Wasco County, Oregon
Report on Audit of Financial Statements
And Supplementary Information
For the Year Ended June 30, 2012

Wasco County, Oregon
Table of Contents
For the Year Ended June 30, 2012

	PAGE
INTRODUCTORY SECTION	
Table of Contents	2-4
Elected Officials and Agent of Record	5
FINANCIAL SECTION	6
Independent Auditor's Report	7-8
Management's Discussion and Analysis	9-15
Basic Financial Statements:	16
Government-Wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19-20
Reconciliation of Balance Sheet to Statement of Net Assets	21
Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds	22-23
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	24
Fiduciary Funds:	25
Statement of Fiduciary Net Assets	26
Statement of Changes in Fiduciary Net Assets – Trust Only	27
Major Funds:	28
Statement of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual - Budgetary Basis – General Fund	29-30
Statement of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Public Health Fund	31
Statement of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Public Works Fund	32
Notes to Basic Financial Statements	33-48
Required Supplementary Information	
Schedule of Funding Progress:	
Other Postemployment Benefits – Healthcare Benefits	49
Other Supplementary Information	50
Combining Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	52

Wasco County, Oregon
Table of Contents
For the Year Ended June 30, 2012

	PAGE
Special Revenue Funds – Nonmajor:	53-54
Combining Balance Sheet	55-56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	57-58
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Budgetary Basis:	
County Fair Fund	59
County School Fund	60
Land Corner Preservation Fund	61
Forest Health Fund	62
Household Hazardous Waste Fund	63
Special Economic Development Payments Fund	64
Law Library Fund	65
District Attorney Fund	66
Museum Fund	67
Animal Control Fund	68
GIS Fund	69
Weed and Pest Control Fund	70
911 Communications Fund	71
Parks Fund	72
Community Corrections Fund	73
Court Facilities Fund	74
Commission on Children & Families Fund	75
Kramer Field Fund	76
Clerk Records Fund	77
General Operating Reserve Fund	78
Capital Projects Funds:	
Major Fund:	79
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Budgetary Basis:	
Road Reserve Fund	80
Nonmajor Funds:	81
Combining Balance Sheet	82
Combining Schedule of Revenues, Expenditure and Changes in Fund Balances	83
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Budgetary Basis:	
Capital Acquisitions Fund	84
911 Equipment Reserve Fund	85
911 Capital Reserve Fund	86
Facility Capital Reserve Fund	87

Wasco County, Oregon
Table of Contents
For the Year Ended June 30, 2012

	PAGE
Nonmajor Debt Service Funds:	88
Combining Balance Sheet	89
Combining Schedule of Revenues, Expenditure and Changes in Fund Balances	90
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Budgetary Basis:	
VA Bond Debt Service Fund	91
Discovery Center Debt Service Fund	92
Agency Funds:	93
Combining Schedule of Changes in Assets and Liabilities – Agency Funds	94
Other Schedules:	95
Schedule of Accountability of Elected Officials	96
Schedule of Property Tax Transactions	97
Schedule of Insurance in Force	98
Schedule of Expenditures of Federal Awards	99-100
Notes to the Schedule of Expenditures of Federal Awards	101
Other Required Reports:	102
Independent Auditor's 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*	103-104
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	105-106
Schedule of Findings and Questioned Costs	107-108
Independent Auditor's Report Required by Oregon Minimum Standards	109-110

Wasco County, Oregon
Elected Officials and Agent of Record
For the Year Ended June 30, 2012

WASCO COUNTY BOARD OF COMMISSIONERS:	
Commissioner	Scott Hege The Dalles, Oregon 97058
Commissioner	Rod Runyon The Dalles, Oregon 97058
Commissioner	Sherry Holliday Maupin, OR 97037
OTHER ELECTED OFFICIALS:	
Treasurer	Chad Krause The Dalles, Oregon 97058
Clerk	Linda Brown The Dalles, Oregon 97058
Sheriff	Ricky Eiesland The Dalles, Oregon 97058
Assessor	Timothy Lynn The Dalles, Oregon 97058
District Attorney	Eric Nisley The Dalles, Oregon 97058
OTHER:	
Insurance Agent of Record	Mike Courtney-Courtney Insurance Agency 414 East Second The Dalles, Oregon 97058

FINANCIAL SECTION

FRIEND & REAGAN, P.C.
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.friendreagan.com

Carol D. Friend · Nathan R. Reagan · Ben G. Neumayer · Gary F. Bradford · Carolyn J. Rohde · Rochelle A. Friend

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Wasco County, Oregon
The Dalles, Oregon 97058

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wasco County, Oregon as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wasco County, Oregon's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wasco County, Oregon as of June 30, 2012, the respective changes in financial position thereof and the budgetary comparisons for the General Fund, Public Health Fund and the Public Works Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards,*** we have also issued our report dated December 20, 2012, on our consideration of Wasco County's internal control over financial reporting and 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*** and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9-15, and the Schedule of Funding Progress on page 49, be presented to supplement the basic financial statements. Such information,

although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wasco County, Oregon's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditure of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, and is not a required part of the general purpose financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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.

Truend & Reagan P.C.

CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2012

Wasco County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

This discussion and analysis is intended to be an easily readable analysis of Wasco County's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements in the audit.

REPORT LAYOUT

This discussion and analysis is intended to serve an introduction to Wasco County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The first several statements are highly condensed and present a government-wide view of the County's finances including the Statement of Net Assets and the Statement of Activities.

Government-Wide Financial Statements

Statement of Net Assets: The focus of the Statement of Net Assets is to present the unrestricted assets of governmental activities. Over time, increases or decrease in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Statement of Activities: The focus of the Statement of Activities is to present the major program costs and match major resources with each. To the extent a program's cost is not recovered by grants and direct charges, it is paid from general taxes and other resources. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The government wide financial statements include two service districts as discretely presented component units. Requests for copies of the separately issued financial statements for the service districts should be addressed to Wasco County, 511 Washington Street, Room 207, The Dalles, Oregon 97058.

Fund Financial Statements

Following the government-wide statements is a section containing fund financial statements. The County's major funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds". For each major fund, a Budgetary Comparison Statement is presented. Readers who wish to obtain information on non-major funds can find it in the Combining Schedules of Non-Major Funds and/or the Supplemental Information-Budgetary Comparison Schedules sections of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements.

Finally, completing the document is a series of other financial and statistical schedules, and the reports by the independent certified public accountants, as required by statute.

The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years

COUNTY AS A WHOLE

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This section will discuss and analyze significant differences. A condensed version of the Statement of Net Assets at June 30, 2011 and June 30, 2012 follows:

TABLE 1
NET ASSETS AT YEAR END

	Primary Governmental Acitivies	
	June 30, 2012	June 30, 2011
ASSETS		
Cash and Investments	15,610,767	14,745,353
Other Assets	2,188,293	2,335,021
Capital Assets	12,389,308	12,296,915
TOTAL ASSETS	30,188,368	29,377,289
LIABILITIES		
Other Liabilities	988,063	901,152
Long Term Debt Outstanding	1,618,989	1,993,483
TOTAL LIABILITIES	2,607,052	2,894,635
NET ASSETS		
Invested in Capital Assets/Net of Related Debt	11,600,323	11,069,273
Restricted	5,860,010	6,670,014
Unrestricted Net Assets	10,120,982	8,743,367
TOTAL NET ASSETS	27,581,316	26,482,654

Governmental Activities

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by $27,581,316 at the close of the most recent fiscal year. A large portion of the County's net assets reflects investment in capital assets (land, buildings, improvements, machinery and equipment, bridges and infrastructure), net of accumulated depreciation, and the debt used to acquire the assets. Capital assets net of related debt changed little.

TABLE 2
STATEMENT OF ACTIVITIES

	2011/12	2010/11
Program revenues		
Charges for Services	3,545,811	3,690,136
Operating Grants and Contributions	6,768,123	8,130,697
Capital Grants and Contributions	332,250	1,008,929
General revenues		
Taxes for General Purpose	7,932,317	7,654,726
Other Taxes	645,820	577,423
Interest	76,276	56,971
Other	197,218	342,630
Sale of Capital Assets	14,882	(30,221)
Transfers	-	3,176
Total Program and General Revenues	19,512,697	21,434,467
Expenses		
General Government	3,963,000	3,846,950
Public Safety	6,728,153	5,280,012
Highways and Streets	3,260,774	3,358,775
Health and Welfare	3,217,182	3,516,849
Culture and Recreation	225,439	232,238
Capital Projects	956,082	1,763,200
Interest	63,440	83,486
Total Expenses	18,414,071	18,081,511
Change in net assets	1,098,626	3,352,958
Net assets, beginning	26,482,690	23,129,696
Net assets, ending	27,581,316	26,482,654

Governmental Activities

With a few exceptions, governmental program expenses remain similar to the prior year. Public Works Federal Forest Receipts are in jeopardy and it is unknown how much, if any, allocation will be re-authorized. Given that, Wasco County's overall financial position and result of operations remains steady. Wasco County is working diligently to be proactive with available funding and not reactive to funding cuts. See next paragraph "Budgetary Highlights" for explanation of changes in programs.

BUDGETARY HIGHLIGHTS

A large portion of the increase in capital projects were primarily grant funded. If grant funding is removed departmental spending has been down this year in response to the continued economic downturn, expected shortfalls in state funding, and generally conservative spending efforts from departments. While this does not solve the expected revenue shortfalls that are to come it does put Wasco County in a better financial position to be able to respond to these coming challenges. This is reflected in larger than expected ending fund balances.

The previous year saw significant investment in capital facility improvements, funded by awards, grants

and donations. Major projects included a remodel of county owned Hunt Park RV Spaces. This remodel brought in an additional $17,000 annually in State RV monies as well as additional revenue in camping fees. Also at Hunt Park the Ken Webb Kitchen was completed through a Ford Foundation grant and donations from the local community. This project brings a commercial kitchen to the park allowing us to host large group activities – our primary revenue source at the Park. The IT server room project adjacent to the Courthouse was completed and is operational housing all of the County's servers. This project moved the core IT infrastructure for Wasco County out of a basement room and out from under the main water and heating systems of the building. A new generator was purchased and mostly installed by a donation from Oregon Department of Health, Oregon Immunization Program. The emergency duress system in the Courthouse failed during an emergency situation and was subsequently replaced using Courthouse Security funds at a cost of $22,509. Had the funds the State set aside for courthouse security upgrades not been swept in this budget year this system would have been replaced using County funding sources. We reached an agreement with the vendor on the video camera system that we have been having problems with for the last several years. That agreement replaced all of the old cameras with new cameras and a new operating system at no cost.

Landfill revenue continues to be a major revenue stream and continues to trend positive with greater than budgeted revenue.

In anticipation of difficult times ahead Wasco County continued to fund an operating reserve in this budget with $225,000. It is a goal to be able to capitalize this account going forward to help offset declining Timber Revenues and continued state budgetary shortfalls.

Wasco County was able to adequately absorb the large PERS increase for the 2009-2011 biennium due to proactive budget cuts and through setting aside $120,000 to offset the expected $250,000 increase over the biennium. We will need to continue to try and put aside monies for PERS in the 2011-2013 biennium as we expect to see significant increases in PERS expenses to offset the effects of the sustained slow economy. The State is expecting a 260 million dollar shortfall for local governments which will result in an expected 5% increase for Wasco County. Some of the strategies that are being considered at the State to address PERS shortfalls are:

1. Limiting COLA's for current and future retirees to the first $24,000 which could save 3.2% of payroll.
2. Reduce the member 6% IAP pick up or reduce the required IAP contribution to 3% which could save about 3% of payroll.
3. Eliminate the Oregon income tax offsets saving 0.4% of payroll.
4. Reduced the Money Match benefit annuitization rate to 6% from 8% which will reduce the accrued liabilities and moderate long term employer contribution rates.

All of these potential changes would save Wasco County significant monies but they will all need to be approved by the Legislature Assembly and it is expected that they will all be challenged in Court.

We have spent the last year working on making the newly created Health District a completely separate and distinct entity outside of the Wasco County budget. We expect that this new entity will cost more to operate in the coming years but the three county entity needs to have a separate and distinct management structure outside of Wasco County to be able to effectively manage the needs of the three counties. This move will be similar to the structure that we have in place for NORCOR, Center for Living, Columbia George CCO and MCCOG all of which are multiple county entities.

A few of the capital projects funded in this budget are the purchase of 4 vehicles per the Vehicle Plan, several old HVAC units were replaced and backup HVAC units were added in our primary and backup server rooms. These are in addition to the capital remodel projects that were previously mentioned.

The Commission on Children and Families discussion on restructuring at the State level continues under the direction of the Early Learning Council. We expect that in the years to come that this will take on a regional form similar to Coordinated Care Organizations. As of the end of the current year funding for the Wasco County Commission on Children and Families will end and be redirected to a "hub" type entity under the Early Learning Council. Wasco County has been preparing for this structure change by not filling positions as they become vacant, contracting out remaining program dollars, and using employees on a temp basis.

Property taxes remain the single largest source of revenue to the General Fund and are projected to remain steady. We will be watching closely as market and assessed values start to come in line with each other as is happening across the State. We did not experience a significant impact in this budget year but it may start to play a role in years to come.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2012 the County had invested $12,389,305 in capital assets that are reflected in the following table, which represents a net increase of $92,383.

	Beginning Fixed Assets	**Additions**	**Deletions**	**Ending Fixed Assets**
Land	1,426,824	120	(150)	1,426,794
Depreciable Assets				
Buildings	7,279,646	74,028	-	7,353,674
Furniture and Equipment	9,161,129	545,044	(183,375)	9,522,798
Infrastructure	4,213,451	387,925	-	4,601,376
Total Cost	22,081,051	1,007,117	(183,525)	22,904,642
Depreciation				
Accumulated Depreciation	(9,784,129)	(889,273)	158,068	(10,515,334)
Total Depreciation	(9,784,129)	(889,273)	158,068	(10,515,334)
Capital Assets Net of Depreciation	12,296,922	117,844	(25,457)	12,389,305

Debt Outstanding

As of year-end, the County had $1,878,640 in debt outstanding compared to $1,361,283 last year. The increase is a result of recording the OPEB and Compensated Absences obligation.

