MORROW COUNTY, OREGON

Financial Statements and
Independent Auditors' Report

June 30, 2012

MORROW COUNTY, OREGON

List of Officials
June 30, 2012

COMMISSIONERS:	TITLE:
Terry A. Tallman	County Judge
Leann Rea	Commissioner
Ken Grieb	Commissioner

OTHER ELECTED OFFICIALS:	
Gregory Sweek	Assessor
Bobbi Childers	Clerk
Ken Matlack	Sheriff
Gayle Gutierrez	Treasurer
Ann Spicer	Justice of the Peace
Judd Coppock	Surveyor

FINANCE DEPARTMENT:	
Rick Worden	Finance Director

ADDRESS:

Courthouse
P. O. Box 867
Heppner, OR 97836

Telephone: 541-676-9061

MORROW COUNTY, OREGON

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

County Commissioners
Morrow County
Heppner, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Morrow County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon as of June 30, 2012, the respective changes in financial position, and the respective budgetary comparison for the General Fund, General Road Fund, Emergency Management Fund, Airport Fund, and Finley Buttes Road Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 29, 2012 on our consideration of Morrow County, Oregon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 8 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Barnett & Moro, P.C.

By: _____

Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORROW COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Morrow County, Oregon, 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

- Morrow County's assets exceeded its liabilities at June 30, 2012, by $96,104,335 (Net Assets). Of this amount, $2,983,248 may be used to meet the County's ongoing obligations to citizens and creditors.
- The total net assets decreased by $6,059,799 for fiscal year ended June 30, 2012. This amount was all due to the decrease in governmental activities net assets. The County had no business-type activities in fiscal year 2012 due to the dissolution of business-type activities in fiscal year 2008.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $5,942,200, an increase of $748,516 in comparison to the prior year. Approximately $4,294,321 is restricted or committed for purposes designated by special revenue or reserve funds, and $1,647,879 is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $1,647,879 or 22.13 % of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Morrow County's basis 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 the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. 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 presents information showing how the government's net assets changed during the most recent fiscal year. 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 will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, cultural and recreation, education, and health.

The government-wide financial statements can be found on pages 20 and 21 of this report.

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. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. 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 fund 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances are reconciled to the government –wide Statements of Net Assets and Activities.

The County maintains 44 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, General Road, Finley Buttes Road Fund, Airport Fund, and CSEPP Emergency Fund which are considered to be major governmental funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

The County adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

Proprietary Funds. The County does not maintain any proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County does not have any enterprise funds in fiscal year 2012. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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 statement because the resources of those funds are not available to support county programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 32 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 the basic financial statements can be found on pages 33 through 54 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented as Supplemental Information beginning on page 55 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. The County's assets exceeded liabilities by $96 million at June 30, 2012.

Capital assets, which consist of the county's land, buildings, improvements, machinery and equipment, and infrastructure, less any related debt to acquire those assets that is still outstanding, represent about 93 percent of total assets. The remaining assets consist mainly of investments, cash, and grant and property taxes receivable.

The County's liabilities consist primarily of payables on accounts, salaries and benefits (77.5 percent), and capital leases payable (22.5 percent). Current liabilities, not including current portions of long-term debts, represents about 77 percent of the county's total liabilities, and consists almost entirely of payables on accounts, salaries and benefits.

Of the County's net assets, its investment in capital assets (e.g. land, buildings, vehicles and equipment, and infrastructure) is substantially more than the related debt still outstanding used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Morrow County's Net Assets
Governmental Activities
(in thousands)

	June 30, 2012	June 30, 2011
Current and other assets	6,900	7,057
Capital assets	90,645	97,481
Total assets	97,545	104,538
Current liabilities	1,155	2,050
Long-term debt	286	324
Total liabilities	1,441	2,374
Net assets:		
Invested in capital assets, net of related debt	90,321	97,121
Restricted	2,800	2,566
Unrestricted	2,983	2,477
Total net assets	96,104	102,164

During the current fiscal year, the County's net assets decreased by $6,059,799. This was due to the decrease in net assets from Governmental activities. The primary decrease was due to the disposal or turnover of various capital assets related to various entities as a result of the decommisionoing of the CSEPP program. The result of these transactions was a $6,027,730 loss on disposal.

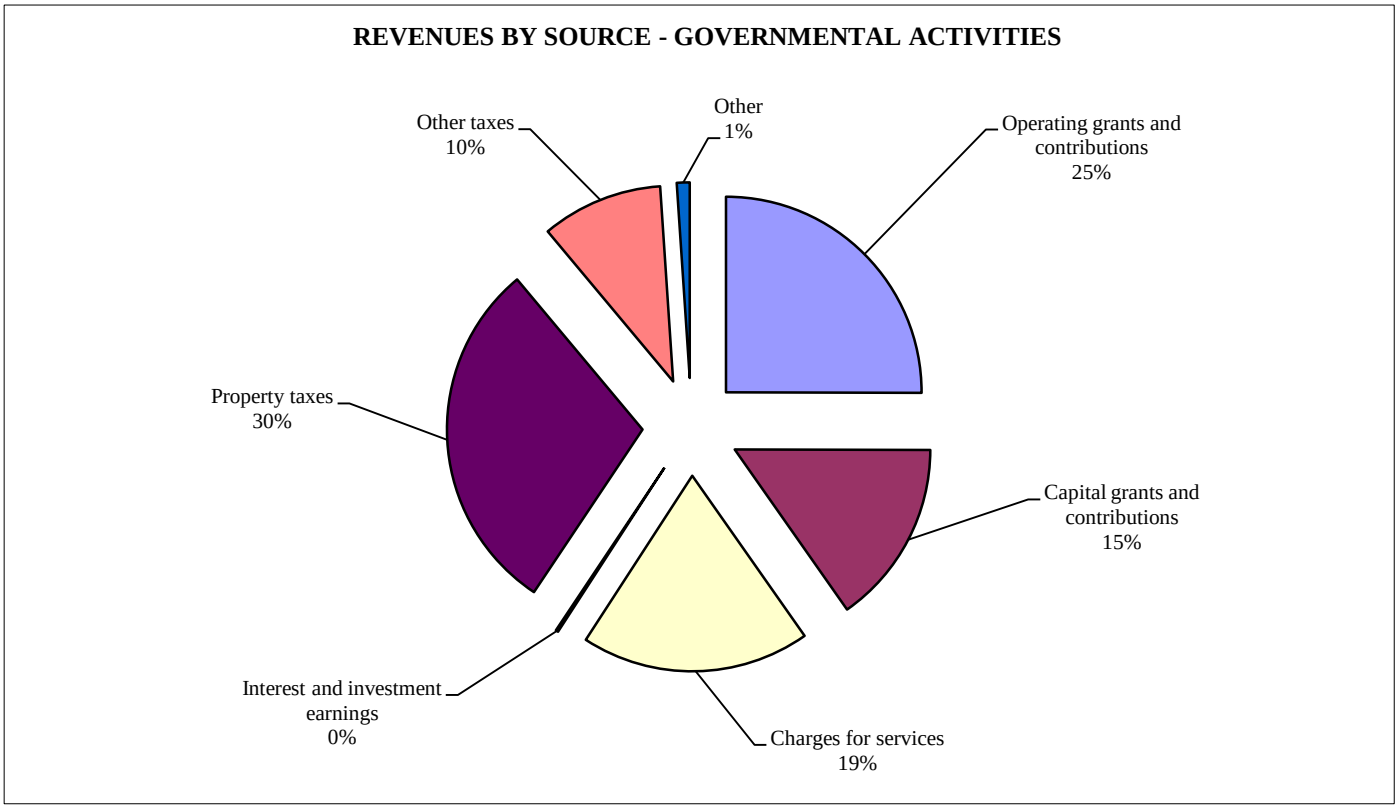
Governmental Activities. During the current fiscal year, the County's net assets decreased by $6,060 thousand, compared to a $4,001 thousand decrease in the prior year.

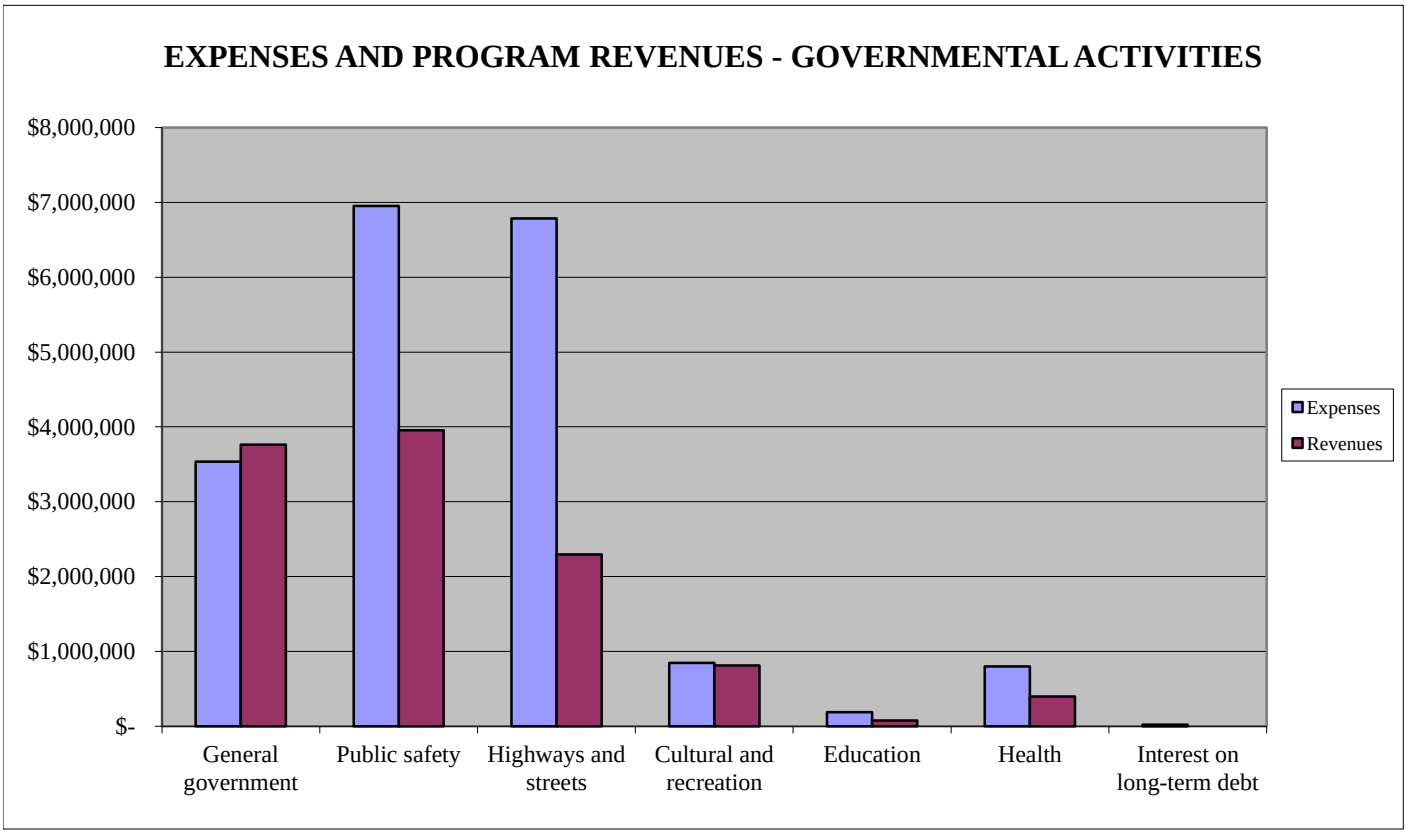
Morrow County Changes in Net Assets-Governmental Activities

	2011-2012	2010-2011
Revenues		
Program revenues		
Charges for services	3,608,666	$ 3,594,149
Operating grants and contributions	4,780,980	5,214,513
Capital grants and contributions	2,905,553	276,197
General revenues		
Property taxes	5,640,669	5,351,647
Payments in lieu of taxes	929,944	686,687
State shared taxes	983,466	905,752
Interest and investment earnings	39,690	48,619
Other revenues, net	202,762	270,216
Gain (Loss) on disposal	(6,027,730)	-
Total revenues	13,064,000	16,347,780
Expenses		
General government	3,537,322	3,712,197
Public safety	6,950,979	7,771,878
Highways and streets	6,784,216	7,192,570
Cultural and recreation	846,454	645,026
Education	187,552	191,205
Health	798,808	829,446
Interest on long-term debt	18,468	6,205
Total expenses	19,123,799	20,348,527
Decrease in net assets before transfer	(6,059,799)	(4,000,747)
Transfers	-	-
Change in net assets	(6,059,799)	(4,000,747)
Beginning net assets	102,164,134	106,164,881
Ending net assets	$ 96,104,134	$102,164,134

The following graphs show the County's Governmental Activity revenues by source; and expenses and program revenues by functions.

Business-type activities. The County had no Business-type activities in fiscal year 2012. The County dissolved its Business-type activities on July 1, 2007. The entire Behavioral Health Fund was dissolved and all the functions of the County's program were carried on by a private not-for-profit organization.


REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
Other taxes 10%
Other 1%
Operating grants and contributions 25%
Property taxes 30%
Capital grants and contributions 15%
Interest and investment earnings 0%
Charges for services 19%


EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
General government
Public safety
Highways and streets
Cultural and recreation
Education
Health
Interest on long-term debt
Expenses
Revenues

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $5,942,200, an increase of $748,516 in comparison with the prior year. Approximately 27.7% or $1,647,879 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. 4,294,321 or 72.3% is restricted or committed to purposes designated by special revenue or reserve funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid items which will not provide spendable resources.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance of the General Fund was $1,647,879 all of which was unreserved. This indicates a high degree of liquidity of the General Fund.

The fund balance of the County's General Fund increased by $512,538 during the fiscal year ended June 30, 2012. The primary factor in this increase was that revenues during 2011-2012 increased by $609 thousand over the prior year while expenditures increased by only $97 thousand. The budgeted increase for the fund balance in 2012-2013 is $98,421. This is an area of concern due to the projected reduction of the General Fund revenues over the next few years.

Budgetary Highlights

Differences between the original budget and the final amended budget were primarily due to the mid-year supplemental and specific purpose increases. The changes were made to recognize additional resources available from higher actual beginning fund balances and from new grants and fees received as well as additional resources from property taxes due to an actual assessed value larger than the estimated value used in preparation of the original budget. In addition at the time the original budget was adopted Morrow County was involved in collective bargaining negotiations with the Teamsters union, as a result of these negotiations the cost of living allowance increases negotiated exceeded the estimate used in preparation of the original budget. Increases to personal services for the effected departments were funded through the additional resources from property tax revenues.

