

WHEELER COUNTY, OREGON

**INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS
AND
SINGLE AUDIT**

For the Year Ended June 30, 2012



WHEELER COUNTY, OREGON

June 30, 2012

COUNTY COURT AND OFFICIALS

<u>NAME</u>	<u>POSITION</u>	<u>ADDRESS</u>
Jeanne E. Burch	County Judge	Fossil, Oregon
H. John Asher	County Commissioner	Spray, Oregon
Patrick C. Perry	County Commissioner	Mitchell, Oregon
Barb Sitton	County Clerk	Fossil, Oregon
Robert Hudspeth	County Sheriff	Mitchell, Oregon
Nancy L. Misener	County Treasurer and Tax Collector	Fossil, Oregon
Donald R. Cossitt	County Assessor	Fossil, Oregon
Dan Ousley	District Attorney	Fossil, Oregon
Robin Ordway	Justice of the Peace – Fossil District	Fossil, Oregon
Linda L. Keys	Justice of the Peace – Mitchell District	Mitchell, Oregon
Bob Bagett	County Surveyor	John Day, Oregon

THIS PAGE INTENTIONALLY LEFT BLANK

WHEELER COUNTY, OREGON

June 30, 2012

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	4-12

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Assets	15
Statement of Activities.....	16-17
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	18-19
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Assets – Proprietary Funds	25
Statement of Revenues, Expenditures and Changes in Net Assets – Proprietary Fund	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Assets – Fiduciary Funds	28
Notes to Basic Financial Statements	29-39

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
001 – General Fund.....	42
002 – Road Fund	43
009 – Logan Revolving Loan Fund.....	44
024 – Housing Rehabilitation Fund	45
Notes to Required Supplementary Information	46

SUPPLEMENTAL INFORMATION

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
028 – Catastrophic Damage Road Reserve Fund	49
Combining Balance Sheet – Nonmajor Governmental Funds.....	50-55
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	56-61
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
004 – County Fair Fund	62
005 – County School Fund	63
006 – Title III Safety Net Fund.....	64

007 – Court Security Fund	65
010 – Assessment and Taxation Reserve Fund.....	66
011 – Office Equipment Reserve Fund	67
012 – Road Equipment Reserve Fund	68
014 – Sheriff’s Car Replacement Reserve Fund.....	69
015 – Special Transportation – Bus Reserve Fund	70
017 – Oregon Commission on Children and Families Fund	71
018 – Law Library Fund	72
019 – Lottery/Economic Development Fund	73
020 – Park Maintenance Fund.....	74
021 – Prosecution Witness Fund	75
022 – Special Transportation Fund	76
023 – 911 Fund	77
025 – Public Land Corner Preservation Fund	78
026 – Local Juvenile Fines and Fees Fund.....	79
027 – Drug Forfeiture/Investigation Special Fund	80
033 – Victims of Crime Advocacy Fund	81
035 – Community Development Fund	82
038 – Integrated Family Resource Center Fund	83
041 – Gambling Addiction Fund.....	84
043 – Search and Rescue Fund	85
048 – C.A.M.I. Fund	86
Reconciliation of the Statement of Revenues, Expenditures and Changes in Net Assets of Nonmajor Enterprise Funds to the Statement of Activities	87
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
029 – RV Park Fund	88
042 – Solid Waste Transfer Station Fund	89
Combining Schedule of Changes in Assets and Liabilities – Agency Funds	90-91
Schedule of Property Tax Transactions	92
Supplementary Schedule of General Fund Expenditures	93-95
 <u>COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON</u>	
Audit Comments and Disclosures Required by State of Oregon.....	98-99
Independent Auditors’ Report Required by State of Oregon.....	100-101
Summary of Revenues and Expenditures – Oregon Secretary of State	102
 <u>SINGLE AUDIT</u>	
Table of Contents.....	104
Single Audit	105-116

Honorable Judge and County Court
Wheeler County, Oregon
Fossil, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Wheeler County, Oregon (the county), 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 the county's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the county's 2011 financial statements of which our report dated December 11, 2011, expressed an unqualified opinion on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the county as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, 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 a report dated December 26, 2012, on our consideration of the county's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 4 through 12 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of county management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The budgetary comparison information for the General Fund and major special revenue funds on pages 42 through 46 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This budgetary information for these funds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The accompanying schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Oster Professional Group, CPA's, PC

By Robert H. Armstrong

John Day, Oregon
December 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

As management of Wheeler County, Oregon (the county), we offer readers of the county's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- ◆ In the government-wide statements, the county's assets exceeded its liabilities at June 30, 2012 by \$7.2 million. Of this amount, \$2.7 million represents the county's investment in capital assets, \$1.4 million is restricted, and the balance, \$3.1 million, is unreserved and available to meet the county's ongoing obligations to citizens and creditors. The county's total net assets decreased by \$0.3 million compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the county's basic financial statements. The county's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the county's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Assets The statement of net assets presents information on all of the assets and liabilities of the county at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The Statement of Activities The statement of activities presents information showing how the net assets of the county changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the county's activities are shown in two categories:

- ◆ Governmental activities. Most of the county's basic functions are shown here, such as general government, public safety, highways and streets, public health and education. These activities are financed through property taxes, intergovernmental revenues, user fees, investment earnings and other revenues.
- ◆ Business-type activities. The business-type activities of the county include the operation of the RV park and the solid waste transfer station. These activities are financed through collection of user fees and charges.

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

The government-wide financial statements can be found on pages 15 through 17 of this report.

Net Assets at June 30, 2012

(in thousands)

	Governmental Activities	Business-type Activities	Total	
			June 30, 2012	June 30, 2011
Cash and investments	\$ 4,396	\$ 22	\$ 4,418	\$ 4,787
Other current assets	733	3	736	651
Capital assets	2,498	199	2,697	2,650
Total assets	7,627	224	7,851	8,088
Current liabilities	672	-	672	559
Long-term debt	3	-	3	9
Total liabilities	675	0	675	568
Net assets:				
Invested in capital assets	2,495	199	2,694	2,641
Restricted	1,424	-	1,424	-
Unrestricted	3,033	25	3,058	4,879
Total net assets	\$ 6,952	\$ 224	\$ 7,176	\$ 7,520

Fund Financial Statements

The fund financial statements provide more detailed information about the county's funds, focusing on its most significant or "major" funds – not the county as a whole. Funds are accounting devices the county uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The county establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (such as tracking special grants). All of the funds of the county can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Assets and Statement of Activities. The county maintains 30 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Changes in Fund Balances for the General Fund, Road Fund, Logan Revolving Loan Fund, Housing Rehabilitation Fund, and Catastrophic Damage Road Reserve Fund, which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as supplemental information.

The basic governmental funds financial statements can be found on pages 18 through 24 of this report.

Proprietary funds - The county maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The county uses enterprise funds to account for the RV park and the solid waste transfer station.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the RV Park Fund and the Solid Waste Transfer Station Fund. Neither is considered to be a major fund of the county. Individual fund data for the enterprise funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements can be found on pages 25 through 27 of this report.

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Changes in Net Assets
For the year ended June 30, 2012
(in thousands)

	Governmental Activities	Business-type Activities	Total	
			June 30, 2012	June 30, 2011
Revenues				
Program revenues				
Charges for services	\$ 375	\$ 81	\$ 456	\$ 413
Operating grants and contributions	851	-	851	920
General revenues				
Property taxes	910	-	910	873
Payment in lieu of taxes	115	-	115	113
Intergovernmental payments	965	-	965	889
Interest on investments	37	-	37	45
Other	16	50	66	308
Total revenues	<u>3,269</u>	<u>131</u>	<u>3,400</u>	<u>3,561</u>
Expenses				
General government	1,540	-	1,540	1,535
Public safety	604	-	604	507
Roads	1,123	-	1,123	1,065
Economic development	88	-	88	213
Education	181	-	181	200
Fair	90	-	90	68
RV park	-	9	9	17
Solid waste transfer station	-	109	109	113
Total expenses	<u>3,626</u>	<u>118</u>	<u>3,744</u>	<u>3,718</u>
Change in net assets	(357)	13	(344)	(157)
Beginning net assets	7,309	211	7,520	7,677
Ending net assets	<u>\$ 6,952</u>	<u>\$ 224</u>	<u>\$ 7,176</u>	<u>\$ 7,520</u>

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds.

The basic fiduciary funds financial statements can be found on page 28 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 29 through 39 of this report.

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the major governmental funds budget to actual statements. Required Supplementary Information can be found on pages 42 through 46 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplemental information on pages 50 through 61 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the county, assets exceeded liabilities by \$7.2 million at June 30, 2012 and \$7.5 million at June 30, 2011. This represents a decline in net assets of \$0.3 million compared to a decrease of \$0.2 million in the 2010-11 fiscal year.

Capital assets, which consist of the county's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 34.4 percent of total assets. The remaining assets consist mainly of investments, cash, inventory, and grant and property taxes receivable.

The county's liabilities consist wholly of current liabilities. Current liabilities, not including current portions of long-term debts consists of accounts payable and accrued salaries and benefits. Current portion of long-term debt, which represents the remaining 1.5 percent of the county's liabilities, is made up entirely of a capital lease for a copy machine.

Governmental Activities

During the current fiscal year, the county's net assets decreased by \$0.4 million, representing a decrease of 4.5 percent from the prior year. Key elements of the change in the county's net assets for the year ended June 30, 2012 are as follows:

- Wheeler County has experienced a light increase in property taxes over this fiscal year. Secure rural school funding that finances the Road Department has ended, with the last payment received.

Business-Type Activities

During the current fiscal year, the county's business-type net assets increased by \$13 thousand, representing an increase from the prior year of about 6.1 percent. Key elements of the change in the county's net assets for the year ended June 30, 2012 are as follows:

- Charges for services were insufficient to meet operating costs. The General Fund transferred \$70 thousand to the Solid Waste Transfer Station Fund. A plan must be implemented to reduce cost for this service.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the county uses fund accounting to ensure and demonstrate compliance with various regulatory requirements.

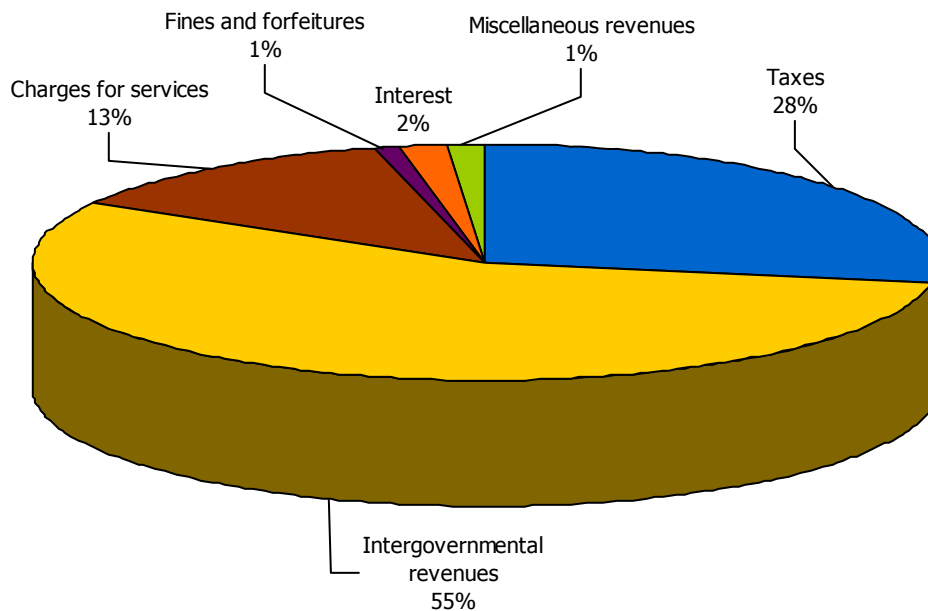
Governmental Funds

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

The focus of the county's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the county's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a county's net resources available for spending at the end of a fiscal year.

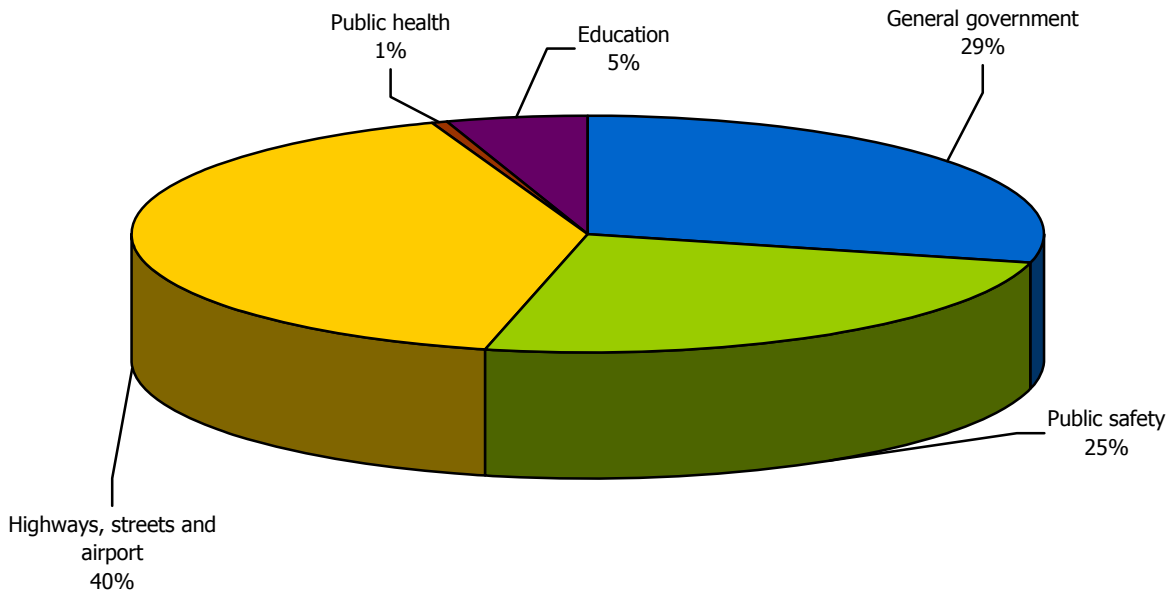
At June 30, 2012, the county's governmental funds reported combined ending fund balances of \$4.5 million, a decrease of \$0.4 million, in comparison with the prior year. Of this total, \$0.8 million (17.3 percent) constitutes unassigned ending fund balance, which is available for spending at the county's discretion. Of the remaining, \$0.2 million (5.0 percent) is classified as nonspendable, \$1.4 million (32.0 percent) is restricted for specific purposes, and \$2.0 (45.7 percent) million is assigned for specific purpose spending.

