	Trans - Planning	10,000	0	0
1000-1000-1000-1000-96050	Trans - Code Enf Violations	50,000	0	0
1000-1000-1000-1000-96070	Trans - Economic Development	0	0	0
1000-1000-1000-1000-97020	Trans - Water Master	84,137	92,735	61,823
1000-1000-1000-1000-98000	Operating Contingency	1,476	990,507	0
1000-1000-1000-1000-99000	Reserve Future Expenditures	0	3,049,358	0
1000-1000-1000-1000-99900	Unappropriated Fund Balance	0	0	0
1000-1000-1000-1000-99902	MA Unapprop Fund Balance Adj	0	0	0
	EXPENSE Totals:	14,472,655	20,237,954	11,929,046
	Fund 1000 Totals:	9,223,953	0	10,176,944

**General Fund-Nondepartmental
2018-19 Fiscal Year**

1000-1000

Beginning Balance	10,574,913	Fund Balance @ 6/30/2018
Current Year Budgeted Revenue	<u>13,078,070</u>	excludes Beginning Fund Balance
	23,652,983	
Current Year Budgeted Expenditures	<u>20,237,954</u>	includes: \$990,507 Oper Cont and \$3,049,358 Reserve
Excess Fund Balance	3,415,029	
LESS:		
Minimum Reserve Requirement	3,500,000	
ADJUSTMENTS:		
Revenue shortfall to budget		
PILT	60,000	910,000 budget vs. 850,000 est. actual
Obligations not budgeted or expended:		
Dues		
AOC Special Assessment	16,376	approved at Admin Mtg, 10/23/2018
Other Dues in excess of budget	<u>41,156</u>	
TOTAL ADJUSTMENTS	117,532	
Estimated Available Fund Balance	(202,503)	
Future Obligations		
Blue Zone Project	50,000	\$25,000 over 3 years, 2018-2020 expires ?
City of Klamath Falls	250,000	Airline recruitment
Future Obligations	<u>300,000</u>	