



# STATE OF WYOMING

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## DEPARTMENT OF AUDIT

**PUBLIC FUNDS DIVISION**  
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October 24, 2008

William Cramer  
Green River Irrigation District  
Fayette Irrigation District  
Highland Irrigation District  
P.O. Box 567  
Pinedale, WY 82941

We are issuing this audit report pursuant to the requirements of Wyoming Statute 9-1-507. This statute authorizes the Department of Audit to audit special districts. The districts submit census reports providing financial information to the Department of Audit each fiscal year in accordance with Wyoming Statute 9-1-507 (a) (vii).

**Objective.** The objectives of our audits were to determine that Fayette Irrigation District, Green River Irrigation District, and Highland Irrigation District were in compliance with Wyoming State Statutes, and to verify the accuracy of the census reports.

**Scope and Methodology.** We conducted these performance audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of the audits was from February 1, 2007 to January 31, 2008, including the census reports for the same fiscal year. We interviewed William Cramer, Secretary/Treasurer for all three irrigation districts. We performed the following tests during the audits:

- Confirmed the census report revenues with the County Treasurer.
- Traced all expenditures reported in the census reports to supporting documentation and approval by the commissioners.
- Performed bank reconciliation and verification.
- Reviewed the internal controls.

**Internal Controls.**

The purpose of the internal control process is to provide reasonable assurance regarding the achievement of management's objectives. We reviewed internal controls to determine the effectiveness in each of the following three categories:

- To understand the extent to which the operational objectives are being achieved.
- To determine that the annual reports are prepared reliably.
- To determine that the districts are complying with applicable laws and regulations.

We conclude that the internal controls for all three irrigation districts are not adequate. The annual reports submitted to the Department of Audit in the past were not timely, there is no segregation of duties, and there are various Wyoming State Statute and Wyoming Constitution violations as noted in the summary of findings and recommendations.

Based on the procedures identified above, we identified four (4) violations of the Constitution or State Statutes. We are presenting these violations and an additional five (5) findings in the accompanying summary of findings and recommendations.

This report is intended solely for the use of the specified users listed below; however, this report is a matter of public record and its distribution is not limited.

*Public Funds*

Public Funds

cc: Governor's Planning Office  
County Clerk

## FINDINGS AND RECOMMENDATIONS

The following details the findings and recommendations identified during the audits, and they apply to all three districts.

**Finding 1: APPARENT VIOLATION OF LAW. Wyoming Constitution Article 16, Section 7** states, in part, that "...no bills, claims, accounts or demands against the state, or any county or political subdivision, shall be audited, allowed or paid until a full itemized statement in writing, certified under penalty of perjury..."

*The expenses audited do not have vouchers or perjury statements as required.*

**Recommendation:** The district should not approve payments without adequate supporting documentation and proper certification. Expenses should also contain business related and itemized receipts.

**Finding 2: APPARENT VIOLATION OF LAW. W.S. 41-7-402** states, in part, that, "Commissioners having charge of any irrigation district shall on or before the first Tuesday of June of each year file with the clerk of the court having jurisdiction of such district, a report showing an itemized estimate of the money to be raised by assessment within the district for the purpose of constructing new work, maintenance and to meet the yearly current expenses of the district. ...."

*The districts did not file their budgets with the Clerk of the District Court by the first Tuesday in June in accordance with the statute's guidelines.*

**Recommendation:** Fayette, Green River and Highland Irrigation Districts should follow statutory requirements regarding budget issues.

**Finding 3: APPARENT VIOLATION OF LAW. W.S. 9-4-831 (h)** states, in part, that, "Every political subdivision shall have on file a "Statement of Investment Policy..."

*The districts do not have investment policies on file.*

**Recommendation:** Each district needs to approve and place in its files an investment policy. This policy should be completed before making any investment transactions.

**Finding 4:** The irrigation districts submit their budgets to the Clerk of the District Court using June 30, 20XX as their fiscal year end, and they report their actual revenues and expenditures using January 31, 20XX as their fiscal year end. They report their budget and the actual amounts to the District Court each year in their Annual Budget Report.

*The districts are using two different fiscal year ends for their budget and for their actual amounts when reporting to the Clerk of the District Court, which is confusing.*

**Recommendation:** The districts should change their fiscal year ends for accounting and reporting for their actual revenues and expenditures. We recommend that they use fiscal years ending as of June 30, 20XX to be consistent with the county and with their budget that they submit to the court each year, making it easy to perform budget-to-actual comparisons and analyses.