The budget increases resulted in increasing appropriations in the following areas:

- The General Fund budget for the County Court was increased for Personal Services, and Materials & Services by $62,000 from the receipt of additional property tax revenues, and grant funds.
- The General Fund budget for the County Accountant was increased by $750 from the receipt of additional property tax revenues.
- The General Fund budget for the Assessor was increased by $7,000 from the receipt of additional grant funds and fees.
- The General Fund budget for the Treasurer was increased by $950 from the receipt of additional property tax revenues.
- The General Fund budget for the Veterans Service Officer was increased by $2,000 from the receipt of additional property tax revenues.
- The General Fund budget for the Board of Property Tax Appeal was increased by $250 from the receipt of additional property tax revenues.
- The General Fund budget for the Justice of the Peace was increased by $12,000 from the receipt of additional property tax revenues.
- The General Fund budget for the District Attorney was increased for by $3,150 from the receipt of additional property tax revenues.
- The General Fund budget for the Juvenile Dept was increased by $10,100 from the receipt of additional property tax revenues.
- The General Fund budget for the Sheriff Department was increased for Personal Services and Materials Services by $78,000 from the receipt of additional property tax revenues.
- The General Fund budget for the Health Department was increased by $18,000 due to additional property tax revenues.
- The General Fund budget for the Planning Department budget was increased by $13,275 due to the receipt of additional property tax revenue.
- The General Fund budget for the Public Works Administration and General Maintenance Departments was increased in the amount of $11,800 from the receipt of additional property tax revenue.
- The General Fund budget for the Transfer Station-North was increased by $6,000 due to the receipt of additional property tax revenue.
- The General Fund budget for the Transfer Station-South was increased by $14,000 due to the receipt of additional property tax revenue.
- The General Fund budget for the Computer Department was increased by $17,000 due to the receipt of additional property tax revenue.
- The General Fund Non-Departmental budget was increased by $565,000 due to the receipt of property tax revenues, and proceeds from an operating loan that was repaid during the 11-12 fiscal year.
- The Road Fund Road Department budget was increased by $205,500 from the receipt of additional property tax revenues, grant funds and fees.
- The Heritage Trail Fund Materials and Services budget was increased by $6,762 due to additional grant funds received.
- The 911 Emergency Fund Capital Outlay Budget was increased by $6,470 due to the receipt of additional grant funds.
- The Commission on Children and Families Fund Budget was increased by $16,451 due to additional grant funds received.
- The County School Fund budget was increased by $7,872 due to additional property tax revenues.
- The Ione School Fund budget was increased by $1,517 due to additional property tax revenues.

- The Computer Reserve budget was increased by $800 due to additional beginning fund balance.
- The Fair Fund budget was increased by $6,900 as a result of increased grant funds and fees.
- The Rodeo Fund budget was increased by $2,906 due to increased fees.
- The Regional Maritime Security Fund budget was increased by $99 due to additional beginning fund balance.
- The Community Corrections Fund budget was increased by $35,567 from the receipt of additional grant funds and fee revenue.
- The Court Security Fund budget was increased by $1,500 due to additional beginning fund balance.
- The Park Fund budget was increased by $178,750 as a result of increased grant funds and fee revenues received.

Capital Projects and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of June 30, 2012, amounts to $90,644,988 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, vehicles, and campsites and trails.

Major capital asset purchases during the current fiscal year were made by the General Fund, 911 Fund, Road Fund, Airport Fund, and Park Fund which included the following:

- Sheriff Department vehicles of $71,806.
- 911 System Software Update $13,430.
- A & T Software Conversion $35,000
- Spring Hollow Bridge $1,191,662.
- Lube & Fuel Truck $15,000.
- Loader Engine $36,205.
- Airport Runway Renovation $1,898,341.
- Cutsforth Park Campsite Development & Upgrades $72,804
- OHV Park Kitchen & Upgrades $100,506.
- Caterpillar Mini Excavator $60,217.
- Courtroom Security Door $18,999.

Due to the decommissioning of the CSEPP program The County turned over various infrastructure and other capital assets to other entities for continued use and maintenance. The result of the various disposal transactions resulted in an loss on disposal of $6,027,730 due to the fact that most of the assets had a significant remainder of their depreciable life at the time of turnover.

Additional information on the County's capital assets can be found in note 4 on page 43 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of $323,826. This was all in the form of long-term capital lease obligations, and the County's total long-term debt decreased by $35,491 during the current fiscal year.

Additional information on the County's long-term debt can be found in note 5 on page 44 of this report.

Key Economic Factors and Budget Information

- The most significant economic factor for the County over the past few years has been the limited amount of property development in the County, while utility properties continue to be depreciated. The result is a flat or slightly declining property tax revenue forecast over the next few years. Property tax revenue provides about 30% of the County's resources for governmental activities. There is significant industrial development in the North County; however most of the development is subject to various property tax exemptions. Industrial development includes an ethanol plant, whey plant, and potato processing and data server facilities. The new development ranges from 50 million to 250 million with the addition of several hundred jobs. Portland General Electric is developing plans for a gas fired electricity plant that would replace the coal fired plant that is currently operating in the Boardman area. The coal fired plant is scheduled to be shut down by 2020 or sooner. The new plant would be an investment of $300-400 million. Construction could be started next year.
- The overall grant revenue outlook is relatively flat or slightly decreased due to state budget uncertainty and the overall economy.
- It is anticipated that the costs of providing cost of living wage increases to be 2.6%, and medical & dental insurance coverage to employees will continue to rise, by approximately 9-11% in the next fiscal year.
- The County's Retirement Plan must continue to be "equal to or better" than the PERS plan to remain in effect. The Plan was tested in 2009-2010 and passed the "equal to or better" standard. Retirement Plan contributions by the County will be at 13.1% for the 2012-2013 fiscal year. The contribution rate for 2013-2014 will probably remain at or near the current rate.
- For the current fiscal year it was determined that prior legislation prohibits County funds derived from any ad valorem tax levy from being expended upon roads or bridges except for funds derived from a levy within the permanent rate limit or funds derived from a voter-approved county serial levy dedicated to road improvements. In response to this determination Morrow County is no longer allocating property tax revenues to the Road Fund. A transfer of $875,000 from the Finley Buttes License Fee Fund to the Road Fund and a transfer of $650,000 of other non property tax unrestricted monies from the General Fund to the Road Fund is included in the 2012-2013 budget to cover general operation of the Road Department due to the reductions in resources previously obtained from property taxes.

All of these factors were considered in preparing the County's budget for fiscal year 2012-2013.

During the current fiscal year, unreserved fund balance in the General Fund decreased to $1,647,879. Of this amount, $960,921 will not be available for program resources in fiscal year 2012-2013.

Requests for Information:
This financial report is designed to provide a general overview of Morrow County's finances for all those with an interest in the government's finances.
Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

Morrow County Finance, PO Box 867, Heppner, OR 97836

BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OREGON

Statement of Net Assets
June 30, 2012

	Governmental Activities
ASSETS:	
Cash and investments	$ 5,435,233
Receivables (net of allowance for uncollectibles):	
Property taxes	222,765
Other receivables	1,242,919
Prepaid expenses	-
Capital assets:	
Land	2,046,523
Other capital assets (net of accumulated depreciation)	88,598,465
Total assets	97,545,905
LIABILITIES:	
Accounts payable	597,942
Accrued payroll and payroll taxes payable	131,739
Deferred revenues	10,000
Compensated absences	336,658
Due to other entities	41,405
Capital leases payable:	
Due within one year	37,579
Due in more than one year	286,247
Total liabilities	1,441,570
NET ASSETS:	
Invested in capital assets (net of debt)	90,321,162
Restricted for:	
Highways and streets	1,686,772
Public safety	877,275
Education	797
Other restrictions	235,081
Unrestricted	2,983,248
Total net assets	$ 96,104,335

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

MORROW COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
General government	$ 3,537,322	$ 1,428,219	$ 424,396	$ 1,909,553	$ 224,846
Public safety	6,950,979	1,251,579	2,702,008	-	(2,997,392)
Highways and streets	6,784,216	506,425	791,694	996,000	(4,490,097)
Cultural and recreation	846,454	285,310	527,829	-	(33,315)
Education	187,552	7,349	67,792	-	(112,411)
Health	798,808	129,784	267,261	-	(401,763)
Interest on long-term debt	18,468	-	-	-	(18,468)
Total governmental activities	$ 19,123,799	$ 3,608,666	$ 4,780,980	$ 2,905,553	(7,828,600)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,640,669
Payments in lieu of taxes	929,944
State shared taxes	983,466
Interest and investment earnings	39,690
Other revenues	202,762
Loss on disposal of capital assets	(6,027,730)
Total general revenues	1,768,801
Change in net assets	(6,059,799)
Net assets--beginning	102,164,134
Net assets--ending	$ 96,104,335

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

MORROW COUNTY, OREGON

Governmental Funds
Balance Sheet
June 30, 2012

	General	General Road	Emergency Management	Airport	Finley Buttes Road	Other Governmental	Total
ASSETS:							
Cash and investments	$ 1,641,403	$ 768,132	$ 27,228	$ 14,292	$ 977,642	$ 2,006,536	$ 5,435,233
Receivables							
Property taxes	137,434	82,761	-	-	-	2,570	222,765
Due from other funds	66,000	-	-	-	-	-	66,000
Other receivables	247,014	194,005	4,012	1,877	23,971	772,040	1,242,919
Prepaids	-	-	-	-	-	-	-
Total assets	$ 2,091,851	$ 1,044,898	$ 31,240	$ 16,169	$ 1,001,613	$ 2,781,146	$ 6,966,917
LIABILITIES:							
Accounts payable	$ 220,884	$ 200,304	$ 732	$ 706	$ 8,755	$ 166,561	$ 597,942
Accrued payroll and payroll taxes payable	92,604	25,843	-	-	-	13,292	131,739
Deferred revenues	119,587	65,993	-	-	-	2,051	187,631
Due to other entities	10,897	-	30,508	-	-	-	41,405
Due to other funds	-	-	-	-	-	66,000	66,000
Total liabilities	443,972	292,140	31,240	706	8,755	247,904	1,024,717
FUND BALANCES:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	752,758	-	-	992,858	1,127,319	2,872,935
Committed	-	-	-	15,463	-	1,405,923	1,421,386
Unassigned	1,647,879	-	-	-	-	-	1,647,879
Total fund balances	1,647,879	752,758	-	15,463	992,858	2,533,242	5,942,200
Total liabilities and fund balances	$ 2,091,851	$ 1,044,898	$ 31,240	$ 16,169	$ 1,001,613	$ 2,781,146	$ 6,966,917

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

MORROW COUNTY, OREGON

Governmental Funds
Reconciliation of the Balance Sheet
to the Statement of Net Assets
June 30, 2012

Fund Balances - Governmental Funds		$ 5,942,200
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 163,167,302	
Less accumulated depreciation	(72,522,314)	
		90,644,988
Long-term liabilities, including capital leases payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Capital leases payable		(323,826)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(336,658)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		177,631
Net Assets of Governmental Activities		$ 96,104,335

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

MORROW COUNTY, OREGON

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012

	General	General Road	Emergency Management	Airport	Finley Buttes Road	Other Governmental	Total
REVENUES:							
Taxes	$ 4,315,481	$ 2,817,782	$ -	$ -	$ -	$ 271,390	$ 7,404,653
Intergovernmental	671,899	1,787,694	1,918,786	1,909,553	-	1,662,363	7,950,295
Fees, fines, and charges for services	946,327	120,981	-	23,713	290,881	2,027,216	3,409,118
Investment interest	8,594	5,371	-	355	6,921	18,960	40,201
Miscellaneous	181,502	106,668	11	3,110	-	17,832	309,123
Total revenues	6,123,803	4,838,496	1,918,797	1,936,731	297,802	3,997,761	19,113,390
EXPENDITURES:							
Current:							
General government	2,781,203	-	-	22,370	-	492,246	3,295,819
Public safety	2,989,698	-	1,908,410	-	-	1,105,033	6,003,141
Highways and streets	-	2,848,724	-	-	887,187	-	3,735,911
Cultural and recreation	10,300	-	-	-	-	699,618	709,918
Education	-	-	-	-	-	187,552	187,552
Health	782,706	-	-	-	-	-	782,706
Capital outlay	104,831	1,244,446	2,099	1,898,341	-	346,150	3,595,867
Debt service:							-
Principal	768,046	17,446	-	-	-	-	785,492
Interest	9,286	9,182	-	-	-	-	18,468
Total expenditures	7,446,070	4,119,798	1,910,509	1,920,711	887,187	2,830,599	19,114,874
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,322,267)	718,698	8,288	16,020	(589,385)	1,167,162	(1,484)
OTHER FINANCING SOURCES (USES):							
Revenue anticipation note issued	750,000	-	-	-	-	-	750,000
Transfers in	1,123,305	15,500	-	-	-	116,520	1,255,325
Transfers out	(38,500)	-	(68,024)	-	(15,500)	(1,133,301)	(1,255,325)
Total other financing sources (uses)	1,834,805	15,500	(68,024)	-	(15,500)	(1,016,781)	750,000
NET CHANGE IN FUND BALANCES	512,538	734,198	(59,736)	16,020	(604,885)	150,381	748,516
FUND BALANCES, BEGINNING OF YEAR	1,135,341	18,560	59,736	(557)	1,597,743	2,382,861	5,193,684
FUND BALANCES, END OF YEAR	$ 1,647,879	$ 752,758	$ -	$ 15,463	$ 992,858	$ 2,533,242	$ 5,942,200

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

MORROW COUNTY, OREGON

Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2012

Net change in fund balances - Governmental Funds		$ 748,516
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 depreciated over their estimated useful lives. When capital assets are disposed of the difference between original cost and depreciation and the proceeds are booked as a gain or (loss) on the sale. This entry takes into account the difference in how capital costs are treated between the Statement of Activities and the governmental fund statements.		
Expenditures for capital assets	$ 3,595,867	
Less current year depreciation	$ (4,403,894)	
Disposal of Capital Assets	(6,027,730)	
		(6,835,757)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Net change in deferred revenues		(21,660)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payments on capital leases		35,492
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net change in compensated absences		13,610
Change in Net Assets of Governmental Activities		$ (6,059,799)

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

MORROW COUNTY, OREGON

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Property taxes	$ 3,304,727	$ 3,531,502	$ 3,587,840	$ 56,338
Payments in lieu of taxes	562,000	562,000	626,349	64,349
Liquor tax apportionment	32,000	32,000	49,960	17,960
Cigarette tax apportionment	11,000	11,000	14,012	3,012
Oregon DEQ grant	81,300	81,300	33,961	(47,339)
Assessor grants	15,000	15,000	19,531	4,531
Assessor fees and other	17,960	17,960	22,042	4,082
Clerk, recorder fees, and grants	66,465	66,465	74,305	7,840
Veterans service office grants and other	26,155	26,155	26,907	752
Excise tax admin reimbursed items	124,802	124,802	-	(124,802)
District attorney grants and other	46,327	46,327	43,429	(2,898)
Emergency management grants	13,600	13,600	9,138	(4,462)
Health department fees	129,852	129,852	129,784	(68)
Health department grants and other	288,590	288,590	267,261	(21,329)
Juvenile court grants and other	26,000	26,000	13,713	(12,287)
Sale of County land	2,000	2,000	6,829	4,829
State grant, assessment and taxation	92,150	92,150	160,416	68,266
Non-departmental fees and other	186,340	246,340	282,083	35,743
Planning fees and grants	26,800	26,800	32,380	5,580
Transfer station revenue and fees	34,370	34,370	44,343	9,973
Sheriff civil fees and other	211,494	211,494	120,224	(91,270)
Sheriff intergovernmental contracts	361,663	361,663	307,095	(54,568)
Justice court fines and other	337,200	337,200	243,607	(93,593)
Interest	20,000	20,000	8,594	(11,406)
Total revenues	6,017,795	6,304,570	6,123,803	(180,767)
EXPENDITURES:				
General government:				
County court	404,882	466,882	387,520	79,362
County accountant	233,475	234,225	220,135	14,090
Assessor	568,288	575,288	550,095	25,193
Treasurer	99,247	100,197	95,612	4,585
County clerk	265,010	265,010	237,026	27,984
Veteran's service officer	29,253	31,253	27,160	4,093
Excise tax admin.	124,802	124,802	-	124,802
Juvenile	253,239	263,339	253,162	10,177
Planning department	224,057	237,332	224,094	13,238
County surveyor	3,600	3,600	1,403	2,197
Public works, administrator	44,640	45,440	43,370	2,070
Public works, general maintenance	322,219	333,219	288,201	45,018
Computer	89,500	106,500	103,662	2,838
Board of Property Tax Appeals	2,669	2,919	1,898	1,021
Solid waste transfer station - north	20,232	26,232	25,207	1,025
Solid waste transfer station - south	22,455	36,455	36,151	304
Non-departmental	551,476	1,116,476	1,073,561	42,915
Total general government	3,259,044	3,969,169	3,568,257	400,912

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

Continued on next page.

