

NORWAY - DOVER DRAINAGE DISTRICT
AUDITED FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2009



Patrick W. Romenesko, S.C.
CERTIFIED PUBLIC ACCOUNTANT

1001 Host Drive • P.O. Box 508 • Lake Geneva, Wisconsin 53147
Telephone 262/248-0220 • Facsimile 262/248-8429

Independent Auditor's Report

To the Board of Commissioners
Norway - Dover Drainage District
Racine County, Wisconsin

I have audited the accompanying financial statement of the Norway - Dover Drainage District for the period January 1, 2006 to December 31, 2009. This financial statement is the responsibility of the Norway - Dover Drainage District's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Norway - Dover Drainage District prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the governmental activities of the Norway - Dover Drainage District, as of December 31, 2009, and the changes in its cash basis financial position thereof for the period January 1, 2006 to December 31, 2009 in conformity with the basis of accounting described in Note 1.

My audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The annual statements of revenues collected, expenditures paid and changes in cash balances is presented for purposes of additional analysis and is not a required part of the basic financial statement. These statements have been subjected to the auditing procedures applied in the audit of the basic financial statement and, in my opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole on the basis of accounting described in Note 1.

Patrick W. Romenesko, S.C.

PATRICK W. ROMENESKO, S.C.
CERTIFIED PUBLIC ACCOUNTANT

Lake Geneva, Wisconsin
November 11, 2010

NORWAY - DOVER DRAINAGE DISTRICT
AUDITED FINANCIAL STATEMENT
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NORWAY - DOVER DRAINAGE DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN CASH BALANCES
FOR THE PERIOD JANUARY 1, 2006 TO DECEMBER 31, 2009

Revenues Collected

Norway Sanitary District assessments and interest	\$ 298,745
Other district assessments and interest	359,089
Assessment letter and other fees	2,180
Interest income	2,088
Refund of pump repair	3,000
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Total Revenues Collected	665,102

Expenditures Paid

Association dues	20
Bank fees	106
Commissioner fees	3,436
Engineering	40,960
Insurance	7,796
Legal	146,926
Maintenance of dam and canals	539,439
Assessment refunds paid	19,200
Publication fees	409
All other general expenditures	23,369
Debt service:	
Principal	118,000
Interest	4,068
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Total Expenditures Paid	903,729
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Excess of Revenues Collected Under Expenditures Paid	(238,626)

Other Financing Sources

Proceeds from borrowing:	
Community State Bank	80,000
Racine County	300,000
Yorkville-Raymond Drainage District	8,000
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Total Other Financing Sources	388,000
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Excess of Revenues Collected and Other Sources Over Expenditures Paid	149,374
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Cash Balances - Beginning of Year	37,680
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Cash Balances - End of Year	\$ 187,053

See accompanying notes to financial statements.

NORWAY - DOVER DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2006 TO DECEMBER 31, 2009

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Norway - Dover Drainage District (the District) is a separate geographical component unit of the Racine County Board of Drainage Commissioners. The accompanying financial statement only reports the transactions of the District and does not include other activities of the Racine County Board of Drainage Commissioners. The Racine County Board of Drainage Commissioners (which includes the District) is governed by a three-member board that is appointed by the Racine County Circuit Court.

B. Basis of Accounting

The District uses the cash basis of accounting; therefore, revenues are recognized when received rather than when they are measurable and legally available, and expenditures are recognized when paid rather than when the obligation is incurred. Consequently, this financial statement has been prepared on a basis other than that required by generally accepted accounting principles and, accordingly, does not intend to present financial position and results of operations in conformity with such principles.

C. Cash and Investments

Cash includes amounts in demand deposits at a local bank. Cash is stated at cost, which substantially equals fair value.

D. Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2 - Cash in Checking Account

The District's cash balance at December 31, 2009 consisted of the following:

	<u>Carrying Amount</u>	<u>Amounts Deposited</u>
Interest bearing checking account	<u>\$ 187,053</u>	<u>\$ 187,803</u>

District deposits are insured by the FDIC for up to \$250,000 at December 31, 2009 for time and savings deposits (including interest-bearing NOW accounts), and an additional \$250,000 of FDIC insurance is available for demand (non-interest bearing checking accounts) for each bank used.

The difference between the amount reported as bank deposits and the carrying amount above is due to the effect of outstanding checks and deposits in transit on the District's cash balances. Deposits exceeded the amount of FDIC insurance available at certain times during the reporting period.

Note 2 - Cash in Checking Account - Continued

The District addresses the following risks related to its cash deposits:

Custodial Credit and Other Credit Risk

Credit risk represents the risk that in the event of a financial institution failure, the District's deposits may not be recovered. At December 31, 2009, none of the District's bank deposits was above the FDIC insured amount and, therefore, was not exposed to credit risk.