Governmental Activites	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Compensated Absences	242,720	4,186	-	246,906	-
OPEB Obligation	274,637	78,410	-	353,047	-
Veterans Facility Bonds	830,000	-	405,000	425,000	425,000
Discount/Premium on Refunded Bonds	(6,744)	-	(2,790)	(3,954)	(3,954)
Crates Point Bonded Loan	133,639	-	18,431	115,208	18,621
Refunded Series 2005 (Crates Point)	404,388	-	36,448	367,940	38,325
Totals	1,878,640	82,596	457,089	1,504,147	477,992

For more detailed information on the County's debt and amortization terms refer to Note 3c to the financial statements.

ECONOMIC FACTORS

Wasco County's permanent rate is $4.2523 per thousand. This absolute limitation on tax revenues and the County's dependence on property taxes do not allow it to keep pace with increased demands for services. Property taxes represent approximately 46% of total General Fund program resources. Beginning fund balance is 22% while operating and capital grants contributions, fees, fines and charges for services represent the balance of 32%. The County does monitor all of its resources and determines the need for program adjustments or fee increases accordingly. The General fund including its nine (9) departments is mostly dependent upon property taxes. Growth in program requirements has not exceeded the corresponding growth in taxes.

To plan for future needs, the County continues to implement strategic plans for vehicle purchases and usage, building purchase and usage, technology purchase and usage.

We anticipate significant rental revenue shortages with the planned exit of two community partners from our buildings.

NORCOR experienced a loss of rental beds to federal agencies resulting in increased costs for member counties. Proactive measures are being taken to replace this revenue by installing alternative programs for bed space at this facility. The discussion was started by one of the NORCOR member counties to change the funding formula for the NORCOR facility. We anticipate that this will shift additional cost to Wasco County in the coming years.

Wasco County has been able to manage the impact of the economic downturn that was expected in the 2011-2012 budget year but not without some tough choices. This is partly due to conservative budgeting and cost control measure. Fortunately Wasco County will see the impact of these measures in the ending fund balance.

NEXT YEAR'S BUDGET

The County's 2012/2013 budget reflects a General Fund increase of $435,774 from the previous year. This is primarily due to an increase in Beginning Fund Balance.

The implementation of the CCO model of healthcare transformation through the creation of Coordinated Care Organizations at the State level has not yet had a major impact on the funding formula and programs of public health but we are early in the conversion process. Likewise, State changes to the Commission on Children and Families and Early Learning Council has eliminated current funding streams and programs of the local Commission on Children and Families. We have yet to see what the new model for providing this service will look like through the Early Learning Council. We expect additional decisions will be made in the next legislative session to outline how the Early Learning Council will absorb Commission on Children and Families work. We expect that this will be structured as a regional hub similar to Coordinated Care Organizations. We know that current funding for Commission on Children and Families will be diverted from Counties to "Hubs" as defined by the Early Learning Council. It is not yet clear on how or if these Hubs will put funds back into existing local service providers. To help manage this process Wasco County will continue to utilize the Commission on Children and Families volunteer Board to oversee the conversion process for Wasco County.

We would expect to see increased revenues for NORCOR through the installation of new program beds (TOOLS) thereby reducing county expenditures on NORCOR operations. This revenue increase is due to successful negotiations to bring alternative populations to the facility. Oregon Youth Authority has agreed to house an additional 4 kids in the program increasing revenue for NORCOR. A change in the

funding formula for NORCOR has resulted in a new funding formula that will likely shift additional costs to Wasco County in the next several years. We estimate that this will result in a 3% and 8% cost increase for the next two years if we are able to manage our jail population at 50 prisoners. This new formula is the result of demands made by one of the NORCOR member counties to change the formula to one that more closely reflects an actual use based formula and will result in member counties trying to reduce prison populations to cut costs. As such, Wasco County has implemented a jail matrix system to ensure that our jail population does not exceed 50 inmates. This is a cost control measure to keep from having to pay additional monies to the other member counties when we go over the 50 prisoner mark. Additionally, Wasco County has implemented a work release program to act as an alternative to sending someone to jail thereby reducing our jail utilization.

As a budget strategy, Wasco County will attempt to reduce or eliminate the use of beginning fund balance to offset the cost of road operations. We are in the process of setting up a citizen committee to help advise Wasco County on how to address this shortfall caused by loss of timber revenue. This committee will play an integral part in addressing the approximate $600,000 shortfall in funds for the Public Works Department. We still hold out hope that a legislative fix for the loss of timber dollars will materialize. We suspect however that any legislative fixes will result in significantly less revenue than have been previously received.

Changes in how Payment in Lieu of Property Tax Payments is calculated may be addressed in the upcoming legislature and could potentially be reduced or eliminated. If eliminated the estimated impact to Wasco County General Fund is approximately $195,000.

FINANCIAL CONTACT

The County's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions about the report or need additional financial information, please contact the County's Budget Officer at 511 Washington Street, Room 207, The Dalles, Oregon 97058.

This page left intentionally blank

BASIC FINANCIAL STATEMENTS

Wasco County, Oregon
Statement of Net Assets
June 30, 2012
(all amounts are in dollars)

	Primary Government	Aggregate Discretely Presented Component Units
	Governmental Activities	
ASSETS:		
Cash & Investments	15,610,767	936,031
Receivables (Net of Allowances):		
Property Taxes	668,198	133,014
Other	985,761	-
Inventory	534,333	-
Capital Assets		
Land (non-depreciable)	1,426,794	-
Depreciable Assets Net of Depreciation	10,962,514	-
TOTAL ASSETS	30,188,368	1,069,046
LIABILITIES:		
Accounts Payable	622,397	-
Accrued Liabilities	354,361	-
Accrued Interest	11,305	-
Noncurrent Liabilities		
Due in one year		
Bond Payable	459,370	-
Loan Payable	18,621	-
Due in more than one year		
Bond Payable	329,615	-
Loan Payable	96,587	-
Compensated Absences	246,906	-
OPEB Obligation	467,890	-
TOTAL LIABILITIES	2,607,052	-
NET ASSETS		
Invested in capital assets, net of related debt	11,600,323	-
Restricted for:		
General Government	15,034	-
Public Safety	496,464	-
Highways and Streets	4,602,244	-
Health and Welfare	425,546	-
Culture and Recreation	218,081	-
Debt Service	102,641	-
Unrestricted Net Assets	10,120,982	1,069,046
TOTAL NET ASSETS	27,581,316	1,069,046

The notes to the financial statement are an integral part of this statement

Wasco County, Oregon
Statement of Activities
For the year ended June 30, 2012
(all amounts are in dollars)

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Fees, Fines and Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	Net (Expenses) Revenues and changes in Net Assets: PRIMARY GOVERNMENT Total Governmental Activities	Net (Expenses) Revenues and changes in Net Assets: COMPONENT UNITS
General Government	3,963,000	1,317,558	567,306	273,143	(1,804,993)	-
Public Safety	6,728,153	742,718	1,405,993	59,107	(4,520,335)	-
Highways and Streets	3,260,774	774,931	2,692,750	-	206,906	-
Health and Welfare	3,217,182	576,033	1,852,490	-	(788,659)	-
Culture and Recreation	225,439	134,570	249,584	-	158,715	(1,424,080)
Capital Projects	956,082	-	-	-	(956,082)	-
Interest	63,440	-	-	-	(63,440)	-
Total Governmental Activities	18,414,071	3,545,811	6,768,123	332,250	(7,767,888)	(1,424,080)

General Revenues:		
Property Taxes	7,932,317	1,585,911
Other Taxes	645,820	-
Interest and Investment Earnings	76,276	5,329
Miscellaneous	197,218	1,458
Gain (Loss) on Sale of Fixed Assets	14,882	-
Total General Revenues and Transfers	8,866,513	1,592,697
Change in net assets	1,098,626	168,618
Net assets, beginning	26,482,690	900,429
Net assets, ending	27,581,316	1,069,046

The notes to the financial statement are an integral part of this statement

Wasco County, Oregon
Balance Sheet - Governmental Funds
June 30, 2012
(all amounts are in dollars)

	101 General Fund	201 Public Health Fund
ASSETS:		
Deposits and Investments	6,591,136	287,523
Receivables:		
Accounts Receivable	384,857	162,779
Taxes Receivable	628,901	-
Inventories	-	-
TOTAL ASSETS	7,604,895	450,302
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	307,022	60,953
Accrued Liabilites	218,669	53,617
Compensated Absences	138,153	10,313
Deferred Revenue	544,726	-
Total Liabilities	1,208,570	124,883
Fund Balances:		
Non-Spendable	-	-
Restricted	-	315,106
Committed	-	-
Assigned	1,053,269	10,313
Unassigned	5,343,056	-
Total Fund Balances	6,396,325	325,420
TOTAL LIABILITIES AND FUND BALANCES	7,604,895	450,302

The notes to the financial statement are an integral part of this statement

202 Public Works Fund	321 Road Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
3,882,642	2,752,187	2,097,279	15,610,767
395,628	-	42,498	985,761
-	-	39,297	668,198
534,333	-	-	534,333
4,812,602	2,752,187	2,179,074	17,799,060
170,778	-	83,644	622,397
52,469	-	29,607	354,361
72,743	-	25,697	246,906
23,358	-	34,143	602,227
319,348	-	173,090	1,825,891
534,333	-	-	534,333
3,886,179	-	1,124,392	5,325,677
-	2,752,187	924,476	3,676,663
72,743	-	23,195	1,159,520
-	-	(66,079)	5,276,977
4,493,255	2,752,187	2,005,983	15,973,169
4,812,602	2,752,187	2,179,074	17,799,060

Wasco County, Oregon
Reconciliation of Balance Sheet to Statement of Net Assets
June 30, 2012
(all amounts are in dollars)

Fund Balances - Governmental Funds		15,973,169
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets:		
Land	1,426,794	
Depreciable Assets net of Accumulated Depreciation	10,962,514	12,389,308
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Assets.		
Interest Payable	(11,305)	
Bonds Payable	(788,985)	
Loans Payable	(115,208)	
Other Post Employment Benefits	(467,890)	(1,383,388)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		602,227
Net Assets of Governmental Activities		27,581,316

The notes to the financial statement are an integral part of this statement

This page left intentionally blank

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds
For the year ended June 30, 2012
(all amounts are in dollars)

	101 General Fund	201 Public Health Fund
REVENUES:		
Taxes	7,471,436	-
Licenses, Fees & Permits	1,039,656	202,353
Intergovernmental Revenues	1,428,844	394,167
Federal Revenues	453,654	693,628
Charges for Services	920,878	166,339
Internal Service Charges	95,163	-
Fines and Restitution	54,651	-
Investment Earnings	29,094	1,745
Rents	197,146	-
Contributions and Donations	284,825	-
Miscellaneous	159,752	3,066
Pass Through Payments	2,830	-
TOTAL REVENUES	12,137,929	1,461,299
EXPENDITURES:		
Current		
Personal Services	6,069,589	1,613,202
Materials & Services	4,315,354	316,322
Capital Outlay	253,097	32,250
Debt Service	-	-
TOTAL EXPENDITURES	10,638,040	1,961,774
Excess of Revenues Over (Under) Expenditures	1,499,889	(500,475)
OTHER FINANCING SOURCES (USES):		
Gain/Loss on Sale of Fixed Assets	14,867	-
Transfers from Other Funds	866,410	304,235
Transfers to Other Funds	(1,100,850)	-
TOTAL OTHER FINANCING SOURCES(USES)	(219,574)	304,235
Net Changes in Fund Balance	1,280,316	(196,240)
FUND BALANCE - BEGINNING OF YEAR	5,116,009	521,660
FUND BALANCE - END OF YEAR	6,396,325	325,420

The notes to the financial statement are an integral part of this statement

202 Public Works Fund	321 Road Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
-	-	454,956	7,926,392
-	-	547,474	1,789,483
1,882,137	-	1,428,659	5,133,807
798,863	-	339,244	2,285,390
226,661	-	6,700	1,320,577
27,580	-	-	122,743
-	-	35,289	89,940
21,568	12,199	11,670	76,276
-	-	47,187	244,333
-	-	20,906	305,731
22,139	-	13,801	198,758
-	-	-	2,830
2,978,947	12,199	2,905,886	19,496,260
1,612,586	-	832,854	10,128,231
1,393,386	-	1,203,391	7,228,452
216,297	-	531,738	1,033,382
-	-	523,958	523,958
3,222,268	-	3,091,940	18,914,021
(243,321)	12,199	(186,053)	582,239
20,664	-	4,808	40,339
-	200,000	304,834	1,675,479
(263,000)	-	(311,629)	(1,675,479)
(242,336)	200,000	(1,987)	40,339
(485,658)	212,199	(188,040)	622,577
4,978,912	2,539,988	2,194,024	15,350,593
4,493,255	2,752,187	2,005,984	15,973,169

Wasco County, Oregon
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2012
(all amounts are in dollars)

Net Change in Fund Balances - Governmental Funds		622,577
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	1,007,117	
Disposal of capital assets	(25,457)	
Less current year depreciation	(889,273)	92,387
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Principal Payments	459,879	
Change in Deferred charges related to bond issues	(2,790)	457,089
Expenditures reported for Other Post Employment Benefits in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(78,410)
Revenues in the funds that do not provide current financial resources are not reported as revenues in the Statement of Activites as follows:		
Change in deferred revenues		1,555
In the Statement of Activities interest is accrued on long-term debt. In the governmental funds it is recorded as an interest expense when due.		3,428
Change in Net Assets of Governmental Activities		1,098,628

The notes to the financial statement are an integral part of this statement

FIDUCIARY FUNDS

These funds account for resources received and held by the County in a fiduciary capacity. The modified accrual basis of accounting is used to record transactions in the agency funds.

TRUST FUND: The County collects revenues and pays expenditures for the Mid-Columbia Interagency Task Force, a collaborative agreement between local law enforcement agencies.

AGENCY FUNDS: The funds received and disbursed through Wasco County's Agency Funds are, for the most part, taxes collected for other taxing districts within the county. The County Treasurer collects these funds for the various governmental units and either invests the moneys for these governments or disburses the money to them.

