



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

**AUDITED FINANCIAL STATEMENTS
COBB-HIGHLAND RECREATION COMMISSION
(BLACKHAWK LAKE RECREATION AREA)
DECEMBER 31, 2010**

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COBB-HIGHLAND RECREATION COMMISSION
(BLACKHAWK LAKE RECREATION AREA)

DECEMBER 31, 2010

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Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Krynsinski ▲ Janice L. Froelich ▲ Jay H. Bennett

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cobb-Highland Recreation Commission
Cobb, WI

We have audited the accompanying financial statements of the business-type activities of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area), a component unit of Iowa County, Wisconsin as of and for the year ended December 31, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Commission's 2009 financial statements and, in our report dated September 16, 2010, we expressed an unqualified opinion on the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area), a component unit of Iowa County, Wisconsin, as of December 31, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2011, on our consideration of the Cobb-Highland Recreation Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of park operating expenses is presented for purposes of additional analysis and is not a required part of the financial statements of the Cobb-Highland Recreation Commission. The schedule of park operating expenses is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole

September 16, 2011

JOHNSON BLOCK AND COMPANY, INC.

Johnson Block and Company, Inc.

FINANCIAL STATEMENTS

Exhibit A-1
Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Statement of Net Assets
December 31, 2010
(With summarized information as of December 31, 2009)

	2010	2009
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and investments	\$ 109,699	\$ 135,896
<u>Fixed Assets:</u>		
Property, plant and equipment	909,979	835,814
Less: accumulated depreciation	(385,680)	(363,071)
Total Fixed Assets	524,299	472,743
Total Assets	\$ 633,998	\$ 608,639
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 2,612	\$ 1,933
Due to other governments	2,057	1,435
Accrued payroll	5,112	4,628
Total Current Liabilities	9,781	7,996
<u>Net Assets:</u>		
Investment in fixed assets, net of related debt	524,299	472,743
Unrestricted	99,918	127,900
Total Net Assets	624,217	600,643
Total Liabilities and Net Assets	\$ 633,998	\$ 608,639

Exhibit A-2
Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Statement of Activities
For the Year Ended December 31, 2010
(With summarized financial information for the Year Ended December 31, 2009)

	2010	2009
<u>Revenue:</u>		
Park fees	\$ 321,129	\$ 315,560
Miscellaneous income	2,796	1,068
Total Operating Revenue	323,925	316,628
<u>Expenses:</u>		
Wages	137,176	141,933
Employee fringes and payroll taxes	21,512	19,136
Park operation expenses	102,444	100,777
Depreciation	44,824	43,446
Total Operating Expenses	305,956	305,292
Operating Income	17,969	11,336
<u>Nonoperating Revenue (Expenses):</u>		
Interest income	1,017	1,216
Interest expense		(225)
Gain on disposal of equipment	4,588	
Total Nonoperating Revenue	5,605	991
Change in Net Assets	23,574	12,327
Net Assets - Beginning of Year	600,643	588,316
Net Assets - End of Year	<u>\$ 624,217</u>	<u>\$ 600,643</u>

Exhibit A-3
Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Statement of Cash Flows
For the Year Ended December 31, 2010
(With summarized financial information for the Year Ended December 31, 2009)

	2010	2009
<u>Cash Flows From (Used by) Operating Activities:</u>		
Receipts from customers	\$ 323,925	\$ 316,628
Payments to employees	(136,253)	(141,662)
Payment for employee benefits	(20,524)	(19,136)
Payments to suppliers and contractors	(102,570)	(99,837)
	64,578	55,993
<u>Cash Flows (Used by) Capital and Related Financing Activities:</u>		
Payments for capital acquisitions	(91,792)	(35,278)
Principal payments on capital leases		(4,375)
Interest payments on capital leases		(225)
	(91,792)	(39,878)
<u>Cash Flows From Investing Activities:</u>		
Receipts of interest	1,017	1,216
	1,017	1,216
Net Cash Provided from Investing Activities		
	(26,197)	17,331
Net Increase in Cash and Cash Equivalents		
	135,896	118,565
Cash and Cash Equivalents - Beginning of Year		
	\$ 109,699	\$ 135,896
Cash and Cash Equivalents - End of Year		
<u>Reconciliation of operating income to net cash from operating activities:</u>		
Operating income	\$ 17,969	\$ 11,336
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	44,824	43,446
Change in assets and liabilities:		
Increase (decrease) in accounts payable	1,301	1,121
Increase (decrease) in accrued payroll	484	90
	\$ 64,578	\$ 55,993

Supplemental Schedule of Noncash Investing Activities:

During 2010, a trade-in allowance of \$10,300 was received on the purchase of a new mower.

The Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Notes to the Basic Financial Statements
December 31, 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

These financial statements present only the financial data of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area), a component unit of Iowa County, Wisconsin.

The State of Wisconsin acquired approximately 380 acres of parkland from the Cobb-Highland Recreation Commission in 1977 in exchange for payment of FHA revenue bond indebtedness of \$450,000. Under this agreement, Iowa County agreed to assume full operational responsibility and control of the Blackhawk Lake Recreation Area. Should the County ever fail to continue to operate the facility, the County would have to repay all State and Federal monies expended for land acquisition and development of the facility. The County also assumed responsibility for maintenance of the dam.