Interest Rate Risk

The District does not have formal policies related to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment, inasmuch as its cash balance is maintained only in a money market checking account. The District does not have a formal investment policy.

Note 3 - Special Assessments

The District levied special assessments during 2005 to finance various improvements to its drainage infrastructure. The original assessments levied totaled \$240,030 for the Norway Sanitary District and \$356,670 for all other assessable properties in the District. Subsequent adjustments were made to the levies and interest was collected on delinquent payments. Unpaid assessments at December 31, 2009 totaled \$145.

Note 4 - Notes Payable

Outstanding debt of the District was comprised of the following at December 31, 2009:

	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding 12/31/09</u>	<u>Purpose</u>
Note Payable - Racine County	1.5%	\$ 300,000	<u>\$ 300,000</u>	Drainage Improvements

The note was executed on November 1, 2009; is due for repayment on November 1, 2011; is unsecured and contains various restrictions and conditions.

Changes in notes payable for the period January 1, 2006 to December 31, 2009 follows:

Outstanding - January 1, 2006	\$ 30,000
Proceeds from borrowing	388,000
Principal payments on notes	<u>(118,000)</u>
Outstanding - December 31, 2009	<u>\$ 300,000</u>

Note 5 - Risk Management

The District has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage or destruction of assets, errors or omissions, injuries to employees, or acts of God. Payments of premiums for these policies are recorded as expenditures in the financial statement of the District. There were no settlements that exceeded insurance coverage in any of the past three years.

Note 6 - Litigation and Contingencies

The District settled a lawsuit during 2009 that was initiated by Racine County, Town of Norway, Town of Dover and Wind Lake Management District concerning the proposed annexation of land into the district. Settlement of the lawsuit included a stipulation that the District prepare, obtain approval of, and adopt and file district maps and specifications in accordance with Wisconsin Administrative Code Section ATCP 48.20 prior to any annexation.

SUPPLEMENTAL INFORMATION

NORWAY - DOVER DRAINAGE DISTRICT
ANNUAL STATEMENTS OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN CASH BALANCES
FOR THE PERIOD JANUARY 1, 2006 TO DECEMBER 31, 2009

	2006	2007	2008	2009	Totals
<u>Revenues Collected</u>					
Norway Sanitary District assessments and interest	\$ 26,850	\$ 80,010	\$ 80,010	\$ 111,875	\$ 298,745
All other district assessments and interest	108,629	160,801	80,375	9,283	359,089
Assessment letter and other fees	270	420	869	621	2,180
Interest income	360	859	737	132	2,088
Refund of pump repair	-	-	-	3,000	3,000
Total Revenues Collected	<u>136,108</u>	<u>242,091</u>	<u>161,992</u>	<u>124,911</u>	<u>665,102</u>
<u>Expenditures Paid</u>					
Association dues	10	-	10	-	20
Bank fees	-	61	-	46	106
Commissioner fees	1,460	-	888	1,088	3,436
Engineering	1,160	400	1,800	37,600	40,960
Insurance	2,305	3,611	1,880	-	7,796
Legal	19,357	2,987	19,007	105,575	146,926
Maintenance of dam and canals	80,919	129,741	146,028	182,751	539,439
Assessment refunds paid	-	19,200	-	-	19,200
Publication fees	31	325	53	-	409
Expense reimbursements - RCBDC general account	22,000	-	-	1,369	23,369
Debt service:					
Principal	30,000	-	-	88,000	118,000
Interest	1,681	-	-	2,387	4,068
Total Expenditures Paid	<u>158,923</u>	<u>156,325</u>	<u>169,666</u>	<u>418,815</u>	<u>903,729</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	<u>(22,814)</u>	<u>85,766</u>	<u>(7,674)</u>	<u>(293,904)</u>	<u>(238,627)</u>
<u>Other Financing Sources</u>					
Proceeds from borrowing:					
Community State Bank	-	-	-	80,000	80,000
Racine County	-	-	-	300,000	300,000
Yorkville-Raymond Drainage District	-	-	-	8,000	8,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,000</u>	<u>388,000</u>
Excess of Revenues Collected and Other Sources Over (Under) Expenditures Paid	<u>(22,814)</u>	<u>85,766</u>	<u>(7,674)</u>	<u>94,096</u>	<u>149,373</u>
Cash Balances - Beginning of Year	<u>37,680</u>	<u>14,865</u>	<u>100,631</u>	<u>92,957</u>	<u>37,680</u>
Cash Balances - End of Year	<u>\$ 14,865</u>	<u>\$ 100,631</u>	<u>\$ 92,957</u>	<u>\$ 187,053</u>	<u>\$ 187,053</u>