**Finding 5:** APPARENT VIOLATION OF LAW. W.S. 9-4-817(b)(ii) states, in part, "In depositing the monies in the financial institutions, the treasurer shall select the institution designated as a depository by the proper governing board."

*There is no evidence that the governing body for Fayette, Green River and Highland Irrigation Districts has designated the depository in which they do business for the period under audit.*

**Recommendation:** The districts must officially declare the depositories authorized for use in their annual meetings.

**Finding 6:** The internal controls are weak for all three districts.

*There is no separation of duties. The Secretary/Treasurer is the only person involved in the accounting process, except they require dual signatures on all checks over \$1,500.00 for Green River and Highland Irrigation Districts, and they require dual signatures for all checks for Fayette Irrigation District. Per review of the by-laws, Highland is supposed to have dual signatures on all checks, which is not consistent with information received from Bill Cramer in our initial interview. In the past, Bill Cramer, Secretary/Treasurer, has filed the census reports to the Department of Audit after the due date; however, he filed them timely for fiscal year ending January 31, 2008. Also, the commissioners review and approve the expenditures for each district at the annual meeting only, which is after the fiscal year is over. Monitoring the financial operations throughout the year is a good fiscal procedure.*

**Recommendation:** We recommend that the commissioners review the accounting records and expenditures at least quarterly, and that a commissioner reviews an unopened bank statement for each district on a quarterly basis. Also, we recommend that the commissioners review the by-laws for each district and amend them to be consistent with the actual operations of the districts. It may be best to require dual signatures on all checks for the districts for more involvement by the President and/or another commissioner.

**Finding 7:** The Secretary/Treasurer receives a monthly fee for his services for each district; however, the commissioners have not officially approved these fees.

*Bill Cramer, Secretary/Treasurer, receives \$50.00 per month for Green River Irrigation District, \$75.00 per month for Fayette Irrigation District, and \$100.00 per month for Highland Irrigation District. There are no invoices or vouchers with perjury statements for these fees, and they have not been approved by the commissioners in writing. They were approved unofficially or verbally.*

**Recommendation:** We recommend that the commissioners officially approve the Secretary/Treasurer's monthly fees for each district. They should add this information to the Annual Budget Report that is submitted to the Clerk of the District Court, and include it in the minutes of the landowners' meeting.

**The next finding is specifically for Fayette Irrigation District.**

**Finding 8:** The 2008 budget was over expended.

*Fayette Irrigation District over expended its budget by \$5,177.58.*

**Recommendation:** The appropriations included in the annual budget constitute maximum authorizations to spend during the fiscal year, unless the governing body amends the budget. The commissioners should not approve expenditures made in excess of the approved budget without properly amending the budget.

**The next finding is specifically for Highland Irrigation District.**

**Finding 9:** Highland Irrigation District does not keep current payroll forms in the personnel files as required by U.S. Department of Justice and the Internal Revenue Service (IRS).

*Highland Irrigation District has one employee, and there is no I-9 for him and the W-4 is from 1994.*

**Recommendation:** Payroll files should be updated/kept current as required by federal guidelines.

## Tamela Kwilinski

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**From:** Bill Cramer [bcramer@centurytel.net]  
**Sent:** Wednesday, December 17, 2008 9:04 AM  
**To:** Tamela Kwilinski  
**Subject:** Re: audit report coming your way

Hi, Tamela

This is my reply to the audit report findings letter from you dated October 24, 2008 for Highland, Green River and Fayette Irrigation Districts:

Finding 1. Each district will have vouchers for payment of bills.

Finding 2. This will be done. In the past it has been difficult to locate each commissioner for their signature. I will check with the District Court Judge to see if it is acceptable to have the Commissioners authorize the Chairman and Secretary Treasurer to sign the report to the District Court. If not, then I will have all commissioners sign.

Finding 3. Each district will have an investment policy.

Finding 4. Each district will use a fiscal year ending in June. I will continue to give an accounting at the annual meeting as of January 31.

Finding 5. I will have the commissioners of each district designate the depository for each district at their annual meeting.

Finding 6. This will be done. I will ask a commissioner from each district to review the accounting records on a quarterly basis.

Finding 7. I will have the commissioners approve the fee paid to the Secretary Treasurer at the annual meeting and as mentioned in finding 1, each district will have vouchers as required.

Finding 8. In the future, if a budget appears that it will be overexpended, I will have the commissioners notify the district judge and get approval.

Finding 9. Payroll files will be updated for Highland Irrigation District.

Bill Cramer  
Secretary/Treasurer for Highland, Green River and Fayette Irrigation Districts.