MORROW COUNTY, OREGON

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Continued from previous page.				
EXPENDITURES (continued):				
Public Safety:				
District attorney	248,385	251,535	240,585	10,950
Justice of the peace	207,926	219,926	195,430	24,496
Sheriff	2,613,637	2,691,637	2,643,861	47,776
Emergency management	18,135	18,135	12,092	6,043
Total public safety	3,088,083	3,181,233	3,091,968	89,265
Heath:				
Health department	813,476	841,476	797,133	44,343
Total health	813,476	841,476	797,133	44,343
Cultural and recreation:				
Museum	10,300	10,300	10,300	-
Total cultural and recreation	10,300	10,300	10,300	-
Contingency	-	-	-	-
Total expenditures	7,170,903	8,002,178	7,467,658	534,520
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,153,108)	(1,697,608)	(1,343,855)	353,753
OTHER FINANCING SOURCES (USES):				
Operating loan proceeds	200,000	750,000	750,000	-
Transfers in	1,160,521	1,160,521	1,123,305	(37,216)
Transfers out	(33,000)	(38,500)	(38,500)	-
Total other financing sources (uses)	1,327,521	1,872,021	1,834,805	(37,216)
NET CHANGE IN FUND BALANCES	174,413	174,413	490,950	316,537
FUND BALANCES, BEGINNING	748,500	748,500	974,260	225,760
FUND BALANCES, ENDING	$ 922,913	$ 922,913	$ 1,465,210	$ 542,297

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

MORROW COUNTY, OREGON

General Road Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Property taxes	$ 1,859,226	$ 1,992,965	$ 2,009,109	$ 16,144
Federal forest fees	207,024	235,867	235,753	(114)
Licenses	772,600	772,600	808,673	36,073
Intergovernmental	1,211,098	1,212,260	1,551,941	339,681
Reimbursed items	71,000	78,258	120,981	42,723
Interest	15,000	15,000	5,371	(9,629)
Other	141,800	176,298	106,668	(69,630)
Total revenues	4,277,748	4,483,248	4,838,496	355,248
EXPENDITURES:				
Road department	4,162,869	4,360,869	3,707,713	653,156
Crusher department	167,721	167,721	80,868	86,853
Weed department	282,075	289,575	279,204	10,371
Capital equipment	51,300	51,300	41,657	9,643
Total expenditures	4,663,965	4,869,465	4,109,442	760,023
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(386,217)	(386,217)	729,054	1,115,271
OTHER FINANCING SOURCES (USES):				
Operating loan proceeds	200,000	200,000	-	(200,000)
Transfers in	20,500	20,500	15,500	(5,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	220,500	220,500	15,500	(205,000)
NET CHANGE IN FUND BALANCES	(165,717)	(165,717)	744,554	910,271
FUND BALANCES, BEGINNING	1,189,000	1,189,000	(116,633)	(1,305,633)
FUND BALANCES, ENDING	$ 1,023,283	$ 1,023,283	$ 627,921	$ (395,362)

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

MORROW COUNTY, OREGON

Emergency Management Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grants	$ 5,143,294	$ 5,143,294	$ 1,918,786	$ (3,224,508)
Other	-	-	11	11
Total revenues	5,143,294	5,143,294	1,918,797	(3,224,497)
EXPENDITURES:				
Personal services	228,594	228,594	198,551	30,043
Materials and services	4,906,700	4,906,700	1,687,850	3,218,850
Total expenditures	5,135,294	5,135,294	1,886,401	3,248,893
EXCESS OF REVENUES OVER EXPENDITURES	8,000	8,000	32,396	24,396
OTHER FINANCING SOURCES (USES):				
Operating loan proceeds	60,000	60,000	-	(60,000)
Transfers out	(78,000)	(78,000)	(68,024)	9,976
Total other financing sources (uses)	(18,000)	(18,000)	(68,024)	(50,024)
NET CHANGE IN FUND BALANCES	(10,000)	(10,000)	(35,628)	(25,628)
FUND BALANCES, BEGINNING	10,000	10,000	35,628	25,628
FUND BALANCES, ENDING	$ -	$ -	$ -	$ -

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

MORROW COUNTY, OREGON

Airport Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grants and other	$ 2,375,138	$ 2,382,953	$ 1,909,553	$ (473,400)
Rental and leases	14,960	16,900	23,713	6,813
Interest	100	345	355	10
Miscellaneous revenue	50	50	3,110	3,060
Total revenues	2,390,248	2,400,248	1,936,731	(463,517)
EXPENDITURES:				
Materials and services	37,010	37,010	22,370	14,640
Capital Outlay	2,353,138	2,353,138	1,898,341	454,797
Total expenditures	2,390,148	2,390,148	1,920,711	469,437
EXCESS OF REVENUES OVER EXPENDITURES	100	10,100	16,020	5,920
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(10,000)	-	10,000
NET CHANGE IN FUND BALANCES	100	100	16,020	15,920
FUND BALANCES, BEGINNING	100	100	(557)	(657)
FUND BALANCES, ENDING	$ 200	$ 200	$ 15,463	$ 15,263

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

MORROW COUNTY, OREGON

Finley Buttes Road Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Landfill fees	$ 263,000	$ 263,000	$ 290,881	$ 27,881
Interest	12,000	12,000	6,921	(5,079)
Total revenues	275,000	275,000	297,802	22,802
EXPENDITURES:				
Contractual services	1,872,500	1,872,500	887,187	985,313
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,597,500)	(1,597,500)	(589,385)	1,008,115
OTHER FINANCING SOURCES (USES):				
Transfers out	(15,500)	(15,500)	(15,500)	-
NET CHANGE IN FUND BALANCES	(1,613,000)	(1,613,000)	(604,885)	1,008,115
FUND BALANCES, BEGINNING	1,613,000	1,613,000	1,597,743	(15,257)
FUND BALANCES, ENDING	$ -	$ -	$ 992,858	$ 992,858

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

MORROW COUNTY, OREGON

Agency Funds
Statement of Fiduciary Net Assets
June 30, 2012

	Agency Funds
ASSETS:	
Cash and investments	$ 2,313,678
Taxes receivable	666,298
Total assets	2,979,976
LIABILITIES:	
Payable to other agencies	2,979,976
Total liabilities	2,979,976
NET ASSETS	$ -

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

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Morrow County was organized February 16, 1885 under the Statutory Provisions of Oregon Law. Administration of the County is vested in an elected county court consisting of a county judge and two commissioners.

The financial statements of Morrow County, Oregon include the accounts of all County operations and have been prepared in conformity with generally accepted accounting policies as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity:

A component unit is a separate legal organization for which the County is considered to be financially accountable. The County has determined that no other organization meets the criteria to be included as a component unit in the County's financial statements.

Government-wide and fund financial statements:

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County had no business-type activities for the year ended June 30, 2012.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include : 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest of long-term debt are recorded as fund liabilities when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, intergovernmental revenue, licenses, interest revenue, and charges for services. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports deferred revenue on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when other revenue recognition criteria are met, or when the County has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The County reports the following major governmental funds:

- The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The General Road Fund accounts for revenues and expenditures association with the improvement and maintenance of the County’s road infrastructure.
- The Emergency Management Fund accounts for revenues and expenditures associated with the Chemical Stockpile Emergency Preparedness Plan (CSEPP).
- Airport Fund accounts for revenues and expenditures for upkeep and management of County airports.
- Finley Buttes Road Fund accounts for revenues collected in landfill fees that are designated to maintain the Bombing Range road associated with landfill traffic.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Additionally, the County reports the following fund types:

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

Capital Project Funds account for expenditures on major construction projects or equipment acquisition.

Fiduciary Funds account for assets held by the County for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

Assets, liabilities, and net assets or equity:

Cash and investments:

Cash includes demand deposits, short-term cash investments, and deposits in the Oregon Local Government Investment Pool (LGIP). The County Treasurer combines each fund's cash in a cash pool which is accounted for monthly.

Oregon Revised Statutes authorize counties to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, bankers acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, or port, among others.

The Oregon Short Term Fund (OSTF) is the LGIP for local governments and was established by the State Treasurer. OSTF investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The fair value of the District’s position in the pool is the same as the value of its pool shares. Investments are stated at market value.

For purposes of the statement of cash flows, proprietary fund types consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Inventories:

The County does not have any significant inventories. Inventory items are recorded as expenditures when purchased.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Receivables and payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Property tax receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. All other receivables are shown net of an allowance for uncollectible accounts.

Morrow County assesses, collects, and distributes property taxes for all local governments within the County. Property taxes are billed in October of each year. Unpaid personal and real property taxes become liens against the property on July 1. Property taxes are payable in three installments due November 15, February 15, and May 15. A 3% discount is allowed for full payment by November 15. Interest at 16% annually is charged for late payments.

Capital assets and long-term liabilities:

The County capitalized assets purchased or constructed with an individual cost of more than $1,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair values on the date donated.

Capital assets are comprehensively reported in the governmental-wide financial statements. Proprietary capital assets are also reported on their respective fund financial statements. Capital assets are depreciated using the straight-line method. Maintenance and repairs are charged to expenditures in various budgetary funds as incurred and are not capitalized. Upon disposal, the cost and applicable accumulated depreciation are removed from the respective account, and the resulting gain or loss is recorded in operations.

The estimated useful lives for depreciable assets are as follows:

Street system	40-50 years
Buildings and improvements	15-40 years
Machinery and equipment	4-20 years
Automobiles and trucks	4-6 years

Interest incurred during construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the County incurred no interest expense for capital assets.

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements and the fund financial statements of the proprietary funds.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Compensated absences:

It is the County's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide statements and proprietary funds statements.

Income taxes:

The County is a municipal corporation exempt from federal and state income taxes.

Accounting standards:

The County applies the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, in accounting and reporting for proprietary funds.

Fund balance:

In the fund financial statements, 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.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

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 County Court can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the County Court approves which resources should be assigned to expenditure for particular purposes during the adoption of the annual budget. The County's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation 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.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

When the option is available to use restricted or unrestricted resources for any purpose, the County expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the County expends committed recourses before assigned resources, and assigned resources before unassigned resources.

Fund balances by classification for the year ended June 30, 2012 were as follows:

Fund Balances	General	General Road	Emergency management	Finley Buttes Road	Other Governmental	Total Governmental Funds
Nonspendable:						
Prepaids and deposits	$ -	$ -	$ -	$ -	$ -	$ -
Restricted:						
Public safety	-	-	-	-	892,030	892,030
Highways and streets	-	752,758	-	992,858	-	1,745,616
Education	-	-	-	-	208	208
Other restrictions	-	-	-	-	235,081	235,081
Total restricted	-	752,758	-	992,858	1,127,319	2,872,935
Committed:						
Culture and recreation	-	-	-	-	333,802	333,802
Education	-	-	-	-	31,763	31,763
Capital projects	-	-	-	-	346,889	346,889
Economic development	-	-	-	-	604,279	604,279
Other committed		-	-	-	104,653	104,653
Total committed	-	-	-	-	1,421,386	1,421,386
Unassigned	1,647,879	-	-	-	-	1,647,879
Ending fund balance	$ 1,647,879	$ 752,758	$ -	$ 992,858	$ 2,548,705	$ 5,942,200

Of the amount restricted for highways and streets, $752,758 is restricted by enabling legislation.

Use of estimates:

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budget procedures:

A budget is prepared for each fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. Budget amounts shown in the financial statements include the original and supplemental budget amounts and all appropriation transfers approved by the County Commissioners.

The budget for the General Fund includes capital outlay expenditures in each program for capital outlay applicable to that program. Capital outlay expenditures in other funds, which are not a part of an identifiable program, are reported separately.

The County uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The appointed budget officer develops a proposed budget for submission to the budget committee appointed by the County Commissioners. The operating budget includes proposed expenditures and the means for financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years.

2. After the proposed budget is prepared, the budget officer publishes a "Notice of Budget Committee Meeting" in at least one newspaper of general circulation. At the budget committee meeting, the budget message is delivered explaining the proposed budget and any significant changes in the County's financial position. The budget committee meets thereafter as many times as necessary until the budget document is completed.

3. After approval by the budget committee and the required public hearing, and prior to July 1, the budget is adopted by the County Commissioners, and appropriations are enacted by resolution. Appropriations control expenditures in broad categories as required by Oregon Local Budget Law. More detailed classifications of budgeted expenditures are adopted for administrative control purposes. Budget appropriations lapse at year end.

4. Management is not allowed to modify the budget without action by the governing body. The governing body is authorized to modify the original budget appropriation ordinance in the following ways:

   a. Transfer of budget appropriations within a fund are authorized by resolution of the governing body.

   b. Budget revisions that increase total expenditures in any fund require a supplemental budget to be adopted. If a supplemental budget increases a fund's expenditures by less than 10%, the County can adopt the adoption resolution at a regularly scheduled meeting. If a supplemental budget increases a fund's expenditures by more than 10%, the County can adopt it by publishing a notice five to thirty days before a meeting is held to pass the adoption resolution.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued):

Two supplemental budgets were adopted during the year ended June 30, 2012; total appropriations increased by $1,317,869.

5. The following funds legally adopt annual budgets:

   General fund, all special revenue funds, and all capital project funds.

6. The agency funds do not adopt annual budgets. These funds are not used to expend funds for County activities or functions.

7. Expenditures may not legally exceed budget appropriations at the departmental level of control in most funds. Appropriations are made at various legal levels of control for each fund.

8. For budget preparation, capital lease proceeds and related capital outlay expenditures are recorded when the capital lease payments are disbursed.

Budget overexpenditures:

Oregon state local budget laws prohibit overexpenditure of budgeted appropriations. For the year ended June 30, 2012, no expenditures exceeded appropriations.

NOTE 3 – CASH AND INVESTMENTS:

The County maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings are distributed monthly based on average daily balances.

Cash		
Demand deposits	$	238,506
Petty cash		1,898
		240,404
Investments		
State of Oregon Local Government Investment Pool		7,508,507
Total cash and investments	$	7,748,911

Cash and investments are reflected in the basic financial statements as follows:

Cash and investments - governmental activities	$	5,435,233
Statement of Fiduciary Net Assets		2,313,678
	$	7,748,911

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the County's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian, and public official compliance with ORS 295. ORS 295 requires the depository institutions to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2012, the total bank balances were $421,692. Of these deposits, $421,692, was covered by federal depository insurance. The County keeps its deposits at financial institutions deemed to be qualified depositories by the Office of the State Treasurer.

NOTE 3 – CASH AND INVESTMENTS (continued):

Credit Risk - Investments

State statutes authorize the County to invest in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The County has no formal investment policy that further restricts its investment choices.

The State of Oregon Local Government Investment Pool (LGIP *or* Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which established diversification percentages and specify the types and maturities of investments. The LGIP's credit risk is not rated by any national rating service. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually.

Concentration Risk - Investments

The County has concentrations in the following investments: Local Government Investment Pool comprises 100% of the County's total investments.

Interest Rate Risk - Investments

The County does not have a formal investment policy that explicitly limits investments maturities as means of managing its exposure to fair value loss arising from increasing interest rates.