Wasco County, Oregon
Statement of Fiduciary Net Assets
June 30, 2012
(all amounts are in dollars)

	Trust Funds	Agency Funds	Total Fiduciary Funds
ASSETS:			
Cash with Treasurer	140,066	549,232	689,298
Taxes Receivable	-	1,958,426	1,958,426
TOTAL ASSETS	140,066	2,507,658	2,647,724
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Due to Other Governments	140,066	2,507,658	2,647,724
TOTAL LIABILITIES	140,066	2,507,658	2,647,724
NET ASSETS	-	-	-

The notes to the financial statement are an integral part of this statement

Wasco County, Oregon
Statement of Changes in Fiduciary Net Assets - Trust Only
MINT Trust Fund
For the year ended June 30, 2012
(all amounts are in dollars)

REVENUES:	
Investment Earnings	566
Miscellaneous	25,860
TOTAL REVENUES	26,426
EXPENDITURES:	
Materials & Services	6,490
TOTAL EXPENDITURES	6,490
Change in Net Assets	19,936
Net Assets held for MINT-Beginning	77
Net Assets held for MINT-Ending	20,013

The notes to the financial statement are an integral part of this statement

This page left intentionally blank

MAJOR GOVERNMENTAL FUNDS

GENERAL AND SPECIAL REVENUE FUNDS

Major governmental funds are defined as those funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds for the same items. The general fund is always classified as a major fund.

GENERAL FUND: Most of the activities relating to the operations of Wasco County are accounted for through the General Fund. Primary sources of revenues are taxes, fees and licenses, fines and forfeits, intergovernmental revenues, supplies and services sold, interest on investments, rents and other miscellaneous revenues. Expenditures are for personal services, materials and services, capital outlay and transfers to other funds.

PUBLIC HEALTH FUND: The North Central Public Health District receives revenues from state and federal grant programs, fees for immunizations, prenatal care, death certificates and various other sources. Expenditures from the Health Department Grants Fund are for personal services and materials and services.

PUBLIC WORKS FUND: The Public Works Fund accounts for revenues and expenditures used in constructing and maintaining County roads. Most of the fund's revenues are from Forest Reserve Rentals and Motor Vehicle funds. Expenditures are for personal services, materials and services and capital outlay.

Wasco County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES:				
Taxes	7,179,689	7,179,689	7,471,436	291,747
Licenses, Fees & Permits	1,025,596	1,025,596	1,026,238	642
Intergovernmental Revenues	830,411	865,351	1,092,942	227,591
Federal Revenues	541,742	631,622	453,654	(177,968)
Charges for Services	110,674	118,624	128,888	10,264
Internal Service Charges	26,600	26,600	25,000	(1,600)
Fines and Restitution	40,100	40,100	54,312	14,212
Investment Earnings	15,400	15,400	25,861	10,461
Rents	207,216	207,216	197,146	(10,070)
Contributions and Donations	1,000	1,000	1,908	908
Miscellaneous	123,863	123,863	138,233	14,370
Pass Through Payments	1,300	1,300	2,830	1,530
TOTAL REVENUES	10,103,591	10,236,361	10,618,450	382,089
EXPENDITURES:				
Current by Department				
Court	301,167	301,167	279,760	21,407
Assessor	631,638	637,038	616,849	20,189
Clerk	313,320	313,320	297,845	15,475
Sheriff	1,973,670	1,943,606	1,742,408	201,198
EAS	1,674,298	1,718,902	1,532,277	186,625
Administration	3,048,191	3,103,767	2,823,296	280,471
District Attorney	483,226	483,226	457,663	25,563
Planning	512,553	512,553	467,930	44,623
Public Works	113,884	113,884	109,729	4,155
Youth Services	503,059	503,059	496,867	6,192
Total Current by Department	9,555,006	9,630,522	8,824,624	805,898
Capital Outlay by Department				
Clerk	20,685	20,685	13,623	7,062
Sheriff		80,154	43,952	36,202
EAS	251,105	206,501	47,801	158,700
Administration	120,000	147,393	134,329	13,064
Total Capital Outlay by Department	391,790	454,733	239,706	215,027
Contingency	386,965	381,276	-	381,276
TOTAL EXPENDITURES	10,333,761	10,466,531	9,064,330	1,402,201

The notes to the financial statement are an integral part of this statement

Wasco County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
Excess of Revenues Over (Under) Expenditures	(230,170)	(230,170)	1,554,119	1,784,289
OTHER FINANCING SOURCES AND (USES):				
Sale of Fixed Assets	9,000	9,000	14,867	5,867
Transfers from Other Funds	458,965	458,965	404,629	(54,336)
Transfers to Other Funds	(1,037,795)	(1,037,795)	(1,037,795)	-
TOTAL OTHER FINANCING SOURCES AND USES	(569,830)	(569,830)	(618,300)	(48,470)
Net Changes in Fund Balance	(800,000)	(800,000)	935,820	1,735,820
FUND BALANCE - BEGINNING OF YEAR	2,800,000	2,800,000	4,614,698	1,814,698
Residual Equity Transfer In	-	-	17,803	17,803
FUND BALANCE - END OF YEAR	2,000,000	2,000,000	5,568,320	3,568,320

Wasco County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
201 Public Health Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	213,500	213,500	202,353	(11,147)
Intergovernmental Revenues	606,257	439,288	394,167	(45,121)
Federal Revenues	613,984	793,453	693,628	(99,825)
Charges for Services	167,083	167,083	166,339	(744)
Investment Earnings	2,500	2,500	1,745	(755)
Miscellaneous	1,000	1,000	3,066	2,066
TOTAL REVENUES	1,604,324	1,616,824	1,461,299	(155,525)
EXPENDITURES:				
Current: Personal Services	1,717,091	1,717,091	1,604,853	112,238
Current: Materials & Services	336,825	349,325	316,322	33,003
Capital Outlay	70,000	70,000	32,250	37,750
Contingency	24,955	24,955	-	24,955
TOTAL EXPENDITURES	2,148,871	2,161,371	1,953,425	207,946
Excess of Revenues Over (Under) Expenditures	(544,547)	(544,547)	(492,126)	52,421
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	304,235	304,235	304,235	-
NET OTHER FINANCING SOURCES (USES)	304,235	304,235	304,235	-
Net Changes in Fund Balance	(240,312)	(240,312)	(187,891)	52,421
FUND BALANCE - BEGINNING OF YEAR	359,684	359,684	523,624	163,940
FUND BALANCE - END OF YEAR	119,372	119,372	335,733	216,361

The notes to the financial statement are an integral part of this statement

Wasco County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
202 Public Works Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Intergovernmental Revenues	1,781,742	1,781,742	1,882,137	100,395
Federal Revenues	823,968	823,968	798,863	(25,105)
Charges for Services	179,000	179,000	226,661	47,661
Internal Service Charges	30,000	30,000	27,580	(2,420)
Investment Earnings	23,500	23,500	21,568	(1,932)
Miscellaneous	22,015	22,015	22,139	124
TOTAL REVENUES	2,860,225	2,860,225	2,978,947	118,722
EXPENDITURES:				
Current: Personal Services	1,687,181	1,687,181	1,606,842	80,339
Current: Materials & Services	1,402,865	1,402,865	1,379,015	23,850
Capital Outlay	270,000	270,000	216,297	53,703
Contingency	400,000	400,000	-	400,000
TOTAL EXPENDITURES	3,760,046	3,760,046	3,202,153	557,893
Excess of Revenues Over (Under) Expenditures	(899,821)	(899,821)	(223,206)	676,615
OTHER FINANCING SOURCES(USES)				
Sale of Assets	36,500	36,500	20,664	(15,836)
Operating Transfers In		-	-	-
Operating Transfers Out	(263,000)	(263,000)	(263,000)	-
NET OTHER FINANCING SOURCES (USES)	(226,500)	(226,500)	(242,336)	(15,836)
Net Changes in Fund Balance	(1,126,321)	(1,126,321)	(465,543)	660,778
FUND BALANCE - BEGINNING OF YEAR	4,374,477	4,374,477	4,497,207	122,730
FUND BALANCE - END OF YEAR	3,248,156	3,248,156	4,031,665	783,509

The notes to the financial statement are an integral part of this statement

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Wasco County, Oregon conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

A. REPORTING ENTITY:

Wasco County, Oregon is a non-home rule county governed by an elected Board of Commissioners consisting of a three County Commissioners, one whom serves as County Chair. Other elected officials include the County Clerk, County Treasurer, County Sheriff, County Assessor, County District Attorney and County Surveyor.

As required by GAAP, these financial statements present the County and its component units – legally separate entities for which the County is considered to be financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the organization, or b) the possibility that the component until will provide a financial benefit or impose a financial burden on the primary government.

Wasco County reports two component units. These are the Wasco County 4-H and Extension Service District and the Wasco County Library Service District. These Districts began operations July 1, 2008 and are included in the County's statements as discretely presented component units. Each District has separate audited financial statements available upon request through Wasco County.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segments. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segments and 2) 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.*

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds are reported in separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PREPARATION:

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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 current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, excise taxes, business income taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County applies all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) guidance, issued on or before November 30, 1989, unless that guidance conflicts with or contradicts GASB pronouncements, and does not apply FASB guidance issued subsequent to November 30, 1989 unless specifically adopted by the GASB.

GASB 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditure/expense of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Nonmajor funds are combined in a single column in the fund financial statements. The County reports the following major governmental funds:

GENERAL FUND: This is the County's primary operating fund and is always considered a major fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

PUBLIC HEALTH FUND: This fund receive revenues from state and federal sources to provide public health services to participating counties.

PUBLIC WORKS FUND: This fund accounts for revenues and expenditures used in constructing and maintaining County roads.

ROAD RESERVE FUND: This fund was created to accumulate monies for future road equipment purchases and construction projects. Revenues were from interest on investments. Budgeted expenditures are for Materials and Services and for Capital Outlay.

Additionally, the County reports the following fund types:

SPECIAL REVENUE FUNDS: These funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

CAPITAL PROJECTS FUNDS: Expenditures for major construction projects or equipment acquisitions are accounted for in the capital projects funds.

DEBT SERVICE FUNDS: These funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

FIDUCIARY FUNDS: Trust and Agency Funds are used to account for assets held by the County in a trustee capacity. Agency Funds are custodial in nature and do not involve measurement of result of operations.

D. ASSETS, LIABILITIES AND NET ASSETS:

1. *Deposits and investments:* The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is shown on the Combined Balance Sheet as "Cash with Treasurer". Deposits and Investments are shown at cost which approximates market value at June 30, 2012. Earnings on the pooled monies are apportioned and credited to the funds monthly, based on the average daily balances of each participating fund.

2. *Inventory:* Inventory-type items are considered to be an expenditure when purchased. Except for the Public Works Fund, the amount of inventory at year end was not considered significant and is not reported on the balance sheet. The Public Works Fund inventory is recorded at cost or estimated cost and is offset by a reservation of fund balance.

3. *Net Assets:* Net assets comprise the various net earnings from operating income, nonoperating revenues and expense, capital contributions, and special items. Net assets are classified in the following three components:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
Restricted – This component of net assets consists of constraints imposed by creditors

(such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

4. *Fund Balance:* In the fund financial statements, Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the five fund balance components listed below:

Nonspendable- This component includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
Restricted- This component consists of amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.
Committed- This component consists of amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, which includes resolutions. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (resolution) it employed previously to commit those amounts.
Assigned- This component consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Board of Commissioners, or their designee as established in the County's Fund Balance Policy.
Unassigned- This residual classification of fund balance includes all spendable amounts that have not been restricted, committed, or assigned.

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

Below is a schedule of ending fund balances, based on the standards in GASB Statement 54:

	General Fund	Public Health Fund	Public Works Fund	Road Reserve Fund	Nonmajor Funds	Total all Funds
Fund Balances						
Total Nonspendable in form:	-	-	534,333	-	-	534,333
Restricted for:						
Public Works Fund	-	-	3,886,179	-	-	3,886,179
Health Department	-	315,106	-	-	-	315,106
County Fair Fund	-	-	-	-	84,007	84,007
County School Fund	-	-	-	-	102	102
Land Corner Preservation Fund	-	-	-	-	181,732	181,732
Forest Health Program Fund	-	-	-	-	134,074	134,074
Law Library Fund	-	-	-	-	115,385	115,385
Community Corrections Fund	-	-	-	-	320,665	320,665
Court Facilities Security Fund	-	-	-	-	60,414	60,414
CCFC Fund	-	-	-	-	110,440	110,440
Clerk Records Fund	-	-	-	-	14,932	14,932
Debt Service Funds	-	-	-	-	102,641	102,641
Total Restricted	-	315,106	3,886,179	-	1,124,392	5,325,677
Committed to:						
Household Hazardous Waste Fund	-	-	-	-	113,979	113,979
Road Reserve Fund	-	-	-	2,752,187	-	2,752,187
Capital Acquisitions Fund	-	-	-	-	482,261	482,261
Equipment Reserve Fund	-	-	-	-	192,089	192,089
911 Capital Reserve Fund	-	-	-	-	14,153	14,153
Facility Reserve Fund	-	-	-	-	121,995	121,995
Total Committed	-	-	-	2,752,187	924,476	3,676,663
Assigned for:						
Economic Development Payments Fund	20,471	-	-	-	-	20,471
District Attorneys Fund	52,344	-	-	-	-	52,344
Museum Fund	199,300	-	-	-	-	199,300
Animal Control Fund	49,754	-	-	-	-	49,754
Weed & Pest Fund	204,370	-	-	-	-	204,370
911 Communications Fund	131,133	-	-	-	-	131,133
Kramer Field Fund	32,315	-	-	-	-	32,315
General Operating Reserve	225,428	-	-	-	-	225,428
Compensated Absences	138,153	10,313	72,743	-	23,195	244,404
Total Assigned	1,053,269	10,313	72,743	-	23,195	1,159,520
Total Unassigned:	5,343,056	-	-	-	(66,079)	5,276,977
Total Fund Balances	6,396,325	325,420	4,493,255	2,752,187	2,005,983	15,973,169

5. *Capital Assets:* Capital assets, which include property and equipment, infrastructure and land, are reported 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 and an estimated useful life of more than 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 cost 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.

Property, plant, and equipment of the County, are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5 to 45 years
Buildings and Improvements	45 to 100 years
Infrastructure	25 to 100 years

6. *Compensated Absences:* Vacation time for employees who are members of bargaining units accumulates based on the number of years of service, ranging from ten to twenty working days per year. Vacation pay is vested when earned.

