

**DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon)**

**FINANCIAL STATEMENTS**

**Year Ended  
JUNE 30, 2011**

## TABLE OF CONTENTS

	<u>Page</u>
Governing Body and Budget Officer and Registered Agent	1
Independent Accountant's Review Report	2 to 3
Management's Discussion and Analysis	4 to 6
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Fund	9
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Fund	10
Notes to Financial Statements	11 to 12
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	13
Other Supplementary Information:	
Schedule of Property Tax Transactions and Outstanding Balances	14
Independent Accountant's Comments	15

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon)  
June 30, 2011

**GOVERNING BODY**

**Douglas County Commissioners**

Susan Morgan  
Doug Robertson  
Joe Laurance

**Budget Officer and Registered Agent**

John Punches  
Douglas County 4-H, Master Gardener and Extension Service District  
1134 SE Douglas Ave.  
Roseburg, Oregon 97470

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

December 30, 2011

Board of Commissioners  
Douglas County 4-H, Master Gardener  
and Extension Service District  
Roseburg, Oregon

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Douglas County 4-H, Master Gardener and Extension Service District, a component unit of Douglas County, Oregon as of and for the year ended June 30, 2011, which collectively comprise Douglas County 4-H, Master Gardener and Extension Service District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of District management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 4 through 6 and the budgetary comparison information on page 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of management's discussion and analysis. However, we did not audit or review the information and do not express an opinion or provide any assurance on such data. The budgetary comparison information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and we are not aware of any material modifications that should be made thereto.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included as other supplementary information on page 14 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and we are not aware of any material modifications that should be made thereto.

*Kenneth Kuhns & Co.*

Kenneth Kuhns & Co.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis**  
**(MD&A)**

We offer readers of Douglas County 4-H, Master Gardener and Extension Service District financial statements the following narrative overview and analysis for fiscal year ended June 30, 2011.

**Financial Highlights**

- The assets of the District exceeded its liabilities at June 30, 2011 by \$365,845. The full amount may be used to meet the District's obligations to citizens and creditors.
- Revenues exceeded expenses in fiscal 2010-11 by \$66,578.

**Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the District's basic financial statements. These basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains 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 District's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on the District's assets and liabilities, with any difference between the two reported as net assets.

The *Statement of Activities* presents information showing how net assets changed during the year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for some items such as property taxes revenues that will result in cash flows in future fiscal periods.

Each of these government-wide financial statements, Statement of Net Assets and Statement of Activities, show the functions of the District that are supported primarily by taxes. The governmental activities of the District are providing a variety of educational services to the people of Douglas County.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal 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.

The District's fund financial statements emphasize available resources (fund balance) rather than net assets. They are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

See independent accountant's review report.

The District reported activity in one governmental fund during the fiscal year ended June 30, 2011. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for General Fund.

The District adopted an annual budget for fiscal 2010-11 with appropriations of \$435,841. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

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

### Government-wide Financial Analysis

Net assets, over time, may serve as a useful indicator of a government's financial position. District assets exceeded liabilities by \$365,845 at June 30, 2011, an increase of \$66,578 during the year.

#### Douglas County 4-H, Master Gardener and Extension Service District Net Assets

	June 30, 2011	June 30, 2010
Current Assets	\$470,152	\$356,723
Current Liabilities	104,307	57,456
Net Assets	\$365,845	\$299,267

#### Douglas County 4-H, Master Gardener and Extension Service District Change in Net Assets

	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
Revenues - General:		
Property Taxes	\$407,975	\$436,156
Interest	5,312	4,888
Miscellaneous	2,666	3,157
Total Revenues	415,953	444,201
Expenses:		
Culture and Recreation	349,375	343,333
Change in Net Assets	66,578	100,868
Net Assets:		
Beginning of the Year	299,267	198,399
End of the Year	\$365,845	\$299,267

See independent accountant's review report.

## **Requests for Information**

This financial report is designed to provide a general overview to those parties interested in Douglas County 4-H, Master Gardener and Extension Service District finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Douglas County Office of Management and Finance, 1036 SE Douglas Ave., Roseburg, Oregon 97470.

See independent accountant's review report.

## BASIC FINANCIAL STATEMENTS

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon )  
STATEMENT OF NET ASSETS  
June 30, 2011

ASSETS	
Cash and Investments	\$418,505
Receivables	<u>51,647</u>
Total Assets	<u>470,152</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>104,307</u>
Total Liabilities	<u>104,307</u>
NET ASSETS	
Unrestricted	<u>365,845</u>
Total Net Assets	<u><u>\$365,845</u></u>

The accompanying notes are an integral part of these financial statements.  
See independent accountant's review report.