Custodial Credit Risk - Investments

The Local Government Investment Pool is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 2,046,523	$ -	$ -	$ 2,046,523
Capital assets, being depreciated:				
Buildings and improvements	16,937,800	2,065,388	(7,423,058)	11,580,130
Campsites and trails	678,338	33,063	-	711,401
Machinery and equipment	13,483,483	303,254	(2,162,713)	11,624,024
Bridges	21,843,990	1,191,662	-	23,035,652
Infrastructure	114,167,072	2,500	-	114,169,572
Total capital assets being depreciated	167,110,683	3,595,867	(9,585,771)	161,120,779
Less accumulated depreciation for:				
Buildings and improvements	(6,398,366)	(641,747)	1,915,017	(5,125,096)
Campsites and trails	(438,353)	(33,899)	-	(472,252)
Machinery and equipment	(9,157,040)	(848,212)	1,643,024	(8,362,228)
Bridges	(10,773,080)	(550,976)	-	(11,324,056)
Infrastructure	(44,909,622)	(2,329,060)	-	(47,238,682)
Total accumulated depreciation	(71,676,461)	(4,403,894)	3,558,041	(72,522,314)
Total capital assets being depreciated, net	95,434,222	(808,027)	(6,027,730)	88,598,465
Governmental activities capital assets, net	$ 97,480,745	$ (808,027)	$ (6,027,730)	$ 90,644,988

Depreciation was charged to functions and programs as follows:

	Governmental activities
General government	$ 236,480
Public safety	962,247
Highways and streets	3,058,661
Cultural and recreation	133,008
Health	13,498
	$ 4,403,894

Due to the decommissioning of the CSEPP program several assets were disposed of or turned over to the various entities where the infrastructure or assets are located in order for those entities to assume maintenance of these items and continue to use them for public safety/emergency management. The net result of these various transactions is a $6,027,730 loss on the disposition of capital assets

NOTE 5 - CAPITAL LEASE OBLIGATIONS:

The County has entered into lease/purchase agreements to acquire property and equipment. These agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with generally accepted accounting principles.

Lease purchase agreement payable at $26,628 annually, by the Road Fund, including interest at 4.15%, collateralized by road equipment. The lease has a balloon payment of $150,000 in September 2015.	$ 200,783
Lease purchase agreement payable at $11,868 annually, by the General Fund, including interest at 9.75%, collateralized by a phone system. Final payment is due in December 2014.	29,634
Lease purchase agreement payable at $1,289 per month, by the General Fund, including interest at 5.65%, collateralized by real estate in Boardman.	93,409
	$ 323,826

Changes to capital lease obligations consisted of the following:

	Governmental
Principal balance June 30, 2011	$ 359,317
Payments	(53,959)
Interest included	18,468
Principal balance June 30, 2012	$ 323,826

Future minimum payments of the capital lease obligations are as follows:

	Governmental		
Fiscal Year	Payment	Interest	Principal
2013	$ 53,960	$ 16,381	$ 37,579
2014	53,960	14,105	39,855
2015	53,960	11,706	42,254
2016	165,466	9,149	156,317
2017	15,464	2,374	13,090
2018-2022	37,216	2,485	34,731
Total	$ 380,026	$ 56,200	$ 323,826

NOTE 6 – COMPENSATED ABSENCES:

The following is a summary of accumulated unpaid vacation pay transactions of the County for the year ended June 30, 2012:

Balance June 30, 2011	$ 350,268
Net change in benefits payable	(13,610)
Balance June 30, 2012	$ 336,658

Compensated absences are typically liquidated by the governmental funds for which the employees who earned the compensated absences were assigned.

NOTE 7 - DEFERRED REVENUE:

Deferred revenue at June 30, 2012 consisted of the following:

	Governmental Funds	Statement of Net Asset
Property taxes	$ 177,630	$ -
Intergovernmental	10,000	10,000
	$ 187,630	$ 10,000

Property tax deferred revenues are shown as revenues in the government-wide financial statements. The intergovernmental deferred revenue includes $10,000 received from the Wildhorse Foundation for the Boardman Clinic Remodel project. Due to various factors the remodel project was delayed until the 2012-2013 fiscal year. The revenues have been deferred until the Boardman Clinic Remodel has been completed.

NOTE 8 -- INTERFUND TRANSACTIONS:

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary funds financial statements generally reflect such transactions as transfers.

In addition, certain funds have been transferred for which repayment is anticipated during the next twelve months. These balances are to cover the funds expenses due to timing differences in revenue reimbursements.

Amounts due from and to other funds at June 30, 2012 consisted of the following:

Due To	Due From	Amount
General Fund	Finley Buttes License Fee Fund	$ 66,000
		$ 66,000

NOTE 8 -- INTERFUND TRANSACTIONS (continued):

The following are the County's interfund transfers for the year ended June 30, 2012. All transfers routinely occur between funds:

Transfer From	Transfer To	Purpose	Amount
General	Programming Res.	For purchase of software	$ 14,000
General	Victim/Witness	For general operations of Victim/Witness advocate	20,000
General	Safety	For general operations of the Safety Fund	4,500
Emer. Management	General	For reimbursement of indirect costs	68,024
Finley Buttes Road	General Road	For improvements to County roads	15,500
Comm. On Children & Families	General	For reimbursement of indirect costs	5,896
911 Emerg. Tele.	General	For general operations of the sheriff department	24,900
912 Emerg. Tele.	General	For reimbursement of indirect costs	14,000
Finley Buttes Lic.	General	For general operations of the County	856,000
Fair	Fair Improvement	For capital upgrades to the fairgrounds	5,000
Fair	Fair Roof	For capital upgrades to fair buildings	2,000
Computer	Programming Res.	For purchase of software	16,750
Special Transportation	General	For reimbursement of indirect costs	2,000
Special Transportation	Special Trans. Vehicle	For purchase of special transportation vehicle	15,000
Alcohol Enforcement	General	For general operations of the County	500
Video Lottery Econ. Develop.	Fair	For general operations of the Fair Fund	13,000
Video Lottery Econ. Develop.	Rodeo	For general operations of the Rodeo Fund	6,270
Video Lottery Econ. Develop.	General	For general operations of the museum department	10,300
Willow Creek Wind	General	For general operations of the County	51,086
Rodeo	Bleacher Reserve	For capital upgrades to the rodeo bleachers	5,000
Regional Maritime Security	General	To close fund that is no longer necessary	99
Building Permit Fees	General	For general operations of the planning department	50,000
Echo Wind Fees	General	For general operations of the County	40,000
STO Operating Grant	Special Transportation	For general operations of the Special Trans. Fund	15,000
STO Operating Grant	General	For reimbursement of indirect costs	500
		Total	$ 1,255,325

NOTE 9 -- CONTINGENT LIABILITY, GRANTS:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

NOTE 10 -- RECEIVABLES

The County lends money to businesses in Morrow County for economic development. The Equity Fund is used for this purpose. On June 30, 2012, loans receivable and corresponding interest of $374,722 were outstanding. This balance is not expected to be collected with in one year.

The County expects to collect all receivables, no allowance is deemed necessary. Other Receivables at June 30, 2012 are as follows:

Receivable	General	General Road	Emerg. Mgmt.	Airport	Finley Buttes Road	Other Govern-mental	Total
Intergovernmental	$ 114,463	90,000	4,012	775	-	256,191	$ 465,441
Other shared taxes	-	69,998	-	-	-	27,281	97,279
Charges for services	83,368	33,574	-	1,102	23,971	106,117	248,132
Miscellaneous revenue	49,183	433	-	-	-	-	49,616
Equity Fund loans	-	-	-	-	-	374,722	374,722
Equity Fund interest	-	-	-	-	-	7,729	7,729
	$ 247,014	$ 194,005	$ 4,012	$ 1,877	$ 23,971	$ 772,040	$ 1,242,919

NOTE 11 -- DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are, until paid or made available to the employee or other beneficiary, held by a third-party administrator for the exclusive benefit of the participants and their beneficiaries. The deferred compensation investments are not included in the County's financial statements.

NOTE 12 -- LITIGATION:

The County is the defendant in various pending claims. These matters have been referred to legal counsel and the County's insurance carriers. The County administration expects any losses to be covered by insurance. County management does not expect uninsured losses and defense costs to materially affect the financial statements.

NOTE 13 -- SUBSEQUENT TAX REVENUES:

The 2012-2013 budget was adopted anticipating property tax revenues at a rate of $4.1347 per $1,000 of assessed value for operations. Budgeted property tax revenues, after discount and adjustments, are as follows:

	Budgeted Property tax Revenue
General fund	$ 5,476,938
County school fund	16,673
Ione school fund	1,624
Fair fund	45,344
	$ 5,540,579

After an allowance for expected delinquent tax payments, the County expects to collect at least the amount of property taxes budgeted for 2012-2013.

NOTE 14 -- TAXES:

County governmental funds received the following tax revenues:

Property taxes	$ 5,662,329
Fuel tax apportionment	808,673
Payments in lieu of taxes	758,858
Other taxes	174,793
	$ 7,404,653

NOTE 15 -- INTERGOVERNMENTAL REVENUES:

County governmental funds received the following federal and Oregon governmental revenues:

Emergency management funds	$ 1,918,797
Road department funds	1,551,941
Health department funds	267,261
Commission on children and families funds	348,184
Park department funds	471,065
911 Emergency funds	269,284
Federal forest fees and federal mineral lease	303,045
Airport grants and other	1,909,553
Community Corrections funds	264,264
Assessment and taxation funds	160,416
Video lottery apportionment	61,883
Victim/Witness assistance funds	40,390
Sheriff department grants	81,596
Other federal and state funds	302,616
	$ 7,950,295

NOTE 16 -- FINLEY BUTTES LANDFILL:

A private company operates the Finley Buttes Landfill in Morrow County. The County receives licensing fees from the landfill operator. During the year ended June 30, 2012, Morrow County received the following fees from the landfill operator:

Finley Buttes road fund	$ 290,881
Finley Buttes license fee fund	1,123,581
Agency fund, closure fees	5,784
	$ 1,420,246

The Finley Buttes License Fee fund portion of the landfill fees are available for general county government.

The Finley Buttes Road fund portion of the fees will be used to maintain the Bombing Range road.

The agency fund portion of landfill fees is dedicated to future landfill closing costs. The landfill operator and the landfill owners are responsible for future landfill closure costs. Morrow County is obligated for future closure costs only to the extent of funds available in the agency fund. At June 30, 2012, the balance of funds in the landfill closure agency fund was $1,144,343.

NOTE 17 -- DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

The County's defined benefit pension plan, Retirement Plan for Employees of Morrow County, Oregon (Plan), provides retirement and disability benefits to employees of the County. The Plan is a single-employer contract, administered through Raymond James Financial. Morrow County created the Morrow County Trust Fund, the purpose of which is to hold the Plan's assets. The trustees are the Morrow County Court. A copy of the Plan's most recent actuarial report (July 1, 2011) can be obtained from officials at the Morrow County Courthouse in Heppner, Oregon.

The Plan covers full time employees as well as part-time employees and elected officials working more than twenty hours per week. The employees contribute 6.0% of their base earnings. For income tax reporting by employees, the County treats the employee contribution as a pre-tax contribution, as allowed by the Internal Revenue Code.

Employees who retire at or after age fifty-five for uniformed employees and sixty for non-uniformed employees with five years of credited service are entitled to a retirement benefit, payable monthly for life, equal to a percentage of their final average salary for each year of credited service on or after July 1, 1973 but prior to the normal retirement date. The percentages are as follows:

(a) 2.4% for members hired by the County after December 31, 1994 who are not sheriff office employees.

(b) 3.0% for all other employees.

Final average salary is the employee's highest average monthly salary of three consecutive years during the last ten years of employment. The benefits are adjusted annually for cost of living adjustment under a formula which has a maximum annual increase of two percent. Benefits fully vest on reaching five years of service. Vested employees may retire at or after age fifty-five and receive reduced retirement benefits. The plan also provides death and disability, and post-retirement medical supplement benefits.

NOTE 17 -- DEFINED BENEFIT PENSION PLAN (continued):

B. Funding Policy:

County employees are required to contribute 6% of their annual covered salary. The County uses actuarial reports to determine the recommended pension contribution percentages. For the fiscal year ended June 30, 2012, the recommended rate was 18.1% of covered payroll. The County contributed 13.1% of covered payroll for the fiscal year ended June 30, 2012. On July 1, 2012 the recommended rate decreased to 15.7% of covered payroll for fiscal year ended June 30, 2013.

C. Annual Pension Cost:

For June 30, 2011, the County's annual pension cost was $1,123,171. The County's actual contributions were approximately 97% of the required contributions or $1,088,812, resulting in a Net Pension Obligation of $34,359. The required contribution was determined as part of the July 1, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return of present and future assets; (b) projected salary increases of 3.75% - 7.5% per year attributable to general wage adjustments with additional increases for proportion and longevity that vary by age and service, (c) 2% per year cost-of-living adjustments, and (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience.

Year Ended June 30,	Annual Required Contribution and Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2008	$ 684,021	100 %	0
2009	$ 709,795	100	0
2010	$ 834,615	100	0
2011	$1,123,171	97	34,359

NOTE 17 -- DEFINED BENEFIT PENSION PLAN (continued):

D. Schedule of Funding Progress for County:

The data presented below presents the information currently available.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/06	$ 10,046,130	$ 12,635,985	$2,589,855	79.5 %	$ 3,944,364	65.7 %
07/01/07	12,548,117	13,928,480	1,380,363	90.1	3,689,573	37.4
07/01/08	12,393,173	15,260,201	2,867,028	81.2	3,818,604	75.1
07/01/09	10,602,542	16,711,296	6,108,754	63.4	4,164,998	146.7
07/01/10	11,960,779	17,895,590	5,934,811	66.8	4,153,894	142.9
07/01/11	14,860,564	19,431,873	4,571,309	76.5	4,317,287	105.9

NOTE 18 -- RECONCILIATION OF GAAP BASIS REVENUES AND EXPENDITURES TO BUDGETARY BASIS REVENUES AND EXPENDITURES:

The County accounts for budgetary basis revenues and expenditures using a non-GAAP method. Budgetary basis information reconciles to GAAP basis as follows (only funds with differences listed):

Fund:	**GAAP Basis Change in Fund Balances**	**Change in Compensated Absences**	**Budgetary Basis - Change in Fund Balances**
General	$ 512,538	$ (21,588)	$ 490,950
General Road	734,198	10,356	744,554
Emergency Management	(59,736)	24,108	(35,628)
Commission on Children and Families	101,088	1,118	102,206
911 Emergency Telephone	45,726	4,359	50,085
Fair	(11,567)	(1,136)	(12,703)
Special Transportation	(5,827)	97	(5,730)
Victim/Witness Assistance	(2,542)	335	(2,207)
Park	23,725	(2,392)	21,333
Community Corrections	19,964	(1,646)	18,318

NOTE 19 -- RECONCILIATION OF GAAP BASIS FUND EQUITY TO BUDGETARY BASIS FUND EQUITY:

The budgetary basis fund equity reconciles to GAAP basis fund equity as follows (only funds with differences listed):

Fund:	GAAP Basis Fund Balances	Compensated Absences	Budgetary Basis Fund Balances
General Fund	1,647,879	$ (182,669)	$ 1,465,210
General Road	752,758	(124,837)	627,921
Commission on Children and Families	173,272	(1,789)	171,483
911 Emergency Telephone	509,328	(650)	508,678
Fair	70,278	(4,225)	66,053
Special Transportation	15,241	(502)	14,739
Victim/Witness Assistance	7,081	(5,145)	1,936
Park	47,631	(9,669)	37,962
Community Corrections	40,629	(7,171)	33,458

NOTE 20 -- RISK MANAGEMENT:

The county is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage in the prior year.

NOTE 21 -- RELATED PARTY TRANSACTION

The County has a loan of $169,467 outstanding to Morrow County Health District from the Equity Fund. The Equity Fund was set up to account for funds the County received in a prior year to be used for economic development loans to entities inside the County. Leann Rea, a County commissioner is also on the 5 person board of directors of Morrow County Health District.

The County has a loan outstanding of $9,471 to South Morrow Enterprises, LLC from the Equity Fund. South Morrow Enterprises, LLC is owned by Thomas Wolff, who is the husband of Morrow County, Oregon's Executive Secretary/Personal Director Karen Wolff. The loan is payable at $370 per month for five years with an interest rate of 4%.

NOTE 22 -- SUBSEQUENT EVENTS:

The County has approved a loan out of the Equity Fund to the Oregon Trail Library District. The proceeds are scheduled to be used as part of the funding of the new Irrigon library. The amount approved is $175,000 at 2% interest amortized over 15 years with a balloon payment due in year 10. The loan has been approved with funding of the loan to occur by June 30, 2013.