Revenues by Source - Governmental Funds



WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Expenditures by Function - Governmental Funds



General Fund. The General Fund is the primary operating fund of the county. As of June 30, 2012, unassigned fund balance was \$0.77 million. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents approximately 57.9 percent of total General Fund expenditures.

The fund balance decreased by \$106 thousand during the current fiscal year compared to a decrease of \$6 thousand in the prior year. This decrease was a result of a deficiency of revenues to cover expenditures. In addition the General Fund transferred \$57 thousand to several other funds.

Road Fund. The Road Fund is the primary road department operating fund. The fund balance decreased by \$354 thousand during the year. Secure Rural Schools funding has been depleted and only necessary maintenance has been accomplished.

Logan Revolving Loan Fund. This fund had a increase in fund balance of \$28 thousand. This is the result of interest earned and no new loans being approved.

Housing Rehabilitation Fund. This fund had a slight increase in fund balance of \$0.5 thousand. This is the result of interest earned and no expenditures.

Catastrophic Damage Road Reserve Fund. This fund had an increase in fund balance of \$4 thousand. This is also the result of interest earned and no expenditures.

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

MAJOR FUND BUDGETARY HIGHLIGHTS

The county court approved various changes to the adopted budget for the fiscal year ended June 30, 2012 including unanticipated revenue from grants and also unanticipated expenses that could not be predicted when the budget was adopted.

General Fund revenues were \$129 thousand under budget and expenditures were \$262 thousand under budget.

Road Fund expenditures were \$1.0 million less than budgeted amounts. This was due to the unstable forest fees. The county has adopted a strict spending program, as it is unsure if the main source of funding for the Road Department will continue. There has not been sufficient progress on the federal level to insure that there will be funding to replace the Secure Rural Funding that has traditionally funded the Wheeler County Road Department. The mission for the county is to determine how to keep the Road Department running with the likely loss of federal forest fees.

Logan Revolving Loan Fund revenues exceeded budgeted amounts by \$13 thousand.

Housing Rehabilitation Fund revenues were in line with budgeted amounts and expenditures were under budget by \$97 thousand due to no spending out of this fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The county's investment in capital assets includes land, buildings and improvements, infrastructure (including roads and bridges), vehicles and equipment, and construction in progress. As of June 30, 2012, the county had invested \$2.7 million in capital assets, net of accumulated depreciation.

During the year, the county's investment in capital assets increased by \$58 thousand, net of current year depreciation. Current year depreciation expense allocated to various functions was \$226 thousand. Capital asset activity in the current year increased over the prior year due to an insurance funded reconstruction of the Spray road department shop.

Additional information on the county's capital assets can be found in note 2 on pages 34 and 35 of this report.

Long-Term Debt

At the end of the current fiscal year, the county had total long-term debt outstanding of \$3,253 consisting entirely of a capital lease for a Canon copy machine. This lease will expire in January 2013.

During the current fiscal year, the county's total debt decreased by \$5,320 with the current year lease payment.

Additional information on the county's long-term debt can be found in note 5 on page 37 of this report.

WHEELER COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Wheeler County is weathering the current economic conditions that plague most of the United States. The county is very concerned about the continuing funding for the Wheeler County Road Department and is aware that there must be a steady property tax base to fund the General Fund.

Wheeler County is pleased that the mission to curb unnecessary spending has been adopted by county personnel. There has not been a pay increase in several years for most of the personnel. Wheeler County knows that there has to be a strict spending policy in place to ride out this economic downturn.

Total appropriations of the budget for the 2012-13 year are \$8,081,779 compared to total appropriations of \$8,150,658 for 2011-12.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the county's finances and to demonstrate the county's accountability. Questions concerning any of the information provided in this report or requests for additional information can be obtained by calling the county's business office at (541)763-2400 or by sending a written request to: Wheeler County Treasurer, 701 Adams Street, P.O. Box 327, Fossil, OR 97830.

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

WHEELER COUNTY, OREGON
STATEMENT OF NET ASSETS
June 30, 2012

			Total	
	Governmental Activities	Business-type Activities	June 30, 2012	June 30, 2011
ASSETS				
Cash and investments	\$ 4,396,283	\$ 21,805	\$ 4,418,088	\$ 4,786,824
Receivables				
Property taxes	157,860	-	157,860	128,510
Other, net	47,280	3,492	50,772	36,392
Loans receivable	301,629	-	301,629	316,642
Inventories	224,459	-	224,459	148,300
Due from other funds	-	-	-	20,000
Other current assets	1,000	-	1,000	1,000
Capital assets (net of depreciation)				
Construction in progress	284,000	-	284,000	-
Land	581,597	61,720	643,317	700,312
Buildings and infrastructure	1,469,900	124,995	1,594,895	1,673,119
Equipment	162,968	12,182	175,150	276,425
Total capital assets	<u>2,498,465</u>	<u>198,897</u>	<u>2,697,362</u>	<u>2,649,856</u>
Total assets	<u>7,626,976</u>	<u>224,194</u>	<u>7,851,170</u>	<u>8,087,524</u>
LIABILITIES				
Accounts payable	33,568	633	34,201	39,353
Accrued liabilities	178,222	-	178,222	24,119
Accrued compensated absences	157,514	-	157,514	158,403
Deferred revenue	302,232	-	302,232	317,097
Due to other funds	-	-	-	20,000
Leases payable				
Due within one year	3,253	-	3,253	5,319
Due in more than one year	-	-	-	3,254
Total liabilities	<u>674,789</u>	<u>633</u>	<u>675,422</u>	<u>567,545</u>
NET ASSETS				
Investment in capital assets, net of debt	2,495,212	198,897	2,694,109	2,641,283
Restricted	1,424,011	-	1,424,011	-
Unrestricted	3,032,964	24,664	3,057,628	4,878,696
Total net assets	<u>\$ 6,952,187</u>	<u>\$ 223,561</u>	<u>\$ 7,175,748</u>	<u>\$ 7,519,979</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2012

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
General government	\$ (1,539,334)	\$ 190,814	\$ 452,223
Public safety	(604,241)	3,093	22,921
Roads	(1,123,188)	144,827	157,849
Economic development	(88,312)	18,014	-
Education	(180,754)	-	168,459
Fair	(90,451)	18,059	50,002
Total governmental activities	<u>\$ (3,626,280)</u>	<u>\$ 374,807</u>	<u>\$ 851,454</u>
Business-type activities			
RV Park	\$ (9,036)	\$ 13,854	\$ -
Solid waste transfer station	(109,024)	67,027	-
Total business-type activities	<u>\$ (118,060)</u>	<u>\$ 80,881</u>	<u>\$ 0</u>

General revenues
 Property taxes
 PILT and other taxes
 Intergovernmental payments
 Interest income
 Miscellaneous
Total general revenues
Transfers
Gain (loss) on sale of capital assets
 Changes in net assets
Net assets - beginning
Net assets - ending

The Notes to Basic Financial Statements are an integral part of these statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	
		June 30, 2012	June 30, 2011
\$ (896,297)	\$ -	\$ (896,297)	\$ (817,810)
(578,227)	-	(578,227)	(476,064)
(820,512)	-	(820,512)	(818,534)
(70,298)	-	(70,298)	(202,133)
(12,295)	-	(12,295)	(13,659)
(22,390)	-	(22,390)	(3,283)
<u>(2,400,019)</u>	<u>0</u>	<u>(2,400,019)</u>	<u>(2,331,483)</u>
-	4,818	4,818	(5,008)
-	(41,997)	(41,997)	(48,655)
<u>0</u>	<u>(37,179)</u>	<u>(37,179)</u>	<u>(53,663)</u>
909,914	-	909,914	872,779
114,745	-	114,745	113,007
965,403	-	965,403	889,338
36,800	16	36,816	44,678
62,221	-	62,221	301,636
2,089,083	16	2,089,099	2,221,438
(50,000)	50,000	-	-
3,868	-	3,868	6,835
(357,068)	12,837	(344,231)	(156,873)
7,309,255	210,724	7,519,979	7,676,852
<u>\$ 6,952,187</u>	<u>\$ 223,561</u>	<u>\$ 7,175,748</u>	<u>\$ 7,519,979</u>

WHEELER COUNTY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	001 General Fund	002 Road Fund	009 Logan Revolving Loan Fund
ASSETS			
Cash and investments	\$ 792,245	\$ 1,624,240	\$ 91,335
Receivables			
Taxes	157,860	-	-
Other	412	21,703	-
Due from other funds	-	-	-
Loans receivable	-	-	208,307
Inventories for resale	-	224,459	-
Other assets	1,000	-	-
Total assets	<u>\$ 951,517</u>	<u>\$ 1,870,402</u>	<u>\$ 299,642</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 21,310	\$ 178,220	\$ -
Deferred revenues	157,860	-	208,307
Total liabilities	<u>179,170</u>	<u>178,220</u>	<u>208,307</u>
Fund balance			
Nonspendable	-	224,459	-
Restricted	-	-	91,335
Assigned	-	1,467,723	-
Unassigned	772,347	-	-
Total fund balance	<u>772,347</u>	<u>1,692,182</u>	<u>91,335</u>
Total liabilities and fund balance	<u>\$ 951,517</u>	<u>\$ 1,870,402</u>	<u>\$ 299,642</u>

The Notes to Basic Financial Statements are an integral part of these statements.

024 Housing Rehab Fund	028 Catastrophic Damage Road Reserve	Other Governmental Funds	Totals	
			June 30, 2012	June 30, 2011
\$ 96,869	\$ 568,092	\$ 1,223,504	\$ 4,396,285	\$ 4,768,581
-	-	-	157,860	128,510
-	-	25,165	47,280	12,890
-	-	-	-	20,000
93,322	-	-	301,629	316,642
-	-	-	224,459	148,300
-	-	-	1,000	1,000
<u>\$ 190,191</u>	<u>\$ 568,092</u>	<u>\$ 1,248,669</u>	<u>\$ 5,128,513</u>	<u>\$ 5,395,923</u>
\$ -	\$ -	\$ 12,862	\$ 212,392	\$ 43,029
93,322	-	-	459,489	445,152
<u>93,322</u>	<u>0</u>	<u>12,862</u>	<u>671,881</u>	<u>488,181</u>
-	-	-	224,459	186,693
96,869	-	1,235,807	1,424,011	1,556,404
-	568,092	-	2,035,815	2,722,762
-	-	-	772,347	441,883
<u>96,869</u>	<u>568,092</u>	<u>1,235,807</u>	<u>4,456,632</u>	<u>4,907,742</u>
<u>\$ 190,191</u>	<u>\$ 568,092</u>	<u>\$ 1,248,669</u>	<u>\$ 5,128,513</u>	<u>\$ 5,395,923</u>

THIS PAGE INTENTIONALLY LEFT BLANK

WHEELER COUNTY, OREGON
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS**
June 30, 2012

Total Fund Balances			\$ 4,456,632
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost		\$ 7,591,384	
Accumulated depreciation		<u>(5,092,919)</u>	2,498,465
A portion of the county's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.			
			157,860
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.			
			(157,514)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities.			
Capital leases payable			(3,256)
Total Net Assets			<u><u>\$ 6,952,187</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended
June 30, 2012

	001 General Fund	002 Road Fund	009 Logan Revolving Loan Fund
Revenues			
Taxes	\$ 880,564	\$ -	\$ -
Licenses and permits	3,151	-	-
Intergovernmental revenues	146,712	761,654	-
Charges for services	160,118	144,827	-
Fines and forfeitures	29,471	2,641	-
Interest earned	4,680	9,011	27,536
Miscellaneous revenues	20,969	49,099	-
Total revenues	<u>1,245,665</u>	<u>967,232</u>	<u>27,536</u>
Expenditures			
Current			
General government	749,033	-	-
Public safety	585,917	-	-
Highways, streets, and airport	-	1,286,371	-
Health	-	-	-
Education	-	-	-
Total expenditures	<u>1,334,950</u>	<u>1,286,371</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(89,285)</u>	<u>(319,139)</u>	<u>27,536</u>
Other financing sources (uses)			
Transfers in	40,000	-	-
Transfers out	<u>(57,710)</u>	<u>(35,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,710)</u>	<u>(35,000)</u>	<u>0</u>
Net change in fund balance	(106,995)	(354,139)	27,536
Available fund balance, July 1	879,342	2,046,321	63,799
Available fund balance, June 30 - by category			
Nonspendable	-	224,459	-
Restricted	-	-	91,335
Assigned	-	1,467,723	-
Unassigned	<u>772,347</u>	<u>-</u>	<u>-</u>
Available fund balance, June 30 - Total	<u><u>\$ 772,347</u></u>	<u><u>\$ 1,692,182</u></u>	<u><u>\$ 91,335</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

024 Housing Rehab Fund	028 Catastrophic Damage Road Reserve	Nonmajor Governmental Funds	Totals	
			June 30, 2012	June 30, 2011
\$ -	\$ -	\$ 12,192	\$ 892,756	\$ 865,307
-	-	-	3,151	2,352
-	-	874,461	1,782,827	1,777,171
-	-	106,989	411,934	378,570
-	-	165	32,277	35,999
524	3,680	6,384	51,815	53,127
-	-	45,036	115,104	351,466
<u>524</u>	<u>3,680</u>	<u>1,045,227</u>	<u>3,289,864</u>	<u>3,463,992</u>
-	-	320,791	1,069,824	1,259,109
-	-	324,197	910,114	867,442
-	-	220,324	1,506,695	1,564,491
-	-	23,587	23,587	23,551
-	-	180,754	180,754	199,612
<u>0</u>	<u>0</u>	<u>1,069,653</u>	<u>3,690,974</u>	<u>3,914,205</u>
<u>524</u>	<u>3,680</u>	<u>(24,426)</u>	<u>(401,110)</u>	<u>(450,213)</u>
-	-	7,710	47,710	71,490
-	-	(5,000)	(97,710)	(100,490)
<u>0</u>	<u>0</u>	<u>2,710</u>	<u>(50,000)</u>	<u>(29,000)</u>
524	3,680	(21,716)	(451,110)	(479,213)
96,345	564,412	1,257,523	4,907,742	5,386,955
-	-	-	224,459	186,693
96,869	-	1,235,807	1,424,011	1,556,404
-	568,092	-	2,035,815	2,722,762
-	-	-	772,347	441,883
<u>\$ 96,869</u>	<u>\$ 568,092</u>	<u>\$ 1,235,807</u>	<u>\$ 4,456,632</u>	<u>\$ 4,907,742</u>

WHEELER COUNTY, OREGON
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES**
 For the Year Ended
 June 30, 2012

Net Change in Fund Balance \$ (451,110)

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. This is the amount by which depreciation exceeds capital purchases.

