

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

FINANCIAL STATEMENTS

**Year Ended
JUNE 30, 2015**

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DOUGLAS COUNTY 4-H, MASTER GARDENER
AND EXTENSION SERVICE DISTRICT
(A Component Unit of Douglas County, Oregon)
June 30, 2015

GOVERNING BODY

Douglas County Commissioners

Susan Morgan

Tim Freeman

Chris Boice

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

February 1, 2016

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, 2015, and the related notes to the financial statements, 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 14 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. Management's discussion and analysis was not audited, reviewed, or compiled by us and, accordingly, we 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 did not become 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, 2015.

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2015 by \$607,429. The full amount may be used to meet the District's obligations to citizens and creditors.
- Revenues exceeded expenses in fiscal 2014-15 by \$33,162.

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 Position* presents information on the District's assets and liabilities, with any difference between the two reported as net position.

The *Statement of Activities* presents information showing how net position changed during the year. All changes in net position 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 Position 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 position. 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, 2015. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for General Fund.

The District adopted an annual budget for fiscal 2014-15 with appropriations of \$525,560. 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 position, over time, may serve as a useful indicator of a government's financial position. District assets exceeded liabilities by \$607,429 at June 30, 2015, an increase of \$33,162 during the year.

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

	June 30, 2015	June 30, 2014
Current Assets	\$726,999	\$762,002
Current Liabilities	119,570	187,735
Net Position	\$607,429	\$574,267

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

	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
Revenues - General:		
Property Taxes	\$458,925	\$445,046
Interest	4,899	4,160
Intergovernmental	2,216	756
Total Revenues	466,040	449,962
Expenses:		
Culture and Recreation	432,878	403,752
Change in Net Position	33,162	46,210
Net Position:		
Beginning of the Year	574,267	528,057
End of the Year	\$607,429	\$574,267

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 POSITION
June 30, 2015

ASSETS	
Cash and Investments	\$674,861
Receivables	<u>52,138</u>
Total Assets	<u>726,999</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>119,570</u>
Total Liabilities	<u>119,570</u>
NET POSITION	
Unrestricted	<u>607,429</u>
Total Net Position	<u>\$607,429</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, 2015

REVENUES:	
Intergovernmental	\$2,216
Taxes	458,925
Interest	<u>4,899</u>
Total revenues	466,040
EXPENSES:	
Culture and Recreation	<u>432,878</u>
Change in net position	33,162
Net position - beginning	<u>574,267</u>
Net position - ending	<u><u>\$607,429</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, 2015

ASSETS	
Cash and Investments	\$674,861
Receivables	<u>52,138</u>
Total Assets	<u><u>\$726,999</u></u>
 LIABILITIES	
Accounts Payable	<u>\$119,570</u>
Total Liabilities	<u>119,570</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>45,138</u>
Total Deferred Inflows of Resources	<u>45,138</u>
 FUND BALANCE	
Unassigned	<u>562,291</u>
Total Fund Balance	<u>562,291</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$726,999</u></u>
Fund Balance above	\$562,291
A portion of the District's property taxes will be collected after year-end and are, therefore, not a current available resource.	<u>45,138</u>
Net Position of Governmental Activities	<u><u>\$607,429</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, 2015

REVENUES:	
Intergovernmental	\$2,216
Property Taxes	459,427
Interest	<u>4,899</u>
Total Revenues	<u>466,542</u>
EXPENDITURES:	
Culture and Recreation:	
Materials and Services	<u>432,878</u>
Total Expenditures	<u>432,878</u>
Net Change in Fund Balance	33,664
Fund Balance, Beginning of Year	<u>528,627</u>
Fund Balance, End of Year	<u><u>\$562,291</u></u>
Net Change in Fund Balance above	\$33,664
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>(502)</u>
Change in Net Position - Governmental Activities	<u><u>\$33,162</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, 2015

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 Board (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 Position and the Statement of Activities) 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 District's 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. Deferred Outflows/Inflows of Resources

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 63 and GASB Statement No. 65 in a prior year. Under GASB Statement Nos. 63 and 65, certain items previously reported as assets or liabilities are now reported as deferred outflows/inflows of resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has no items that qualify for reporting in this category.

Similarly, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports property taxes not collected within 60 days subsequent to year-end as unavailable revenue under the deferred inflows of resources category in the governmental funds balance sheet.

H. Property Taxes

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 unavailable revenue-property taxes under deferred inflows of resources 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 original agreement was for five years commencing on July 1, 2008 and expiring on June 30, 2013. This agreement has been renewed through June 30, 2018. This agreement can be terminated by either party upon thirty days written notice to the other party for one or more specific violations of the agreement or upon written notification that funding is no longer available. Payments under the agreement totaled \$432,728 during the year ended June 30, 2015.

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental	\$1,000	\$1,000	\$2,216	\$1,216
Property Taxes	462,574	462,574	459,427	(3,147)
Interest	4,000	4,000	4,899	899
Total Revenues	<u>467,574</u>	<u>467,574</u>	<u>466,542</u>	<u>(1,032)</u>
Expenditures:				
Culture and Recreation:				
Materials and Services	500,533	500,533	432,878	67,655
Capital Outlay	-	-		-
Contingency Account	25,027	25,027		25,027
Total Expenditures	<u>525,560</u>	<u>525,560</u>	<u>432,878</u>	<u>92,682</u>
Excess (deficiency) of revenues over (under) expenditures	(57,986)	(57,986)	33,664	91,650
Reserve for future expenditures	<u>(300,000)</u>	<u>(300,000)</u>		<u>300,000</u>
Net Change in Fund Balance	(357,986)	(357,986)	33,664	391,650
Fund Balance, Beginning of Year	<u>531,365</u>	<u>531,365</u>	<u>528,627</u>	<u>(2,738)</u>
Fund Balance, End of Year	<u><u>\$173,379</u></u>	<u><u>\$173,379</u></u>	<u><u>\$562,291</u></u>	<u><u>\$388,912</u></u>

See independent accountant's review report.

MANAGEMENT REPRESENTATION OF FISCAL AFFAIRS
REQUIRED BY OREGON REGULATION

**Douglas County 4-H, Master Gardener and Extension Service District
1134 SE Douglas Avenue
Roseburg, Oregon 97470**

**Management Representation of Fiscal Affairs
Required by Oregon Regulation
For the Year Ended June 30, 2015**

Douglas County 4-H, Master Gardener and Extension Service District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operations and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, Division 40) including, but not limited to:

- 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.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

The management of Douglas County 4-H, Master Gardener and Extension Service District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Sincerely,



John Punches
Registered Agent

February 1, 2016