Vacation time for employees who are not members of bargaining units is awarded based on the number of years of service, ranging from 10 to 20 working days per year. Vacation is awarded on January 1, of any given year. Vacation pay is expected to be liquidated with expendable available financial resources and is reported as an expenditure and fund liability of the appropriate Governmental Fund.

Sick leave accumulates at the rate of twelve days per year for full time employees. There is no limit on accumulation, and it is not compensable upon termination of employment.

7. *Long-Term Obligations:* In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Principal and interest payments are reported as debt service expenditures when paid.

8. *Property tax revenues and receivables:* Property taxes are collected by the Wasco County Tax Collector and distributed to the County's funds monthly. The fund financial statements reflect property taxes as revenue when collected by the Tax Collector and available to the County to pay current period expenditures. The government-wide financial statements reflect property taxes as revenue in the year levied.

Property taxes receivable at year end have been reported on the balance sheet. No allowance has been made for uncollectible taxes since past history has shown losses to be minimal. In the fund financial statements, taxes receivable considered not available for payment of current year expenditures have been offset as deferred revenue.

Property taxes are levied on July 1 pursuant to Oregon Revised Statute 310.030. Taxes are payable in full on November 15 or are payable in installments the last of which is due on May 15 of the year following the year in which imposed. Taxes become delinquent on personal property when any installment is not paid by its due date. Taxes become

delinquent on real property if not paid by May 15. On January 1 and July 1 tax liens attach to personal and real property respectively to secure payment of all taxes, penalties and interest ultimately imposed. Personal property is subject to summary seizure and the responsible taxpayer is subject to warrant service 30 days after the delinquency date. Foreclosure proceedings begin on real property after three years from the date taxes become delinquent.

9. *Deferred Revenue*: The County reports deferred revenue on its combined balance sheets. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheets and revenue is recognized.

10. *Interfund Activity:*
Transfers - Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.
Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., current portion of interfund loans).

11. *Use of Estimates:* The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. BUDGETS AND BUDGETARY ACCOUNTING:

The budget is prepared on the modified accrual method of accounting for each fiscal year July 1 to June 30. The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the County Court enacts the resolutions to adopt the budget, make appropriations and declare the ad valorem tax levy for all funds.

The Appropriations Resolution contains amounts for department expenditures, capital outlay, inter-fund transfers, debt service and contingency. This is the level of control for authorized expenditures. The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object

classifications of the appropriation for each fund as required to prevent over-expenditures. Final budget amounts shown in the budget to actual schedules include appropriation transfers and supplemental budget increases pursuant to ORS 294.480. All appropriations transfers and supplemental budget increases are approved by the Board of Commissioners. Appropriations for all funds lapse at the end of each fiscal year.

Excess of expenditures over appropriations
The County has no instance where expenditures exceeded appropriations for the year ended June 30, 2012.

Deficit fund balance
The Parks fund had a deficit in fund balance of ($66,079) as of June 30, 2012.

NOTE 3 -DETAILED NOTES ON ALL FUNDS:

A. CASH AND INVESTMENTS:

Cash and Investments (recorded at cost) for the county, its discretely presented component units and fiduciary funds, consisted of petty cash of $4,360, deposits with financial institutions totaling $2,068,087 and investment in the LGIP of $14,599,096, for a total of $17,236,096.

	Fair Value
Primary Government	15,610,767
Component Units	936,031
Fiduciary Funds	689,298
Total Deposits and Investments	17,236,096

DEPOSITS:
Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. In order to minimize this risk, state statutes require banks holding public funds become members of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created by the Office of the State Treasurer. To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected. All of the County's June 30, 2012 bank balance of $2,303,079 was collateralized by the FDIC or the PFCP.

INVESTMENTS:
The County's cash management policies are governed by state statutes. Statutes authorize the County to invest in bankers' acceptance, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council. The County's investment in the LGIP is not rated and is treated as a cash equivalent on the

Statement of Net Assets. The fair value of the position in the LGIP is the same as the value of the pool shares.

Custodial Credit Risk – Investments Custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. At June 30, 2012, the County did not have any investments exposed to custodial credit risk.

Concentration of Credit Risk – Investments Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. There are no investments in any one issuer that represent five percent or more of the County's total investments.

Interest Rate Risk The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. CAPITAL ASSETS:

The following schedule shows the changes in Capital Assets for the year ended June 30, 2012:

	Beginning Balance	Additions	Deletions	Corrections	Ending Balance
Land	1,426,824	120	(150)	-	1,426,794
Depreciable Assets					
Buildings	7,279,646	74,028	-	-	7,353,674
Furniture and Equipment	9,161,129	545,044	(183,375)	-	9,522,798
Infrastructure	4,213,451	387,925	-	-	4,601,376
Total	22,081,050	1,007,117	(183,525)	-	22,904,642
					-
Accumulated Depreciation	(9,784,129)	(889,273)	158,068	-	(10,515,334)
Net Fixed Assets	12,296,922	117,844	(25,457)	-	12,389,305

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

General Government	127,790
Public Safety	212,910
Highways and Streets	467,278
Health and Welfare	63,133
Culture and Recreation	18,162
	889,273

C. LONG-TERM DEBT:

1. *Veterans Facility Bonds:* In 1994, the County issued general obligation Veterans Facility Bonds to finance the County's portion of the costs of construction of a long-term health care facility for veterans and to pay related costs. The bonds are payable from general property tax revenues, with coupon rates that increase yearly from 3.25 % beginning in December 1995 to 4.35 % in 2013.

The County is authorized pursuant to the Oregon Constitution and Oregon Revised Statutes Sections 288.605 through 288.695 to issue advance refunding bonds for the refunding of all or any portion of its outstanding bonds. Advance refunding all or a portion

of the refundable bonds will provide significant debt service savings to the County as required by law. On December 7, 1999, the County issued General Obligation Refunding Bonds Series 1998 in the amount of $3,150,000. The net proceeds of the refunding bonds were used to purchase refundable general obligations which have been placed irrevocably in escrow and used solely to pay principal, interest and redemption premiums, if any, on the refundable 1994 general obligation bonds as they are redeemed. The ultimate savings on the advance refunding is expected to be $262,926. The interest rate on these bonds increases yearly from 3.25% in 1998 to 4.35% in 2013.

2. *Crates Point Bonded Loan*: In 1996, the County contracted with the State Of Oregon Economic Development Department, Oregon Bond Bank for a bonded loan of $320,600 to finance the construction of the infrastructure at Crates Point. The loan is expected to be repaid with revenues derived from the operation of the Discovery Center and Museum. Payments began December 1, 1997 with an interest rate of 5.329%.

3. *Notes Payable*: In 1996, the County contracted with the State Of Oregon Economic Development Department, Oregon Bond Bank for a deferred loan of $634,241 to finance the construction of the infrastructure at Crates Point. The loan is expected to be repaid with revenues derived from the operation of the Discovery Center and Museum. Payments began December 1, 2002 with an interest rate of 6.00 percent for a 20 year term. On January 14, 2005, the County refinanced the note over 15 years at an interest rate of 5.15% for an anticipated savings of $80,922.

Future debt service requirements of the County as of June 30, 2012 are:

	Veterans Facility Bonds		Crates Point Bonded Loan		Crates Point Refunded Series 2005	
	Principal	Interest	Principal	Interest	Principal	Interest
2012-13	425,000	18,488	18,621	6,337	38,325	18,949
2013-14	-	-	23,820	5,312	40,299	16,975
2014-15	-	-	24,030	4,002	42,374	14,900
2015-16	-	-	24,252	2,680	44,557	12,718
2016-21	-	-	24,485	1,346	202,385	26,711
Totals	$ 425,000	$ 18,488	$ 115,208	$ 19,677	$ 367,940	$ 90,253

4. *Changes in Long-Term Debt:*

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Compensated Absences	242,720	4,186	-	246,906	-
OPEB Obligation	274,637	78,410	-	353,047	-
Veterans Facility Bonds					
Principal	830,000	-	405,000	425,000	425,000
Discount/Premium on Refunded Bonds	(6,744)	-	(2,790)	(3,954)	(3,954)
Crates Point Bonded Loan					
Principal	133,639	-	18,431	115,208	18,621
Refunded Series 2005 (Crates Point)					
Principal	404,388	-	36,448	367,940	38,325
Total Long Term Obligations	**1,878,640**	**82,596**	**457,089**	**1,504,147**	**477,992**

D. EMPLOYEE PENSION PLANS:

1. *Plan Description:* Wasco 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 District 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 account, 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.

2. *Funding Policy*: Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The County is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate, and a police and fire rate for the Qualifying employees under the OPSRP plan. The rates for the year ended June 30, 2012 were as follows:

OPERF	8.65%
OPSRP General	7.34%
OPSRP Police/Fire	10.05%

The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Actual contributions made by plan members for the IAP defined contribution portion of the OPSRP plan for the year ended June 30, 2012 are $91,168.

3. *Annual Pension Cost*: For 2012, the County's annual pension cost for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.00 percent investment rate of return (net of investment and administrative expenses), (b) projected salary increases of 3.75% per year with additional increases for promotion and longevity that vary by age and service, (c) healthcare cost inflation of 7%, grading down to 4.5% in 2029 and (d) certain demographic assumptions. The underlying long-term assumed rate of

inflation is 2.75% per year. The actuarial value of PERS assets at fair market value on the valuation date less a reserve equal to a prorate portion of the investment gains (losses) over the four-year period ending on the valuation date. The unfunded actuarial liability as of December 31, 2009 valuation, is being amortized on a level percentage of covered payroll on a closed fixed term method over a 20-year period.

Three Year Trend Information for Wasco County

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	952,814	100%	-
6/30/2011	929,730	100%	-
6/30/2012	919,794	100%	-

E OPERATING LEASES:

The County leases equipment, primarily copiers, under non-cancelable lease agreements. Operating lease expenditures were $32,000 for the year ended June 30, 2012. Future payments associated with operating leases are due as follows:

FYE 30-Jun	Amount
2013	28,103
2014	28,140
2015	25,739
2016	12,605
2017	452

F. OTHER POST-EMPLOYMENT BENEFITS:

Plan Description: The County participates in a defined benefit postemployment healthcare plan, administered by City County Insurance Services (CIS), which offers medical, dental and vision benefits to eligible retired employees and their beneficiaries. The plan is an agent multiple-employer postemployment healthcare plan. As the administrator of the plan, CIS has the authority to determine post-retirement benefit increases and decreases. CIS does not issue a separate, publicly available financial report for this plan.

The plan allows County employees retiring under PERS or PRSRP to continue their healthcare on a self-pay basis until eligible for Medicare, usually at age 65. This plan creates an "implicit rate subsidy" because the healthcare insurance premiums paid by the County for its employees are based on a blended premium of both employees and retirees combined, which is a higher premium than would have been paid for employees alone.

Funding Policy: The County's policy is to pay the implicit rate subsidy on a pay-as-you-go basis. For the fiscal year 2012 the County paid healthcare insurance premiums of $1,698,322.

Annual OPEB Cost and Net OPEB Obligation: The County's annual OPEB expense is calculated based on the County's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The

ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over thirty years. The following table shows the components of the County's annual OPEB expense for the year, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

	FYE 6/30/12
Determination of Annual Required Contribution	
1) Normal Cost at year end	$ 83,355
2) Amortization of UAAL	91,496
3) Annual Required Contribution (ARC) (1) + (2)	$ 174,851
Determination of Net OPEB Obligation	
4) Annual Required Contribution	$ 174,851
5) Interest on prior year Net OPEB Obligation	15,579
6) Adjustment to ARC	26,469
7) Annual OPEB Cost (4) + (5) - (6)	$ 163,961
8) Explicit Benefit Payments	-
9) Implicit Benefit Payments	85,551
10) Increase in Net OPEB Obligation (7) - (8) - (9)	$ 78,410
11) Net OBEP Obligation - beginning of year	389,480
12) Net OBEP Obligation - end of year	467,890

The following table shows the annual OPEB cost and net OPEB obligation for the prior three years:

Three Year Trend Information for Wasco County

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	952,814	100%	-
6/30/2011	929,730	100%	-
6/30/2012	919,794	100%	-

Funded Status and Funding Progress: As of August 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $1,251,853 and the actuarial value of assets was zero, resulting in an unfunded accrued liability of $1,251,853.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs

between the County and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Valuation Date	8/1/2010
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level % of Payroll
Remaining Amortization Period	15 Years
Actuarial Assumptions:	
Projected Salary Increases	3.75% plus merit component
Initial Healthcare Inflation Rates	8.5%
Ultimate Healthcare Inflation Rates	5%

G. INTERFUND TRANSFERS:

The following table reflects the interfund transfers completed during the year ended June 30, 2012:

	Transfers In	Transfers Out
General Fund	404,629	1,037,795
Health Grants	304,235	-
Public Works Fund	-	263,000
County Fair Fund	5,000	-
Land Corner Preservation Fund	-	45,244
Forest Health Fund	-	23,500
Spec. ED Payments Fund	-	58,055
Law Library Fund	-	3,000
District Attorney Fund	-	5,000
Museum Fund	12,500	-
Animal Control Fund	29,811	-
911 Communication Fund	194,470	-
Parks Fund	56,079	-
Community Corrections Fund	-	209,465
Court Facilities Fund	-	30,000
CCF Fund	-	420
Road Reserve Fund	200,000	-
Capital Acquisitions Fund	135,700	-
Facility Capital Reserve	50,000	-
General Reserve	225,000	-
Discovery Center DSF	58,055	-
Total	1,675,479	1,675,479

All transfers are budgeted to provide for operations of individual funds.

H. BUDGET/G.A.A.P. RECONCILIATION:

The following schedule reconciles the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balance to the amounts on the individual fund statements prepared on a budgetary basis.