Expenditures for capital assets	\$ 284,000	
Less current year depreciation	<u>(225,516)</u>	58,484

Long-term debt principal payments are reported as an expenditure in governmental funds. In the Statement of Net Assets, however, principal payments decrease liabilities.		5,319
---	--	-------

Governmental funds report the effect of accrued compensated absences when paid. In the Statement of Activities, however, compensated absences are recognized when accrued. The change in compensated absences is recognized as an expense on the Statement of Activities.		889
---	--	-----

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		29,350
---	--	--------

Change in Net Assets		<u><u>\$ (357,068)</u></u>
-----------------------------	--	----------------------------

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	029 RV Park	042 Solid Waste Transfer Station	Totals	
			June 30, 2012	June 30, 2011
ASSETS				
Current assets				
Unrestricted				
Cash with depositories	\$ 13,010	\$ 8,795	\$ 21,805	\$ 18,244
Accounts receivable	-	3,492	3,492	3,500
Total current assets	<u>13,010</u>	<u>12,287</u>	<u>25,297</u>	<u>21,744</u>
Noncurrent assets				
Property, plant, and equipment	104,494	252,770	357,264	357,264
Less accumulated depreciation	<u>(46,358)</u>	<u>(112,010)</u>	<u>(158,368)</u>	<u>(147,390)</u>
Property, plant, and equipment - net	<u>58,136</u>	<u>140,760</u>	<u>198,896</u>	<u>209,874</u>
Total assets	<u>71,146</u>	<u>153,047</u>	<u>224,193</u>	<u>231,618</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	632	632	893
Due to other funds	-	-	-	20,000
Total current liabilities	<u>0</u>	<u>632</u>	<u>632</u>	<u>20,893</u>
Total liabilities	<u>0</u>	<u>632</u>	<u>632</u>	<u>20,893</u>
NET ASSETS				
Invested in capital assets, net of debt	58,136	140,760	198,896	209,874
Unrestricted	<u>13,010</u>	<u>11,655</u>	<u>24,665</u>	<u>851</u>
Total net assets	<u>\$ 71,146</u>	<u>\$ 152,415</u>	<u>\$ 223,561</u>	<u>\$ 210,725</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended
June 30, 2012

	029 RV Park	042 Solid Waste Transfer Station	Totals	
			June 30, 2012	June 30, 2011
Operating revenues				
User fees	\$ 13,855	\$ 67,026	\$ 80,881	\$ 75,795
Total operating revenues	<u>13,855</u>	<u>67,026</u>	<u>80,881</u>	<u>75,795</u>
Operating expenses				
Personal services	637	-	637	7,158
Materials and services	8,400	109,024	117,424	-
Capital outlay	-	-	-	122,300
Total operating expenses	<u>9,037</u>	<u>109,024</u>	<u>118,061</u>	<u>129,458</u>
Operating income (loss)	<u>4,818</u>	<u>(41,998)</u>	<u>(37,180)</u>	<u>(53,663)</u>
Nonoperating revenues (expenses)				
Interest earned	-	16	16	20
Total nonoperating revenues (expenses)	<u>0</u>	<u>16</u>	<u>16</u>	<u>20</u>
Income (loss) before transfers	4,818	(41,982)	(37,164)	(53,643)
Transfers	-	50,000	50,000	29,000
Net income (loss) and change in net assets	4,818	8,018	12,836	(24,643)
Net assets at beginning of year	<u>66,328</u>	<u>144,397</u>	<u>210,725</u>	<u>235,368</u>
Net assets at end of year	<u>\$ 71,146</u>	<u>\$ 152,415</u>	<u>\$ 223,561</u>	<u>\$ 210,725</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2012

	029 RV Park	042 Solid Waste Transfer Station	Totals	
			June 30, 2012	June 30, 2011
Cash flows from operating activities				
Cash received from customers	\$ 13,855	\$ 67,035	\$ 80,890	\$ 75,357
Cash paid to employees	(637)	-	(637)	(7,158)
Cash paid to suppliers	(5,940)	(100,768)	(106,708)	(111,642)
Net cash from operating activities	<u>7,278</u>	<u>(33,733)</u>	<u>(26,455)</u>	<u>(43,443)</u>
Cash flows from non-capital financing activities				
Interfund transfers	-	50,000	50,000	29,000
Interfund loans	-	(20,000)	(20,000)	20,000
Net cash from non-capital financing activities	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>49,000</u>
Cash flows from investing activities				
Interest on investments	-	16	16	19
Net cash from investing activities	<u>0</u>	<u>16</u>	<u>16</u>	<u>19</u>
Net increase (decrease) in cash	7,278	(3,717)	3,561	5,576
Cash at beginning of year	5,732	12,512	18,244	12,668
Cash at end of year	<u>\$ 13,010</u>	<u>\$ 8,795</u>	<u>\$ 21,805</u>	<u>\$ 18,244</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities				
Net operating income (loss)	<u>\$ 4,818</u>	<u>\$ (41,998)</u>	<u>\$ (37,180)</u>	<u>\$ (53,663)</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities				
Depreciation expense	2,530	8,448	10,978	10,959
(Increase) or decrease in Accounts receivable	-	9	9	(438)
Increase or (decrease) in Accounts payable	(70)	(192)	(262)	(301)
Total adjustments	<u>2,460</u>	<u>8,265</u>	<u>10,725</u>	<u>10,220</u>
Net cash provided by operating activities	<u>\$ 7,278</u>	<u>\$ (33,733)</u>	<u>\$ (26,455)</u>	<u>\$ (43,443)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	Agency Funds	
	June 30, 2012	June 30, 2011
ASSETS		
Cash and investments	\$ 430,768	\$ 705,559
Property taxes receivable	246,983	172,343
Total assets	<u>677,751</u>	<u>877,902</u>
 LIABILITIES		
Due to other governments	430,768	705,559
Deferred revenues	246,983	172,343
Total liabilities	<u>677,751</u>	<u>877,902</u>
 NET ASSETS		
Total net assets	<u>\$ 0</u>	<u>\$ 0</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Significant Accounting Policies

Wheeler County was established under Oregon law and operates under the authority and power of the county court consisting of a county judge elected for a term of six years, and two commissioners elected for terms of four years. Additionally, a county clerk, county assessor, county treasurer, district attorney, and county sheriff are elected to terms of office of four years. The justice of the peace is elected to a term of office of six years. All other officers and employees of the county are appointed.

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

A. Reporting Entity

Wheeler County is a political subdivision of the state of Oregon. It is governed by an elected county court consisting of a county judge and two commissioners. These financial statements present all the fund types and account groups of the county and its component units. Blended component units, although legally separate entities, are in substance, part of the county's operations.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the county. These statements include the governmental financial activities of the overall county, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to users or others for fees, rentals, material, supplies or services provided and (2) operating grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented 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.

Net assets are reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the county's funds including those of a fiduciary nature. Separate statements for each fund category – governmental, proprietary and

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The county reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the county. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road Fund – This fund accounts for the operation of the county road department.

Logan Revolving Loan Fund – This fund was initially funded by a donation from a private citizen to encourage economic growth within the county. The ongoing operations are primarily funded from the principle and interest payments from existing loan holders.

Housing Rehabilitation Fund – This fund accounts for the county's housing rehabilitation loan program and is funded primarily from loan repayments from existing loan holders.

Catastrophic Damage Road Reserve – This fund accounts for the county's reserve for catastrophic damage to roads.

Additionally, the county reports the following fund types:

Proprietary Funds – The proprietary funds are used to account for activities similar to those found in the private sector where the determination of income is necessary or useful to sound financial administration.

Agency Funds – The agency funds account for assets accumulated by the county and disbursed to various other governmental entities.

C. Measurement Focus and Basis of Accounting

Government-wide and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the county receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations.

On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the county funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the county's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The county considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual.

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The county has elected to not follow subsequent private sector guidance.

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

D. Budgets and Budgetary Accounting

A budget is prepared for each county fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, material and services, capital outlay, transfers, and operating contingency are the levels of control. These levels of control apply at the departmental level within the General Fund. All other funds are budgeted at the function level. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Budget appropriations lapse on June 30 of the year appropriated.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the county court. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the county court.

The budget for the General Fund and special revenue funds includes capital outlay expenditures in each program for capital outlay applicable to that program. The budget was prepared in accordance with ORS 294, local budget law.

E. Property Taxes Receivable

The county levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15 and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The county collects all property taxes then allocates them among the various taxing districts.

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Uncollected property taxes are recorded on the Statement of Net Assets. Uncollected taxes are deemed to be substantially collected or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the county.

The county reports deferred revenues on its governmental funds Balance Sheet. 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 county before it has 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 county has a legal claim to the resources, the liability for deferred revenue is removed from the Balance Sheet and revenue is recognized.

F. Accumulated Unpaid Vacation and Sick Pay

The liability for vested compensated absences, consisting of vacation and sick leave benefits (and compensatory time for road fund employees), are recorded in the Statement of Net Assets. Accumulated vacation and compensatory time are accrued as expenditures in the governmental fund financial statements when the amounts are expected to be liquidated with expendable available resources. Compensated absences for employees of the county are based on length of service. The accrued compensated absences for all employees at year end are accrued based on their equivalent hourly pay.

G. Inventories

Inventories consist of road department tires, fuel, and other supplies not readily available. Inventory items are charged to expenditures when purchased. Inventory on hand at the end of the fiscal year is recorded as an asset.

H. Cash and Investments

The county's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in savings accounts at the state of Oregon Local Government Investment Pool and allocated to each fund based on the amount of excess cash each fund has deposited.

State statutes and local ordinances authorize the county to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the states of Oregon, Washington, Idaho, and California, certain interest bearing bonds of a county, port, or school district, certain interest bearing bonds of any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds. All investments are stated at market value. Additional cash and investment information and fair values are presented in note 3.

I. Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The county defines capital

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. The cost of normal maintenance and repairs that do not add value to the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	20-40 years
Buildings and improvements	30 to 40 years
Equipment	3 to 20 years

J. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Balances

In the fund financial statement, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a nonspendable form or (b) legally or contractually required to be maintained intact. Fund balance is reported as restricted when the constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the county court passes a resolution that places specific constraints on how the resources may be used. The court action that imposes the limitation would need to occur no later than the close of the reporting period. The court can modify or rescind the legislative action at any time through the passage of an additional resolution.

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

The net resources that are constrained by the county's intent to use them are reported as assigned fund balance. Intent is expressed when the court approves which resources should be set aside for specific purposes during the adoption of the annual budget. The court uses that information to determine whether those resources should be classified as assigned in the county's financial statements. Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

The county applies restricted revenues first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Prior Period Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the district's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Note 2. Changes in Capital Assets

The following is a summary of changes in governmental capital assets:

Capital assets	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
<i>Capital assets not being depreciated</i>				
Land	\$ 581,597	\$ -	\$ -	\$ 581,597
Construction in progress	-	284,000	-	284,000
Total assets not being depreciated	581,597	284,000	0	865,597
<i>Capital assets being depreciated</i>				
Land improvements	56,995	-	-	56,995
Infrastructure	1,078,988	-	-	1,078,988
Buildings	1,839,046	-	-	1,839,046
Equipment	3,750,758	-	-	3,750,758
Total assets being depreciated	6,725,787	0	0	6,725,787
Less accumulated depreciation				
Land improvements	27,444	3,430	-	30,874
Infrastructure	278,997	53,949	-	332,946
Buildings	1,063,597	77,714	-	1,141,311
Equipment	3,497,364	90,424	-	3,587,788
Total accumulated depreciation	4,867,402	225,517	0	5,092,919
Assets being depreciated - net	1,858,385	(225,517)	0	1,632,868
Governmental Activities Capital Assets - Net	\$ 2,439,982	\$ 58,483	\$ 0	\$ 2,498,465

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

The following is a summary of changes in enterprise capital assets:

Capital assets	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
<i>Capital assets not being depreciated</i>				
Land	\$ 61,720	\$ -	\$ -	\$ 61,720
Total assets not being depreciated	<u>61,720</u>	<u>0</u>	<u>0</u>	<u>61,720</u>
<i>Capital assets being depreciated</i>				
Land improvements	19,023	-	-	19,023
Landfill transfer site	127,757	-	-	127,757
Buildings	86,224	-	-	86,224
Equipment	<u>62,541</u>	<u>-</u>	<u>-</u>	<u>62,541</u>
Total assets being depreciated	<u>295,545</u>	<u>0</u>	<u>0</u>	<u>295,545</u>
Less accumulated depreciation				
Land improvements	40,413	633	-	41,046
Landfill transfer site	9,086	3,194	-	12,280
Buildings	51,073	3,610	-	54,683
Equipment	<u>46,819</u>	<u>3,540</u>	<u>-</u>	<u>50,359</u>
Total accumulated depreciation	<u>147,391</u>	<u>10,977</u>	<u>0</u>	<u>158,368</u>
Assets being depreciated - net	<u>148,154</u>	<u>(10,977)</u>	<u>0</u>	<u>137,177</u>
Business Activities Capital Assets - Net	<u>\$ 209,874</u>	<u>\$ (10,977)</u>	<u>\$ 0</u>	<u>\$ 198,897</u>

Governmental depreciation was charged to the following functions:

General Government	\$ 72,302
Public Safety	28,267
Roads	120,817
Economic Development	<u>4,131</u>
Total depreciation	<u>\$ 225,517</u>

Enterprise depreciation was charged to the following funds:

RV Park	\$ 2,529
Solid Waste Transfer Station	<u>8,448</u>
Total depreciation	<u>\$ 10,977</u>

Note 3. Deposits and Investments

At June 30, 2012, the carrying amount of the county's deposits was \$1,364,424 and the bank balance was \$1,236,841. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's web site. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization.

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

The balances in excess of the FDIC insurance are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the bank failure, the county's deposits may not be returned to it. The county does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$965,512 of the county's bank balance of \$1,236,841 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank \$965,512

As of June 30, 2012 the district had the following investments:

Investment	Maturities	Fair Value
Local government investment pool	Varies	\$ 3,484,432
Total		<u>\$ 3,484,432</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The district has no policy for managing interest rate or credit risk. Investments by the district held in the Local Government Investment Pool are not rated. Investments in US treasury notes are rated AAA/Aa1 by Standard and Poor's and Moody's respectively.

The Oregon Short Term Fund is the LGIP for local governments and was established by the Oregon 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.

