

TO: GEORGE LAKE REHABILITATION DISTRICT

FROM: AUDIT COMMITTEE

DATE: August 6, 2004

RE: FINDINGS OF AUDIT COMMITTEE

Members of the GLRD audit committee have reviewed the available records, covering the period from Jan. 1, 2003 through Dec. 31, 2003. While we found no evidence of improper activity, we did note occurrences where we believe that changes to the procedures will enhance the accuracy of the financial statements. We submit the following findings and recommendations to the Board of Commissioners of the district.

Repeat findings:

1. There appears to be no dual control in the bill approval or check signing process.

Recommendation: All invoices should be approved by the Board of Commissioners and checks should be signed by more than one individual. While some of the meetings included approval of bills/invoices, some meetings did not. It is recommended that an item be placed on each meeting agenda for the approval of invoices and that a system of dual check signing be implemented.

2. No accounting is available for special project funds. They do not appear anywhere in the treasurer's report.

Recommendation: A separate accounting, as proposed for grants, should be set up for these types of district monies. Electors should be able to request monies from this fund for special projects to benefit the district. We suggest that requests be in writing to the board for consideration.

No evidence of any reporting by any of the special projects committee members took place during 2003. Special project funds were raised in the name of the district and should not be held out separately. It is assumed that no sales taxes were collected or paid on the money raised which raises some question as to the legality of the fund operation. It is recommended that the

monies in that fund come into the district accounting system and be accounted for on the Treasurers report.

Current findings:

1. Reporting

The treasurer's reports for the year basically follow the format of the previous years. The format combines expenses and balance sheet items on the report which hinders a user friendly approach. It is recommended that the Peach Tree accounting system be used to generate future budgets, quarterly reports and for the presentation of invoices paid for approval. Cash and investment balances should also be displayed quarterly along with the budget and actual numbers for the current quarter and year to date. It would be worthwhile for the board to purchase a laptop computer for the use by the district treasurer. It could be passed on to subsequent treasurers.

2. Total 2003 expenditures

It appears that there was a excess of revenues over expenditures for the year 2003. No board action was taken to acknowledge the overage and move the excess funds to an investment account. In future years the board should recognize overages or shortages from budget and take action to move the monies to an investment account.

As previously stated in recommendations, we found documented evidence of transfers between accounts. We also were able to match invoices to checks written.

Respectfully submitted,

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