Through an operations agreement, the day-to-day operation and management of the facility is being performed by the Cobb-Highland Recreation Commission who is required to file an annual report with the County indicating the status of operations at the facility. The Commission charges user fees to the general public and expends these as necessary and appropriate for maintaining the facility. The Commission requires County approval for any expenditure in excess of \$5,000.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in accounts and reported in the financial statements.

The accounts of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area) are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Revenues such as user fees are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred.

The Commission has elected to follow FASB pronouncements issued before November 30, 1989, and all pronouncements of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources, as they are needed.

C. INCOME TAX

The Commission is exempt from income taxes and therefore no income tax liability is recorded.

The Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Notes to the Basic Financial Statements
December 31, 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. CASH AND CASH EQUIVALENTS/ INVESTMENTS

For purposes of the statement of cash flows, the Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

All deposits of the Commission are made in board designated official depositories and are secured as required by State Statute. The Commission may designate, as an official depository, any bank or savings association. Also, the Commission may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and money market investments are carried at fair value as determined by quoted market prices.

E. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Commission maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

F. FIXED ASSETS

Fixed assets are capitalized at cost (or fair market value at date of contribution). Depreciation is recorded using the straight-line method over the estimated lives of 3 to 25 years.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. SUMMARIZED COMPARATIVE INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

The Cobb-Highland Recreation Commission
 (Blackhawk Lake Recreation Area)
 Notes to the Basic Financial Statements
 December 31, 2010

NOTE 2

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Capital assets not being depreciated:				
Construction work in progress	\$ 3,108	\$ 150	\$ (3,108)	\$ 150
Other Capital Assets:				
Buildings	619,829	13,836		633,665
Equipment & Furnishings	181,977	38,214	(27,927)	192,264
Land Improvements	30,900	53,000		83,900
Total other capital assets at historical costs	832,706	105,050	(27,927)	909,829
Less: Accumulated Depreciation:				
Buildings	238,153	21,807		259,960
Equipment & Furnishings	113,594	21,030	(22,215)	112,409
Land Improvements	11,324	1,987		13,311
Total Accumulated depreciation	363,071	44,824	(22,215)	385,680
Net Other Capital Assets	469,635	60,226	(5,712)	524,149
Total Net Capital Assets	\$ 472,743	\$ 60,376	\$ (8,820)	\$ 524,299

NOTE 3

CASH AND INVESTMENTS

At December 31, 2010, cash and investments included the following:

Deposits with financial institutions \$ 109,699

Cash and investments as of December 31, 2010 are classified in the accompanying financial statements as follows:

Exhibit A-1:
Cash and investments \$ 109,699

The Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Notes to the Basic Financial Statements
December 31, 2010

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

Investment of Commission funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, district, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district
- Bonds issued by a local professional baseball park district
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority
- Bonds issued by a local Professional football stadium district
- Bonds issued by a local arts district
- Bonds issued by the Wisconsin Aerospace Authority

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices.

The Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Notes to the Basic Financial Statements
December 31, 2010

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Commission would not be able to recover the value of its investment of collateral securities that are in possession of another party. The Commission does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for noninterest bearing accounts. Beginning December 31, 2010, the Dodd-Frank Act took effect. Under this program, the FDIC provides unlimited protection to all noninterest bearing accounts through December 31, 2012. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

At December 31, 2010, all of the Commissions' deposits were fully insured by the FDIC.

Concentration of Credit Risk

The Commission places no limit on the amount the Commission may invest in any one issuer.

NOTE 4

COMPENSATED ABSENCES

Payments for vacation will be made at rates in effect when benefits are used. Vacation does not vest and employees do not earn any sick leave.

NOTE 5

NET ASSETS

GASB 34 requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

The Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Notes to the Basic Financial Statements
December 31, 2010

NOTE 5

NET ASSETS (CONTINUED)

Unrestricted Net Assets – The component of net asset consist of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The following calculation supports the Commission’s net assets invested in capital assets, net of related debt at December 31, 2010:

Fixed Assets	\$ 909,979
Accumulated Depreciation	<u>(385,680)</u>
Total Net Assets Invested in Capital Assets	<u>\$ 524,299</u>

NOTE 6

EMPLOYEE RETIREMENT PLAN

The Commission currently contributes to individual retirement accounts for two full-time employees. Contributions are 10% of the employee’s current year salary. Contributions made for the year ended December 31, 2010 were \$7,908.

NOTE 7

SUBSEQUENT EVENTS

Subsequent to December 31, 2010, the Commission approved the purchase of a mower for \$8,420 and dredging the boat landing for \$32,500.