	General Fund	Health Dept Fund	Public Works Fund	Road Reserve Fund	Other Nonmajor Funds
Net change in fund balances - GAAP basis	1,280,316	(196,240)	(485,658)	212,199	(188,040)
Expenditures required by GAAP not recorded under budgetary basis:					
Change in Inventory	-	-	14,371	-	-
Change in compensated absences	(14,151)	8,350	5,744	-	4,243
Net change in fund balance for budgeted funds that do not meet the GASB 54 definition of Special Revenue funds and so are included in the General Fund:					
208 - Economic Development Payments Fund	(2,071)	-	-	-	2,071
210 - District Attorney Fund	2,977	-	-	-	(2,977)
211 - Museum Fund	(1,020)	-	-	-	1,020
213 - Animal Control Fund	12,464	-	-	-	(12,464)
219 - Weed & Pest Control Fund	(69,877)	-	-	-	69,877
220 - 911 Communications Fund	(47,230)	-	-	-	47,230
233 - Kramer Field Fund	(149)	-	-	-	149
327 - General Operating Reserve	(225,428)	-	-	-	225,428
Net change in fund balances - budgetary basis	935,831	(187,890)	(465,543)	212,199	146,537

NOTE 4 – OTHER INFORMATION:

A. 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 with nominal deductible levels. Losses over the past three years have not exceeded insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. Any liability for claims or judgments would be reported in the appropriate governmental fund.

The County has elected to finance the liability for unemployment compensation benefits to County employees by reimbursing the State of Oregon Employment Division for the County's actual costs for the unemployment benefits.

B. JOINTLY GOVERNED ORGANIZATION:

Wasco County, Oregon, in conjunction with Sherman County, Hood River County, and Gilliam County, has created a regional jail facility in Wasco County known as Northern Oregon Corrections (NORCOR). The board of NORCOR is composed of five members, one from each of the participating governments, along with one sheriff. Wasco County budgeted expenditures to NORCOR for the year ended June 30, 2012 totaling $2,182,851. Financial information for this entity may be obtained from the Administrator, Northern Oregon Corrections, 201 Webber Road, The Dalles, Oregon 97058.

C. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of this financial statement with management. The issuance date of this financial statement is the same as the report date.

Wasco County, Oregon
Schedule of Funding Progress Required by GASB 45
For the year ended June 30, 2012
(all amounts are in dollars)

Acruarial Valuation Date	Actuarial Value of Assets	AAL Unit Credit	UAAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
8/1/2006	-	1,189,023	1,189,023	0%	6,312,444	19%
8/1/2008	-	1,225,563	1,225,563	0%	6,331,674	19%
8/1/2010	-	1,251,853	1,251,853	0%	6,964,303	18%

OTHER SUPPLEMENTARY INFORMATION

Wasco County, Oregon
Combining Balance Sheet
Non-Major Funds
June 30, 2012
(all amounts are in dollars)

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Non-Major Funds
ASSETS:				
Deposits and Investments	1,189,295	810,497	97,488	2,097,279
Receivables:				
Accounts Receivable	42,498	-	-	42,498
Taxes Receivable	-	-	39,297	39,297
TOTAL ASSETS	1,231,793	810,497	136,784	2,179,074
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	83,644	-	-	83,644
Compensated Absences	25,697	-	-	25,697
Accrued Payroll & Related Liabilities	29,607	-	-	29,607
Deferred Revenue -Taxes	-	-	34,143	34,143
Total Liabilities	138,948	-	34,143	173,091
Fund Balances:				
Restricted	1,021,751	-	102,641	1,124,392
Committed	113,979	810,497	-	924,476
Assigned	23,195	-	-	23,195
Unassigned	(66,079)	-	-	(66,079)
Total Fund Balances	1,092,845	810,497	102,641	2,005,983
TOTAL LIABILITIES AND FUND BALANCES	1,231,793	810,497	136,784	2,179,074

Wasco County, Oregon
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
Non-Major Funds
For the year ended June 30, 2012
(all amounts are in dollars)

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Non-Major Funds
Taxes	-	-	454,956	454,956
Licenses, Fees & Permits	547,474	-	-	547,474
Intergovernmental Revenues	1,403,659	-	25,000	1,428,659
Federal Revenues	331,322	7,922	-	339,244
Charges for Services	6,700	-	-	6,700
Fines and Restitution	35,289	-	-	35,289
Investment Earnings	7,052	3,326	1,292	11,670
Rents	-	47,187	-	47,187
Contributions and Donations	20,906	-	-	20,906
Miscellaneous	13,801	-	-	13,801
TOTAL REVENUES	2,366,203	58,435	481,248	2,905,886
EXPENDITURES:				
Current: Personal Services	832,854	-	-	832,854
Current: Materials & Services	1,203,391	-	-	1,203,391
Capital Outlay	408,817	122,921	-	531,738
Debt Service	-	-	523,958	523,958
TOTAL EXPENDITURES	2,445,062	122,921	523,958	3,091,941
Excess of Revenues Over (Under) Expenditures	(78,859)	(64,486)	(42,710)	(186,054)
OTHER FINANCING SOURCES(USES)				
Sale of Assets	4,808	-	-	4,808
Operating Transfers In	61,079	185,700	58,055	304,834
Operating Transfers Out	(311,629)	-	-	(311,629)
NET OTHER FINANCING SOURCES (USES)	(245,742)	185,700	58,055	(1,987)
Net Changes in Fund Balance	(324,601)	121,214	15,345	(188,041)
FUND BALANCE - BEGINNING OF YEAR	1,417,446	689,282	87,296	2,194,024
FUND BALANCE - END OF YEAR	1,092,845	810,497	102,641	2,005,983

SPECIAL REVENUE FUNDS
NONMAJOR GOVERNMENTAL FUNDS

** These funds do not meet the GASB 54 definition of Special Revenue Funds and are included in the General Fund GAAP basis financial statements. They are budgeted as Special Revenue Funds under Oregon Budget Law.

203 COUNTY FAIR FUND: Revenues and expenditures from the operation of the County Fair are recorded in this fund. The primary source of revenue for the Fair is money earned from the annual County Fair operation. Revenues are also received from the State Video Lottery Commission. Expenditures are mainly for the fair and year round maintenance of the fair grounds.

204 COUNTY SCHOOL FUND: The County School Fund is used to account for the receipt of forest reserve rental revenues and distributions from the State of Oregon Common School Fund. By law, these funds are distributed to the school districts in Wasco County.

205 LAND CORNER PRESERVATION FUND: This fund was created by statute to account for revenues and expenditures relating to the surveying of all section corners in Wasco County. Revenues are mainly derived from fees charged for recording and interest on investments. Expenditures are for personal services and materials and services.

206 FOREST HEALTH FUND: The County receives Federal Title III money to be used to maintain the health of forests within county boundaries. Revenues are from grants and interest. Expenditures were for materials and services.

207 HOUSEHOLD HAZARDOUS WASTE FUND: Income is from DEQ grants and surcharges on local garbage services. Monies were expended for the Sanitarian and the Public Health Business Manager to supervise the collection of fees and the contracting of services and building projects relating to the disposal of Household Hazardous Waste.

**208 SPECIAL ECONOMIC DEVELOPMENT PAYMENTS FUND: This fund was established to account for Enterprise Zone Tax Abatement Agreement Project fees. The agreement states that "Project Fees will be deposited with the County, and budgeted, expended and distributed by the Sponsor for projects and programs for local services or infrastructure".

209 LAW LIBRARY FUND: This fund is used to maintain a law library within the County. Revenues are mainly from filing fees and expenditures are for materials and services.

**210 DISTRICT ATTORNEY FUND: Established to account for forfeiture proceeds, Victim and Drug Court donation balances in the General Fund are also transferred and accounted for in this fund. Revenues are mainly from Victim and Drug Court donations and forfeiture proceeds. Expenditures are for materials and services and capital expenses.

**211 MUSEUM FUND: Revenues are mainly from donations and supplements from the City of The Dalles and Wasco County. Expenditures are for personal services, materials and services and capital expenses.

**213 ANIMAL CONTROL FUND: The Animal Control Fund is used to account for the revenues and expenditures incurred in controlling animals in Wasco County. Revenues are mainly from

dog license sales, animal boarding and sales. Expenditures are for personal services, and materials and services.

**218 GIS FUND: This fund was closed and the fund balance transferred to the General Fund.

**219 WEED AND PEST CONTROL FUND: Revenues and expenditures for the County's weed abatement and pest control are recorded in this fund. Major sources of revenue include federal and state grants and contracts. Expenditures are for personal services, materials and services and capital outlay.

**220 911 COMMUNICATIONS FUND: This fund was created to account for activities of the County acting as the administrative and fiscal agent for the 911 user group. Revenues are primarily from 911 contracts and phone taxes. Expenditures are for personal services and materials and services.

223 PARKS FUND: The Parks fund receives RV and campsite monies to pay for a Park Manager, and maintenance and utilities for Hunt Park.

227 COMMUNITY CORRECTIONS FUND: This fund is used to account for revenues from state grants and fees from participants in the community correction program. Expenditures are for personal services, materials and services and capital outlay.

229 COURT FACILITIES SECURITY FUND: This fund is used to account for revenues from assessments on court fines. Expenditures are for materials and services.

232 COMMISSION ON CHILDREN AND FAMILIES: This fund accounts for state and federal grant monies. The grants are used to redirect state and federal child and family services to the local level. Expenditures were for personal services and materials and services.

**233 KRAMER FIELD FUND: Amounts remaining after the construction of Kramer Field on Webber Street are recorded in this fund. Revenues were from interest earned on investments. Expenditures are for materials and services.

237 CLERK RECORDS FUND: During 1999, Oregon law required a separate fund be maintained to accumulate 5% of the Assessment and Taxations recording fee. These funds are to be used to acquire storage and retrieval systems, and pay expenditures related to collecting the fee and maintaining and storing records.

**327 GENERAL OPERATING RESERVE FUND: This fund was created to accumulate monies to support operating expense as determined by the Commissioners .Revenues were from interest on investments and transfers.

Wasco County, Oregon
Combining Balance Sheet
Special Revenue Funds
June 30, 2012
(all amounts are in dollars)

	203 County Fair Fund	204 County School Fund	205 Land Corner Pres Fund	206 Forest Health Fund	207 HHW Fund	209 Law Lib Fund
ASSETS:						
Deposits and Investments	87,763	102	184,854	134,074	127,714	115,657
Receivables						
Accounts Receivable	336	-	-	-	26,611	28
TOTAL ASSETS	88,099	102	184,854	134,074	154,325	115,685
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Due to Other Funds	-	-	-	-	-	-
Accounts Payable	3,537	-	15	-	17,383	300
Accrued Liabilites	555	-	605	-	5,942	-
Compensated Absences	-	-	2,502	-	8,511	-
TOTAL LIABILITIES	4,092	-	3,122	-	31,836	300
FUND BALANCES:						
Restricted	84,007	102	181,732	134,074	-	115,385
Committed	-	-	-	-	113,979	-
Assigned	-	-	-	-	8,511	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	84,007	102	181,732	134,074	122,490	115,385
TOTAL LIABILITIES AND FUND BALANCES	88,099	102	184,854	134,074	154,325	115,685

209 Law Lib Fund	223 Parks Fund	227 Comm. Corr Fund	229 Court Fac. Sec Fund	232 CCFC Fund	237 Clerk Records Fund	Total Non-Major Special Revenue Funds
115,657	-	377,613	59,980	118,854	14,932	1,221,543
28	8,711	3,583	728	2,500	-	42,498
115,685	8,711	381,196	60,708	121,354	14,932	1,264,041
-	32,248	-	-	-	-	32,248
300	42,172	13,798	294	6,145	-	83,644
-	370	17,366	-	4,770	-	29,607
-	-	14,684	-	-	-	25,697
300	74,790	45,847	294	10,915	-	171,196
115,385	-	320,665	60,414	110,440	14,932	1,021,751
-	-	-	-	-	-	113,979
-	-	14,684				23,195
-	(66,079)	-	-	-	-	(66,079)
115,385	(66,079)	335,349	60,414	110,440	14,932	1,092,845
115,685	8,711	381,196	60,708	121,354	14,932	1,264,041

Wasco County, Oregon
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds
For the year ended June 30, 2012
(all amounts are in dollars)

	203 County Fair Fund	204 County School Fund	205 Land Corner Pres Fund	206 Forest Health Fund	207 HHW Fund	209 Law Lib Fund
REVENUES:						
Taxes	-	-	-	-	-	-
Licenses, Fees & Permits	85,637	-	28,312	-	276,304	25,946
Intergovernmental Revenues	50,002	55,209	-	-	-	-
Federal Revenues	-	234,733	-	-	-	-
Charges for Services	2,500	-	-	-	4,200	-
Fines and Restitution	-	-	-	-	-	-
Investment Earnings	348	193	903	713	915	512
Contributions and Donations	7,471	-	-	-	-	-
Miscellaneous	3,514	-	-	-	7,139	-
TOTAL REVENUES	149,471	290,135	29,215	713	288,558	26,458
EXPENDITURES:						
Current: Personal Services	23,412	-	9,771	-	187,927	-
Current: Materials & Services	112,989	290,212	963	-	229,397	10,544
Capital Outlay	30,437	-	-	-	-	-
TOTAL EXPENDITURES	166,838	290,212	10,734	-	417,323	10,544
Excess of Revenues Over (Under) Expenditures	(17,367)	(77)	18,481	713	(128,766)	15,914
OTHER FINANCING SOURCES(USES)						
Sale of Assets	-	-	-	-	4,808	-
Operating Transfers In	5,000	-	-	-	-	-
Operating Transfers Out	-	-	(45,244)	(23,500)	-	(3,000)
NET OTHER FINANCING SOURCES (USES)	5,000	-	(45,244)	(23,500)	4,808	(3,000)
Net Changes in Fund Balance	(12,367)	(77)	(26,763)	(22,787)	(123,958)	12,914
FUND BALANCE - BEGINNING OF YEAR	96,374	179	208,495	156,861	246,447	102,471
FUND BALANCE - END OF YEAR	84,007	102	181,732	134,074	122,490	115,385