Reconciliation of cash and investments to financial statements:

Statement of Net Assets	Governmental	Agency	Total
Governmental activities	\$ 4,396,283	\$ -	\$ 4,396,283
Business-type activities	21,805	-	21,805
Fiduciary (agency) funds	-	430,768	430,768
Total	<u>\$ 4,418,088</u>	<u>\$ 430,768</u>	<u>\$ 4,848,856</u>
Cash	\$ 939,821	\$ 424,603	\$ 1,364,424
Investments	3,478,267	6,165	3,484,432
Total	<u>\$ 4,418,088</u>	<u>\$ 430,768</u>	<u>\$ 4,848,856</u>

Note 4. Pension Plan

The county maintains the Wheeler County Employee's Pension Plan (the Plan), a defined contribution money purchase pension plan adopted effective July 1, 1970 for all of its eligible employees. The Plan is available to all eligible employees who work at least 20 hours per week for the county and who are either uniformed eligible employees or non-uniformed eligible employees, as described below:

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

- Uniformed eligible employee means an employee who is classified as a police officer excluding volunteer or reserve personnel who are civil deputies or clerical employees.
- Non-uniformed eligible employees mean all other employees who work at least 20 hours per week for the county and who are not uniformed eligible employees.

Employees become participants in the Plan on the first of the month after they have been employees of Wheeler County during a 12 consecutive-month period. Employer contributions were equal to 20% for uniformed employees and 12% for non-uniformed employees.

The Plan year ends June 30. An employer contribution is made for each Plan year where the employee has at least 1,000 hours of service. The employee also receives an allocation of the employer contribution if the employment ceases due to retirement, death or total and permanent disability. County contributions to participating employees individual accounts for the year ended June 30, 2012 totaled \$130,073. Contributions for the year ending June 30, 2011 were \$135,109.

The Plan is administered by Standard insurance (Standard) under a contract with the county. The county pays the administrative charges to Standard. Standard invests the money contributed by the employee during the years worked by the employees of the county. Standard maintains individual records of the participating employees wage and service credits as they are earned from information furnished by the county each year. Upon termination of employment, death of the participant or retirement, Standard pays the benefits from the funds held under the contract. The County Court has the authority to establish and/or amend the plan provisions.

Note 5. Capital Lease Obligations

The county entered into a capital lease in January 2008 for a Canon copy machine with 60 monthly payments of \$474 including interest at 6.0% through January 2013. At June 30, 2012, the county had future minimum lease payments as follows:

Fiscal Year			
Ending June 30,	Principal	Interest	Total
2013	\$ 3,253	\$ 65	\$ 3,318
Total	<u>\$ 3,253</u>	<u>\$ 65</u>	<u>\$ 3,318</u>

Note 6. Risk Management

The county is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the county carries commercial insurance. The county does not engage in risk financing activities where the risk is retained (self-insurance). Settled claims have not exceeded commercial coverage in any of the past three years.

Note 7. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government and the state of Oregon. Any disallowed claims, including amounts already collected, may constitute a liability to the county. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although county management expects such amounts, if any, to be immaterial.

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 8. Receivables

Receivables are comprised of the following as of June 30, 2012:

Property taxes	\$ 157,861
Grants and other	50,771
Loans receivable	301,629
Total	<u>\$ 510,261</u>

Note 9. Interfund Transfers

Transfers between funds provide support for various county programs in accordance with budgetary authorizations. The detail of interfund transfers for the fiscal year ended June 30, 2012 is as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Nonmajor Funds	General Fund	\$ 5,000
Road Fund	General Fund	35,000
General Fund	Nonmajor Funds	57,710
Nonmajor Funds	Nonmajor Funds	9,000
Total		<u>\$ 106,710</u>

Note 10. Intergovernmental Agreements

Under authorization of ORS 190.010, the county is party to intergovernmental agreements with certain other Oregon governments to establish and operate the following joint-ventures for the mutual advantage of those governments. The operating and capital budgets are funded by contributions from each of the parties or from other governmental grants. As of the date of the audit report, summary financial information was unavailable for inclusion in these notes, with exception of Frontier TeleNet:

Frontier TeleNet

Intergovernmental agreement with Sherman and Gilliam Counties and the North Central Education Service District (NCESD) to establish and operate a wireless network to significantly improve emergency and educational communication coverage within the three counties. The board of Frontier TeleNet is composed of each county judge and the district superintendent. NCESD is the fiscal agent for Frontier TeleNet. In 2012, the county assigned its share of any intergovernmental revenues for the network to the venture for operating expenses. Each party's share of the assets, liabilities and equities are 25%. Summarized audited information for Frontier TeleNet for the fiscal year ended June 30, 2012 is as follows:

Revenues	\$ 3,586,185
Expenditures	3,172,105
Net change in fund balance	<u>\$ 414,080</u>
Total assets	<u>\$ 3,753,288</u>
Total liabilities	<u>\$ 82,585</u>
Net assets	<u>\$ 3,670,703</u>

WHEELER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

TRICOR

Intergovernmental agreement with Sherman and Gilliam Counties to share a parole and probation officer between the three counties. The board of Tri-County Community Corrections (TRICOR) is composed of each county's sheriff and one member of each court. Gilliam County is the fiscal agent for TRICOR. In 2012, the county assigned its share of any intergovernmental revenues for the network to the venture for operating expenses. Each party's share of the assets, liabilities and equities are 33.3%.

TRICOM

Intergovernmental agreement with Sherman and Gilliam Counties for the creation and operation of a tri-county emergency 911 dispatch center located in Condon. The board of Tri-County Communications (TRICOM) is composed of one member of each county court, the respective sheriff of each county and one additional director at large from each county. The county acts as the fiscal agent for TRICOM.

Note 11. Fund Balance Classification

Below is a schedule of the ending fund balance, based on GASB Statement No. 54 implementation:

	001 General Fund	002 Road Fund	009 Logan Fund	024 Housing Rehab	028 Catastrophic Reserve	Non Major Funds	Total
Fund balances							
Restricted fund balance							
<u>Non-spendable</u>							
Inventory	\$ -	\$ 224,459	\$ -	\$ -	\$ -	\$ -	\$ 224,459
<u>Restricted</u>							
General Government	-	-	-	96,869	-	638,827	735,696
Public Safety	-	-	-	-	-	354,746	354,746
Roads	-	-	-	-	-	156,395	156,395
Economic Development	-	-	91,335	-	-	70,455	161,790
Fair	-	-	-	-	-	15,384	15,384
	<u>0</u>	<u>0</u>	<u>91,335</u>	<u>96,869</u>	<u>0</u>	<u>1,235,807</u>	<u>1,424,011</u>
Unrestricted fund balance							
<u>Assigned</u>							
Roads	-	1,467,723	-	-	568,092	-	2,035,815
	<u>0</u>	<u>1,467,723</u>	<u>0</u>	<u>0</u>	<u>568,092</u>	<u>0</u>	<u>2,035,815</u>
<u>Unassigned:</u>	<u>772,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,347</u>
Total fund balances	<u>\$ 772,347</u>	<u>\$ 1,692,182</u>	<u>\$ 91,335</u>	<u>\$ 96,869</u>	<u>\$ 568,092</u>	<u>\$ 1,235,807</u>	<u>\$ 4,456,632</u>

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND - 001
For the Year Ended
June 30, 2012

	Actual	Budget Adopted	Final	(Over) Under Final Budget
Revenues				
Taxes	\$ 880,566	\$ 984,000	\$ 984,000	\$ 103,434
Licenses and permits	3,151	2,800	2,800	(351)
Intergovernmental revenues	146,712	132,260	132,260	(14,452)
Charges for services	160,118	151,480	195,580	35,462
Fines and forfeitures	29,471	31,110	31,110	1,639
Interest earned	4,680	12,000	12,000	7,320
Miscellaneous revenue	20,969	13,800	17,300	(3,669)
Total revenues	<u>1,245,667</u>	<u>1,327,450</u>	<u>1,375,050</u>	<u>129,383</u>
Expenditures				
Mitchell justice court	20,932	24,300	24,300	3,368
Fossil justice court	28,100	41,400	41,400	13,300
Farm review board	-	20	20	20
County clerk	141,097	146,270	146,270	5,173
County sheriff	251,778	289,116	289,116	37,338
County treasurer	90,335	109,720	109,720	19,385
County court	171,675	184,352	184,352	12,677
County assessor and tax collector	192,468	208,660	208,660	16,192
Courthouse and county buildings	51,816	68,310	68,310	16,494
Elections	8,922	19,200	19,200	10,278
District attorney	24,940	27,020	27,020	2,080
County surveyor	6,940	8,100	8,100	1,160
Board of property tax appeals	115	1,120	1,120	1,005
Seized property	-	1,000	1,000	1,000
Juvenile department	88,493	89,420	89,420	927
County planner	27,816	40,480	40,480	12,664
Non-departmental	229,525	304,510	338,610	109,085
Total expenditures	<u>1,334,952</u>	<u>1,562,998</u>	<u>1,597,098</u>	<u>262,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89,285)</u>	<u>(235,548)</u>	<u>(222,048)</u>	<u>(132,763)</u>
Other financing sources (uses)				
Transfers in	40,000	40,445	40,445	445
Transfers out	<u>(57,710)</u>	<u>(47,720)</u>	<u>(57,720)</u>	<u>(10)</u>
Total other financing sources (uses)	<u>(17,710)</u>	<u>(7,275)</u>	<u>(17,275)</u>	<u>435</u>
Net changes in fund balance	(106,995)	(242,823)	(239,323)	(132,328)
Available fund balance, July 1	<u>879,342</u>	<u>810,200</u>	<u>810,200</u>	<u>(69,142)</u>
Available fund balance, June 30	<u>\$ 772,347</u>	<u>\$ 567,377</u>	<u>\$ 570,877</u>	<u>\$ (201,470)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ROAD FUND - 002
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Licenses and permits	\$ -	\$ 2,000	\$ 2,000	\$ 2,000
Intergovernmental revenues	761,654	555,080	911,080	149,426
Charges for services	144,827	42,370	82,070	(62,757)
Fines and forfeitures	2,641	3,000	3,000	359
Interest earned	9,011	14,000	14,000	4,989
Miscellaneous revenue	49,099	179,000	179,000	129,901
Total revenues	967,232	795,450	1,191,150	223,918
Expenditures				
Personal services	598,443	723,830	723,830	125,387
Material and services	479,130	793,450	833,150	354,020
Capital outlay	284,957	358,300	358,300	73,343
Operating contingency	-	91,000	447,000	447,000
Total expenditures	1,362,530	1,966,580	2,362,280	999,750
Excess (deficiency) of revenues over (under) expenditures	(395,298)	(1,171,130)	(1,171,130)	(775,832)
Other financing sources (uses)				
Transfers out	(35,000)	(35,010)	(35,010)	(10)
Total other financing sources (uses)	(35,000)	(35,010)	(35,010)	(10)
Net changes in fund balance	(430,298)	(1,206,140)	(1,206,140)	(775,842)
Available fund balance, July 1	1,898,019	1,900,000	1,900,000	1,981
Available fund balance, June 30	<u>\$ 1,467,721</u>	<u>\$ 693,860</u>	<u>\$ 693,860</u>	<u>\$ (773,861)</u>

Reconciliation of budgetary inflows and outflows to GAAP revenues and expenditures

Budgetary changes in net assets	\$ (430,298)
Change in inventory value	<u>76,159</u>
GAAP changes in net assets	<u>\$ (354,139)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LOGAN REVOLVING LOAN FUND - 009
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ 27,536	\$ 14,400	\$ 14,400	\$ (13,136)
Total revenues	<u>27,536</u>	<u>15,400</u>	<u>15,400</u>	<u>(12,136)</u>
Expenditures				
Material and services	-	72,400	72,400	72,400
Total expenditures	<u>0</u>	<u>72,400</u>	<u>72,400</u>	<u>72,400</u>
Net changes in fund balance	27,536	(57,000)	(57,000)	(84,536)
Available fund balance, July 1	<u>63,799</u>	<u>57,000</u>	<u>57,000</u>	<u>(6,799)</u>
Available fund balance, June 30	<u><u>\$ 91,335</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (91,335)</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
HOUSING REHABILITATION FUND - 024
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ -	\$ 1,000	\$ 1,000	\$ 1,000
Interest earned	524	300	300	(224)
Total revenues	524	1,300	1,300	776
Expenditures				
Material and services	-	97,440	97,440	97,440
Total expenditures	0	97,440	97,440	97,440
Net changes in fund balance	524	(96,140)	(96,140)	(96,664)
Available fund balance, July 1	96,345	96,140	96,140	(205)
Available fund balance, June 30	<u>\$ 96,869</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (96,869)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
For the Year Ended
June 30, 2012

In accordance with Oregon Revised Statutes, the county court annually adopts a budget following required public notice and hearing for all funds except agency funds. The budget may be amended during the year through statutorily prescribed procedures. The county's budget is prepared on the cash basis of accounting. Appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon major classes of expenditures known as functions within each fund. The General Fund budget is adopted by department. The functions budgeted within all other funds include: personal services, materials and services, capital outlay, contingencies and transfers. The county adopted several budget amendments during the year as allowed by local budget law.

During the year ended June 30, 2012, disbursements in the major funds were within certified budget amounts in all functions.

The Notes to Basic Financial Statements are an integral part of these statements.

