

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

FINANCIAL STATEMENTS

**Year Ended
JUNE 30, 2012**

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DOUGLAS COUNTY 4-H, MASTER GARDENER
AND EXTENSION SERVICE DISTRICT
(A Component Unit of Douglas County, Oregon)
June 30, 2012

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

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

January 7, 2013

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, 2012, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 6 and the budgetary comparison information on page 13 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, 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 management's discussion and analysis and do not express an opinion or provide any assurance on it. 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 to such information.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the 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 for purposes of additional analysis and is not a required part of the basic financial statements. 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 to such information.

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, 2012.

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2012 by \$449,809. The full amount may be used to meet the District's obligations to citizens and creditors.
- Revenues exceeded expenses in fiscal 2011-12 by \$83,964.

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, 2012. 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 2011-12 with appropriations of \$461,732. 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 \$449,809 at June 30, 2012, an increase of \$83,964 during the year.

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

	June 30, 2012	June 30, 2011
Current Assets	\$539,329	\$470,152
Current Liabilities	89,520	104,307
Net Assets	\$449,809	\$365,845

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

	For the Year Ended June 30, 2012	For the Year Ended June 30, 2011
Revenues - General:		
Property Taxes	\$423,106	\$407,975
Interest	5,733	5,312
Miscellaneous	3,277	2,666
Total Revenues	432,116	415,953
Expenses:		
Culture and Recreation	348,152	349,375
Change in Net Assets	83,964	66,578
Net Assets:		
Beginning of the Year	365,845	299,267
End of the Year	\$449,809	\$365,845

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, 2012

ASSETS	
Cash and Investments	\$482,308
Receivables	<u>57,021</u>
Total Assets	<u>539,329</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>89,520</u>
Total Liabilities	<u>89,520</u>
NET ASSETS	
Unrestricted	<u>449,809</u>
Total Net Assets	<u>\$449,809</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, 2012

REVENUES:	
Taxes	\$423,106
Interest	5,733
Miscellaneous	<u>3,277</u>
Total revenues	432,116
EXPENSES:	
Culture and Recreation	<u>348,152</u>
Change in net assets	83,964
Net assets - beginning	<u>365,845</u>
Net assets - ending	<u><u>\$449,809</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, 2012

ASSETS	
Cash and Investments	\$482,308
Receivables	<u>57,021</u>
Total Assets	<u><u>\$539,329</u></u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$89,520
Deferred Revenue	<u>48,348</u>
Total Liabilities	<u>137,868</u>
 Fund Balance:	
Unassigned	<u>401,461</u>
Total Fund Balance	<u>401,461</u>
Total Liabilities and Fund Balance	<u><u>\$539,329</u></u>
Fund Balance above	\$401,461
A portion of the District's property taxes will be collected after year-end and are, therefore, not a current available resource.	<u>48,348</u>
Net Assets of Governmental Activities	<u><u>\$449,809</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, 2012

REVENUES:	
Intergovernmental	\$3,277
Property Taxes	420,946
Interest	<u>5,733</u>
Total Revenues	<u>429,956</u>
EXPENDITURES:	
Culture and Recreation:	
Materials and Services	<u>348,152</u>
Total Expenditures	<u>348,152</u>
Net Change in Fund Balance	81,804
Fund Balance, Beginning of Year	<u>319,657</u>
Fund Balance, End of Year	<u><u>\$401,461</u></u>
Net Change in Fund Balance above	\$81,804
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>2,160</u>
Change in Net Assets - Governmental Activities	<u><u>\$83,964</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, 2012

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 15th or February 15th less a discount, or paying in three installments. Under the installment method of payment, the first one-third of the tax is due November 15th, the second one-third on February 15th, and the remaining one third on May 15th. 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 \$348,003 during the year ended June 30, 2012. 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, 2012

	<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	\$3,277	(\$223)
Property Taxes	422,276	422,276	420,946	(1,330)
Interest	4,500	4,500	5,733	1,233
Total Revenues	<u>430,276</u>	<u>430,276</u>	<u>429,956</u>	<u>(320)</u>
Expenditures:				
Culture and Recreation:				
Materials and Services	439,245	439,245	348,152	91,093
Capital Outlay	500	500		500
Contingency Account	21,987	21,987		21,987
Total Expenditures	<u>461,732</u>	<u>461,732</u>	<u>348,152</u>	<u>113,580</u>
Net Change in Fund Balance	(31,456)	(31,456)	81,804	113,260
Fund Balance, Beginning of Year	<u>303,323</u>	<u>303,323</u>	<u>319,657</u>	<u>16,334</u>
Fund Balance, End of Year	<u>\$271,867</u>	<u>\$271,867</u>	<u>\$401,461</u>	<u>\$129,594</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, 2012

<u>Tax Year</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Current Tax Levy</u>	<u>Deduct</u>		<u>Uncollected Balance June 30, 2012</u>
			<u>Discounts and Adjustments</u>	<u>Cash Collections</u>	
2012		\$432,147	\$11,875	\$395,395	\$24,877
2011	\$25,548		(555)	12,262	13,841
2010	14,909		(1,277)	6,536	9,650
2009	<u>8,466</u>	<u> </u>	<u>(1,002)</u>	<u>5,491</u>	<u>3,977</u>
	<u>\$48,923</u>	<u>\$432,147</u>	<u>\$9,041</u>	<u>\$419,684</u>	<u>\$52,345</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.