209 Law Lib Fund	223 Parks Fund	227 Comm. Corr Fund	229 Court Fac. Sec Fund	232 CCFC Fund	237 Clerk Records Fund	Total Non-Major Special Revenue Funds
-	-	-	-	-	-	-
25,946	37,337	85,559	-	-	8,379	547,474
-	146,172	732,339	-	419,938	-	1,403,659
-	-	-	-	96,589	-	331,322
-	-	-	-	-	-	6,700
-	-	-	35,289	-	-	35,289
512	534	2,056	359	420	100	7,052
-	-	-	-	13,435	-	20,906
-	135	513	-	2,500	-	13,801
26,458	184,177	820,467	35,648	532,882	8,479	2,366,203
-	15,608	424,988	-	171,147	-	832,854
10,544	43,140	180,444	22,509	300,019	13,174	1,203,391
-	370,980	-	-	-	7,400	408,817
10,544	429,729	605,433	22,509	471,166	20,574	2,445,062
15,914	(245,552)	215,034	13,139	61,716	(12,095)	(78,859)
-	-	-	-	-	-	4,808
-	56,079	-	-	-	-	61,079
(3,000)	-	(209,465)	(30,000)	(420)	-	(311,629)
(3,000)	56,079	(209,465)	(30,000)	(420)	-	(245,742)
12,914	(189,473)	5,569	(16,861)	61,296	(12,095)	(324,601)
102,471	123,393	329,780	77,275	49,144	27,027	1,417,446
115,385	(66,079)	335,349	60,414	110,440	14,932	1,092,845

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
203 County Fair Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	59,670	59,670	85,637	25,967
Intergovernmental Revenues	36,031	36,031	50,002	13,971
Charges for Services		-	2,500	2,500
Investment Earnings	300	300	348	48
Contributions and Donations	17,000	17,000	7,471	(9,529)
Miscellaneous	-	-	3,514	3,514
TOTAL REVENUES	113,001	113,001	149,471	36,470
EXPENDITURES:				
Current: Personal Services	23,491	23,491	23,412	79
Current: Materials & Services	121,063	121,063	112,989	8,074
Capital Outlay	20,000	33,000	30,437	2,563
Contingency	4,447	4,447	-	4,447
TOTAL EXPENDITURES	169,001	182,001	166,838	15,163
Excess of Revenues Over (Under) Expenditures	(56,000)	(69,000)	(17,367)	51,633
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	5,000	5,000	5,000	-
NET OTHER FINANCING SOURCES (USES)	5,000	5,000	5,000	-
Net Changes in Fund Balance	(51,000)	(64,000)	(12,367)	51,633
FUND BALANCE - BEGINNING OF YEAR	51,000	64,000	96,374	32,374
FUND BALANCE - END OF YEAR	-	-	84,007	84,007

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
204 County School Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Intergovernmental Revenues	55,000	55,000	55,209	209
Federal Revenues	460,000	460,000	234,733	(225,267)
Investment Earnings	250	250	193	(57)
Miscellaneous	500,000	500,000	-	(500,000)
TOTAL REVENUES	1,015,250	1,015,250	290,135	(725,115)
EXPENDITURES:				
Current: Materials & Services	1,015,250	1,015,250	290,212	725,038
TOTAL EXPENDITURES	1,015,250	1,015,250	290,212	725,038
Net Changes in Fund Balance	-	-	(77)	(77)
FUND BALANCE - BEGINNING OF YEAR	-	-	179	179
FUND BALANCE - END OF YEAR	-	-	102	102

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
205 Land Corner Preservation Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	30,000	30,000	28,312	(1,688)
Investment Earnings	1,000	1,000	903	(97)
TOTAL REVENUES	31,000	31,000	29,215	(1,785)
EXPENDITURES:				
Current: Personal Services	9,070	9,070	7,269	1,801
Current: Materials & Services	8,000	8,000	963	7,038
TOTAL EXPENDITURES	17,070	17,070	8,231	8,839
Excess of Revenues Over (Under) Expenditures	13,930	13,930	20,983	7,053
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(47,500)	(47,500)	(45,244)	2,256
NET OTHER FINANCING SOURCES (USES)	(47,500)	(47,500)	(45,244)	2,256
Net Changes in Fund Balance	(33,570)	(33,570)	(24,261)	9,309
FUND BALANCE - BEGINNING OF YEAR	212,700	212,700	208,495	(4,205)
FUND BALANCE - END OF YEAR	179,130	179,130	184,235	5,105

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
206 Forest Health Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Investment Earnings	1,000	1,000	713	(287)
TOTAL REVENUES	1,000	1,000	713	(287)
EXPENDITURES:				
Current: Materials & Services	84,735	84,735	-	84,735
TOTAL EXPENDITURES	84,735	84,735	-	84,735
Excess of Revenues Over (Under) Expenditures	(83,735)	(83,735)	713	84,448
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(50,000)	(50,000)	(23,500)	26,500
NET OTHER FINANCING SOURCES (USES)	(50,000)	(50,000)	(23,500)	26,500
Net Changes in Fund Balance	(133,735)	(133,735)	(22,787)	110,948
FUND BALANCE - BEGINNING OF YEAR	133,735	133,735	156,861	23,126
FUND BALANCE - END OF YEAR	-	-	134,074	134,074

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
207 Household Hazardous Waste
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	280,000	280,000	276,304	(3,696)
Charges for Services	4,200	4,200	4,200	-
Investment Earnings	1,500	1,500	915	(585)
Miscellaneous	7,000	7,000	7,139	139
TOTAL REVENUES	292,700	292,700	288,558	(4,142)
EXPENDITURES:				
Current: Personal Services	198,888	198,888	181,023	17,865
Current: Materials & Services	221,300	221,300	229,397	(8,097)
Capital Outlay	6,515	6,515	-	6,515
Contingency	101,441	101,441	-	101,441
TOTAL EXPENDITURES	528,144	528,144	410,420	117,724
Excess of Revenues Over (Under) Expenditures	(235,444)	(235,444)	(121,862)	113,582
OTHER FINANCING SOURCES(USES)				
Sale of Assets	7,000	7,000	4,808	(2,192)
NET OTHER FINANCING SOURCES (USES)	7,000	7,000	4,808	(2,192)
Net Changes in Fund Balance	(228,444)	(228,444)	(117,054)	111,390
FUND BALANCE - BEGINNING OF YEAR	228,444	228,444	248,054	19,610
FUND BALANCE - END OF YEAR	-	-	131,000	131,000

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
208 Special Economic Development Payments Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Investment Earnings	200	200	126	(74)
Contributions and Donations	250,000	250,000	250,000	-
TOTAL REVENUES	250,200	250,200	250,126	(74)
EXPENDITURES:				
Current: Materials & Services	204,545	204,545	190,000	14,545
TOTAL EXPENDITURES	204,545	204,545	190,000	14,545
Excess of Revenues Over (Under) Expenditures	45,655	45,655	60,126	14,471
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(58,055)	(58,055)	(58,055)	-
NET OTHER FINANCING SOURCES (USES)	(58,055)	(58,055)	(58,055)	-
Net Changes in Fund Balance	(12,400)	(12,400)	2,071	14,471
FUND BALANCE - BEGINNING OF YEAR	12,400	12,400	18,400	6,000
FUND BALANCE - END OF YEAR	-	-	20,471	20,471

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
209 Law Library Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	22,000	22,000	25,946	3,946
Investment Earnings	1,000	1,000	512	(488)
TOTAL REVENUES	23,000	23,000	26,458	3,458
EXPENDITURES:				
Current: Materials & Services	30,000	30,000	10,544	19,456
Contingency	75,500	75,500	-	75,500
TOTAL EXPENDITURES	105,500	105,500	10,544	94,956
Excess of Revenues Over (Under) Expenditures	(82,500)	(82,500)	15,914	98,414
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(3,000)	(3,000)	(3,000)	-
NET OTHER FINANCING SOURCES (USES)	(3,000)	(3,000)	(3,000)	-
Net Changes in Fund Balance	(85,500)	(85,500)	12,914	98,414
FUND BALANCE - BEGINNING OF YEAR	85,500	85,500	102,471	16,971
FUND BALANCE - END OF YEAR	-	-	115,385	115,385

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
210 District Attorney Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Investment Earnings	400	400	253	(147)
Contributions and Donations	12,000	12,000	14,478	2,478
Miscellaneous	173,350	173,350	-	(173,350)
TOTAL REVENUES	185,750	185,750	14,731	(171,019)
EXPENDITURES:				
Current: Materials & Services	240,750	240,750	12,708	228,042
TOTAL EXPENDITURES	240,750	240,750	12,708	228,042
Excess of Revenues Over (Under) Expenditures	(55,000)	(55,000)	2,023	57,023
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(5,000)	(5,000)	(5,000)	-
NET OTHER FINANCING SOURCES (USES)	(5,000)	(5,000)	(5,000)	-
Net Changes in Fund Balance	(60,000)	(60,000)	(2,977)	57,023
FUND BALANCE - BEGINNING OF YEAR	60,000	60,000	55,321	(4,679)
FUND BALANCE - END OF YEAR	-	-	52,344	52,344

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
211 Museum Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Intergovernmental Revenues	12,500	12,500	11,597	(903)
Investment Earnings	800	800	922	122
Contributions and Donations	15,000	15,000	18,439	3,439
Miscellaneous	-	-	125	125
TOTAL REVENUES	28,300	28,300	31,082	2,782
EXPENDITURES:				
Current: Personal Services	26,115	26,115	27,293	(1,178)
Current: Materials & Services	31,184	31,184	15,270	15,914
Capital Outlay	143,380	143,380	-	143,380
Contingency	17,811	17,811	-	17,811
TOTAL EXPENDITURES	218,490	218,490	42,563	175,927
Excess of Revenues Over (Under) Expenditures	(190,190)	(190,190)	(11,480)	178,710
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	12,500	12,500	12,500	-
NET OTHER FINANCING SOURCES (USES)	12,500	12,500	12,500	-
Net Changes in Fund Balance	(177,690)	(177,690)	1,020	178,710
FUND BALANCE - BEGINNING OF YEAR	195,348	195,348	198,281	2,933
FUND BALANCE - END OF YEAR	17,658	17,658	199,300	181,642

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
213 Animal Control Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	13,000	13,000	13,417	417
Charges for Services	102,576	102,576	94,300	(8,276)
Fines and Restitution	1,000	1,000	339	(661)
Investment Earnings	300	300	234	(66)
Miscellaneous	500	500	-	(500)
TOTAL REVENUES	117,376	117,376	108,290	(9,086)
EXPENDITURES:				
Current: Personal Services	76,987	76,987	49,282	27,705
Current: Materials & Services	107,700	107,700	101,283	6,417
Contingency	4,000	4,000	-	4,000
TOTAL EXPENDITURES	188,687	188,687	150,566	38,121
Excess of Revenues Over (Under) Expenditures	(71,311)	(71,311)	(42,275)	29,036
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	29,811	29,811	29,811	-
NET OTHER FINANCING SOURCES (USES)	29,811	29,811	29,811	-
Net Changes in Fund Balance	(41,500)	(41,500)	(12,464)	29,036
FUND BALANCE - BEGINNING OF YEAR	50,000	50,000	62,218	12,218
FUND BALANCE - END OF YEAR	8,500	8,500	49,754	41,254

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
218 GIS Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
	Original	Final	Actual	(Unfavorable)
TOTAL REVENUES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Net Changes in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	17,803	17,803
Residual Equity Transfer Out	-	-	(17,803)	(17,803)
FUND BALANCE - END OF YEAR	-	-	-	-

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
219 Weed & Pest Control Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits		-	-	-
Intergovernmental Revenues	7,000	7,000	11,750	4,750
Charges for Services	276,900	276,900	349,052	72,152
Internal Service Charges	75,000	75,000	70,163	(4,837)
Investment Earnings	500	500	701	201
Miscellaneous	4,500	4,500	21,069	16,569
TOTAL REVENUES	363,900	363,900	452,735	88,835
EXPENDITURES:				
Current: Personal Services	189,578	189,578	187,890	1,688
Current: Materials & Services	185,120	185,120	181,577	3,543
Capital Outlay	-	14,000	13,391	609
Contingency	44,202	30,202	-	30,202
TOTAL EXPENDITURES	418,900	418,900	382,857	36,043
Net Changes in Fund Balance	(55,000)	(55,000)	69,877	124,877
FUND BALANCE - BEGINNING OF YEAR	115,000	115,000	140,786	25,786
FUND BALANCE - END OF YEAR	60,000	60,000	210,663	150,663

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
220 911 Communications Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Intergovernmental Revenues	311,193	311,193	312,555	1,362
Charges for Services	347,725	347,725	348,638	913
Investment Earnings	500	500	420	(80)
Miscellaneous	200	200	325	125
TOTAL REVENUES	659,618	659,618	661,938	2,320
EXPENDITURES:				
Current: Personal Services	755,288	755,288	735,483	19,805
Current: Materials & Services	107,800	107,800	73,695	34,105
Contingency	46,000	46,000	-	46,000
TOTAL EXPENDITURES	909,088	909,088	809,178	99,910
Excess of Revenues Over (Under) Expenditures	(249,470)	(249,470)	(147,240)	102,230
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	194,470	194,470	194,470	-
NET OTHER FINANCING SOURCES (USES)	194,470	194,470	194,470	-
Net Changes in Fund Balance	(55,000)	(55,000)	47,230	102,230
FUND BALANCE - BEGINNING OF YEAR	55,000	55,000	128,651	73,651
FUND BALANCE - END OF YEAR	-	-	175,882	175,882

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
223 Parks Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	31,500	31,500	37,337	5,837
Intergovernmental Revenues	342,891	342,891	146,172	(196,719)
Investment Earnings	400	400	534	134
Miscellaneous	-	-	135	135
TOTAL REVENUES	374,791	374,791	184,177	(190,614)
EXPENDITURES:				
Current: Personal Services	15,660	15,660	15,608	52
Current: Materials & Services	49,750	49,750	43,140	6,610
Capital Outlay	430,000	430,000	370,980	59,020
Contingency	9,560	9,560	-	9,560
TOTAL EXPENDITURES	504,970	504,970	429,729	75,241
Excess of Revenues Over (Under) Expenditures	(130,179)	(130,179)	(245,552)	(115,373)
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	56,079	56,079	56,079	-
NET OTHER FINANCING SOURCES (USES)	56,079	56,079	56,079	-
Net Changes in Fund Balance	(74,100)	(74,100)	(189,473)	(115,373)
FUND BALANCE - BEGINNING OF YEAR	74,100	74,100	123,393	49,293
FUND BALANCE - END OF YEAR	-	-	(66,079)	(66,079)