SUPPLEMENTAL SCHEDULES

THIS PAGE INTENTIONALLY LEFT BLANK

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CATASTOPHIC DAMAGE ROAD RESERVE FUND - 028
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ 3,679	\$ 10,000	\$ 10,000	\$ 6,321
Total revenues	<u>3,679</u>	<u>10,000</u>	<u>10,000</u>	<u>6,321</u>
Expenditures				
Material and services	-	574,200	574,200	574,200
Total expenditures	<u>0</u>	<u>574,200</u>	<u>574,200</u>	<u>574,200</u>
Net changes in fund balance	3,679	(564,200)	(564,200)	(567,879)
Available fund balance, July 1	<u>564,413</u>	<u>564,200</u>	<u>564,200</u>	<u>(213)</u>
Available fund balance, June 30	<u><u>\$ 568,092</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (568,092)</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

WHEELER COUNTY, OREGON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	004 County Fair	005 County School	006 Title III Safety Net	007 Court Security
ASSETS				
Cash and investments	\$ 18,846	\$ -	\$ 178,433	\$ 21,109
Receivables				
Other	-	-	-	-
Total assets	<u>\$ 18,846</u>	<u>\$ 0</u>	<u>\$ 178,433</u>	<u>\$ 21,109</u>
 LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 3,462	\$ -	\$ 920	\$ 2,669
Total liabilities	<u>3,462</u>	<u>0</u>	<u>920</u>	<u>2,669</u>
Fund balance				
Restricted	15,384	-	177,513	18,440
Total fund balance	<u>15,384</u>	<u>0</u>	<u>177,513</u>	<u>18,440</u>
Total liabilities and fund balance	<u>\$ 18,846</u>	<u>\$ 0</u>	<u>\$ 178,433</u>	<u>\$ 21,109</u>

010 Assessment and Taxation Reserve	011 Office Equipment Reserve	012 Road Equipment Reserve
\$ 2,526	\$ 723	\$ 156,395
-	-	-
<u>\$ 2,526</u>	<u>\$ 723</u>	<u>\$ 156,395</u>
\$ -	\$ -	\$ -
<u>0</u>	<u>0</u>	<u>0</u>
<u>2,526</u>	<u>723</u>	<u>156,395</u>
<u>2,526</u>	<u>723</u>	<u>156,395</u>
<u>\$ 2,526</u>	<u>\$ 723</u>	<u>\$ 156,395</u>

014 Sheriff's Car Replacement Reserve	015 Special Transportation Bus Reserve	017 Oregon Commission on Children and Families
\$ 28,496	\$ 64,461	\$ 126,360
-	-	-
<u>\$ 28,496</u>	<u>\$ 64,461</u>	<u>\$ 126,360</u>
\$ -	\$ -	\$ -
<u>0</u>	<u>0</u>	<u>0</u>
<u>28,496</u>	<u>64,461</u>	<u>126,360</u>
<u>28,496</u>	<u>64,461</u>	<u>126,360</u>
<u>\$ 28,496</u>	<u>\$ 64,461</u>	<u>\$ 126,360</u>

018 Law Library	019 Lottery/ Economic Development	020 Park Maintenance
\$ 2,580	\$ 70,633	\$ 20,252
-	-	4,769
<u>\$ 2,580</u>	<u>\$ 70,633</u>	<u>\$ 25,021</u>
\$ -	\$ 178	\$ 237
0	178	237
2,580	70,455	24,784
2,580	70,455	24,784
<u>\$ 2,580</u>	<u>\$ 70,633</u>	<u>\$ 25,021</u>

022 Special Transportation	023 911	025 Public Land Corner Preservation
\$ 141,092	\$ 311,800	\$ 29,629
20,396	-	-
<u>\$ 161,488</u>	<u>\$ 311,800</u>	<u>\$ 29,629</u>
\$ 603	\$ -	\$ -
603	0	0
160,885	311,800	29,629
160,885	311,800	29,629
<u>\$ 161,488</u>	<u>\$ 311,800</u>	<u>\$ 29,629</u>

026 Local Juvenile Fines/Fees	033 Victims of Crime Advocacy	035 Community Development	038 Integrated Family Resource Center	048 C.A.M.I.	Totals June 30, 2012
\$ 1,534	\$ 14,450	\$ 11,664	\$ 1,657	\$ 20,864	\$ 1,223,504
-	-	-	-	-	25,165
<u>\$ 1,534</u>	<u>\$ 14,450</u>	<u>\$ 11,664</u>	<u>\$ 1,657</u>	<u>\$ 20,864</u>	<u>\$ 1,248,669</u>
\$ -	\$ -	\$ 4,476	\$ 317	\$ -	\$ 12,862
0	0	4,476	317	0	12,862
<u>1,534</u>	<u>14,450</u>	<u>7,188</u>	<u>1,340</u>	<u>20,864</u>	<u>1,235,807</u>
<u>1,534</u>	<u>14,450</u>	<u>7,188</u>	<u>1,340</u>	<u>20,864</u>	<u>1,235,807</u>
<u>\$ 1,534</u>	<u>\$ 14,450</u>	<u>\$ 11,664</u>	<u>\$ 1,657</u>	<u>\$ 20,864</u>	<u>\$ 1,248,669</u>

WHEELER COUNTY, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended
June 30, 2012

	004 County Fair	005 County School	006 Title III Safety Net	007 Court Security
Revenues				
Taxes	\$ -	\$ 12,192	\$ -	\$ -
Intergovernmental revenues	50,002	168,459	55,492	-
Charges for services	18,059	-	-	2,178
Fines and forfeitures	-	-	-	-
Interest earned	-	103	903	107
Miscellaneous revenue	14,333	-	-	-
Total revenues	<u>82,394</u>	<u>180,754</u>	<u>56,395</u>	<u>2,285</u>
Expenditures				
Current				
General government	90,630	-	-	3,070
Public safety	-	-	-	-
Highways, streets, and airport	-	-	31,028	-
Health	-	-	-	-
Education	-	180,754	-	-
Total expenditures	<u>90,630</u>	<u>180,754</u>	<u>31,028</u>	<u>3,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,236)</u>	<u>0</u>	<u>25,367</u>	<u>(785)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(5,000)	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(5,000)</u>	<u>0</u>
Net changes in fund balance	(8,236)	0	20,367	(785)
Available fund balance, July 1	<u>23,620</u>	<u>-</u>	<u>157,146</u>	<u>19,225</u>
Available fund balance, June 30	<u>\$ 15,384</u>	<u>\$ 0</u>	<u>\$ 177,513</u>	<u>\$ 18,440</u>

010 Assessment and Taxation Reserve	011 Office Equipment Reserve	012 Road Equipment Reserve
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
13	4	846
-	-	-
<u>13</u>	<u>4</u>	<u>846</u>
-	105	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>0</u>	<u>105</u>	<u>0</u>
<u>13</u>	<u>(101)</u>	<u>846</u>
500	500	-
-	-	-
<u>500</u>	<u>500</u>	<u>0</u>
513	399	846
<u>2,013</u>	<u>324</u>	<u>155,549</u>
<u>\$ 2,526</u>	<u>\$ 723</u>	<u>\$ 156,395</u>

014 Sheriff's Car Replacement Reserve	015 Special Transportation Bus Reserve	017 Oregon Commission on Children and Families
\$ -	\$ -	\$ -
-	-	127,834
-	-	-
-	-	-
154	345	715
-	-	-
<u>154</u>	<u>345</u>	<u>128,549</u>
-	-	140,389
-	-	-
-	-	-
-	-	-
-	-	-
<u>0</u>	<u>0</u>	<u>140,389</u>
<u>154</u>	<u>345</u>	<u>(11,840)</u>
10	-	-
-	9,000	-
<u>10</u>	<u>9,000</u>	<u>0</u>
164	9,345	(11,840)
<u>28,332</u>	<u>55,116</u>	<u>138,200</u>
<u>\$ 28,496</u>	<u>\$ 64,461</u>	<u>\$ 126,360</u>

018 Law Library	019 Lottery/ Economic Development	020 Park Maintenance
\$ -	\$ -	\$ -
-	53,888	-
955	3,000	51,058
-	-	-
11	444	120
-	7,104	1,266
<u>966</u>	<u>64,436</u>	<u>52,444</u>
-	-	49,326
-	-	-
-	84,182	-
-	-	-
-	-	-
<u>0</u>	<u>84,182</u>	<u>49,326</u>
<u>966</u>	<u>(19,746)</u>	<u>3,118</u>
-	-	-
-	-	-
<u>0</u>	<u>0</u>	<u>0</u>
966	(19,746)	3,118
1,614	90,201	21,666
<u>\$ 2,580</u>	<u>\$ 70,455</u>	<u>\$ 24,784</u>

022 Special Transportation	023 911	025 Public Land Corner Preservation
\$ -	\$ -	\$ -
144,114	240,300	-
7,689	-	2,670
-	-	-
655	1,553	162
4,438	-	-
<u>156,896</u>	<u>241,853</u>	<u>2,832</u>
-	-	3,317
-	302,823	-
105,114	-	-
-	-	-
-	-	-
<u>105,114</u>	<u>302,823</u>	<u>3,317</u>
<u>51,782</u>	<u>(60,970)</u>	<u>(485)</u>
-	-	-
<u>(9,000)</u>	<u>-</u>	<u>-</u>
<u>(9,000)</u>	<u>0</u>	<u>0</u>
42,782	(60,970)	(485)
<u>118,103</u>	<u>372,770</u>	<u>30,114</u>
<u>\$ 160,885</u>	<u>\$ 311,800</u>	<u>\$ 29,629</u>

026 Local Juvenile Fines/Fees	033 Victims of Crime Advocacy	035 Community Development	038 Integrated Family Resource Center	048 C.A.M.I.	Totals June 30, 2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,192
-	19,351	-	-	15,021	874,461
-	-	21,380	-	-	106,989
165	-	-	-	-	165
8	93	48	-	100	6,384
-	271	-	17,624	-	45,036
<u>173</u>	<u>19,715</u>	<u>21,428</u>	<u>17,624</u>	<u>15,121</u>	<u>1,045,227</u>
-	-	25,137	-	8,817	320,791
-	21,374	-	-	-	324,197
-	-	-	-	-	220,324
-	-	-	23,587	-	23,587
-	-	-	-	-	180,754
<u>0</u>	<u>21,374</u>	<u>25,137</u>	<u>23,587</u>	<u>8,817</u>	<u>1,069,653</u>
<u>173</u>	<u>(1,659)</u>	<u>(3,709)</u>	<u>(5,963)</u>	<u>6,304</u>	<u>(24,426)</u>
-	-	-	6,700	-	7,710
-	-	-	-	-	(5,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,700</u>	<u>0</u>	<u>2,710</u>
173	(1,659)	(3,709)	737	6,304	(21,716)
<u>1,361</u>	<u>16,109</u>	<u>10,897</u>	<u>603</u>	<u>14,560</u>	<u>1,257,523</u>
<u>\$ 1,534</u>	<u>\$ 14,450</u>	<u>\$ 7,188</u>	<u>\$ 1,340</u>	<u>\$ 20,864</u>	<u>\$ 1,235,807</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COUNTY FAIR FUND - 004
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 50,002	\$ 36,010	\$ 50,010	\$ 8
Charges for services	18,059	31,250	31,250	13,191
Interest earned	-	20	20	20
Miscellaneous revenue	14,333	14,700	14,700	367
Total revenues	82,394	81,980	95,980	13,586
Expenditures				
Personal services	20,193	19,950	19,950	(243)
Material and services	69,568	76,790	90,790	21,222
Capital outlay	869	12,240	12,240	11,371
Total expenditures	90,630	108,980	122,980	32,350
Net changes in fund balance	(8,236)	(27,000)	(27,000)	(18,764)
Available fund balance, July 1	23,620	27,000	27,000	3,380
Available fund balance, June 30	<u>\$ 15,384</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,384)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COUNTY SCHOOL FUND - 005
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Taxes	\$ 12,192	\$ 15,000	\$ 15,000	\$ 2,808
Intergovernmental revenues	168,459	200,000	200,000	31,541
Interest earned	103	180	180	77
Miscellaneous revenue	-	100	100	100
Total revenues	<u>180,754</u>	<u>215,280</u>	<u>215,280</u>	<u>34,526</u>
Expenditures				
Material and services	<u>180,754</u>	<u>215,280</u>	<u>215,280</u>	<u>34,526</u>
Total expenditures	<u>180,754</u>	<u>215,280</u>	<u>215,280</u>	<u>34,526</u>
Net changes in fund balance	0	0	0	0
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TITLE III SAFETY NET FUND - 006
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 55,492	\$ 31,000	\$ 56,000	\$ 508
Interest earned	903	500	500	(403)
Total revenues	<u>56,395</u>	<u>31,500</u>	<u>56,500</u>	<u>105</u>
Expenditures				
Material and services	<u>31,028</u>	<u>182,000</u>	<u>207,000</u>	<u>175,972</u>
Total expenditures	<u>31,028</u>	<u>182,000</u>	<u>207,000</u>	<u>175,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,367</u>	<u>(150,500)</u>	<u>(150,500)</u>	<u>(175,867)</u>
Other financing sources (uses)				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Net changes in fund balance	20,367	(155,500)	(155,500)	(175,867)
Available fund balance, July 1	<u>157,146</u>	<u>155,500</u>	<u>155,500</u>	<u>(1,646)</u>
Available fund balance, June 30	<u><u>\$ 177,513</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (177,513)</u></u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COURT SECURITY FUND - 007
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ 2,178	\$ 1,500	\$ 1,500	\$ (678)
Interest earned	107	100	100	(7)
Total revenues	<u>2,285</u>	<u>1,610</u>	<u>1,610</u>	<u>(675)</u>
Expenditures				
Material and services	3,070	10,710	10,710	7,640
Capital outlay	-	10,000	10,000	10,000
Total expenditures	<u>3,070</u>	<u>20,710</u>	<u>20,710</u>	<u>17,640</u>
Net changes in fund balance	(785)	(19,100)	(19,100)	(18,315)
Available fund balance, July 1	<u>19,225</u>	<u>19,100</u>	<u>19,100</u>	<u>(125)</u>
Available fund balance, June 30	<u><u>\$ 18,440</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (18,440)</u></u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ASSESSMENT AND TAXATION RESERVE FUND - 010
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ 13	\$ 10	\$ 10	\$ (3)
Total revenues	13	10	10	(3)
Expenditures				
Capital outlay	-	2,610	2,610	2,610
Total expenditures	0	2,610	2,610	2,610
Excess (deficiency) of revenues over (under) expenditures	13	(2,600)	(2,600)	(2,613)
Other financing sources (uses)				
Transfers in	500	500	500	-
Total other financing sources (uses)	500	500	500	0
Net changes in fund balance	513	(2,100)	(2,100)	(2,613)
Available fund balance, July 1	2,013	2,100	2,100	87
Available fund balance, June 30	<u>\$ 2,526</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,526)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
OFFICE EQUIPMENT RESERVE FUND - 011
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ 4	\$ 10	\$ 10	\$ 6
Total revenues	4	10	10	6
Expenditures				
Capital outlay	105	830	830	725
Total expenditures	105	830	830	725
Excess (deficiency) of revenues over (under) expenditures	(101)	(820)	(820)	(719)
Other financing sources (uses)				
Transfers in	500	500	500	-
Total other financing sources (uses)	500	500	500	0
Net changes in fund balance	399	(320)	(320)	(719)
Available fund balance, July 1	324	320	320	(4)
Available fund balance, June 30	<u>\$ 723</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (723)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ROAD EQUIPMENT RESERVE FUND - 012
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ 846	\$ 1,000	\$ 1,000	\$ 154
Miscellaneous revenue	-	1,000	1,000	1,000
Total revenues	846	2,000	2,000	1,154
Expenditures				
Capital outlay	-	157,510	157,510	157,510
Total expenditures	0	157,510	157,510	157,510
Excess (deficiency) of revenues over (under) expenditures	846	(155,510)	(155,510)	(156,356)
Other financing sources (uses)				
Transfers in	-	10	10	10
Total other financing sources (uses)	0	10	10	10
Net changes in fund balance	846	(155,500)	(155,500)	(156,346)
Available fund balance, July 1	155,549	155,500	155,500	(49)
Available fund balance, June 30	<u>\$ 156,395</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (156,395)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SHERIFF'S CAR REPLACEMENT RESERVE FUND - 014
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ 154	\$ 200	\$ 200	\$ 46
Miscellaneous revenue	-	10	10	10
Total revenues	154	210	210	56
Expenditures				
Capital outlay	-	28,570	28,570	28,570
Total expenditures	0	28,570	28,570	28,570
Excess (deficiency) of revenues over (under) expenditures	154	(28,360)	(28,360)	(28,514)
Other financing sources (uses)				
Transfers in	10	10	10	-
Total other financing sources (uses)	10	10	10	0
Net changes in fund balance	164	(28,350)	(28,350)	(28,514)
Available fund balance, July 1	28,332	28,350	28,350	18
Available fund balance, June 30	<u>\$ 28,496</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (28,496)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL TRANSPORTATION - BUS RESERVE FUND - 015
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ -	\$ 91,300	\$ 91,300	\$ 91,300
Interest earned	345	300	300	(45)
Total revenues	345	91,600	91,600	91,255
Expenditures				
Capital outlay	-	155,731	155,731	155,731
Total expenditures	0	155,731	155,731	155,731
Excess (deficiency) of revenues over (under) expenditures	345	(64,131)	(64,131)	(64,476)
Other financing sources (uses)				
Transfers in	9,000	9,000	9,000	-
Total other financing sources (uses)	9,000	9,000	9,000	0
Net changes in fund balance	9,345	(55,131)	(55,131)	(64,476)
Available fund balance, July 1	55,116	55,131	55,131	15
Available fund balance, June 30	<u>\$ 64,461</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (64,461)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMISSION ON CHILDREN AND FAMILIES - 017
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 127,834	\$ 125,534	\$ 147,534	\$ 19,700
Interest earned	715	800	800	85
Total revenues	<u>128,549</u>	<u>126,334</u>	<u>148,334</u>	<u>19,785</u>
Expenditures				
Personal services	58,114	63,650	63,650	5,536
Material and services	82,275	136,054	136,054	53,779
Capital outlay	-	230	230	230
Operating contingency	-	76,400	76,400	76,400
Total expenditures	<u>140,389</u>	<u>276,334</u>	<u>276,334</u>	<u>135,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,840)</u>	<u>(150,000)</u>	<u>(128,000)</u>	<u>(116,160)</u>
Other financing sources (uses)				
Transfers out	-	-	(22,000)	(22,000)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(22,000)</u>	<u>(22,000)</u>
Net changes in fund balance	(11,840)	(150,000)	(150,000)	(138,160)
Available fund balance, July 1	<u>138,200</u>	<u>150,000</u>	<u>150,000</u>	<u>11,800</u>
Available fund balance, June 30	<u>\$ 126,360</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (126,360)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LAW LIBRARY FUND - 018
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ 955	\$ 500	\$ 500	\$ (455)
Interest earned	11	10	10	(1)
Total revenues	<u>966</u>	<u>510</u>	<u>510</u>	<u>(456)</u>
Expenditures				
Capital outlay	-	1,740	1,740	1,740
Total expenditures	<u>0</u>	<u>1,740</u>	<u>1,740</u>	<u>1,740</u>
Net changes in fund balance	966	(1,230)	(1,230)	(2,196)
Available fund balance, July 1	<u>1,614</u>	<u>1,230</u>	<u>1,230</u>	<u>(384)</u>
Available fund balance, June 30	<u><u>\$ 2,580</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (2,580)</u></u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LOTTERY/ECONOMIC DEVELOPMENT FUND - 019
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 53,888	\$ 44,000	\$ 124,000	\$ 70,112
Charges for services	3,000	3,000	3,000	-
Interest earned	444	600	600	156
Miscellaneous revenue	7,104	9,000	9,000	1,896
Total revenues	64,436	56,600	136,600	72,164
Expenditures				
Personal services	32,611	40,300	40,300	7,689
Material and services	51,571	109,300	189,300	137,729
Total expenditures	84,182	149,600	229,600	145,418
Net changes in fund balance	(19,746)	(93,000)	(93,000)	(73,254)
Available fund balance, July 1	90,201	93,000	93,000	2,799
Available fund balance, June 30	<u>\$ 70,455</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (70,455)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARK MAINTENANCE FUND - 020
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ -	\$ 100	\$ 100	\$ 100
Charges for services	51,058	41,150	41,150	(9,908)
Interest earned	120	75	75	(45)
Miscellaneous revenue	1,266	225	225	(1,041)
Total revenues	52,444	41,550	41,550	(10,894)
Expenditures				
Personal services	40,314	37,625	37,625	(2,689)
Material and services	8,800	15,035	15,035	6,235
Capital outlay	212	1,875	1,875	1,663
Operating contingency	-	715	715	715
Total expenditures	49,326	55,250	55,250	5,924
Net changes in fund balance	3,118	(13,700)	(13,700)	(16,818)
Available fund balance, July 1	21,666	13,700	13,700	(7,966)
Available fund balance, June 30	<u>\$ 24,784</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (24,784)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PROSECUTION WITNESS FUND - 021
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ -	\$ 200	\$ 200	\$ 200
Interest earned	-	100	100	100
Miscellaneous revenue	-	100	100	100
Total revenues	0	400	400	400
Expenditures				
Material and services	-	21,400	21,400	21,400
Total expenditures	0	21,400	21,400	21,400
Net changes in fund balance	0	(21,000)	(21,000)	(21,000)
Available fund balance, July 1	-	21,000	21,000	21,000
Available fund balance, June 30	\$ 0	\$ 0	\$ 0	\$ 0

