

Whitewater-Rice Lakes Management District
Audit of 2009 Financial Statements
May 10, 2010

Conducted/Reviewed by: Brad Corson
Don Wickersheimer

Audit Summation:

Books and records are well organized and maintained. All recorded revenues and expenses are accurately presented on the income statement and balance sheet. The 2008 ending cash balance and surplus carryover were accurately recorded as the opening balances for 2009. As of December 31, 2009 Total Income was \$198,458 and Total Expenses were \$157,713 resulting in an Operating Surplus of \$24,245. Operating cash available as of year end was \$25,245 and the cash balance in the Capital Fund was \$78,213.

In the 2008 audit, various recommendations were made in order to enhance the financial reporting presentation and process as well as isolate the capital fund from the operating funds. Accordingly, specific proposals relevant to those recommendations were made and approved during the September 10th and November 24th 2009 Board Meetings. Subsequently, modifications to the 2009 financial ledgers were completed which automate various processes enhancing both the reporting efficiency and provide the desired check and balances to the accuracy of financial reporting. Additionally, a new Capital Fund bank account was opened in December 2009 and the appropriate funds were transferred from the Operating Account. The 2009 audit included the preparation and recording of the specific journal entries required to accurately transition the 2008 ledgers to the new 2009 ledgers including the removal of fixed assets, accumulated depreciation and prior year equity from the balance sheet.

The process and format changes completed in 2009 will perpetuate into 2010 and subsequent years providing greater efficiency, improved financial reporting and audit trails.

Recommendations/Findings:

- Vendor invoices for labor should have support that allows greater verification of services performed and the approval of the applicable Whitewater Lakes Management (WLM) committee member. Its recommended that further discussion by appropriate WLM members and the audit committee take place to decide a how this would be facilitated and then a policy be formulated and put into practice.

Audit processes completed:

- Bank reconciliation
 - validated cash bank statement balance to book balance on balance sheet
 - validated outstanding check list
 - validated all cash disbursements on bank statement to cash expenditures on Income Statement
 - validated all deposits in bank statement to either Income Statement or CD transaction log
 - validated the transfer of funds to the new capital fund from the operating account

- Tied tax receipts to deposits, tax levy certification memorandum and income statement.

- AP Expenditure Review:
 - Reviewed all expenditures for reasonableness and proper account classification.

- Prepared specific journal entries necessary to accurately modify the 2008 balance sheet in accordance with Board approved process and reporting format changes