The County approved a loan out of the Equity Fund to the Morrow County Health District. The proceeds are scheduled to be used to refinance the current loan to Morrow County Health District and to expand the current medical facility located in Irrigon. The current loan held by the Equity Fund to Morrow County Health District has a balance on June 30, 2012 of $169,467. The amount approved is $250,000 at 4% interest amortized over 10 years. The loan has been approved with funding of the loan to occur by June 30, 2013.

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MORROW COUNTY, OREGON

Non-Major Governmental Funds
June 30, 2012

Special Revenue Funds:

- Heritage Fund
- Commission on Children and Families Fund
- Law Library Fund
- 911 Emergency Telephone Fund
- Surveyor Preservation Fund
- Finley Buttes License Fund
- County School Fund
- Ione School Fund
- Fair Fund
- Special Transportation Fund
- Alcohol Enforcement Fund
- Video Lottery Economic Development Fund
- Victim/Witness Assistance Fund
- Willow Creek Wind Fund
- CAMI Grant Fund
- Safety Committee Fund
- Rodeo Fund
- Justice Court Bail and Fine Fund
- Clerks Records Fund
- DUII Impact Fund
- Regional Maritime Security Fund
- Building Permit Fees Fund
- Park Fund
- Equity Fund
- Liquor Control Fund
- Water Planning Fund
- Forest Service
- Court Security Fund
- Echo Wind Fees Fund
- STO Operating Grant Fund
- Community Corrections Fund

Capital Projects Funds:

- Road Equipment Reserve Fund
- Computer Equipment Reserve Fund
- Programming Reserve Fund
- STF Vehicle Reserve Fund
- Fair Roof Reserve
- Bleacher Reserve Fund
- Fair Improvement Reserve Fund
- Building Reserve Fund

MORROW COUNTY, OREGON

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:			
Cash	$ 1,659,647	$ 346,889	$ 2,006,536
Property taxes receivable	2,570	-	2,570
Prepaid expenses	-	-	-
Other receivables	772,040	-	772,040
Total assets	$ 2,434,257	$ 346,889	$ 2,781,146
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 166,561	$ -	$ 166,561
Accrued payroll and payroll taxes payable	13,292	-	13,292
Deferred revenues	2,051	-	2,051
Due to other funds	66,000	-	66,000
Total liabilities	247,904	-	247,904
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	1,127,319	-	1,127,319
Committed	1,059,034	346,889	1,405,923
Total fund balances	2,186,353	346,889	2,533,242
Total fund balances and liabilities	$ 2,434,257	$ 346,889	$ 2,781,146

MORROW COUNTY, OREGON

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	$ 271,390	$ -	$ 271,390
Intergovernmental	1,662,363	-	1,662,363
Fees, fines and charges for services	2,027,216	-	2,027,216
Interest	17,198	1,762	18,960
Miscellaneous	17,832	-	17,832
Total revenues	3,995,999	1,762	3,997,761
EXPENDITURES:			
General government	491,489	757	492,246
Public safety	1,105,033	-	1,105,033
Culture and recreation	695,932	3,686	699,618
Education	187,552	-	187,552
Capital outlay	305,165	40,985	346,150
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,785,171	45,428	2,830,599
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,210,828	(43,666)	1,167,162
OTHER FINANCING SOURCES (USES):			
Operating transfers in	58,770	57,750	116,520
Operating transfers out	(1,116,551)	(16,750)	(1,133,301)
Total other financing sources (uses)	(1,057,781)	41,000	(1,016,781)
NET CHANGE IN FUND BALANCES	153,047	(2,666)	150,381
FUND BALANCE, BEGINNING OF YEAR	2,033,306	349,555	2,382,861
FUND BALANCE, END OF YEAR	$ 2,186,353	$ 346,889	$ 2,533,242

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds
June 30, 2012

These funds account for revenue derived from specific taxes or other earmarked revenue sources which are legally restricted or committed to finance particular functions or activities. Funds included are:

- **Heritage Fund** - accounts for revenue and expenditures for upkeep of county trails.
- **Commission on Children and Families Fund** - accounts for grant revenue and expenditure dedicated to County services provided to children and families residing in the County.
- **Law Library Fund** - accounts for revenues collected from the courts that are designated to help support the law library located in the County.
- **911 Emergency Telephone Fund** - accounts for 911 taxes and expenditures for the operation of the County's 911 emergency telephone system.
- **Surveyor Preservation Fund** - accounts for the revenues and expenditures associated surveyor preservation.
- **Finley Buttes License Fund** - accounts for license fees generated by the Finley Buttes landfill and the corresponding expenditures.
- **County School Fund** - accounts for revenues designated specifically for the school districts located in the County.
- **Ione School Fund** - accounts for revenues designated specifically for the Ione school district located in the County.
- **Fair Fund** - accounts for revenues and expenditures associated with the annual County fair.
- **Special Transportation Fund** - accounts for revenues and expenditures associated with providing the certain County residents with transportation throughout the County.
- **Alcohol Enforcement Fund** - accounts for fines specifically designated to fund the County's alcohol enforcement programs.
- **Video Lottery Economic Development Fund** - accounts for video lottery funds received from the State of Oregon.
- **Victim/Witness Assistance Fund** - accounts for grant revenues and expenditures associated with the County's victim and witness programs.
- **Willow Creek Wind Fund** - accounts for revenues and expenditures associated with the Willow Creek wind project.
- **CAMI Grant Fund** - accounts for revenue received from the State of Oregon's 'Child Abuse Multidisciplinary Intervention' (CAMI) program.

MORROW COUNTY, OREGON

Non-Major Special Revenue Funds (Continued)
June 30, 2012

These funds account for revenue derived from specific taxes or other earmarked revenue sources which are legally restricted or committed to finance particular functions or activities. Funds included are:

- **Safety Committee Fund -** accounts for SAIF dividends and the associated safety expenditures.
- **Rodeo Fund -** accounts for revenues and expenditures associated with the County's annual Oregon Trail Pro Rodeo.
- **Justice Court Bail and Fine Fund -** accounts for fines received by the County and the associated turnover to other governmental agencies.
- **Clerks Records Fund -** accounts for revenues and expenditures associated with the clerks records.
- **DUII Impact Fund -** accounts for court ordered fees specifically designated to help fund the County's DUII enforcement programs.
- **Regional Maritime Security Fund -** accounts for grant revenues and expenditures associated with the Regional Maritime Security Program.
- **Building Permit Fees Fund -** accounts for building permit fees received by the County.
- **Park Fund -** accounts for the revenues and expenditures associated with the operation and maintenance of the County's parks.
- **Equity Fund -** accounts for revenues received specifically designated to fund the County's small business development programs.
- **Liquor Control Fund -** accounts for revenues for designated to fund the County's liquor control activities.
- **Water Planning Fund -** accounts for revenues received from State water resources.
- **Forest Service -** accounts for forest fees received and the expenditures associated with the County's federal forest land.
- **Court Security Fund -** accounts for revenues specifically designated to fund the County's court security programs.
- **Echo Wind Fees Fund -** accounts for revenues and expenditures associated with the Echo wind project.
- **STO Operating Grant Fund -** accounts for revenues and expenditures associated with the STO Operating Grant.
- **Community Corrections Fund -** accounts for revenues and expenditures associated with the parole and probation of the County

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012

	Heritage	Commission on Children and Families	Law Library	911 Emergency Telephone	Surveyor Preserve-tion	Finley Buttes License	County School	Ione School
ASSETS:								
Cash	$ 20,311	$ 84,713	$ 30,942	$ 449,643	$ 181,755	$ 44,191	$ 54	$ 5
Property taxes receivable	-	-	-	-	-	-	672	67
Prepaid expenses	-	-	-	-	-	-	-	-
Other receivables	-	118,966	1,005	67,418	380	95,058	-	-
Total assets	$ 20,311	$ 203,679	$ 31,947	$ 517,061	$ 182,135	$ 139,249	$ 726	$ 72
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ 216	$ 28,710	$ 184	$ 5,526	$ -	$ 349	$ -	$ -
Accrued payroll and payroll taxes payable	-	1,697	-	2,207	-	-	-	-
Deferred revenues	-	-	-	-	-	-	536	54
Due to other funds	-	-	-	-	-	66,000	-	-
Total liabilities	216	30,407	184	7,733	-	66,349	536	54
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	173,272	-	509,328	-	72,900	190	18
Committed	20,095	-	31,763	-	182,135	-	-	-
Total fund balances	20,095	173,272	31,763	509,328	182,135	72,900	190	18
	$ 20,311	$ 203,679	$ 31,947	$ 517,061	$ 182,135	$ 139,249	$ 726	$ 72

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012

Continued from previous page.

	Fair	Special Trans-portation	Alcohol Enforcement	Video Lottery Economic Development	Victim/ Witness Assistance	Willow Creek Wind	CAMI Grant	Safety Committee
ASSETS:								
Cash	$ 70,645	$ 19,638	$ 17,017	$ 8,922	$ 978	$ 1,064	$ 51,024	$ 6,940
Property taxes receivable	1,831	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Other receivables	3,245	100	428	-	8,991	-	-	-
Total assets	$ 75,721	$ 19,738	$ 17,445	$ 8,922	$ 9,969	$ 1,064	$ 51,024	$ 6,940
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ 3,292	$ 4,306	$ -	$ 632	$ 1,964	$ -	$ 344	$ -
Accrued payroll and payroll taxes payable	690	191	-	-	924	-	-	-
Deferred revenues	1,461	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	5,443	4,497	-	632	2,888	-	344	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-		-	-
Restricted	-	-	17,445	8,290	7,081	-	50,680	-
Committed	70,278	15,241	-	-	-	1,064	-	6,940
Total fund balances	70,278	15,241	17,445	8,290	7,081	1,064	50,680	6,940
	$ 75,721	$ 19,738	$ 17,445	$ 8,922	$ 9,969	$ 1,064	$ 51,024	$ 6,940

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012

Continued from previous page.

	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Regional Maritime Security	Building Permit Fees	Park	Equity
ASSETS:								
Cash	$ 13,753	$ 49,605	$ 19,443	$ 25,083	$ -	$ 27,190	$ 93,179	$ 227,442
Property taxes receivable	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Other receivables	-	-	117	-	-	12,162	28,025	382,451
Total assets	$ 13,753	$ 49,605	$ 19,560	$ 25,083	$ -	$ 39,352	$ 121,204	$ 609,893
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ 90	$ 34,956	$ -	$ -	$ -	$ -	$ 71,112	$ 5,614
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	2,461	-
Deferred revenues	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	90	34,956	-	-	-	-	73,573	5,614
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	14,649	-	25,083	-	-	-	-
Committed	13,663	-	19,560	-	-	39,352	47,631	604,279
Total fund balances	13,663	14,649	19,560	25,083	-	39,352	47,631	604,279
	$ 13,753	$ 49,605	$ 19,560	$ 25,083	$ -	$ 39,352	$ 121,204	$ 609,893

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012

Continued from previous page.

	Liquor Control	Water Planning	Forest Service	Court Security	Echo Wind Fees	STO Operating Grant	Comm. Corrections Fund	Totals
ASSETS:								
Cash	$ 691	$ 6,350	$ 71,018	$ 101,852	$ 683	$ 32,263	$ 3,253	$ 1,659,647
Property taxes receivable	-	-	-	-	-	-	-	2,570
Prepaid expenses	-	-	-	-	-	-	-	-
Other receivables	60	-	-	1,971	-	-	51,663	772,040
Total assets	$ 751	$ 6,350	$ 71,018	$ 103,823	$ 683	$ 32,263	$ 54,916	$ 2,434,257
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	$ -	$ -	$ -	$ 31	$ -	$ 41	$ 9,194	$ 166,561
Accrued payroll and payroll taxes payable	-	-	-	-	-	29	5,093	13,292
Deferred revenues	-	-	-	-	-	-	-	2,051
Due to other funds	-	-	-	-	-	-	-	66,000
Total liabilities	-	-	-	31	-	70	14,287	247,904
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	751	-	71,018	103,792	-	32,193	40,629	1,127,319
Committed	-	6,350	-	-	683	-	-	1,059,034
Total fund balances	751	6,350	71,018	103,792	683	32,193	40,629	2,186,353
	$ 751	$ 6,350	$ 71,018	$ 103,823	$ 683	$ 32,263	$ 54,916	$ 2,434,257

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

	Heritage	Commission on Children/ Families	Law Library	911 Emergency Telephone	Surveyor Preserva-tion	Finley Buttes License	County School	Ione School
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 104,474	$ 9,514
Intergovernmental	6,762	342,662	-	269,284	-	-	62,315	5,477
Fees, fines, and charges for services	-	-	7,349	-	14,307	1,123,581	-	-
Interest	96	478	158	2,225	886	755	42	4
Miscellaneous	-	5,044	64	-	-	-	32	3
Total revenues	6,858	348,184	7,571	271,509	15,193	1,124,336	166,863	14,998
EXPENDITURES:								
General government	-	-	-	-	-	296,882	-	-
Public safety	-	241,200	-	170,916	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	7,240	-	-	-	1,400	-	-	-
Education	-	-	5,744	-	-	-	166,816	14,992
Capital outlay	-	-	-	15,967	-	-	-	-
Total expenditures	7,240	241,200	5,744	186,883	1,400	296,882	166,816	14,992
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(382)	106,984	1,827	84,626	13,793	827,454	47	6
OTHER FINANCING SOURCES (USES):								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	(5,896)	-	(38,900)	-	(856,000)	-	-
Total other financing sources (uses)	-	(5,896)	-	(38,900)	-	(856,000)	-	-
NET CHANGE IN FUND BALANCES:	(382)	101,088	1,827	45,726	13,793	(28,546)	47	6
FUND BALANCE, BEGINNING OF YEAR	20,477	72,184	29,936	463,602	168,342	101,446	143	12
FUND BALANCE, END OF YEAR	$ 20,095	$ 173,272	$ 31,763	$ 509,328	$ 182,135	$ 72,900	$ 190	$ 18

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MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

Continued from previous page.

	Fair	Special Trans-portation	Alcohol Enforce-ment	Video Lottery Econ. Develop.	Victim/ Witness Assistance	Willow Creek Wind	CAMI Grant	Safety Committee
REVENUES:								
Taxes	$ 46,581	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	50,002	40,000	-	61,883	40,390	-	23,777	-
Fees, fines, and charges for services	20,677	3,549	3,731	-	-	91,086	-	-
Interest	284	107	79	67	33	208	280	17
Miscellaneous	6,787	-	-	-	-	-	254	-
Total revenues	124,331	43,656	3,810	61,950	40,423	91,294	24,311	17
EXPENDITURES:								
General government	-	47,483	-	25,733	-	40,000	27,308	863
Public safety	-	-	75	-	62,965	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	138,212	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	3,686	-	-	-	-	-	-	-
Total expenditures	141,898	47,483	75	25,733	62,965	40,000	27,308	863
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,567)	(3,827)	3,735	36,217	(22,542)	51,294	(2,997)	(846)
OTHER FINANCING SOURCES (USES):								
Operating transfers in	13,000	15,000	-	-	20,000	-	-	4,500
Operating transfers out	(7,000)	(17,000)	(500)	(29,570)	-	(51,086)	-	-
Total other financing sources (uses)	6,000	(2,000)	(500)	(29,570)	20,000	(51,086)	-	4,500
NET CHANGE IN FUND BALANCES:	(11,567)	(5,827)	3,235	6,647	(2,542)	208	(2,997)	3,654
FUND BALANCE, BEGINNING OF YEAR	81,845	21,068	14,210	1,643	9,623	856	53,677	3,286
FUND BALANCE, END OF YEAR	$ 70,278	$ 15,241	$ 17,445	$ 8,290	$ 7,081	$ 1,064	$ 50,680	$ 6,940

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

Continued from previous page.