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL TRANSPORTATION FUND - 022
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 144,114	\$ 146,910	\$ 161,910	\$ 17,796
Charges for services	7,689	6,000	6,000	(1,689)
Interest earned	655	400	400	(255)
Miscellaneous revenue	4,437	2,100	2,100	(2,337)
Total revenues	156,895	155,410	170,410	13,515
Expenditures				
Personal services	65,029	72,500	72,500	7,471
Material and services	40,040	164,470	179,470	139,430
Capital outlay	45	6,900	6,900	6,855
Total expenditures	105,114	243,870	258,870	153,756
Excess (deficiency) of revenues over (under) expenditures	51,781	(88,460)	(88,460)	(140,241)
Other financing sources (uses)				
Transfers out	(9,000)	(9,000)	(9,000)	-
Total other financing sources (uses)	(9,000)	(9,000)	(9,000)	0
Net changes in fund balance	42,781	(97,460)	(97,460)	(140,241)
Available fund balance, July 1	118,104	97,460	97,460	(20,644)
Available fund balance, June 30	<u>\$ 160,885</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (160,885)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
911 FUND - 023
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 240,300	\$ 306,400	\$ 306,400	\$ 66,100
Interest earned	1,553	-	-	(1,553)
Miscellaneous revenue	-	5,000	5,000	5,000
Total revenues	<u>241,853</u>	<u>311,400</u>	<u>311,400</u>	<u>69,547</u>
Expenditures				
Material and services	302,823	529,837	529,837	227,014
Capital outlay	-	70,943	70,943	70,943
Operating contingency	-	20,620	20,620	20,620
Total expenditures	<u>302,823</u>	<u>621,400</u>	<u>621,400</u>	<u>318,577</u>
Net changes in fund balance	(60,970)	(310,000)	(310,000)	(249,030)
Available fund balance, July 1	<u>372,770</u>	<u>310,000</u>	<u>310,000</u>	<u>(62,770)</u>
Available fund balance, June 30	<u>\$ 311,800</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (311,800)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PUBLIC LAND CORNER PRESERVATION FUND - 025
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ 2,670	\$ 2,100	\$ 2,100	\$ (570)
Interest earned	162	100	100	(62)
Miscellaneous revenue	-	10	10	10
Total revenues	<u>2,832</u>	<u>2,210</u>	<u>2,210</u>	<u>(622)</u>
Expenditures				
Material and services	<u>3,317</u>	<u>27,210</u>	<u>27,210</u>	<u>23,893</u>
Total expenditures	<u>3,317</u>	<u>27,210</u>	<u>27,210</u>	<u>23,893</u>
Net changes in fund balance	(485)	(25,000)	(25,000)	(24,515)
Available fund balance, July 1	<u>30,114</u>	<u>25,000</u>	<u>25,000</u>	<u>(5,114)</u>
Available fund balance, June 30	<u>\$ 29,629</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (29,629)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LOCAL JUVENILE FINES AND FEES FUND - 026
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Fines and forfeitures	\$ 165	\$ 350	\$ 350	\$ 185
Interest earned	8	25	25	17
Miscellaneous revenue	-	10	10	10
Total revenues	173	385	385	212
Expenditures				
Material and services	-	1,835	1,835	1,835
Total expenditures	0	1,835	1,835	1,835
Net changes in fund balance	173	(1,450)	(1,450)	(1,623)
Available fund balance, July 1	1,361	1,450	1,450	89
Available fund balance, June 30	\$ 1,534	\$ 0	\$ 0	\$ (1,534)

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DRUG FORFEITURE/INVESTIGATION SPECIAL FUND - 027
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ -	\$ 30	\$ 30	\$ 30
Miscellaneous revenue	-	10	10	10
Total revenues	<u>0</u>	<u>40</u>	<u>40</u>	<u>40</u>
Expenditures				
Personal services	-	2,000	2,000	2,000
Material and services	-	820	4,320	4,320
Capital outlay	-	3,220	3,220	3,220
Total expenditures	<u>0</u>	<u>6,040</u>	<u>9,540</u>	<u>9,540</u>
Net changes in fund balance	0	(6,000)	(9,500)	(9,500)
Available fund balance, July 1	-	6,000	6,000	6,000
Available fund balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,500)</u>	<u>\$ (3,500)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
VICTIMS OF CRIME ADVOCACY FUND - 033
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 19,351	\$ 21,094	\$ 21,094	\$ 1,743
Fines and forfeitures	-	10	10	10
Interest earned	93	45	45	(48)
Miscellaneous revenue	271	10	10	(261)
Total revenues	19,715	21,159	21,159	1,444
Expenditures				
Personal services	20,550	25,404	25,404	4,854
Material and services	824	2,865	2,865	2,041
Total expenditures	21,374	28,269	28,269	6,895
Excess (deficiency) of revenues over (under) expenditures	(1,659)	(7,110)	(7,110)	(5,451)
Other financing sources (uses)				
Transfers in	-	10	10	10
Total other financing sources (uses)	0	10	10	10
Net changes in fund balance	(1,659)	(7,100)	(7,100)	(5,441)
Available fund balance, July 1	16,109	7,100	7,100	(9,009)
Available fund balance, June 30	\$ 14,450	\$ 0	\$ 0	\$ (14,450)

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND - 035
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ 21,380	\$ 20,000	\$ 20,000	\$ (1,380)
Interest earned	48	100	100	52
Miscellaneous revenue	-	1,000	1,000	1,000
Total revenues	<u>21,428</u>	<u>21,100</u>	<u>21,100</u>	<u>(328)</u>
Expenditures				
Material and services	<u>25,137</u>	<u>44,500</u>	<u>44,500</u>	<u>19,363</u>
Total expenditures	<u>25,137</u>	<u>44,500</u>	<u>44,500</u>	<u>19,363</u>
Net changes in fund balance	(3,709)	(23,400)	(23,400)	(19,691)
Available fund balance, July 1	<u>10,897</u>	<u>23,400</u>	<u>23,400</u>	<u>12,503</u>
Available fund balance, June 30	<u>\$ 7,188</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,188)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
INTEGRATED FAMILY RESOURCE CENTER FUND - 038
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ -	\$ 75	\$ 75	\$ 75
Miscellaneous revenue	17,624	20,750	20,750	3,126
Total revenues	17,624	20,825	20,825	3,201
Expenditures				
Personal services	13,015	17,025	17,025	4,010
Material and services	10,572	13,000	13,000	2,428
Total expenditures	23,587	30,025	30,025	6,438
Excess (deficiency) of revenues over (under) expenditures	(5,963)	(9,200)	(9,200)	(3,237)
Other financing sources (uses)				
Transfers in	6,700	6,700	6,700	-
Total other financing sources (uses)	6,700	6,700	6,700	0
Net changes in fund balance	737	(2,500)	(2,500)	(3,237)
Available fund balance, July 1	603	2,500	2,500	1,897
Available fund balance, June 30	\$ 1,340	\$ 0	\$ 0	\$ (1,340)

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GAMBLING ADDICTION FUND - 041
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ -	\$ 10	\$ 10	\$ 10
Interest earned	-	20	20	20
Total revenues	0	30	30	30
Expenditures				
Material and services	-	5,495	5,495	5,495
Total expenditures	0	5,495	5,495	5,495
Net changes in fund balance	0	(5,465)	(5,465)	(5,465)
Available fund balance, July 1	-	5,465	5,465	5,465
Available fund balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEARCH AND RESCUE FUND - 043
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Interest earned	\$ -	\$ 5	\$ 5	\$ 5
Miscellaneous revenue	-	100	100	100
Total revenues	0	105	105	105
Expenditures				
Material and services	-	665	665	665
Total expenditures	0	665	665	665
Net changes in fund balance	0	(560)	(560)	(560)
Available fund balance, July 1	-	560	560	560
Available fund balance, June 30	\$ 0	\$ 0	\$ 0	\$ 0

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
C.A.M.I. FUND - 048
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 15,021	\$ 17,470	\$ 17,470	\$ 2,449
Interest earned	100	10	10	(90)
Miscellaneous revenue	-	10	10	10
Total revenues	<u>15,121</u>	<u>17,490</u>	<u>17,490</u>	<u>2,369</u>
Expenditures				
Material and services	8,817	21,090	21,090	12,273
Capital outlay	-	3,100	3,100	3,100
Total expenditures	<u>8,817</u>	<u>24,190</u>	<u>24,190</u>	<u>15,373</u>
Net changes in fund balance	6,304	(6,700)	(6,700)	(13,004)
Available fund balance, July 1	<u>14,560</u>	<u>6,700</u>	<u>6,700</u>	<u>(7,860)</u>
Available fund balance, June 30	<u>\$ 20,864</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (20,864)</u>

WHEELER COUNTY, OREGON
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES**
ENTERPRISE FUNDS
For the year ended
June 30, 2012