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
227 Community Corrections Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	74,050	74,050	85,559	11,509
Intergovernmental Revenues	725,400	725,400	732,339	6,939
Investment Earnings	2,000	2,000	2,056	56
Miscellaneous	100	100	513	413
TOTAL REVENUES	801,550	801,550	820,467	18,917
EXPENDITURES:				
Current: Personal Services	498,960	498,960	430,151	68,809
Current: Materials & Services	210,183	210,183	180,444	29,739
Capital Outlay	5,000	5,000	-	5,000
Contingency	127,942	127,942	-	127,942
TOTAL EXPENDITURES	842,085	842,085	610,596	231,489
Excess of Revenues Over (Under) Expenditures	(40,535)	(40,535)	209,871	250,406
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(209,465)	(209,465)	(209,465)	-
NET OTHER FINANCING SOURCES (USES)	(209,465)	(209,465)	(209,465)	-
Net Changes in Fund Balance	(250,000)	(250,000)	406	250,406
FUND BALANCE - BEGINNING OF YEAR	250,000	250,000	349,627	99,627
FUND BALANCE - END OF YEAR	-	-	350,033	350,033

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
229 Court Facilities Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Fines and Restitution	25,000	25,000	35,289	10,289
Investment Earnings	500	500	359	(141)
TOTAL REVENUES	25,500	25,500	35,648	10,148
EXPENDITURES:				
Current: Materials & Services	35,500	35,500	22,509	12,991
Contingency	30,000	30,000	-	30,000
TOTAL EXPENDITURES	65,500	65,500	22,509	42,991
Excess of Revenues Over (Under) Expenditures	(40,000)	(40,000)	13,139	53,139
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(30,000)	(30,000)	(30,000)	-
NET OTHER FINANCING SOURCES (USES)	(30,000)	(30,000)	(30,000)	-
Net Changes in Fund Balance	(70,000)	(70,000)	(16,861)	53,139
FUND BALANCE - BEGINNING OF YEAR	70,000	70,000	77,275	7,275
FUND BALANCE - END OF YEAR	-	-	60,414	60,414

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
232 Commission on Children and Families Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Intergovernmental Revenues	453,042	453,042	419,938	(33,104)
Federal Revenues	114,250	114,250	96,589	(17,661)
Investment Earnings	500	500	420	(80)
Contributions and Donations	10,500	15,500	13,435	(2,065)
Miscellaneous		-	2,500	2,500
TOTAL REVENUES	578,292	583,292	532,882	(50,410)
EXPENDITURES:				
Current: Personal Services	171,446	171,446	171,147	299
Current: Materials & Services	406,848	411,848	300,019	111,829
Contingency	33,462	33,462	-	33,462
TOTAL EXPENDITURES	611,756	616,756	471,166	145,590
Excess of Revenues Over (Under) Expenditures	(33,464)	(33,464)	61,716	95,180
OTHER FINANCING SOURCES(USES)				
Operating Transfers Out	(26,000)	(26,000)	(420)	25,580
NET OTHER FINANCING SOURCES (USES)	(26,000)	(26,000)	(420)	25,580
Net Changes in Fund Balance	(59,464)	(59,464)	61,296	120,760
FUND BALANCE - BEGINNING OF YEAR	59,464	59,464	49,144	(10,320)
FUND BALANCE - END OF YEAR	-	-	110,440	110,440

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
233 Kramer Field Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Investment Earnings	100	100	149	49
TOTAL REVENUES	100	100	149	49
EXPENDITURES:				
Current: Materials & Services	32,200	32,200	-	32,200
TOTAL EXPENDITURES	32,200	32,200	-	32,200
Net Changes in Fund Balance	(32,100)	(32,100)	149	32,249
FUND BALANCE - BEGINNING OF YEAR	32,100	32,100	32,166	66
FUND BALANCE - END OF YEAR	-	-	32,315	32,315

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
237 Clerk Records Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Licenses, Fees & Permits	8,000	8,000	8,379	379
Investment Earnings	40	40	100	60
TOTAL REVENUES	8,040	8,040	8,479	439
EXPENDITURES:				
Current: Materials & Services	23,040	23,040	13,174	9,866
Capital Outlay	10,000	10,000	7,400	2,600
TOTAL EXPENDITURES	33,040	33,040	20,574	12,466
Net Changes in Fund Balance	(25,000)	(25,000)	(12,095)	12,905
FUND BALANCE - BEGINNING OF YEAR	25,000	25,000	27,027	2,027
FUND BALANCE - END OF YEAR	-	-	14,932	14,932

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
327 General Operating Reserve
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Investment Earnings	-	-	428	428
TOTAL REVENUES	-	-	428	428
EXPENDITURES:				
Capital Outlay	225,000	225,000	-	225,000
TOTAL EXPENDITURES	225,000	225,000	-	225,000
Excess of Revenues Over (Under) Expenditures	(225,000)	(225,000)	428	225,428
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	225,000	225,000	225,000	-
NET OTHER FINANCING SOURCES (USES)	225,000	225,000	225,000	-
Net Changes in Fund Balance	-	-	225,428	225,428
FUND BALANCE - BEGINNING OF YEAR		-	-	-
FUND BALANCE - END OF YEAR	-	-	225,428	225,428

CAPITAL PROJECTS FUNDS

MAJOR GOVERNMENTAL FUNDS

ROAD RESERVE FUND: This fund was created to accumulate monies for future road equipment purchases and construction projects. Revenues were from interest on investments. Budgeted expenditures are for Materials and Services and Capital Outlay.

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
321 Road Reserve Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Investment Earnings	6,000	6,000	12,199	6,199
TOTAL REVENUES	6,000	6,000	12,199	6,199
EXPENDITURES:				
Current: Materials & Services	2,442,375	2,442,375	-	2,442,375
Capital Outlay	300,000	300,000	-	300,000
TOTAL EXPENDITURES	2,742,375	2,742,375	-	2,742,375
Excess of Revenues Over (Under) Expenditures	(2,736,375)	(2,736,375)	12,199	2,748,574
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	200,000	200,000	200,000	-
NET OTHER FINANCING SOURCES (USES)	200,000	200,000	200,000	-
Net Changes in Fund Balance	(2,536,375)	(2,536,375)	212,199	2,748,574
FUND BALANCE - BEGINNING OF YEAR	2,536,375	2,536,375	2,539,988	3,613
FUND BALANCE - END OF YEAR	-	-	2,752,187	2,752,187

CAPITAL PROJECTS FUNDS

NONMAJOR GOVERNMENTAL FUNDS

322 CAPITAL ACQUISITIONS FUND: This fund was established to accumulate monies for future capital improvements and tax dollars appeals settlements. Revenues are from interest on investments and rents.

324 911 EQUIPMENT RESERVE FUND: This fund was created to accumulate monies for the purchase of 911 equipment. Revenues were from interest on investments and transfers.

325 911 CAPITAL RESERVE FUND: This fund was created to accumulate monies for potential 911 capital expenditures. Revenues were from interest on investments and transfers.

326 FACILITY CAPITAL RESERVE FUND: This fund was created to accumulate monies for potential capital expenditures required by county facilities. Revenues were from interest on investments and transfers.

Wasco County, Oregon
Combining Balance Sheet
Capital Project Funds
June 30, 2012
(all amounts are in dollars)

	322 Capital Acquisitions Fund	324 Equipment Reserve Fund	325 911 Capital Reserve Fund	326 Facility Reserve Fund	Total Capital Project Funds
ASSETS:					
Deposits and Investments	482,261	192,089	14,153	121,995	810,497
TOTAL ASSETS	482,261	192,089	14,153	121,995	810,497
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balances:					
Committed	482,261	192,089	14,153	121,995	810,497
Unassigned	-	-	-	-	-
Total Fund Balances	482,261	192,089	14,153	121,995	810,497
TOTAL LIABILITIES AND FUND BALANCES	482,261	192,089	14,153	121,995	810,497

Wasco County, Oregon
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
Capital Project Funds
For the year ended June 30, 2012
(all amounts are in dollars)

	322 Capital Acquisitions Fund	324 Equipment Reserve Fund	325 911 Capital Reserve Fund	326 Facility Reserve Fund	Total Capital Project Funds
REVENUES:					
Federal Revenues	-	-	7,922	-	7,922
Investment Earnings	1,952	883	44	447	3,326
Rents	47,187	-	-	-	47,187
TOTAL REVENUES	49,139	883	7,966	447	58,435
EXPENDITURES:					
Capital Outlay	111,494	-	11,426	-	122,921
TOTAL EXPENDITURES	111,494	-	11,426	-	122,921
Excess of Revenues Over (Under) Expenditures	(62,356)	883	(3,460)	447	(64,486)
OTHER FINANCING SOURCES(USES)					
Operating Transfers In	135,700	-	-	50,000	185,700
NET OTHER FINANCING SOURCES (USES)	135,700	-	-	50,000	185,700
Net Changes in Fund Balance	73,344	883	(3,460)	50,447	121,214
FUND BALANCE - BEGINNING OF YEAR	408,916	191,206	17,613	71,547	689,282
FUND BALANCE - END OF YEAR	482,261	192,089	14,153	121,995	810,497

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
322 Capital Acquisitions Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Intergovernmental Revenues	164,000	164,000	-	(164,000)
Investment Earnings	2,131	2,131	1,952	(179)
Rents	48,269	48,269	47,187	(1,082)
TOTAL REVENUES	214,400	214,400	49,139	(165,261)
EXPENDITURES:				
Capital Outlay	785,100	785,100	111,494	673,606
Contingency		-	-	-
TOTAL EXPENDITURES	785,100	785,100	111,494	673,606
Excess of Revenues Over (Under) Expenditures	(570,700)	(570,700)	(62,356)	508,344
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	135,700	135,700	135,700	-
NET OTHER FINANCING SOURCES (USES)	135,700	135,700	135,700	-
Net Changes in Fund Balance	(435,000)	(435,000)	73,344	508,344
FUND BALANCE - BEGINNING OF YEAR	435,000	435,000	408,916	(26,084)
FUND BALANCE - END OF YEAR	-	-	482,261	482,261

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
324 Equipment Reserve Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Investment Earnings	1,000	1,000	883	(117)
TOTAL REVENUES	1,000	1,000	883	(117)
EXPENDITURES:				
Capital Outlay	149,200	149,200	-	149,200
TOTAL EXPENDITURES	149,200	149,200	-	149,200
Net Changes in Fund Balance	(148,200)	(148,200)	883	149,083
FUND BALANCE - BEGINNING OF YEAR	148,200	148,200	191,206	43,006
FUND BALANCE - END OF YEAR	-	-	192,089	192,089

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
325 911 Capital Reserve Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Federal Revenues	45,000	45,000	7,922	(37,078)
Investment Earnings	500	500	44	(456)
TOTAL REVENUES	45,500	45,500	7,966	(37,534)
EXPENDITURES:				
Capital Outlay	70,500	70,500	11,426	59,074
TOTAL EXPENDITURES	70,500	70,500	11,426	59,074
Net Changes in Fund Balance	(25,000)	(25,000)	(3,460)	21,540
FUND BALANCE - BEGINNING OF YEAR	25,000	25,000	17,613	(7,387)
FUND BALANCE - END OF YEAR	-	-	14,153	14,153

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
326 Facility Capital Reserve
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Investment Earnings	500	500	447	(53)
TOTAL REVENUES	500	500	447	(53)
EXPENDITURES:				
Capital Outlay	100,500	100,500	-	100,500
TOTAL EXPENDITURES	100,500	100,500	-	100,500
Excess of Revenues Over (Under) Expenditures	(100,000)	(100,000)	447	100,447
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	50,000	50,000	50,000	-
NET OTHER FINANCING SOURCES (USES)	50,000	50,000	50,000	-
Net Changes in Fund Balance	(50,000)	(50,000)	50,447	100,447
FUND BALANCE - BEGINNING OF YEAR	50,000	50,000	71,547	21,547
FUND BALANCE - END OF YEAR	-	-	121,995	121,995

DEBT SERVICE FUNDS

NONMAJOR GOVERNMENTAL FUNDS

404 VA BOND DEBT SERVICE FUND: This fund is used to account for the collection of taxes to repay the principal and interest of the bonds sold in 1994-95 and refinanced in 1998, to help finance the building of a Veteran's Home in Columbia View Heights.

417 CRATES POINT DEBT SERVICE FUND: In 1996, the County contracted with the State Of Oregon Economic Development Department, Oregon Bond Bank for a bonded loan of $320,600 to finance the construction of the infrastructure at Crates Point. This loan was refinanced during the current fiscal year. The loan is repaid with revenues derived from the operation of the Discovery Center and Museum. These are recorded as donations in the debt service fund. Payment of principal and interest is recorded in this fund.