	Rodeo	Justice Court Bail and Fine	Clerks Records	DUII Impact	Regional Maritime Security	Building Permit Fees	Park	Equity
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 110,821	$ -
Intergovernmental	-	-	-	-	-	-	471,065	-
Fees, fines, and charges for services	51,766	344,264	1,773	1,200	-	33,247	191,773	-
Interest	111	-	96	126	-	125	801	8,886
Miscellaneous	-	-	-	-	-	-	5,648	-
Total revenues	51,877	344,264	1,869	1,326	-	33,372	780,108	8,886
EXPENDITURES:								
General government	-	-	-	-	-	-	-	7,615
Public safety	-	343,303	-	471	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	50,927	-	-	-	-	-	498,153	-
Education	-	-	-	-	-	-	-	-
Capital outlay	2,548	-	2,290	-	-	-	258,230	-
Total expenditures	53,475	343,303	2,290	471	-	-	756,383	7,615
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,598)	961	(421)	855	-	33,372	23,725	1,271
OTHER FINANCING SOURCES (USES):								
Operating transfers in	6,270	-	-	-	-	-	-	-
Operating transfers out	(5,000)	-	-	-	(99)	(50,000)	-	-
Total other financing sources (uses)	1,270	-	-	-	(99)	(50,000)	-	-
NET CHANGE IN FUND BALANCES:	(328)	961	(421)	855	(99)	(16,628)	23,725	1,271
FUND BALANCE, BEGINNING OF YEAR	13,991	13,688	19,981	24,228	99	55,980	23,906	603,008
FUND BALANCE, END OF YEAR	$ 13,663	$ 14,649	$ 19,560	$ 25,083	$ -	$ 39,352	$ 47,631	$ 604,279

Continued on next page.

MORROW COUNTY, OREGON

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

Continued from previous page.

	Liquor Control	Water Planning	Forest Service	Court Security	Echo Wind Fees	STO Operating Grant	Comm. Corrections Fund	Totals
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 271,390
Intergovernmental	-	-	9,482	-	-	15,000	264,264	1,662,363
Fees, fines, and charges for services	117	-	-	17,418	80,000	-	41,378	2,027,216
Interest	3	-	337	539	157	187	111	17,198
Miscellaneous	-	-	-	-	-	-	-	17,832
Total revenues	120	-	9,819	17,957	80,157	15,187	305,753	3,995,999
EXPENDITURES:								
General government	-	-	-	-	40,000	5,605	-	491,489
Public safety	-	-	-	314	-	-	285,789	1,105,033
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	695,932
Education	-	-	-	-	-	-	-	187,552
Capital outlay	-	-	-	22,444	-	-	-	305,165
Total expenditures	-	-	-	22,758	40,000	5,605	285,789	2,785,171
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	120	-	9,819	(4,801)	40,157	9,582	19,964	1,210,828
OTHER FINANCING SOURCES (USES):								
Operating transfers in	-	-	-	-	-	-	-	58,770
Operating transfers out	-	-	-	-	(40,000)	(15,500)	-	(1,116,551)
Total other financing sources (uses)	-	-	-	-	(40,000)	(15,500)	-	(1,057,781)
NET CHANGE IN FUND BALANCES:	120	-	9,819	(4,801)	157	(5,918)	19,964	153,047
FUND BALANCE, BEGINNING OF YEAR	631	6,350	61,199	108,593	526	38,111	20,665	2,033,306
FUND BALANCE, END OF YEAR	$ 751	$ 6,350	$ 71,018	$ 103,792	$ 683	$ 32,193	$ 40,629	$ 2,186,353

MORROW COUNTY, OREGON

Heritage Trail Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grants/Donations	$ 5,000	$ 11,762	$ 6,762	$ (5,000)
Interest	150	150	96	(54)
Total revenues	5,150	11,912	6,858	(5,054)
EXPENDITURES:				
Materials and services	10,358	17,120	7,240	9,880
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,208)	(5,208)	(382)	4,826
FUND BALANCES, BEGINNING	24,700	24,700	20,477	(4,223)
FUND BALANCES, ENDING	$ 19,492	$ 19,492	$ 20,095	$ 603

MORROW COUNTY, OREGON

Commission on Children and Families Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grants/Donations	$ 265,331	$ 277,806	$ 342,662	$ 64,856
Interest	450	450	478	28
Other	-	-	5,044	5,044
Total revenues	265,781	278,256	348,184	69,928
EXPENDITURES:				
Administration and non-departmental	126,555	126,555	93,098	33,457
Basic Capacity grant	110,821	116,172	99,620	16,552
Juvenile crime prevention	29,756	37,956	35,691	2,265
Client specific	-	400	-	400
Youth investment	12,500	15,000	11,673	3,327
Total expenditures	279,632	296,083	240,082	56,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,851)	(17,827)	108,102	125,929
OTHER FINANCING SOURCES (USES):				
Transfers out	(5,896)	(5,896)	(5,896)	-
NET CHANGE IN FUND BALANCES	(19,747)	(23,723)	102,206	125,929
FUND BALANCES, BEGINNING	65,300	69,276	69,277	1
FUND BALANCES, ENDING	$ 45,553	$ 45,553	$ 171,483	$ 125,930

MORROW COUNTY, OREGON

Law Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
State court, clerk fees	$ 7,500	$ 7,500	$ 7,349	$ (151)
Interest	250	250	158	(92)
Other	-	-	64	64
Total revenues	7,750	7,750	7,571	(179)
EXPENDITURES:				
Materials and services	37,400	37,400	5,744	31,656
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,650)	(29,650)	1,827	31,477
FUND BALANCES, BEGINNING	29,650	29,650	29,936	286
FUND BALANCES, ENDING	$ -	$ -	$ 31,763	$ 31,763

MORROW COUNTY, OREGON

911 Emergency Telephone Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
State 911 apportionment	$ 185,771	$ 192,241	$ 269,284	$ 77,043
Interest	3,000	3,000	2,225	(775)
Other	1,000	1,000	-	(1,000)
Total revenues	189,771	196,241	271,509	75,268
EXPENDITURES:				
Personal services	201,575	201,575	143,480	58,095
Materials and services	39,150	39,650	21,100	18,550
Capital outlay	14,000	19,970	17,944	2,026
Contingency	50,000	50,000	-	50,000
Total expenditures	304,725	311,195	182,524	128,671
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(114,954)	(114,954)	88,985	203,939
OTHER FINANCING SOURCES (USES):				
Transfers out	(38,900)	(38,900)	(38,900)	-
NET CHANGE IN FUND BALANCES	(153,854)	(153,854)	50,085	203,939
FUND BALANCES, BEGINNING	364,100	364,100	458,593	94,493
FUND BALANCES, ENDING	$ 210,246	$ 210,246	$ 508,678	$ 298,432

MORROW COUNTY, OREGON

Surveyor Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
Charges for services	$ 15,000	$ 15,000	$ 14,307	$ (693)
Interest	1,500	1,500	886	(614)
Total revenues	16,500	16,500	15,193	(1,307)
EXPENDITURES:				
Materials and services	187,100	187,100	1,400	185,700
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(170,600)	(170,600)	13,793	184,393
FUND BALANCES, BEGINNING	170,600	170,600	168,342	(2,258)
FUND BALANCES, ENDING	$ -	$ -	$ 182,135	$ 182,135

MORROW COUNTY, OREGON

Finley Buttes License Fee Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Landfill license fees	$ 1,125,000	$ 1,125,000	$ 1,123,581	$ (1,419)
Interest	2,000	2,000	755	(1,245)
Total revenues	1,127,000	1,127,000	1,124,336	(2,664)
EXPENDITURES:				
Materials and services	371,500	371,500	296,882	74,618
EXCESS OF REVENUES OVER EXPENDITURES	755,500	755,500	827,454	71,954
OTHER FINANCING SOURCES (USES):				
Transfers out	(856,000)	(856,000)	(856,000)	-
NET CHANGE IN FUND BALANCES	(100,500)	(100,500)	(28,546)	71,954
FUND BALANCES, BEGINNING	100,500	100,500	101,446	946
FUND BALANCES, ENDING	$ -	$ -	$ 72,900	$ 72,900

MORROW COUNTY, OREGON

County School Fund (ORS 328.005)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Property taxes	$ 15,721	$ 16,833	$ 16,975	$ 142
Federal forest rentals (25%)	55,610	62,348	62,315	(33)
In lieu of taxes	102,500	102,500	87,499	(15,001)
Interest	250	250	42	(208)
Other	10	32	32	-
Total revenues	174,091	181,963	166,863	(15,100)
EXPENDITURES:				
Tax turnovers	174,291	182,163	166,816	15,347
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(200)	(200)	47	247
FUND BALANCES, BEGINNING	200	200	143	(57)
FUND BALANCES, ENDING	$ -	$ -	$ 190	$ 190

MORROW COUNTY, OREGON

Ione School Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
Property taxes	$ 1,531	$ 1,812	$ 1,824	$ 12
Federal forest rentals	4,250	5,476	5,477	1
In lieu of taxes	7,700	7,707	7,690	(17)
Interest	20	20	4	(16)
Other	-	3	3	-
Total revenues	13,501	15,018	14,998	(20)
EXPENDITURES:				
Tax turnovers	13,526	15,043	14,992	51
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25)	(25)	6	31
FUND BALANCES, BEGINNING	25	25	12	(13)
FUND BALANCES, ENDING	$ -	$ -	$ 18	$ 18

MORROW COUNTY, OREGON

Fair Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Gate admissions	$ 9,000	$ 9,000	$ 6,271	$ (2,729)
Concessions	800	800	450	(350)
Rental of facilities	5,500	5,500	4,706	(794)
Donations	2,100	2,100	1,300	(800)
Sponsors and premium book advertising	4,000	4,000	7,950	3,950
Other	4,450	4,450	6,787	2,337
Intergovernmental (Oregon State)	42,025	48,925	50,002	1,077
Property taxes	42,756	42,756	46,581	3,825
Interest	700	700	284	(416)
Total revenues	111,331	118,231	124,331	6,100
EXPENDITURES:				
Administrative and non-departmental	77,219	77,219	54,495	22,724
Fair	72,845	79,745	74,835	4,910
Queen and court	8,000	8,000	7,576	424
Multipurpose buildings	4,050	4,050	2,948	1,102
St. Pats moto-cross	4,355	4,355	3,180	1,175
Operating contingency	28,005	28,005	-	28,005
Total expenditures	194,474	201,374	143,034	58,340
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(83,143)	(83,143)	(18,703)	64,440
OTHER FINANCING SOURCES (USES):				
Operating loan proceeds	25,000	25,000	-	(25,000)
Transfers in	13,000	13,000	13,000	-
Transfers out	(7,000)	(7,000)	(7,000)	-
Total other financing sources (uses)	31,000	31,000	6,000	(25,000)
NET CHANGE IN FUND BALANCES	(52,143)	(52,143)	(12,703)	39,440
FUND BALANCES, BEGINNING	67,143	67,143	78,756	11,613
FUND BALANCES, ENDING	$ 15,000	$ 15,000	$ 66,053	$ 51,053

MORROW COUNTY, OREGON

Special Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grants	$ 40,000	$ 40,000	$ 40,000	$ -
Bus receipts and other	2,200	2,200	3,549	1,349
Interest	300	300	107	(193)
Total revenues	42,500	42,500	43,656	1,156
EXPENDITURES:				
Personal services	9,450	10,650	9,512	1,138
Materials and services	39,850	54,850	37,874	16,976
Contingency	16,200	-	-	-
Total expenditures	65,500	65,500	47,386	18,114
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,000)	(23,000)	(3,730)	19,270
OTHER FINANCING SOURCES (USES):				
Transfers in	15,000	15,000	15,000	-
Transfers out	(17,000)	(17,000)	(17,000)	-
Total other financing sources (uses)	(2,000)	(2,000)	(2,000)	-
NET CHANGE IN FUND BALANCES	(25,000)	(25,000)	(5,730)	19,270
FUND BALANCES, BEGINNING	25,000	25,000	20,469	(4,531)
FUND BALANCES, ENDING	$ -	$ -	$ 14,739	$ 14,739

MORROW COUNTY, OREGON

Alcohol Enforcement Fund (ORS 471.670)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
Fines and forfeits	$ 5,000	$ 5,000	$ 3,731	$ (1,269)
Interest	100	100	79	(21)
Total revenues	5,100	5,100	3,810	(1,290)
EXPENDITURES:				
Materials and services	4,000	4,000	75	3,925
Capital outlay	4,000	4,000	-	4,000
Total expenditures	8,000	8,000	75	7,925
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,900)	(2,900)	3,735	6,635
OTHER FINANCING SOURCES (USES):				
Transfers out	(500)	(500)	(500)	-
NET CHANGE IN FUND BALANCES	(3,400)	(3,400)	3,235	6,635
FUND BALANCES, BEGINNING	13,800	13,800	14,210	410
FUND BALANCES, ENDING	$ 10,400	$ 10,400	$ 17,445	$ 7,045

MORROW COUNTY, OREGON

Video Lottery Economic Development
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Video lottery	$ 63,000	$ 63,000	$ 61,883	$ (1,117)
Reimbursed items	10,000	10,000	-	(10,000)
Interest	100	100	67	(33)
Total revenues	73,100	73,100	61,950	(11,150)
EXPENDITURES:				
Materials and services	51,980	51,980	25,733	26,247
Capital outlay	-	-	-	-
Total expenditures	51,980	51,980	25,733	26,247
EXCESS OF REVENUES OVER EXPENDITURES	21,120	21,120	36,217	15,097
OTHER FINANCING SOURCES (USES):				
Transfers out	(29,570)	(29,570)	(29,570)	-
NET CHANGE IN FUND BALANCES	(8,450)	(8,450)	6,647	15,097
FUND BALANCES, BEGINNING	8,450	8,450	1,643	(6,807)
FUND BALANCES, ENDING	$ -	$ -	$ 8,290	$ 8,290

MORROW COUNTY, OREGON

Victim-Witness Assistance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
State apportionment	$ 37,567	$ 37,567	$ 40,390	$ 2,823
Other	-	-	33	33
Total revenues	37,567	37,567	40,423	2,856
EXPENDITURES:				
Personal services	65,011	65,011	62,030	2,981
Materials and services	3,261	3,261	600	2,661
Total expenditures	68,272	68,272	62,630	5,642
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,705)	(30,705)	(22,207)	8,498
OTHER FINANCING SOURCES (USES):				
Transfers in	19,000	19,000	20,000	1,000
NET CHANGE IN FUND BALANCES	(11,705)	(11,705)	(2,207)	9,498
FUND BALANCES, BEGINNING	11,705	11,705	4,143	(7,562)
FUND BALANCES, ENDING	$ -	$ -	$ 1,936	$ 1,936

MORROW COUNTY, OREGON

Willow Creek Wind
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
Wind fees	$ 114,500	$ 114,500	$ 91,086	$ (23,414)
Interest	1,000	1,000	208	(792)
Total revenues	115,500	115,500	91,294	(24,206)
EXPENDITURES:				
Other requirements	116,700	116,700	91,086	25,614
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,200)	(1,200)	208	1,408
FUND BALANCES, BEGINNING	1,200	1,200	856	(344)
FUND BALANCES, ENDING	$ -	$ -	$ 1,064	$ 1,064

MORROW COUNTY, OREGON

CAMI Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grants	$ 13,275	$ 13,275	$ 23,777	$ 10,502
Interest	500	500	280	(220)
Other	-	-	254	254
Total revenues	13,775	13,775	24,311	10,536
EXPENDITURES:				
Materials and services	42,775	42,775	27,308	15,467
Capital outlay	6,000	6,000	-	6,000
Total expenditures	48,775	48,775	27,308	21,467
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,000)	(35,000)	(2,997)	32,003
FUND BALANCES, BEGINNING	35,000	35,000	53,677	18,677
FUND BALANCES, ENDING	$ -	$ -	$ 50,680	$ 50,680