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon )  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2011

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REVENUES:	
Taxes	\$407,975
Interest	5,312
Miscellaneous	<u>2,666</u>
Total revenues	415,953
EXPENSES:	
Culture and Recreation	<u>349,375</u>
Change in net assets	66,578
Net assets - beginning	<u>299,267</u>
Net assets - ending	<u><u>\$365,845</u></u>

The accompanying notes are an integral part of these financial statements.  
See independent accountant's review report.

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon )  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2011

ASSETS	
Cash and Investments	\$418,505
Receivables	<u>51,647</u>
Total Assets	<u><u>\$470,152</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$104,307
Deferred Revenue	<u>46,188</u>
Total Liabilities	<u>150,495</u>
Fund Balance:	
Unassigned	<u>319,657</u>
Total Fund Balance	<u>319,657</u>
Total Liabilities and Fund Balance	<u><u>\$470,152</u></u>
Fund Balance above	\$319,657
A portion of the District's property taxes will be collected after year-end and are, therefore, not a current available resource.	<u>46,188</u>
Net Assets of Governmental Activities	<u><u>\$365,845</u></u>

The accompanying notes are an integral part of these financial statements.  
See independent accountant's review report.

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon )  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUND  
For the Year Ended June 30, 2011

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REVENUES:	
Intergovernmental	\$2,666
Property Taxes	398,771
Interest	<u>5,312</u>
Total Revenues	<u>406,749</u>
EXPENDITURES:	
Culture and Recreation :	
Materials and Services	<u>349,375</u>
Total Expenditures	<u>349,375</u>
Net Change in Fund Balance	57,374
Fund Balance, Beginning of Year	<u>262,283</u>
Fund Balance, End of Year	<u><u>\$319,657</u></u>
Net Change in Fund Balance above	\$57,374
Property tax revenue is recognized above under the modified accrual basis of accounting only to the extent it has been collected within 60 days of year end. On the accrual basis Statement of Activities, this revenue is recognized regardless of when collected.	<u>9,204</u>
Change in Net Assets - Governmental Activities	<u><u>\$66,578</u></u>

The accompanying notes are an integral part of these financial statements.  
See independent accountant's review report.

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon)

NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011

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**Note 1 – Summary of Significant Accounting Policies**

A. Reporting Entity

The District was established under the provisions of Chapter 451 of the Oregon Revised Statutes. The purpose of the District is to provide support and funding for extension educational programs in Douglas County. The District's governing body is the Douglas County Board of Commissioners.

Because the District's governing body is identical to that of Douglas County, Oregon, the District has been determined under the criteria of the Governmental Accounting Standards (GASB), to be a blended component unit of Douglas County, Oregon. All significant activities over which the District exercises oversight responsibility have been included in the basic financial statements.

B. Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts which are segregated for purposes of carrying on specific activities. The District has one governmental fund (General Fund) which is reported as a major fund.

C. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all activities of the District. The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year in which the taxes are levied.

D. Fund Financial Statements

Fund accounting is used to demonstrate legal compliance and to assist financial management by segregating transactions related to certain government functions or activities.

The Districts governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period.

E. Budget

Oregon law requires the District to prepare an annual budget where total resources equal total expenditures and requirements for a fund. All annual appropriations lapse at fiscal year end.

See independent accountant's review report.

The District prepares its budget on a detailed line item basis for management purposes, and adopts and appropriates the budget for legal control by expenditure type (personal services, materials and services, capital outlay, and other). Under state law, the appropriation levels become the legal spending control level for District operations.

#### F. Cash and Investments

The District maintains its cash and investments in a pool of cash and investments with Douglas County which is unrated. The County reports all short-term, highly liquid money market investments and participating interest-earning investment contracts with a remaining maturity at time of purchase of three months or less at amortized costs. Investments with a remaining maturity at time of purchase of more than three months are valued at fair value.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

#### G. Property Taxes/Deferred Revenue

Property taxes are levied July 1 and property owners have the option of paying the full amount November 15<sup>th</sup> or February 15<sup>th</sup> less a discount, or paying in three installments. Under the installment method of payment, the first one-third of the tax is due November 15<sup>th</sup>, the second one-third on February 15<sup>th</sup>, and the remaining one third on May 15<sup>th</sup>. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the due date. Property taxes receivable are deemed to be substantially collectible or recoverable. Therefore, no allowance for uncollectible accounts is deemed necessary.

Tax revenue is considered available for expenditure upon receipt by the County, which serves as the collecting agency. Uncollected property taxes are shown on the governmental balance sheet as receivables. Collections within 60 days subsequent to year-end have been accrued and the remaining taxes receivable are recorded as deferred revenue on the modified accrual basis of accounting since they are not deemed available to finance operations of the current period.