Wasco County, Oregon
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2012
(all amounts are in dollars)

	404 VA Bond Fund	417 Discovery Center Fund	Total Debt Service Funds
ASSETS:			
Deposits and Investments	97,487	1	97,488
Taxes Receivable	39,297	-	39,297
TOTAL ASSETS	136,783	1	136,784
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Deferred Revenue	34,143	-	34,143
TOTAL LIABILITIES	34,143	-	34,143
FUND BALANCES:			
Restricted	102,640	1	102,641
TOTAL FUND BALANCES	102,640	1	102,641
TOTAL LIABILITIES AND FUND BALANCES	136,783	1	136,784

Wasco County, Oregon
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
Non-Major Debt Service Funds
For the year ended June 30, 2012
(all amounts are in dollars)

	404 VA Bond Fund	417 Discovery Center Fund	Total Debt Service Funds
REVENUES:			
Taxes	454,956	-	454,956
Intergovernmental Revenues	-	25,000	25,000
Investment Earnings	1,292	-	1,292
TOTAL REVENUES	456,248	25,000	481,248
EXPENDITURES:			
Debt Service	440,903	83,055	523,958
TOTAL EXPENDITURES	440,903	83,055	523,958
Excess of Revenues Over (Under) Expenditures	15,345	(58,055)	(42,710)
OTHER FINANCING SOURCES(USES)			
Operating Transfers In	-	58,055	58,055
NET OTHER FINANCING SOURCES (USES)	-	58,055	58,055
Net Changes in Fund Balance	15,345	-	15,345
FUND BALANCE - BEGINNING OF YEAR	87,295	1	87,296
FUND BALANCE - END OF YEAR	102,640	1	102,641

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
404 VA Bond Debt Service Fund
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Taxes	435,000	435,000	454,956	19,956
Investment Earnings	500	500	1,292	792
TOTAL REVENUES	435,500	435,500	456,248	20,748
EXPENDITURES:				
Debt Service				
Principal	405,000	405,000	405,000	-
Interest	35,903	35,903	35,903	-
TOTAL EXPENDITURES	440,903	440,903	440,903	-
Net Changes in Fund Balance	(5,403)	(5,403)	15,345	20,748
FUND BALANCE - BEGINNING OF YEAR	36,500	36,500	87,295	50,795
FUND BALANCE - END OF YEAR	31,097	31,097	102,640	71,543

Wasco County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
417 Discovery Center Debt Service
For the year ended June 30, 2012
(all amounts are in dollars)

	BUDGETED AMOUNTS			Variance Favorable
REVENUES:	Original	Final	Actual	(Unfavorable)
Intergovernmental Revenues	25,000	25,000	25,000	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	25,000	25,000	25,000	-
EXPENDITURES:				
Debt Service				
Principal	54,879	54,879	54,879	-
Interest	28,176	28,176	28,176	-
TOTAL EXPENDITURES	83,055	83,055	83,055	-
Excess of Revenues Over (Under) Expenditures	(58,055)	(58,055)	(58,055)	-
OTHER FINANCING SOURCES(USES)				
Operating Transfers In	58,055	58,055	58,055	-
Operating Transfers Out	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	58,055	58,055	58,055	-
Net Changes in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	1	1
FUND BALANCE - END OF YEAR	-	-	1	1

AGENCY FUNDS

Wasco County, Oregon
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2012
(all amounts are in dollars)

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS:				
Cash with Treasurer	460,012	23,556,888	23,467,668	549,232
Taxes Receivable	1,864,787	23,688,537	23,594,897	1,958,427
TOTAL ASSETS	2,324,799	47,245,425	47,062,565	2,507,659
LIABILITIES:				
Deferred Revenue	1,864,787	23,688,537	23,594,897	1,958,427
Due to Other Governments	460,012	23,556,888	23,467,668	549,232
TOTAL LIABILITIES	2,324,799	47,245,425	47,062,565	2,507,659

OTHER SCHEDULES

Wasco County, Oregon
Schedule of Accountability of Elected Officials
For the year ended June 30, 2012
(all amounts are in dollars)

	County Treasurer	County Clerk	County Sheriff	Assessor/Tax Collector
Beginning Balance	15,057,720	200	200	150
Receipts	43,093,487	311,468	1,786,361	616,849
Disbursements	(40,915,661)	(311,468)	(1,786,361)	(616,849)
Ending Balance	17,235,546	200	200	150

Wasco County, Oregon
Schedule of Property Tax Transactions
For the year ended June 30, 2012

(all amounts are in dollars)

	TAXES RECEIVABLE July 1	CURRENT YEAR LEVY	NET ADJUSTMENTS	DEDUCT TAX COLLECTIONS	TAXES RECEIVABLE June 30
2011-12		33,375,339	(852,503)	(31,135,354)	1,387,482
2010-11	1,463,077	-	(10,551)	(660,207)	792,319
2009-10	663,939	-	(2,333)	(246,959)	414,647
2008-09	391,700	-	(548)	(262,766)	128,386
2007-08	80,448	-	(157)	(60,818)	19,473
2006-07	15,308	-	(132)	(10,248)	4,928
2005-06	7,159	-	(63)	(2,132)	4,964
2004-05	1,681	-	-	-	1,681
2003-04	263	-	-	-	263
2002-03	266	-	-	-	266
2001-02	268	-	-	-	268
2000-01	257	-	-	-	257
1999-00	234	-	-	-	234
1998-99	236	-	-	-	236
1997-98	228	-	-	-	228
1996-97	1,000	-	-	-	1,000
1995-96	1,000	-	-	-	1,000
1994-95	1,000	-	-	-	1,000
1985-86	953	-	-	-	953
1984-85	55	-	-	-	55
TOTALS	2,629,072	33,375,339	(866,287)	(32,378,484)	2,759,640

Note: Years that are not listed above have been paid in full

Wasco County, Oregon
Schedule of Insurance
For the year ended June 30, 2012
(all amounts are in dollars)

Company	Policy Number	Amount	Coverage	Annual Premium	Expiration
CCIS	10PWASC	46,885,424	Property/Mobile Equip	74,298	7/1/2012
CCIS	10BWASC	Per Prop Sched	Boiler/Machinery	-	7/1/2012
CCIS	10LWASC	10,000,000	General & Auto Liability	74,089	7/1/2012
CCIS	10APD		Auto Physical Damage	-	7/1/2012
National Union Fire Ins.	10EC		Excess Crime	-	7/1/2012
RSUI Indemnity	10EQWASC	10,000,000	Excess Earthquake	5,000	7/1/2012
RSUI Indemnity	10F		Excess Flood	-	7/1/2012
Colony Insurance		1,000,000	Pollution	1,967	6/7/2013
Public Official Bonds					
Ohio Casualty		20,000	Sheriff	100	12/31/2012
Ohio Casualty		5,000	Assessor	100	7/1/2012
Ohio Casualty		10,000	Fair Board	145	1/1/2013
Ohio Casualty		25,000	All Employees Bond	1,063	7/1/2012
Old Republic		30,000	Clerk	100	9/1/2012
Old Republic		100,000	Treasurer	375	1/1/2013
Old Republic		30,000	Finance/Budget Officer	100	12/1/2012

Wasco County, Oregon
Schedule of Expenditure of Federal Awards
For the year ended June 30, 2012
(all amounts are in dollars)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT RECEIVED	PROGRAM OR AWARD AMOUNT EXPENDED
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Oregon Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	171,922	171,922
Women, Infants, and Children Grants to State	10.578	5,000	5,000
Passed through Oregon Department of Admin. Services:			
Schools and Roads - Grants to States	10.665	970,183	970,183
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,147,105	1,147,105
U.S. DEPARTMENT OF COMMERCE:			
Passed through Oregon Department of Administrative Services:			
Habitat Conservation	11.463	86,058	86,058
TOTAL U.S. DEPARTMENT OF DEFENSE		86,058	86,058
U.S. DEPARTMENT OF DEFENSE:			
Passed through Oregon Department of Administrative Services:			
Flood Control Leases	12.112	374	374
TOTAL U.S. DEPARTMENT OF DEFENSE		374	374
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed through Oregon Housing and Community Services:			
Community Development Block Grant	14.228	145,409	145,409
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		145,409	145,409
U.S. DEPARTMENT OF THE INTERIOR:			
Passed through Oregon Department of Administrative Services:			
Mineral Leases	15.214	549	549
Taylor Grazing	15.227	2,675	2,675
TOTAL U.S. DEPARTMENT OF THE INTERIOR		3,224	3,224
U.S. DEPARTMENT OF JUSTICE:			
Passed through Oregon State Police:			
Juvenile Accountability Block Grant	16.523	10,000	10,000
Passed through Oregon Commission on Children and Families:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	22,709	22,709
Passed through Oregon Department of Justice:			
Crime Victim Assistance	16.575	30,616	30,616
Passed through Oregon Emergency Management:			
Congressionally Recommended Awards	16.753	7,922	7,922
TOTAL U.S. DEPARTMENT OF JUSTICE		71,247	71,247

Wasco County, Oregon
Schedule of Expenditure of Federal Awards
For the year ended June 30, 2012
(all amounts are in dollars)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT RECEIVED	PROGRAM OR AWARD AMOUNT EXPENDED
U.S. DEPARTMENT OF TRANSPORTATION:			
Highway Planning and Construction	20.205	8,432	8,432
Passed through Oregon Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	45,859	45,859
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		54,291	54,291
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Oregon Department of Human Resources - Health Division:			
State Public Water System Supervision	66.432	16,872	16,872
Capitalization Grants for Drinking Water	66.468	25,500	25,500
TOTAL U.S. DEPARTMENT OF ENERGY		42,372	42,372
U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES:			
Passed through Oregon Department of Human Resources - Health Division:			
Public Health Emergency Preparedness	93.069	147,520	147,520
Climate Change and Public Health	93.070	20,000	20,000
Family Planning Services	93.217	51,131	51,131
Substance Abuse and Mental Health Services	93.243	8,842	8,842
Immunization and Cooperative Agreements	93.268	600	600
Drug-Free Communities Support Program Grants	93.276	63,000	63,000
ARRA -Medical Assistance Program	93.712	17,500	17,500
Medical Assistance Program	93.778	172,291	172,291
Maternal and Child Health Services Block Grant to the States	93.994	64,955	64,955
Passed through Oregon Department of Administrative Services:			
Child Support Enforcement	93.563	43,584	43,584
Passed through Oregon Health Authority:			
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	287	287
Passed through Oregon Commissionon Children and Families:			
Promoting Safe and Stable Families	93.556	6,221	6,221
Social Services Block Grant	93.667	18,526	18,526
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES		614,457	614,457
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Passed through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	18,231	18,231
Passed through Oregon State Police:			
Emergency Management Performance Grants	97.042	36,019	36,019
State Homeland Security Program	97.073	50,995	50,995
Passed through Oregon Emergency Management:			
Citizen Corps	97.053	446	446
Buffer Zone Protection Program	97.078	15,112	15,112
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		120,803	120,803
TOTAL FEDERAL AWARDS		***2,285,340***	***2,285,340***

Note: Modified accrual basis was used for the Schedule of Federal Awards Document

Wasco County, Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

1. BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Wasco County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

OTHER REQUIRED REPORTS

FRIEND & REAGAN, P.C.
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.friendreagan.com

Carol D. Friend · Nathan R. Reagan · Ben G. Neumayer · Gary F. Bradford · Carolyn J. Rohde · Rochelle A. Friend

Independent Auditor's 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*

County Commissioners
Wasco County
The Dalles, Oregon

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wasco County, Oregon as of and for the year ended June 30, 2012, which collectively comprise Wasco County, Oregon's basic financial statements and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of significant 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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

Compliance and Other Matters

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

We noted certain matters that we reported to Management of Wasco County, Oregon in a separate letter dated December 20, 2012.

This report is intended solely for the information and use of the Wasco County Commissioners, Management and federal awarding agencies and pass-through entities. This report is not intended to be used and should not be used by anyone other than those specified parties.

Merd Reagen PC.
CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2012

FRIEND & REAGAN, P.C.
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.friendreagan.com

Carol D. Friend · Nathan R. Reagan · Ben G. Neumayer · Gary F. Bradford · Carolyn J. Rohde · Rochelle A. Friend

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Program and On Internal Control over Compliance in Accordance with OMB Circular A-133

County Commissioners
Wasco County
The Dalles, Oregon

Compliance

We have audited Wasco County, Oregon's compliance with the types of compliance requirements described in the **U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement** that could have a direct and material effect on each of Wasco County, Oregon's major federal programs for the year ended June 30, 2012. Wasco County, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wasco County, Oregon's management. Our responsibility is to express an opinion on Wasco County, Oregon's compliance based on our audit.

We conducted our audit of compliance in accordance with the 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 Wasco County, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wasco County, Oregon's compliance with those requirements.

In our opinion, Wasco County, Oregon complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

The management of Wasco County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wasco County, Oregon's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

on compliance 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 Wasco County, Oregon'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 combination of deficiencies in internal control over compliance, such that there is more than 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.

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

This report is intended solely for the information and use of the Wasco County, Oregon's Board of Commissioners, Management and federal awarding agencies and pass-through entities. This report is not intended to be used and should not be used by anyone other than those specified above.

Lowrey Reagan PC.

CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2012

Wasco County, Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section 1

Financial Statements:	Summary of Auditor's Results
1. Type of auditor's report issued:	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements noted?	No
Federal Awards:	
1. Internal controls over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed which are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No
4. Identification of major programs:	
10.665	School & Roads Grants to States
5. The dollar threshold used to distinguish between Type A and Type B programs?	$300,000
6. Auditee qualified as a low risk auditee?	Yes

Section 2
Financial Statement Findings — None

Section 3
Federal Award Findings and Questioned Costs — None

Section 4
Summary Schedule of Prior Audit Findings
11-1 Period end review process

Criteria: The County's finance director is responsible for providing the Commissioners and others, a complete and accurate trial balance at the end of each accounting period and year end.
Condition: The trial balance provided for the auditor included $193,801 in duplicate accounts receivable entries and an incorrect accounting for foreclosure and senior deferral proceeds of $78,440. The errors in the foreclosure and senior deferral accounting resulted in the taxing districts receiving incorrect information regarding their individual receipts and disbursements, and ending cash with county balances.
Cause: The County does not have a policy requiring review of journal entries prepared by elected officials. The County also does not have a policy requiring reconciliation of receivable or payable balances to the corresponding sub-ledgers at period end.
Resolution: The month end closing process now includes a reconciliation between the accounts payable and accounts receivable trial balance and the corresponding sub-ledgers.

11-2 Financial Statement Preparation
Criteria: The financial statements are the responsibility of the county's management, including the prevention or detection of material misstatements in the presentation and disclosure of the financial statements. Non-attest services performed by the auditor in the preparation of the financial statements cannot be considered compensating controls.
Condition: The County engages their auditors to provide non-attest services for the preparation of its financial statements. Management makes all financial reporting decisions, and accepts responsibility for the content of the financial statements.
Cause: The County's accounting personnel do not regularly prepare financial statements and related notes in accordance with GAAP, and therefore have contracted with their auditors to provide that service.
Resolution: The County's Finance Officer obtained additional education and training in the preparation of financial statements, so that the non-attest services are no longer a control deficiency.

FRIEND & REAGAN, P.C.
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.friendreagan.com

Carol D. Friend · Nathan R. Reagan · Ben G. Neumayer · Gary F. Bradford · Carolyn J. Rohde · Rochelle A. Friend

Independent Auditor's Report
Required by Oregon State Regulations

We have audited the basic financial statements of Wasco County, Oregon of and for the year ended June 30, 2012, and have issued our report thereon dated January 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Wasco County, Oregon's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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. We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

Deposit of public funds with financial institutions (ORS Chapter 295).

Indebtedness limitations, restrictions and repayment.

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Programs funded from outside sources.

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294).

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe Wasco County, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1) The Parks fund ended the year with a deficit fund balance.

OAR 162-10-0230 internal Control

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

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards,* dated January 25, 2012, is presented in this report as listed in the Table of Contents.

This report is intended solely for the information and use of the Board of Commissioners and Management of Wasco County, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2012