	029 RV Park	042 Solid Waste Transfer Station	Totals June 30, 2012
Reconciliation of beginning retained earnings to beginning net assets			
Beginning retained earnings - budget basis	\$ 5,662	\$ (4,812)	\$ 850
Add fixed assets	104,494	252,770	357,264
Less accumulated depreciation on fixed assets	<u>(43,828)</u>	<u>(103,561)</u>	<u>(147,389)</u>
Beginning net assets	<u>\$ 66,328</u>	<u>\$ 144,397</u>	<u>\$ 210,725</u>
Reconciliation of change in retained earnings to increase in net assets			
Change in retained earnings - budget basis	\$ 7,348	\$ 16,467	\$ 23,815
Less depreciation expense on fixed assets	<u>(2,530)</u>	<u>(8,448)</u>	<u>(10,978)</u>
Increase (decrease) in net assets	<u>\$ 4,818</u>	<u>\$ 8,019</u>	<u>\$ 12,837</u>
Reconciliation of ending retained earnings to ending net assets			
Ending retained earnings - budget basis	\$ 13,010	\$ 11,655	\$ 24,665
Add fixed assets	104,494	252,770	357,264
Less accumulated depreciation on fixed assets	<u>(46,358)</u>	<u>(112,010)</u>	<u>(158,368)</u>
Ending net assets	<u>\$ 71,146</u>	<u>\$ 152,415</u>	<u>\$ 223,561</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
RV PARK FUND - 029
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ 13,854	\$ 13,100	\$ 13,100	\$ (754)
Interest earned	-	10	10	10
Total revenues	<u>13,854</u>	<u>13,110</u>	<u>13,110</u>	<u>(744)</u>
Expenditures				
Personal services	636	3,010	3,010	2,374
Material and services	5,870	12,100	12,100	6,230
Capital outlay	-	1,000	1,000	1,000
Total expenditures	<u>6,506</u>	<u>16,110</u>	<u>16,110</u>	<u>9,604</u>
Net changes in fund balance	7,348	(3,000)	(3,000)	(10,348)
Available fund balance, July 1	<u>5,662</u>	<u>3,000</u>	<u>3,000</u>	<u>(2,662)</u>
Available fund balance, June 30	<u>\$ 13,010</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,010)</u>

WHEELER COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SOLID WASTE TRANSFER STATION FUND - 042
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Final Budget
		Adopted	Final	
Revenues				
Charges for services	\$ 67,027	\$ 51,500	\$ 51,500	\$ (15,527)
Interest earned	16	100	100	84
Miscellaneous revenue	-	1,000	1,000	1,000
Total revenues	<u>67,043</u>	<u>52,600</u>	<u>52,600</u>	<u>(14,443)</u>
Expenditures				
Material and services	100,576	93,490	103,490	2,914
Capital outlay	-	110	110	110
Total expenditures	<u>100,576</u>	<u>93,600</u>	<u>103,600</u>	<u>3,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,533)</u>	<u>(41,000)</u>	<u>(51,000)</u>	<u>(17,467)</u>
Other financing sources (uses)				
Transfers in	50,000	40,000	50,000	-
Total other financing sources (uses)	<u>50,000</u>	<u>40,000</u>	<u>50,000</u>	<u>0</u>
Net changes in fund balance	16,467	(1,000)	(1,000)	(17,467)
Available fund balance, July 1	<u>(4,812)</u>	<u>1,000</u>	<u>1,000</u>	<u>5,812</u>
Available fund balance, June 30	<u>\$ 11,655</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,655)</u>

WHEELER COUNTY, OREGON
COMBINING SCHEDULE OF CHANGES IN ASSETS AND NET ASSETS
ALL AGENCY FUNDS
(Cash Basis)
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>TAX COLLECTOR</u>				
ASSETS				
Cash	\$ 7,642	\$ 8,029	\$ 6,331	\$ 9,340
Taxes receivable	97,902	2,390,980	2,241,899	246,983
Total assets	105,544	2,399,009	2,248,230	256,323
LIABILITIES				
Deferred revenue	97,902	2,390,980	2,241,899	246,983
Due to other governments	7,642	8,029	6,331	9,340
Total liabilities	105,544	2,399,009	2,248,230	256,323
NET ASSETS	\$ 0	\$ 0	\$ 0	\$ 0
<u>COUNTY SHERIFF CLERK TRUST ACCOUNT</u>				
ASSETS				
Cash	\$ 2,284	\$ 2,025	\$ 2,196	\$ 2,113
Total assets	2,284	2,025	2,196	2,113
LIABILITIES				
Due to other governments	2,284	2,025	2,196	2,113
NET ASSETS	\$ 0	\$ 0	\$ 0	\$ 0
<u>COUNTY JUSTICE COURT - MITCHELL</u>				
ASSETS				
Cash	\$ 2,862	\$ 27,226	\$ 26,636	\$ 3,452
Total assets	2,862	27,226	26,636	3,452
LIABILITIES				
Due to other governments	2,862	27,226	26,636	3,452
NET ASSETS	\$ 0	\$ 0	\$ 0	\$ 0
<u>TRI-COUNTY COMMUNICATIONS</u>				
ASSETS				
Cash	\$ 674,942	\$ 602,048	\$ 861,127	\$ 415,863
Total assets	674,942	602,048	861,127	415,863
LIABILITIES				
Due to other governments	674,942	602,048	861,127	415,863
NET ASSETS	\$ 0	\$ 0	\$ 0	\$ 0

(Continued on next page)

WHEELER COUNTY, OREGON
COMBINING SCHEDULE OF CHANGES IN ASSETS AND NET ASSETS
ALL AGENCY FUNDS
(Cash Basis)
For the Year Ended June 30, 2012

ALL AGENCY FUNDS

ASSETS

Cash	\$ 687,730	\$ 639,328	\$ 896,290	\$ 430,768
Taxes receivable	<u>97,902</u>	<u>2,390,980</u>	<u>2,241,899</u>	<u>246,983</u>
Total assets	<u>785,632</u>	<u>3,030,308</u>	<u>3,138,189</u>	<u>677,751</u>

LIABILITIES

Deferred revenue	97,902	2,390,980	2,241,899	246,983
Due to other governments	<u>687,730</u>	<u>639,328</u>	<u>896,290</u>	<u>430,768</u>
Total liabilities	<u>785,632</u>	<u>3,030,308</u>	<u>3,138,189</u>	<u>677,751</u>

NET ASSETS

<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
-------------	-------------	-------------	-------------

WHEELER COUNTY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the Year Ended
June 30, 2012

Tax Year	Uncollected Taxes July 1, 2011	Current Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2012
2011-12	\$ -	\$ 912,268	\$ (770)	\$ (20,161)	\$ 591	\$ 811,479	\$ 812,070	\$ 79,858
2010-11	67,962	-	1	-	1,819	23,001	24,820	44,962
2009-10	37,764	-	-	-	1,668	8,506	10,174	29,258
2008-09	16,077	-	-	-	4,224	13,133	17,357	2,944
2007-08	6,305	-	-	-	2,275	5,869	8,144	436
2006-07	402	-	-	-	-	-	-	402
TOTAL	\$ 128,510	\$ 912,268	\$ (769)	\$ (20,161)	\$ 10,577	\$ 861,988	\$ 872,565	\$ 157,860

WHEELER COUNTY, OREGON
SUPPLEMENTARY SCHEDULE OF GENERAL FUND EXPENDITURES
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
<u>MITCHELL JUSTICE COURT</u>				
Personal services	\$ 17,183	\$ 18,750	\$ 18,750	\$ 1,567
Material and services	3,749	4,950	4,950	1,201
Capital outlay	-	600	600	600
Total justice court	<u>20,932</u>	<u>24,300</u>	<u>24,300</u>	<u>3,368</u>
<u>FOSSIL JUSTICE COURT</u>				
Personal services	25,863	34,200	34,200	8,337
Material and services	2,237	5,200	5,200	2,963
Capital outlay	-	2,000	2,000	2,000
Total justice court	<u>28,100</u>	<u>41,400</u>	<u>41,400</u>	<u>13,300</u>
<u>FARM REVIEW BOARD</u>				
Material and services	-	20	20	20
Total farm review board	<u>0</u>	<u>20</u>	<u>20</u>	<u>20</u>
<u>COUNTY CLERK</u>				
Personal services	125,168	127,800	127,800	2,632
Material and services	7,552	8,970	8,970	1,418
Capital outlay	8,377	9,500	9,500	1,123
Total county clerk's office	<u>141,097</u>	<u>146,270</u>	<u>146,270</u>	<u>5,173</u>
<u>COUNTY SHERIFF</u>				
Personal services	191,195	213,910	213,910	22,715
Material and services	56,825	72,006	72,006	15,181
Capital outlay	3,758	3,200	3,200	(558)
Total county sheriff	<u>251,778</u>	<u>289,116</u>	<u>289,116</u>	<u>37,338</u>
<u>COUNTY TREASURER</u>				
Personal services	68,912	73,150	73,150	4,238
Material and services	21,358	35,470	35,470	14,112
Capital outlay	65	1,100	1,100	1,035
Total county treasurer	<u>90,335</u>	<u>109,720</u>	<u>109,720</u>	<u>19,385</u>
<u>COUNTY COURT</u>				
Personal services	\$ 142,411	\$ 146,502	\$ 146,502	\$ 4,091
Material and services	20,713	29,020	29,020	8,307
Capital outlay	8,551	8,830	8,830	279
Total county court	<u>171,675</u>	<u>184,352</u>	<u>184,352</u>	<u>12,677</u>

(Continued on next page)

WHEELER COUNTY, OREGON
SUPPLEMENTARY SCHEDULE OF GENERAL FUND EXPENDITURES
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
<u>COUNTY ASSESSOR - TAX COLLECTOR</u>				
Personal services	\$ 158,671	\$ 163,300	\$ 163,300	\$ 4,629
Material and services	31,437	40,850	40,850	9,413
Capital outlay	2,360	4,510	4,510	2,150
Total county assessor	192,468	208,660	208,660	16,192
<u>COURTHOUSE AND COUNTY BUILDINGS</u>				
Personal services	26,631	35,000	35,000	8,369
Material and services	19,615	23,310	23,310	3,695
Capital outlay	5,570	10,000	10,000	4,430
Total courthouse and county buildings	51,816	68,310	68,310	16,494
<u>ELECTIONS</u>				
Personal services	637	3,000	3,000	2,363
Material and services	8,232	13,000	13,000	4,768
Capital outlay	53	3,200	3,200	3,147
Total elections	8,922	19,200	19,200	10,278
<u>DISTRICT ATTORNEY</u>				
Personal services	18,595	19,100	19,100	505
Material and services	5,787	6,620	6,620	833
Capital outlay	558	1,300	1,300	742
Total district attorney	24,940	27,020	27,020	2,080
<u>COUNTY SURVEYOR</u>				
Material and services	6,940	8,100	8,100	1,160
Total county surveyor	6,940	8,100	8,100	1,160
<u>BOARD OF PROPERTY TAX APPEALS</u>				
Personal services	-	510	510	510
Material and services	115	610	610	495
Total board of property tax appeals	115	1,120	1,120	1,005
<u>SEIZED PROPERTY</u>				
Capital outlay	-	1,000	1,000	1,000
Total seized property	0	1,000	1,000	1,000

(Continued on next page)

WHEELER COUNTY, OREGON
SUPPLEMENTARY SCHEDULE OF GENERAL FUND EXPENDITURES
For the Year Ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
<u>JUVENILE DEPARTMENT</u>				
Personal services	\$ 51,142	\$ 53,100	\$ 53,100	\$ 1,958
Material and services	37,351	36,300	36,300	(1,051)
Capital outlay	-	20	20	20
Total juvenile department	<u>88,493</u>	<u>89,420</u>	<u>89,420</u>	<u>927</u>
<u>COUNTY PLANNER</u>				
Personal services	24,523	26,070	26,070	1,547
Material and services	2,921	12,610	12,610	9,689
Capital outlay	372	1,800	1,800	1,428
Total county planner	<u>27,816</u>	<u>40,480</u>	<u>40,480</u>	<u>12,664</u>
<u>NON-DEPARTMENTAL</u>				
Personal services	61,110	68,600	68,600	7,490
Material and services	168,415	153,400	197,500	29,085
Capital outlay	-	2,510	2,510	2,510
Contingency	-	80,000	70,000	70,000
Total non-departmental	<u>229,525</u>	<u>304,510</u>	<u>338,610</u>	<u>109,085</u>
Total General Fund expenditures	<u><u>\$ 1,334,952</u></u>	<u><u>\$ 1,562,998</u></u>	<u><u>\$ 1,597,098</u></u>	<u><u>\$ 262,146</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON

WHEELER, OREGON
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2012

Oregon Administration Rules 162-10-200 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the secretary of state in cooperation with the Oregon State Board of Accountancy require certain comments and disclosures relating to the audit of fiscal affairs and compliance with legal requirements. Comments relating to significant accounting policies, organization, fund structure, and investments are included in the notes to financial statements. Other required comments and disclosures relating to this audit are set forth below.

Accounting Records

The accounting records of the county appear to be adequate for the purpose of our year-end audit procedures.

Adequacy of Collateral Securing Depository Balance

ORS Chapter 295 provides that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 110 percent of the greater of:

- a. All public funds held by the bank depository; or
- b. The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports.

As of June 30, 2012, and thorough out the year then ended, the county did not maintain any uncollateralized deposits and therefore, appears to be in compliance with collateral requirements.

Indebtedness

The county, during the fiscal year 2012, appeared to be in compliance with statutory requirements relating to debt, including the limitation of debt, liquidation of debt in the prescribed period of time, and compliance with provisions of bond indentures or other requirements, including restrictions placed on funds available to retire indebtedness.

Budget and Oregon Local Budget Law Compliance

The budget documents related to the county for 2011-12 and 2012-13 were reviewed. With exception of the expenditures in excess of appropriations listed below, the county appears to have substantially complied with the legal requirements related to the preparation, adoption, and execution of the budget for the year ended June 30, 2012, and preparation and adoption of the budget for the upcoming fiscal year.

004 – County Fair Fund	Personal services	\$243
020 – Park Maintenance Fund	Personal services	\$2,688

Insurance and Fidelity Bond Coverage

The county's insurance policies appear to be in force. We are not competent by training to state whether the insurance coverage in force at June 30, 2012, is adequate. The county does review insurance coverage annually with its insurance agent.

WHEELER, OREGON
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2012

Programs Funded From Outside Sources

During the year ended June 30, 2012, the county complied in all material respects, with laws, regulations, contracts and grants pertaining to programs funded from outside sources. Additional comments may be noted in our 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*.

Federal and State Grants

We reviewed and tested, to the extent deemed appropriate, transactions and reports of the federal and state programs in which the county participates. The scope of our audit engagement did not require us to make a complete audit examination of each project, and our audit opinion on the county's basic financial statements does not cover each individual grant. The county appears to be in compliance with all applicable grant requirements. Our reports concerning grant compliance and a schedule of expenditures of federal awards are contained in this report in the Single Audit section.

General Road Fund Operations

The cost accounting system utilized by the county road department to account for the cost of county road projects does not appear to comply with the cost accounting guidelines developed by the state of Oregon.

Highway Revenues Used for Public Highways, Roads, and Streets

Our review of county expenditures of highway funds indicates that the county is in compliance with legal requirements, (as contained in Article IV, Section 3a of the Oregon Constitution), pertaining to the use of revenue from taxes on motor vehicle fuel. We also find that the county has complied with the statutory requirement pertaining to the use of road funds as contained in ORS 294, 368, and 373.

Investments

The county appears to have complied with legal provisions regarding investment of public funds.