SUPPLEMENTARY INFORMATION

Schedule 1
Cobb-Highland Recreation Commission
(Blackhawk Lake Recreation Area)
Supplementary Schedule of Park Operating Expenses
For the Year Ended December 31, 2010 and 2009

	2010	2009
Advertising	\$ 60	\$ 155
Annual stickers	1,000	1,011
Bait	1,169	1,782
Bookkeeping	2,800	2,800
Building maintenance	508	538
Cabin batteries	146	
Cabin gas	1,081	927
Camp permit	405	935
Chemicals	441	864
Cleaning supplies	240	342
Clothing	3,763	3,176
Credit card fees	6,909	6,779
Diesel fuel	2,248	1,765
Electric repair	2,016	2,493
Equipment repair	1,673	1,696
Filters	138	
Garbage & recycling	4,897	4,897
Gas & oil	2,495	2,317
Hardware	356	273
Information signs	641	259
Insurance	13,623	14,112
Internet	606	356
Lake study		1,050
Land & lake maintenance	1,076	5,376
LP gas	1,009	938
Maintenance, lumber, hardware	1,457	
Maps & postcards	165	165
Milfoil treatments	1,583	
Miniature golf supplies	168	
Office supplies	3,626	2,619
Other administrative expense	755	1,363
Paint & supplies	2,131	702
Playground group sites	430	
Plumbing repair	368	1,616
Pop machine/Ice	5,285	4,848
Postage	1,495	455
Printing	1,939	2,098
Promotional event	1,295	259
Sand/gravel	635	734
Septic pumping	3,685	3,764
Shower curtains	1,335	2,252
Small equipment	422	84
Small tools & equipment	287	503
Telephone	4,881	4,749
Tiki Huts	198	
Towels & toilets	4,316	3,213
Uniforms	252	443
Utilities	14,813	12,465
Vehicle repair	1,146	2,036
Waterlines	225	225
Water test	120	120
Wood		1,000
Woods mower	132	223
	<u>\$ 102,444</u>	<u>\$ 100,777</u>
Total Park Operation Expenses		



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Cobb-Highland Recreation Commission
Cobb, WI

We have audited the financial statements of the business-type activities of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area), a component unit of Iowa County, Wisconsin as of and for the year ended December 31, 2010, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items #2010-1 and #2010-3 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item #2010-2 to be a significant deficiency.

Compliance and Other Matters

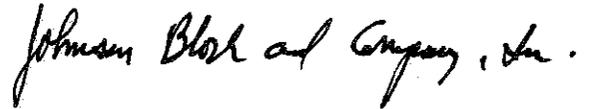
As part of obtaining reasonable assurance about whether the Cobb-Highland Recreation Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Cobb-Highland Recreation Commission in a separate letter dated September 16, 2011.

Cobb-Highland Recreation Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Cobb-Highland Recreation Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

JOHNSON BLOCK AND COMPANY, INC.

A handwritten signature in cursive script that reads "Johnson Block and Company, Inc." The signature is written in dark ink and is positioned below the printed name of the company.

September 16, 2011

Cobb-Highland Recreation Commission
Schedule of Findings and Responses
For the Year Ended December 31, 2010

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?

Unqualified

a. Material weakness(s) identified?

Yes

b. Significant deficiency(ies) identified not considered to be material weaknesses?

Yes

c. Noncompliance material to the financial statements noted?

No

B. Financial Statement Findings

Finding #2010-1

Condition: The available office staff precluded a proper segregation of duties in the control areas reviewed.

Effect: Because of the lack of segregation of duties, errors or irregularities could occur and not be detected on a timely basis.

Cause: All internal control areas had not been segregated between employees.

Criteria: Checks and balances should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct any misstatements on a timely basis.

Recommendation: Procedures should be implemented segregating duties among different employees. Management should continue to maintain a working knowledge of matters relating to the Commission's operations.

Response: We agree with the finding but do not believe it is cost effective to increase the office staff in attempt to bring about a more effective segregation of duties.

Finding #2010-2

Condition: Office staff does not prepare the audited financial statements and accompanying notes. The Commission has designated individuals responsible for reviewing and accepting the financial statements and related notes.

Effect: Because management relies on the auditor to assist with the preparation of the financial statements, the Commission's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Cause: The Commission does not prepare the audited financial statements and related notes.

Criteria: Internal controls over preparation of the financial statements, including note disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Recommendation: The auditor will work with the Commission to make personnel more knowledgeable about its responsibility for the audited financial statements.

Response: The auditors prepare the audited financial statements but we review them and accept the statements prior to them being issued. We prepare financial reports that are reviewed by management and the board of commissioners on a monthly basis. Any concerns or questions are addressed throughout the year.

Cobb-Highland Recreation Commission
Schedule of Findings and Responses
For the Year Ended December 31, 2010

Finding #2010-3

Condition: The Park Manager was in possession of a blank check stock that had been signed by two authorized signers.

Effect: Payments from the blank check stock do not go through the complete approval process of the Commission.

Cause: The blank check stock is maintained due to authorized signers not always being available in situations where prompt payment is necessary.

Criteria: Checks should only be signed after the payment has been approved and check has been completely prepared as for date, payee, and amount.

Recommendation: Blank check stock should not be signed.

Response: These checks are used rarely and only in urgent situations.