

Whitewater-Rice Lakes Management District
Audit of 2010 Financial Statements
August 17, 2011

Conducted by: Brad Corson
Reviewed by: Don Wickersheimer

Audit Summation:

The books and records are well organized and maintained. All recorded revenues and expenses are accurately presented on the income statement and balance sheet. The 2009 ending cash balance and surplus carryover were accurately recorded as the opening balances for 2010. As of December 31, 2010 Total Income was \$176,474 which included the prior year carryover of \$24,245. Total Expenses were \$163,368 resulting in an Operating Surplus of \$13,106 of which, through Board approval, \$5,861 was transferred to the Capital Fund and \$7,245 was carried over to 2011 operations. The Capital Fund has a balance of \$56,395 as of December 31, 2010.

The 2009 audit recommended the improvement in the review and approval process of material expenditures. In 2010, enhancements were made directing invoices and harvesting reports to key chairmen for their review and consideration of expenditures. However, the review of 2010 expenditures found the approval process still needs greater consistency and to be better documented. Recommendations pertaining to expense approval and other findings are as follows:

Recommendations/Findings:

- Vendor invoices for labor or services greater than \$500 should be reviewed and bear the signature of the relevant chairperson evidencing their approval prior to being paid by the Treasurer. Approval via email would meet that objective if invoice specific and attached to the invoice when paid.
- The Walworth County tax assessment income should be recorded in Tax Assessments rather than Contributions & Other in order to properly classify that income and allow total Tax Assessment income to tie exactly to the property tax certification letter issued to the Town of Whitewater and Town of Richmond. For purposes of presentation, I would reclass the prior year revenue on the 2011 income statement. No adjustments need be recorded to 2010.
- There is one cash deposit in the amount of \$5.00 that was not recorded on the income statement. This immaterial transaction can be recorded in 2011 and will bring the bank account reconciliation into exact balance.

- **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/from the capital fund and 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.