MORROW COUNTY, OREGON

Safety Committee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
SAIF dividend	$ 1,000	$ 1,000	$ -	$ (1,000)
Interest	30	30	17	(13)
Total revenues	1,030	1,030	17	(1,013)
EXPENDITURES:				
Materials and services	6,395	6,395	863	5,532
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,365)	(5,365)	(846)	4,519
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,500	4,500
NET CHANGE IN FUND BALANCES	(5,365)	(5,365)	3,654	9,019
FUND BALANCES, BEGINNING	5,365	5,365	3,286	(2,079)
FUND BALANCES, ENDING	$ -	$ -	$ 6,940	$ 6,940

MORROW COUNTY, OREGON

Rodeo Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Gate admissions	$ 14,500	$ 15,391	$ 14,200	$ (1,191)
Concessions	7,300	7,865	7,866	1
Rodeo entry fees and others	4,300	4,300	3,715	(585)
Rodeo sponsor fees	10,300	10,575	6,485	(4,090)
Donations	16,450	17,625	17,500	(125)
Other	2,000	2,000	2,000	-
Interest	150	150	111	(39)
Total revenues	55,000	57,906	51,877	(6,029)
EXPENDITURES:				
Materials and services	56,270	59,176	50,927	8,249
Capital outlay	-	5,000	2,548	2,452
Contingency	5,000	-	-	-
Total expenditures	61,270	64,176	53,475	10,701
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,270)	(6,270)	(1,598)	4,672
OTHER FINANCING SOURCES (USES):				
Transfers in	6,270	6,270	6,270	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	1,270	1,270	1,270	-
NET CHANGE IN FUND BALANCES	(5,000)	(5,000)	(328)	4,672
FUND BALANCES, BEGINNING	10,000	10,000	13,991	3,991
FUND BALANCES, ENDING	$ 5,000	$ 5,000	$ 13,663	$ 8,663

MORROW COUNTY, OREGON

Justice Court Bail and Fine Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Fines	$ 495,000	$ 495,000	$ 344,264	$ (150,736)
EXPENDITURES:				
Tax turnover	496,400	496,400	343,303	153,097
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,400)	(1,400)	961	2,361
FUND BALANCES, BEGINNING	1,400	1,400	13,688	12,288
FUND BALANCES, ENDING	$ -	$ -	$ 14,649	$ 14,649

MORROW COUNTY, OREGON

Clerks Records Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Records fees	$ 2,000	$ 2,000	$ 1,773	$ (227)
Interest	160	160	96	(64)
Total revenues	2,160	2,160	1,869	(291)
EXPENDITURES:				
Materials and services	20,550	20,550	2,290	18,260
Capital outlay	1,800	1,800	-	1,800
Total expenditures	22,350	22,350	2,290	20,060
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,190)	(20,190)	(421)	19,769
FUND BALANCES, BEGINNING	20,190	20,190	19,981	(209)
FUND BALANCES, ENDING	$ -	$ -	$ 19,560	$ 19,560

MORROW COUNTY, OREGON

DUII Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Court ordered fees	$ 2,000	$ 2,000	$ 1,200	$ (800)
Interest	250	250	126	(124)
Total revenues	2,250	2,250	1,326	(924)
EXPENDITURES:				
Materials and services	25,550	25,550	471	25,079
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,300)	(23,300)	855	24,155
FUND BALANCES, BEGINNING	23,300	23,300	24,228	928
FUND BALANCES, ENDING	$ -	$ -	$ 25,083	$ 25,083

MORROW COUNTY, OREGON

Regional Maritime Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grants	$ -	$ -	$ -	$ -
EXPENDITURES:				
Materials and services	-	-	-	-
EXCESS OF REVENUES OVEREXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(99)	(99)	-
NET CHANGE IN FUND BALANCES	-	(99)	(99)	-
FUND BALANCES, BEGINNING	-	99	99	-
FUND BALANCES, ENDING	$ -	$ -	$ -	$ -

MORROW COUNTY, OREGON

Building Permit Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Building permit fees	$ 35,000	$ 35,000	$ 33,247	$ (1,753)
Interest	350	350	125	(225)
Total revenues	35,350	35,350	33,372	(1,978)
EXPENDITURES:				
Capital outlay	2,000	2,000	-	2,000
Total expenditures	2,000	2,000	-	2,000
EXCESS OF REVENUES OVER EXPENDITURES	33,350	33,350	33,372	22
OTHER FINANCING SOURCES (USES):				
Transfers out	(50,000)	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCES	(16,650)	(16,650)	(16,628)	22
FUND BALANCES, BEGINNING	27,250	27,250	55,980	28,730
FUND BALANCES, ENDING	$ 10,600	$ 10,600	$ 39,352	$ 28,752

MORROW COUNTY, OREGON

Park Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Grants	$ 487,470	$ 575,983	$ 471,065	$ (104,918)
Camping fees and other charges for services	118,280	194,801	191,773	(3,028)
State apportionment	68,700	80,648	110,821	30,173
Interest	500	500	801	301
Other	2,950	4,718	5,648	930
Total revenues	677,900	856,650	780,108	(76,542)
EXPENDITURES:				
Cutsforth park	124,279	136,279	102,863	33,416
Anson Wright park	35,202	55,802	37,344	18,458
OHV park	553,584	699,734	618,568	81,166
Contingency	24,835	24,835	-	24,835
Total expenditures	737,900	916,650	758,775	157,875
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(60,000)	(60,000)	21,333	81,333
OTHER FINANCING SOURCES (USES):				
Operating loan proceeds	20,000	20,000	-	(20,000)
NET CHANGE IN FUND BALANCES	(40,000)	(40,000)	21,333	61,333
FUND BALANCES, BEGINNING	40,000	40,000	16,629	(23,371)
FUND BALANCES, ENDING	$ -	$ -	$ 37,962	$ 37,962

MORROW COUNTY, OREGON

Equity Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Interest-Loans	$ 2,500	$ 2,500	$ 7,729	$ 5,229
Interest	2,500	2,500	1,157	(1,343)
Total revenues	5,000	5,000	8,886	3,886
EXPENDITURES:				
Materials and services	287,200	287,200	7,615	279,585
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(282,200)	(282,200)	1,271	283,471
FUND BALANCES, BEGINNING	282,200	282,200	603,008	320,808
FUND BALANCES, ENDING	$ -	$ -	$ 604,279	$ 604,279

MORROW COUNTY, OREGON

Liquor Control Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Fines	$ 90	$ 90	$ 117	$ 27
Interest	10	10	3	(7)
Total Revenues	100	100	120	20
EXPENDITURES:				
Materials and services	730	730	-	730
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(630)	(630)	120	750
FUND BALANCES, BEGINNING	630	630	631	1
FUND BALANCES, ENDING	$ -	$ -	$ 751	$ 751

MORROW COUNTY, OREGON

Water Planning Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Grant revenue	$ -	$ -	$ -	$ -
EXPENDITURES	6,350	6,350	-	6,350
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,350)	(6,350)	-	6,350
FUND BALANCES, BEGINNING	6,350	6,350	6,350	-
FUND BALANCES, ENDING	$ -	$ -	$ 6,350	$ 6,350

MORROW COUNTY, OREGON

Forest Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
State apportionment	$ 8,000	$ 8,000	$ 9,482	$ 1,482
Interest	400	400	337	(63)
Total revenues	8,400	8,400	9,819	1,419
EXPENDITURES:				
Materials and services	25,100	25,100	-	25,100
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,700)	(16,700)	9,819	26,519
FUND BALANCES, BEGINNING	61,200	61,200	61,199	(1)
FUND BALANCES, ENDING	$ 44,500	$ 44,500	$ 71,018	$ 26,518

MORROW COUNTY, OREGON

Court Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
Court security	$ 15,000	$ 15,000	$ 17,418	$ 2,418
Interest	900	900	539	(361)
Total revenues	15,900	15,900	17,957	2,057
EXPENDITURES:				
Materials and services	110,900	98,900	314	98,586
Capital outlay	10,000	23,500	22,444	1,056
Total expenditures	120,900	122,400	22,758	99,642
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(105,000)	(106,500)	(4,801)	101,699
FUND BALANCES, BEGINNING	105,000	106,500	108,593	2,093
FUND BALANCES, ENDING	$ -	$ -	$ 103,792	$ 103,792

MORROW COUNTY, OREGON

Echo Wind Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Wind fees	$ 80,000	$ 80,000	$ 80,000	$ -
Interest	1,000	1,000	157	(843)
Total revenues	81,000	81,000	80,157	(843)
EXPENDITURES:				
Other requirements	81,725	81,725	80,000	1,725
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(725)	(725)	157	882
FUND BALANCES, BEGINNING	725	725	526	(199)
FUND BALANCES, ENDING	$ -	$ -	$ 683	$ 683

MORROW COUNTY, OREGON

STO Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
STO operating grant	$ -	$ -	$ 15,000	$ 15,000
Interest	100	100	187	87
Other	200	200	-	(200)
Total revenues	300	300	15,187	14,887
EXPENDITURES:				
Personal services	11,591	11,591	2,284	9,307
Materials and services	5,000	5,000	3,321	1,679
Contingency	3,909	3,909	-	3,909
Total expenditures	20,500	20,500	5,605	14,895
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,200)	(20,200)	9,582	29,782
OTHER FINANCING SOURCES (USES):				
Transfers out	(15,500)	(15,500)	(15,500)	-
NET CHANGE IN FUND BALANCES	(35,700)	(35,700)	(5,918)	29,782
FUND BALANCES, BEGINNING	35,700	35,700	38,111	2,411
FUND BALANCES, ENDING	$ -	$ -	$ 32,193	$ 32,193

MORROW COUNTY, OREGON

Community Corrections Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
State P&P revenue	$ 226,750	$ 245,000	$ 264,264	$ 19,264
Charges for services and other	21,100	38,393	41,378	2,985
Interest	-	24	111	87
Total revenues	247,850	283,417	305,753	22,336
EXPENDITURES:				
Personal services	182,901	224,893	224,621	272
Materials and services	88,834	94,524	62,035	32,489
Capital outlay	-	1,000	779	221
Contingency	13,115	-	-	-
Total expenditures	284,850	320,417	287,435	32,982
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(37,000)	(37,000)	18,318	55,318
FUND BALANCES, BEGINNING	37,000	37,000	15,140	(21,860)
FUND BALANCES, ENDING	$ -	$ -	$ 33,458	$ 33,458

MORROW COUNTY, OREGON

Non-Major Capital Projects Funds
June 30, 2012

These funds account for the purchase and construction of the capital assets of the County. The majority of the funds used to purchase capital assets are transfers from other funds. Funds included are:

- **Road Equipment Reserve Fund** - accounts for the acquisition of road equipment.

- **Computer Equipment Reserve Fund** - accounts for the acquisition of the County's computer assets.

- **Programming Reserve Fund** - accounts for the acquisition of the County's various software assets.

- **STF Vehicle Reserve Fund** - accounts for the acquisition of the special transportation bus.

- **Fair Roof Reserve Fund** - accounts for the improvements made to buildings located at the fairgrounds.

- **Bleacher Reserve Fund** - accounts for the acquisition of bleachers at the County's fairgrounds.

- **Fair Improvement Reserve** - accounts for the acquisition and payment of new dorms and showers at the County's fairgrounds.

- **Building Reserve Fund** - accounts for the construction and acquisition of the County's buildings.

MORROW COUNTY, OREGON

Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2012

	Road Equipment Reserve	Computer Equipment Reserve	Program-ming Reserve	STF Vehicle Reserve	Fair Roof Reserve	Bleacher Reserve	Fair Improvement Reserve	Building Reserve	Totals
ASSETS:									
Cash	$ 129,027	$ 2,921	$ 9,837	$ 118,794	$ 7,090	$ 34,304	$ 6,204	$ 38,712	$ 346,889
Total assets	$ 129,027	$ 2,921	$ 9,837	$ 118,794	$ 7,090	$ 34,304	$ 6,204	$ 38,712	$ 346,889
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCES:									
Committed	129,027	2,921	9,837	118,794	7,090	34,304	6,204	38,712	346,889
Total liabilities and fund balances	$ 129,027	$ 2,921	$ 9,837	$ 118,794	$ 7,090	$ 34,304	$ 6,204	$ 38,712	$ 346,889

MORROW COUNTY, OREGON

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

	Road Equipment Reserve	Computer Equipment Reserve	Program-ming Reserve	STF Vehicle Reserve	Fair Roof Reserve	Bleacher Reserve	Fair Improvement Reserve	Building Reserve	Totals
REVENUES:									
Interest	$ 652	$ 60	$ 69	$ 554	$ 30	$ 157	$ 44	$ 196	$ 1,762
Grant revenues and other	-	-	-	-	-	-	-	-	-
Total revenues	652	60	69	554	30	157	44	196	1,762
EXPENDITURES:	-	757	35,000	-	-	-	9,671	-	45,428
EXCESS (DEFICIENCY) OF REVENUES, OVER (UNDER) EXPENDITURES	652	(697)	(34,931)	554	30	157	(9,627)	196	(43,666)
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	30,750	15,000	2,000	5,000	5,000	-	57,750
Transfers out	-	(16,750)	-	-	-	-	-	-	(16,750)
Total other financing sources (uses)	-	(16,750)	30,750	15,000	2,000	5,000	5,000	-	41,000
NET CHANGE IN FUND BALANCES	652	(17,447)	(4,181)	15,554	2,030	5,157	(4,627)	196	(2,666)
FUND BALANCES, BEGINNING	128,375	20,368	14,018	103,240	5,060	29,147	10,831	38,516	349,555
FUND BALANCES, ENDING	$ 129,027	$ 2,921	$ 9,837	$ 118,794	$ 7,090	$ 34,304	$ 6,204	$ 38,712	$ 346,889

MORROW COUNTY, OREGON

Road Equipment Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Sale of assets	$ 2,000	$ 2,000	$ -	(2,000)
Interest	1,000	1,000	652	(348)
Total revenues	3,000	3,000	652	(2,348)
EXPENDITURES:				
Capital outlay	131,600	131,600	-	131,600
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(128,600)	(128,600)	652	129,252
FUND BALANCES, BEGINNING	128,600	128,600	128,375	(225)
FUND BALANCES, ENDING	$ -	$ -	$ 129,027	$ 129,027

MORROW COUNTY, OREGON

Computer Equipment Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Interest	$ 250	$ 250	$ 60	$ (190)
EXPENDITURES:				
Capital outlay	-	800	757	43
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	250	(550)	(697)	(147)
OTHER FINANCING SOURCES (USES):				
Transfers out	(16,750)	(16,750)	(16,750)	-
NET CHANGE IN FUND BALANCES	(16,500)	(17,300)	(17,447)	(147)
FUND BALANCES, BEGINNING	16,500	17,300	20,368	3,068
FUND BALANCES, ENDING	$ -	$ -	$ 2,921	$ 2,921

MORROW COUNTY, OREGON

Programming Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Favorable (Unfavorable)
REVENUES:				
Interest	$ 250	$ 250	$ 69	$ (181)
EXPENDITURES:				
Capital outlay	40,045	40,045	35,000	5,045
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(39,795)	(39,795)	(34,931)	4,864
OTHER FINANCING SOURCES:				
Transfers in	30,750	30,750	30,750	-
NET CHANGE IN FUND BALANCES	(9,045)	(9,045)	(4,181)	4,864
FUND BALANCES, BEGINNING	9,045	9,045	14,018	4,973
FUND BALANCES, ENDING	$ -	$ -	$ 9,837	$ 9,837