Public contracts and purchasing

Pursuant to ORS Chapters 279A, 279B, and 279C, the county has substantially followed procedures of obtaining bids and cost estimates prior to the acquisition of property and equipment to insure that such improvements and equipment are acquired at the lowest reasonable cost. The county was in substantial compliance with the provisions of ORS Chapters 279A, 279B, and 279C during the year ended June 30, 2012, with exception of documentation related to obtaining the required quotes for a paving project.

INDEPENDENT AUDITORS' REPORT REQUIRED BY STATE OF OREGON

Honorable Judge and County Court
Wheeler County, Oregon
Fossil, Oregon

We have audited the accompanying financial statements of Wheeler County (the county) as of June 30, 2012 and for the year then ended and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

COMPLIANCE

As part of obtaining reasonable assurance about whether the county's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the county 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*.

OAR 162-10-0230 INTERNAL CONTROL

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

Our 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* dated December 26, 2012, is presented under separate cover.

This report is intended solely for the information and use of the county court and management of the county and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Oster Professional Group, CPA's, PC

By Robert H. Armstrong

John Day, Oregon
December 26, 2012

**OREGON AUDITS DIVISION
SUMMARY OF REVENUES AND EXPENDITURES**

Name of Municipal Corporation Wheeler County , Oregon

Address Fossil, Oregon

Period Covered by Audit Report: From July 01, 2011 to June 30, 2012

Total Revenues and/or Receipts - (Government-wide + Fiduciary Funds)		\$ 6,430,417
Less:		
Revenues of component units included in report of primary government	-	
Taxes, assessments and other collections to be distributed to other governmental units	(3,030,308)	(3,030,308)
Net Revenues and/or Receipts		\$ 3,400,109
Total Expenditures and/or Disbursements - (Government-wide + Fiduciary Funds)		\$ 6,882,529
Less:		
Expenditures of component units included in report of primary government	-	
Turnovers to other municipal corporations		
Taxes and Assessments	(3,138,189)	
Other Distributions	-	(3,138,189)
Net Expenditures and/or Disbursements		\$ 3,744,340

The above information is based upon the revenues and expenditures/expenses for all funds of the municipal corporation on the basis of accounting used in the audited or reviewed financial statements.

Auditor/Firm Signature Robert H. Armstrong

PLEASE ENCLOSE PAYMENT WITH SUMMARY

Over	Not Over	Fee	ORS 297.485 (1)
	\$ 50,000	\$ 20	
	150,000	40	
\$ 150,000	500,000	150	...The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, <u>except</u> that expenditures for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the total expenditures upon which the amount of the fee is based.
500,000	1,000,000	200	
1,000,000	5,000,000	250	
5,000,000	10,000,000	300	
10,000,000	50,000,000	350	
50,000,000		400	
<i>(Net Expenditures and/or Disbursements)</i>			

Within 30 days after submitting the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Division of Audits, Salem, Oregon 97310, and one copy must be delivered to the municipal corporation.

For Use by Division of Audits

Account Code _____ Firm Code _____ Filing Fee _____

WHEELER COUNTY, OREGON
SINGLE AUDIT
For the Year Ended June 30, 2012

WHEELER COUNTY, OREGON
SINGLE AUDIT
June 30, 2012

CONTENTS

	<u>Page</u>
Schedule of Expenditures of Federal Awards	105
Notes to Schedule of Expenditures of Federal Awards	106
Schedule of Findings and Questioned Costs.....	107-112
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113-114
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	115-116

WHEELER COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. Department of Agriculture</u>			
Direct programs			
Schools and roads (major program)	10.666	\$ 673,837	\$ 673,837
Forest Title III	10.666	55,492	55,492
Total Department of Agriculture		<u>729,329</u>	<u>729,329</u>
<u>U.S. Department of the Interior, Burueau of Land Managements</u>			
Passed through Oregon Department of Administrative Services			
Mineral Lands Lease	15.214	3,869	3,869
Taylor Grazing Act	15.227	3,151	3,151
Direct Programs			
PILT - BLM	15.226	102,553	102,553
Total Department of the Interior		<u>109,573</u>	<u>109,573</u>
<u>U.S. Department of Transportation</u>			
Passed through Oregon Department of Transportation			
Capital Assistance for the Elderly	20.513	72,795	72,795
State and Community Highway Safety	20.600	3,488	3,488
Total Department of Transportation		<u>76,283</u>	<u>76,283</u>
<u>U.S. Department of Justice</u>			
Passed through Oregon State Police			
Juvenile Accountability Incentive Block Grant	16.523	6,000	6,000
Passed through Oregon Department of Justice			
Crime Victim Assistance Grant	16.575	10,756	10,756
Total Federal Emergency Management Agency		<u>16,756</u>	<u>16,756</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Oregon Department of Human Services			
Promoting Safe and Stable Families	93.556	4,762	4,762
Passed through Oregon Commission on Children and Families			
Social Services Block Grant	93.667	13,718	13,718
Total Department of Health and Human Services		<u>18,480</u>	<u>18,480</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Oregon Department of Emergency Management			
Emergency Management Performance Grant	97.042	\$ 20,202	\$ 20,202
Direct Programs			
Emergency Food and Shelter	97.024	2,800	2,800
Total Department of Health and Human Services		<u>23,002</u>	<u>23,002</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 973,423</u>	<u>\$ 973,423</u>
See accompanying notes to schedule of expenditures of federal awards			

WHEELER COUNTY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

Purpose of the schedule

The accompanying schedule of expenditures of federal awards is a supplementary schedule to the county financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the county, it is not intended to and does not present the financial position or changes in fund balances of the county.

Significant accounting policies

Basis of presentation

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*.

Federal financial assistance

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major programs

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the county are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting entity

The reporting entity is fully described in the notes to financial statements. The schedule includes all federal programs administered by the county for the year ended June 30, 2012.

Revenue and expenditure recognition

The receipt and expenditure of federal awards are accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are recorded when a liability is incurred.

WHEELER COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

SUMMARY OF AUDITORS' RESULTS

Type of Report Issued

In our report for Wheeler County, Oregon, our opinion was unqualified.

Material Weakness in Internal Control

Our audit of the financial statements of the county identified one material weakness in internal control over financial reporting (2012-02).

Significant Deficiencies in Internal Control

Our audit of the financial statements of the county identified one significant deficiency in internal control over financial reporting (2012-01).

Noncompliance Material to Financial Statements

Our audit of the financial statements of the county did not disclose any noncompliance which is material to the financial statements.

Material Weakness in Internal Control Over Major Programs

Our audit of the financial statements of the county did not identify any material weaknesses in internal control over major federal programs.

Significant Deficiencies in Internal Control Over Major Programs

Our audit of the financial statements of the county did not identify any significant deficiencies in internal control over major federal programs.

Type of Report Issued on Compliance for Major Programs

We have issued an unqualified opinion on compliance with requirements applicable to each major federal program.

Audit Findings

Our audit of the county did not disclose any audit findings required to be reported in accordance with OMB Circular A-133.

Identification of Major Programs

U.S. Department of Agriculture (passed through Wheeler County, Oregon)		
Schools and roads	CFDA 10.666	\$729,329

Dollar Threshold Used to Distinguish Between Type A and Type B Programs

Type A programs are the programs with total program expended funds of \$300,000 or more.

Risk Classification of Auditee

We have determined that Wheeler County, Oregon qualifies as a low-risk auditee.

WHEELER COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

SIGNIFICANT DEFICIENCIES IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

CURRENT YEAR

2012-01

Segregation of Duties

Criteria: Custody, recording, and authorization functions should be segregated among different personnel over each significant transaction cycle when possible to provide adequate internal control for the prevention, detection, and correction of error or fraud.

Condition: Our evaluation of the county's internal control structure disclosed that the county does not have adequate segregation of duties. Accounting duties for main transaction cycles are concentrated on one individual which result in incompatible functions to provide proper segregation of duties.

Cause: The number of county employees is limited due to the size and financial resources of the county.

Effect: Without separation of critical duties, accounting errors or fraud may not be prevented, detected, or corrected in a timely manner.

Recommendations: We acknowledge that a complete separation of duties (such as treasury functions from accounting functions) is not possible due to staffing limitations. We recommend, however, that management review accounting positions and functions to identify specific duties that could be separated among the available personnel to achieve the strongest control possible under the circumstances.

In order to achieve adequate segregation of duties the internal control structure will need to be distributed among all available employees and court members. Those whose duties have traditionally been limited to oversight duties will need to be involved at some level with the treasury or accounting function.

An example of this type of segregation would be for the monthly bank statement to be received unopened and reconciled by someone not involved in approving invoices, preparing checks (including payroll checks), entering transactions, signing checks, and mailing the payments.

With some thought and creativity we are confident that you will be able to identify specific areas where segregation should occur and the steps necessary to achieve this segregation. We are available to assist you in this process through analysis and training where needed.

Responsible Official's Response: Management understands the importance of segregation of duties and the need to address these matters in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person in order to provide additional segregation of duties does not justify the cost. We will however review our processes and attempt to identify ways to involve other employees and court members in order to improve our segregation.

WHEELER COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

PRIOR YEAR

2011-01

Segregation of Duties

Criteria: Custody, recording, and authorization functions should be segregated among different personnel over each significant transaction cycle when possible to provide adequate internal control for the prevention, detection, and correction of error or fraud.

Condition: Our evaluation of the county's internal control structure disclosed that the county does not have adequate segregation of duties. Accounting duties for main transaction cycles are concentrated on one individual which result in incompatible functions to provide proper segregation of duties.

Cause: The number of county employees is limited due to the size and financial resources of the county.

Effect: Without separation of critical duties, accounting errors or fraud may not be prevented, detected, or corrected in a timely manner.

Recommendations: We acknowledge that a complete separation of duties (such as treasury functions from accounting functions) is not possible due to staffing limitations. We recommend, however, that management review accounting positions and functions to identify specific duties that could be separated among the available personnel to achieve the strongest control possible under the circumstances.

In order to achieve adequate segregation of duties the internal control structure will need to be distributed among all available employees and court members. Those whose duties have traditionally been limited to oversight duties will need to be involved at some level with the treasury or accounting function.

An example of this type of segregation would be for the monthly bank statement to be received unopened and reconciled by someone not involved in approving invoices, preparing checks (including payroll checks), entering transactions, signing checks, and mailing the payments.

With some thought and creativity we are confident that you will be able to identify specific areas where segregation should occur and the steps necessary to achieve this segregation. We are available to assist you in this process through analysis and training where needed.

Responsible Official's Response: Management understands the importance of segregation of duties and the need to address these matters in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person in order to provide additional segregation of duties does not justify the cost. We will however review our processes and attempt to identify ways to involve other employees and court members in order to improve our segregation.

WHEELER COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

MATERIAL WEAKNESSES IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

CURRENT YEAR

2012-02

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. Although common for municipalities the size of the county, this condition represents a control deficiency over the financial reporting process that is required to be reported under professional standards as long as management makes all financial reporting decisions, and accepts responsibility for the content of the financial statements. However, those activities performed by the auditor are not a substitute for, or extension of, internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: The county's accounting personnel do not possess the advanced training that would provide the expertise necessary to prepare the financial statements and related notes in accordance with GAAP, and therefore may not be able to prevent or detect a material misstatement in the preparation and disclosure of the financial statements. Misstatements in financial statements may include not only misstated financial amounts, but also the omission of disclosures required by GAAP.

Effect: Material misstatement in the preparation and disclosure of the financial statements in accordance with GAAP may not be prevented or detected. Misstatements in financial statements include not only misstated dollar amounts, but also the omission of disclosures required under GAAP.

Recommendations: We understand that it may not be practical to acquire or allocate the internal resources to perform all of the controls necessary over financial reporting. However, management (including the county court) should mitigate this deficiency by keeping informed about the county's internal controls, performing supervisory reviews, studying the financial statements and related footnote disclosures, and understanding its responsibility for the financial statements as a whole.

This deficiency is related specifically to the preparation of GAAP basis financial statements and does not adversely affect the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with their budget basis of accounting.

Responsible Official's Response: We understand the importance of risk management and the need to address risks in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person or another firm to prepare our financial statements does not justify the cost.

WHEELER COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

MATERIAL WEAKNESSES IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

PRIOR YEAR

2011-02

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. Although common for municipalities the size of the county, this condition represents a control deficiency over the financial reporting process that is required to be reported under professional standards as long as management makes all financial reporting decisions, and accepts responsibility for the content of the financial statements. However, those activities performed by the auditor are not a substitute for, or extension of, internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: The county's accounting personnel do not possess the advanced training that would provide the expertise necessary to prepare the financial statements and related notes in accordance with GAAP, and therefore may not be able to prevent or detect a material misstatement in the preparation and disclosure of the financial statements. Misstatements in financial statements may include not only misstated financial amounts, but also the omission of disclosures required by GAAP.

Effect: Material misstatement in the preparation and disclosure of the financial statements in accordance with GAAP may not be prevented or detected. Misstatements in financial statements include not only misstated dollar amounts, but also the omission of disclosures required under GAAP.

Recommendations: We understand that it may not be practical to acquire or allocate the internal resources to perform all of the controls necessary over financial reporting. However, management (including the county court) should mitigate this deficiency by keeping informed about the county's internal controls, performing supervisory reviews, studying the financial statements and related footnote disclosures, and understanding its responsibility for the financial statements as a whole.

This deficiency is related specifically to the preparation of GAAP basis financial statements and does not adversely affect the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with their budget basis of accounting.

Responsible Official's Response: We understand the importance of risk management and the need to address risks in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person or another firm to prepare our financial statements does not justify the cost.

WHEELER COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

CURRENT YEAR

Our audit did not disclose any findings and questioned costs as defined by OMB Circular A-133 for the year ended June 30, 2012.

PRIOR YEAR

The audit for the year ended June 30, 2011 did not report any findings and questioned costs.

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

Honorable Judge and County Court
Wheeler County, Oregon
Fossil, Oregon

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Wheeler County, Oregon (the county), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 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

In planning and performing our audit, we considered the county's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 consideration of 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 that might be deficiencies, significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-02 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-01 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the county's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 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*. See Comments and Disclosures required by the State for instances of noncompliance with matters related to Oregon statutes.

We noted certain matters that we reported to management of the county in a separate letter dated December 26, 2012.

The county's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the county's response and, accordingly, we express no opinion on it.

This report is intended for the information of the county court, management and others within the county and federal and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Oster Professional Group, CPA's, PC

By Robert H. Armstrong

John Day, Oregon
December 26, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Judge and County Court
Wheeler County, Oregon
Fossil, Oregon

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted of the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, the county 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 the county 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 the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing 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 the county's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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 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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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 for the information and use of the county court, management, others within the county, and federal and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Oster Professional Group, CPA's, PC

By Robert H. Armstrong

John Day, Oregon
December 26, 2012