### **Note 2 – Financial Agent**

Douglas County is the financial agent for the District. In its fiduciary capacity, Douglas County receives revenues and disburses expenditures on behalf of the District. The County reports these transactions in a Special Revenue Fund called the 4-H Extension Service District Fund. Douglas County provides support services at no charge.

### **Note 3 - Commitment**

The District is party to an agreement with the Oregon State University Extension Service. Under the terms of the agreement, the OSU Extension Service provides staffing and delivers extension educational programs to Douglas County residents. The District is obligated to provide funding to the OSU Extension Service. The current agreement is for five years commencing on July 1, 2008 and expiring on June 30, 2013. Payments under the agreement totaled \$349,224 during the year ended June 30, 2011. This agreement can be terminated by either party upon thirty days written to the other party for one or more specific violations of the agreement or upon written notification that funding is no longer available.

## REQUIRED SUPPLEMENTARY INFORMATION

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon )  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental	\$3,500	\$3,500	\$2,666	(\$834)
Property Taxes	407,927	407,927	398,771	(9,156)
Interest	3,000	3,000	5,312	2,312
Total Revenues	<u>414,427</u>	<u>414,427</u>	<u>406,749</u>	<u>(7,678)</u>
Expenditures:				
Culture and Recreation:				
Materials and Services	414,587	414,587	349,375	65,212
Capital Outlay	500	500		500
Contingency Account	<u>20,754</u>	<u>20,754</u>		<u>20,754</u>
Total Expenditures	<u>435,841</u>	<u>435,841</u>	<u>349,375</u>	<u>86,466</u>
Net Change in Fund Balance	(21,414)	(21,414)	57,374	78,788
Fund Balance, Beginning of Year	<u>217,654</u>	<u>217,654</u>	<u>262,283</u>	<u>44,629</u>
Fund Balance, End of Year	<u><u>\$196,240</u></u>	<u><u>\$196,240</u></u>	<u><u>\$319,657</u></u>	<u><u>\$123,417</u></u>

See independent accountant's review report.

## OTHER SUPPLEMENTARY INFORMATION

DOUGLAS COUNTY 4-H, MASTER GARDENER  
AND EXTENSION SERVICE DISTRICT  
(A Component Unit of Douglas County, Oregon )  
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES  
For the Year Ended June 30, 2011

<u>Tax Year</u>	<u>Uncollected Balance July 1, 2010</u>	<u>Current Tax Levy</u>	<u>Deduct</u>		<u>Uncollected Balance June 30, 2011</u>
			<u>Discounts and Adjustments</u>	<u>Cash Collections</u>	
2011		\$421,315	\$13,582	\$382,185	\$25,548
2010	\$26,642		273	11,460	14,909
2009	<u>12,734</u>		<u>(515)</u>	<u>4,783</u>	<u>8,466</u>
	<u>\$39,376</u>	<u>\$421,315</u>	<u>\$13,340</u>	<u>\$398,428</u>	<u>\$48,923</u>

See independent accountant's review report.

## INDEPENDENT ACCOUNTANT'S COMMENTS

## INDEPENDENT ACCOUNTANT'S COMMENTS

### Internal Control and Accounting Records

A review does not contemplate obtaining an understanding of the internal control over financial reporting or assessing control risk, nor does a review provide any assurance that review procedures applied to the financial statements would detect all misstatements that might exist due to error, fraudulent financial reporting, or misappropriation of assets. Accordingly, we did not obtain an understanding of the internal control over financial reporting or assess control risk, nor did we perform a study and evaluation of the accounting records. However, during the course of our review of Douglas County 4-H, Master Gardener and Extension Service District's financial statements, nothing came to our attention that caused us to believe that there were significant deficiencies involving the internal control over financial reporting or the accounting records.

### Other Comments

A review is not designed to discover violations of laws, rules, regulations or grant agreements, nor does a review provide any assurance that review procedures applied to the financial statements would discover violations of laws, rules, regulations or grant agreements. Accordingly, we did not perform procedures designed to discover such violations. However, during the course of our review nothing came to our attention that caused us to believe that Douglas County 4-H, Master Gardener and Extension Service District was not in compliance with:

- the legal requirements in ORS Chapter 295 regarding collateral securing depository balances,
- the legal requirements pertaining to the investment of public funds,
- the legal requirements relating to debt,
- the legal requirements relating to the preparation, adoption and execution of the annual budget,
- the legal requirements relating to insurance and fidelity bond coverage,
- the legal requirements relating to the policy that public agencies make every effort to construct public improvements at the least cost to the public agency, and
- the appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

However, it should be noted that our review was not directed toward obtaining knowledge of noncompliance with such requirements.