MORROW COUNTY, OREGON

STF Vehicle Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Interest	$ 1,000	$ 1,000	$ 554	$ (446)
Total revenues	1,000	1,000	554	(446)
EXPENDITURES:				
Capital outlay	119,400	119,400	-	119,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(118,400)	(118,400)	554	118,954
OTHER FINANCING SOURCES:				
Transfers in	15,000	15,000	15,000	-
NET CHANGE IN FUND BALANCES	(103,400)	(103,400)	15,554	118,954
FUND BALANCES, BEGINNING	103,400	103,400	103,240	(160)
FUND BALANCES, ENDING	$ -	$ -	$ 118,794	$ 118,794

MORROW COUNTY, OREGON

Fair Roof Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Interest	$ 35	$ 35	$ 30	$ (5)
EXPENDITURES:				
Capital outlay	7,110	7,110	-	7,110
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,075)	(7,075)	30	7,105
OTHER FINANCING SOURCES:				
Transfers in	2,000	2,000	2,000	-
NET CHANGE IN FUND BALANCES	(5,075)	(5,075)	2,030	7,105
FUND BALANCES, BEGINNING	5,075	5,075	5,060	(15)
FUND BALANCES, ENDING	$ -	$ -	$ 7,090	$ 7,090

MORROW COUNTY, OREGON

Bleacher Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Interest	$ 200	$ 200	$ 157	$ (43)
EXPENDITURES:				
Capital outlay	34,410	34,410	-	34,410
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(34,210)	(34,210)	157	34,367
OTHER FINANCING SOURCES:				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCES	(29,210)	(29,210)	5,157	34,367
FUND BALANCES, BEGINNING	29,210	29,210	29,147	(63)
FUND BALANCES, ENDING	$ -	$ -	$ 34,304	$ 34,304

MORROW COUNTY, OREGON

Fair Improvement Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Interest	$ 175	$ 175	$ 44	$ (131)
Total revenues	175	175	44	(131)
EXPENDITURES:				
Capital outlay	21,790	21,790	9,671	12,119
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,615)	(21,615)	(9,627)	11,988
OTHER FINANCING SOURCES:				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCES	(16,615)	(16,615)	(4,627)	11,988
FUND BALANCES, BEGINNING	16,615	16,615	10,831	(5,784)
FUND BALANCES, ENDING	$ -	$ -	$ 6,204	$ 6,204

MORROW COUNTY, OREGON

Building Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) to Actual
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES:				
Interest	$ 300	$ 300	$ 196	$ (104)
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	300	300	196	(104)
FUND BALANCES, BEGINNING	38,550	38,550	38,516	(34)
FUND BALANCES, ENDING	$ 38,850	$ 38,850	$ 38,712	$ (138)

MORROW COUNTY, OREGON

Other Schedules
June 30, 2012

Agency Funds:

- Combining Statement of Assets and Liabilities
- Combining Statement of Receipts, Expenditures, and Changes in Cash (Arising from Cash Transactions)

Schedule of Accountabilities:

- County Treasurer
- Other Elected Officials

Schedule of Cash and Investments

Property taxes:

- Schedule of Property Tax Transactions and Outstanding Balances
- Schedule of Property Taxes Receivable -- By Fund

MORROW COUNTY, OREGON

Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2012

	ASSETS			LIABILITIES AND FUND EQUITY		
	Cash and Investments	Taxes Receivable	Total	Payable to Other Agencies	Fund Balance	Total
AGENCY FUNDS:						
Property taxes	$ -	$ 666,298	$ 666,298	$ 666,298	$ -	$ 666,298
Assessments and taxation	13,629	-	13,629	13,629	-	13,629
Treasurer's account	1,031	-	1,031	1,031	-	1,031
Morrow Co. medical fund	3,640	-	3,640	3,640	-	3,640
Other districts, general	6,385	-	6,385	6,385	-	6,385
Other districts, debt service	18,950	-	18,950	18,950	-	18,950
Fire districts, general	268,684	-	268,684	268,684	-	268,684
Cemetery districts	35,788	-	35,788	35,788	-	35,788
Park districts	1,000	-	1,000	1,000	-	1,000
Water control districts	10	-	10	10	-	10
School districts, general	23,693	-	23,693	23,693	-	23,693
School districts, debt service	631,003	-	631,003	631,003	-	631,003
Morrow County Unified Recreation	108,853	-	108,853	108,853	-	108,853
North Morrow vector control	853	-	853	853	-	853
Ione-Lex Perpetual	13,045	-	13,045	13,045	-	13,045
Finley buttes landfill	1,144,343	-	1,144,343	1,144,343	-	1,144,343
Library district	891	-	891	891	-	891
Sale of county lands	-	-	-	-	-	-
Other	41,868	-	41,868	41,868	-	41,868
Mobile home ombudsman	12	-	12	12	-	12
Total	$ 2,313,678	$ 666,298	$ 2,979,976	$ 2,979,976	$ -	$ 2,979,976

MORROW COUNTY, OREGON

Agency Funds
Combining Statement of Changes in Agency Funds
(Arising from Cash Transactions)
Year Ended June 30, 2012

	Cash and Investments June 30, 2011	Additions	Deductions	Cash and Investments June 30, 2012
AGENCY FUNDS:				
Property taxes	$ -	$ 22,859,232	$ 22,859,232	$ -
Assessments and taxation	17,337	60,533	64,241	13,629
Treasurer's account	1,026	5	-	1,031
Morrow Co. Health District	6,194	1,277,989	1,280,543	3,640
Other districts, general	10,944	2,118,065	2,122,624	6,385
Other districts, debt service	18,714	748,577	748,341	18,950
Fire districts, general	270,315	1,062,247	1,063,878	268,684
Cemetery districts	22,799	112,332	99,343	35,788
Park districts	1,709	349,157	349,866	1,000
Water control districts	36	156	182	10
School districts, general	40,607	7,628,181	7,645,095	23,693
School districts, debt service	297,055	2,799,109	2,465,161	631,003
Morrow County Unified Recreation	98,860	655,976	645,983	108,853
North Morrow vector control	1,476	275,292	275,915	853
Ione-Lex Perpetual	13,045	-	-	13,045
Finley buttes landfill	1,138,559	5,784	-	1,144,343
Library district	1,533	288,304	288,946	891
Sale of county lands	34,238	12,056	46,294	-
Other	53,318	568,088	579,538	41,868
Mobile home ombudsman	24	3,833	3,845	12
Total	$ 2,027,789	$ 40,824,916	$ 40,539,027	$ 2,313,678

MORROW COUNTY, OREGON

Schedule of Accountability -- County Treasurer
Cash Transactions
Year Ended June 30, 2012

COUNTY FUNDS:	Cash Balance June 30, 2011	Receipts	Disbursements	Cash Balance June 30, 2012
General	$ 905,243	$ 8,391,166	$ 7,666,838	$ 1,629,571
Heritage	20,693	8,544	8,926	20,311
Road Fund Equipment	128,375	652	-	129,027
General Road	685,576	4,350,424	4,268,168	767,832
Finley Buttes Road	1,572,235	303,946	898,539	977,642
Juvenile Services Commission	92,550	247,224	255,061	84,713
Airport	25,802	1,941,447	1,952,957	14,292
Law Library	30,139	7,275	6,472	30,942
911 Emergency Telephone	397,105	278,666	226,128	449,643
Surveyor Preservation	168,161	14,994	1,400	181,755
Emergency Management	23,233	486,523	482,528	27,228
Finley Buttes license fee	3,482	1,137,895	1,097,186	44,191
County School	95	166,775	166,816	54
Ione School	8	14,989	14,992	5
Fair	88,191	142,197	159,893	70,495
Computer Equipment Reserve	21,811	60	18,950	2,921
Special Transportation	22,559	74,003	76,924	19,638
Programming Reserve	14,018	30,819	35,000	9,837
Alcohol Enforcement	13,980	3,612	575	17,017
Video Lottery	1,821	72,399	65,298	8,922
Victim/Witness Assistance	4,866	58,890	62,778	978
Willow Creek Wind	856	244,716	244,508	1,064
CAMI Grant	53,751	24,440	27,167	51,024
STF Vehicle Reserve	103,240	15,554	-	118,794
Roof Reserve	5,060	2,030	-	7,090
Safety committee	3,296	4,517	873	6,940
Bleacher Reserve	29,147	5,157	-	34,304
Rodeo	14,129	58,672	59,048	13,753
Justice Court	44,043	356,334	350,772	49,605
Clerks Records	19,958	1,775	2,290	19,443
DUII Impact	24,228	1,326	471	25,083
Regional Maritime Security	99	-	99	-
Fair Improvement Reserve	11,477	6,297	11,570	6,204
Building Permit Fees	41,754	35,436	50,000	27,190
Park	28,483	803,249	739,066	92,666
Equity	281,996	32,446	87,000	227,442
Building Reserve	38,516	196	-	38,712
Liquor Control	631	61	-	692
Water Planning	6,350	-	-	6,350
Forest Service	61,199	9,819	-	71,018
Court Security	107,846	16,764	22,758	101,852
Echo Wind Fees	526	216,571	216,414	683
STO Operating Grant	38,135	15,298	21,170	32,263
Community Corrections	25,065	279,209	301,021	3,253
Total County Funds	5,159,728	19,862,367	19,599,656	5,422,439
AGENCY FUNDS	2,027,789	40,824,917	40,539,028	2,313,678
County Treasurer Totals	$ 7,187,517	$ 60,687,284	$ 60,138,684	$ 7,736,117

MORROW COUNTY, OREGON

Schedule of Accountability -- Other Elected Officials
Cash Transactions
Year Ended June 30, 2012

	Sheriff
CASH BALANCE, JUNE 30, 2011	$ 11,388
CASH RECEIPTS	30,977
CASH DISBURSEMENTS:	
Turnover to County Treasurer	31,469
CASH BALANCE, JUNE 30, 2012	$ 10,896

MORROW COUNTY, OREGON

Schedule of Cash and Investments
June 30, 2012

County Treasurer	$ 7,736,117
Other elected officials	10,896
Cash on hand, various funds	1,898
Total cash and investments	$ 7,748,911

MORROW COUNTY, OREGON

Schedule of Property Tax Transactions and Outstanding Balances
Year Ended June 30, 2012

Fiscal Year	Property Taxes Receivable July 1, 2011	Current Levy as Extended by Assessor	Discounts Allowed	Corrections and Adjustments	Cash Collections	Property Taxes Receivable June 30, 2012
2011-12	$ -	$ 23,349,457	$ (633,948)	$ (24,777)	$ (22,244,898)	$ 445,834
2010-11	429,641	-	80	(3,433)	(210,461)	215,827
2009-10	225,303	-	-	(2,104)	(91,835)	131,364
2008-09	122,737	-	-	(2,557)	(48,285)	71,895
2007-08	48,081	-	-	(2,093)	(37,295)	8,693
2006-07	10,109	-	-	(1,506)	(2,684)	5,919
Prior years	11,781	-	-	(79)	(2,171)	9,531
	$ 847,652	$ 23,349,457	$ (633,868)	$ (36,549)	$ (22,637,629)	$ 889,063

MORROW COUNTY, OREGON

Schedule of Property Taxes Receivable -- By Fund
June 30, 2012

General fund	$ 137,434
Road fund	82,761
County school fund	672
Ione school fund	67
Fair fund	1,831
Sub-total	222,765
Agency funds	666,298
Total	$ 889,063

AUDIT REPORTS, COMMENTS AND DISCLOSURES REQUIRED BY GOVERNMENT AUDITING STANDARDS AND STATE REGULATIONS

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

County Commissioners
Morrow County
Heppner, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County, Oregon, as of and for the year ended June 30, 2012, which collectively comprise Morrow County, Oregon's basic financial statements and have issued our report thereon dated December 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Barnett & Moro, P.C.

By _____
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 29, 2012

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 162-10-000 through 162-10-330 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, enumerate the financial statements, schedules, comments, and disclosures as set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

County Commissioners
Morrow County
Heppner, Oregon

We have audited the basic financial statements of Morrow County, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated December 29, 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.

Compliance

As part of obtaining reasonable assurance about whether Morrow County, Oregon'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 Morrow County, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

- During the current fiscal year, county management determined that the County has been in noncompliance with ORS 368.705 regarding the use of ad valorem tax proceeds for roads and bridges. The County has taken steps to be in compliance in the future.

OAR 162-10-0230 Internal Control

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Barnett & Moro, P.C.

By: _____
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 29, 2012

SINGLE AUDIT SECTION

MORROW COUNTY, OREGON

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/Program Name:	Federal CFDA Number	Major (X)	Amount
U.S. DEPARTMENT OF AGRICULTURE:			
Forest fees, roads and schools	10.665		$ 278,138
U.S. DEPARTMENT OF JUSTICE:			
Crime victim assistance	16.575		$ 28,501
The juvenile accountability incentive block grant	16.523		5,290
			$ 33,791
U.S. DEPARTMENT OF ENERGY:			
Office of environmental waste processing	81.104		9,138
			$ 9,138
U.S. DEPARTMENT OF DEFENSE:			
U.S. Army: Chemical disposal	12.401		$ 33,961
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Community development block grant	14.228		$ 29,837
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Oregon State Health Division:			
Public health emergency preparedness	93.069		$ 76,687
Project grants for tuberculosis control	93.116		975
Family planning services	93.217		23,171
Abstinence education	93.235		489
Immunization grants	93.268		4,485
MCH block grant	93.994		18,925
Community safety net - temporary aid to needy families	93.558		701
Medical assistance program	93.778		39,915
DDS	96.001		11
			165,359
Oregon Youth Services Commission:			
Social services block grant	93.667		14,973
Medical assistance program	93.778		14,008
Promoting safe and stable families	93.556		7,568
			36,549
Oregon Department of Justice:			
Child support enforcement	93.563		39,650
			$ 241,558
U.S. DEPARTMENT OF TRANSPORTATION:			
Airport Improvement Program	20.106	X	1,792,618
			$ 1,792,618
U.S. GENERAL SERVICES ADMINISTRATION			
Flood Control Projects	12.106		$ 2,513
Donation of federal surplus personal property	39.003		21,277
			$ 23,790
U.S. DEPARTMENT OF THE INTERIOR:			
Bureau of Land Management, Mineral Land Leasing	15.214		$ 32,376
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Boating Safety Financial Assistance	97.012		$ 27,311
Chemical emergency stockpile preparedness program (CSEPP)	97.040	X	1,954,425
			$ 1,981,736
Total expenditures of federal awards			$ 4,456,943

See notes to schedule of expenditures of federal awards.

MORROW COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Morrow County, Oregon and is presented on the modified accrual basis of accounting as described in note 1 to the basic financial statements. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the on the Schedule are reported on the basis of accounting described in Note 1 to the financial statements. Such expenditures are recognized following the cost principles contained in *OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

All awards are passed through the State of Oregon's various departments with the exception of the Airport Improvement Program (CFDA #20.106). The Airport Improvement Program was a direct award from the Federal Aviation Administration.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

County Commissioners
Morrow County
Heppner, Oregon

Compliance

We have audited Morrow County, Oregon's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Morrow County, Oregon's major federal programs for the year ended June 30, 2012. Morrow County, Oregon's major federal programs are identified in the summary of auditors' 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 Morrow County, Oregon's management. Our responsibility is to express an opinion on Morrow County, Oregon's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB 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 Morrow County, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Morrow County, Oregon's compliance with those requirements.

In our opinion, Morrow County, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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 would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the county commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Barnett & Moro, P.C.

By: _____
Cameron W. Anderson, Shareholder
Hermiston, Oregon
December 29, 2012

MORROW COUNTY, OREGON

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ none reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __X__ none reported
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __X__ none reported

Type of auditor's report issued on compliance for major program: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes __X__ none reported

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
97.040	Chemical Stockpile Emergency Preparedness Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? __X__ yes _____ no

Section II-Financial Statement Findings

There are no financial statement findings for the year ended June 30, 2012.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs for the year ended June 30, 2012.

MORROW COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

Year Ended June 30, 2012

QUESTIONED COSTS:

There were no questioned costs for the year ended June 30, 2011.

FINDINGS:

There were no findings for the year ended June 30, 2011.