

LAUDERDALE LAKES
LAKE MANAGEMENT
DISTRICT

ELKHORN, WISCONSIN

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2017

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
ELKHORN, WISCONSIN

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Chamberlain & Henningfield

Certified Public Accountants, LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lauderdale Lakes Lake Management District
Elkhorn, Wisconsin

We have audited the accompanying financial statements of the business-type activities, of the Lauderdale Lakes Lake Management District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lauderdale Lakes Lake Management District, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the Lauderdale Lakes Lake Management District'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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lauderdale Lakes Lake Management District's internal control over financial reporting and compliance.



CHAMBERLAIN & HENNINGFIELD, CPAs, LLP
Elkhorn, Wisconsin

December 6, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A STATEMENT) DECEMBER 31, 2017

The discussion and analysis of the Lauderdale Lakes Lake Management District (District) of 2017's financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on the District's financial performance as a whole. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Total assets of the District are \$2,177,369. Total net position after deducting liabilities is \$2,110,452. Actual beginning net position as adjusted was \$2,137,083. This represents a decrease in net position of \$26,632.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the basic financial statements consists of three components: 1) Management Discussion and Analysis, 2) Proprietary Fund financial statements, 3) Notes to Financial Statements.

PROPRIETARY FUNDS

Proprietary funds provide the same type of information as governmental fund statements would only with more detail. The District has four proprietary funds:

- *Lake Management District* - the Lake Management District oversees the general operations of the District including aquatic plant management, water safety patrol, septic pumping, the pier inspector program, the Clean Boats Clean Waters program, and the Golf Course.
- *Aquatic Plant Management* – The aquatic plant management fund accounts for revenues and expenses for the removal of aquatic plants from the lakes in the management district and the clean boats clean waters program.
- *Water Safety Patrol* – The Water Safety Patrol fund accounts for revenues and expenses for the water patrol on the lakes.
- *Golf Course* - The Golf Course fund accounts for the revenues and expenses from the operation of the Lauderdale Lakes Country Club.

The *Notes to the Financial Statements* provides further explanation of some of the information in the statements and provides additional disclosures so statement users have a complete picture of the District's financial activities and position.

FINANCIAL ANALYSES

Statement of Net Position – Proprietary Funds

Table 1, provides a summary of the district's net position for the years ended December 31, 2017 and 2016. The calculation of net position includes an unrestricted asset amount of \$1,649,192.

Table 1	Total all funds 2017	Total all funds 2016	Percent Change
Current assets	\$640,930	\$662,299	(3.23%)
Property, plant and equipment	1,536,438	1,549,012	(0.81%)
Total assets	2,177,368	2,213,327	(1.62%)
Current liabilities	66,917	54,645	22.46%
Net position			
Dam\capital reserves	193,942	165,000	17.54%
Equipment reserves	267,317	--	
Unrestricted	1,649,192	1,946,291	(15.26%)
Total net position	\$2,110,451	\$2,156,666	(2.14%)

Table 2, below shows the changes in net position for the years ended December 31, 2017 and 2015 from all activities.

Table 2	Total all funds 2017	Total all funds 2016	Percent Change
Operating revenues	\$438,452	\$404,494	8.40%
Operating expenses	(616,073)	(512,817)	20.14%
Operating income (loss)	(177,621)	(108,323)	63.97%
Other income	231,004	338,543	(31.77%)
Other expense	(80,015)	(90,542)	(11.63%)
Net other income (expense)	150,989	248,001	(39.12%)
Net income (loss)	(26,632)	139,678	(119.07%)
Net position, beginning of year	2,156,667	2,016,988	6.93%
Prior period adjustment	(19,584)	--	
Net position, beginning of year, as adjusted	2,137,083	2,016,988	5.95%
Net position, end of year	\$2,110,451	\$2,156,667	(2.14%)

Factors Bearing on District's Future

The District is in a good financial position with no outstanding debt.

The Lauderdale Lakes Lake Management District board has endeavored to operate all programs efficiently and maximize the useful life of our equipment. In preparing our budget, we project year-end cash and offset the district's tax levy in compliance with Wisconsin Chapter 33 requirements.

To proactively minimize impact of equipment failures, the board has estimated equipment replacement costs and remaining useful lives. Equipment reserves are established by the board's evaluation of each program's equipment and the reserves that are necessary based on estimated useful life. Reconstruction and repair of existing dam will also proceed shortly. Equipment and dam reserves at December 31, 2017 are \$352,344.

The community center and Lauderdale Lakes Country Club structures are being reviewed and evaluated by the board. A Capital Project fund exists for this study and future improvements. Capital Project reserves at December 31, 2017 are \$108,915.

The District's principal checking account was reorganized on QuickBooks to replicate annual budget format. This will provide enhanced future continuity and provide for easier periodic reporting of ongoing revenues/expenses and budget monitoring.

The board will continue to provide the optimum lake and recreational programs as approved annually and in accordance with Wisconsin Chapter 33 requirements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, submit a written request to the Lauderdale Lakes Lake Management District Secretary at N7498 Country Club Drive, Elkhorn, Wisconsin 53121.

FINANCIAL STATEMENTS

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2017

ASSETS		Proprietary Funds				Totals
	Enterprise- Operations	Enterprise- Aquatic Plant Management	Enterprise- Water Patrol	Enterprise- Golf Course	(Memorandum Only)	
CURRENT ASSETS						
Cash and cash equivalents	\$ 220,720	\$ 107,982	\$ 112,037	\$ 91,836	\$ 532,575	
Accounts receivable	-	-	67,647	3,900	71,547	
Due from other funds	33,952	-	-	-	33,952	
Inventory	-	-	-	2,856	2,856	
Total Current Assets	<u>254,672</u>	<u>107,982</u>	<u>179,684</u>	<u>98,592</u>	<u>640,930</u>	
PROPERTY AND EQUIPMENT						
Land	190,807	-	-	760,395	951,202	
Buildings and dam	250,920	-	-	504,536	755,456	
Equipment	1,471	195,089	129,551	297,272	623,383	
Grounds improvements	183,425	-	-	177,720	361,145	
Total Property and Equipment	626,623	195,089	129,551	1,739,923	2,691,186	
Less: Accumulated Depreciation	<u>(179,849)</u>	<u>(193,678)</u>	<u>(125,134)</u>	<u>(656,087)</u>	<u>(1,154,748)</u>	
NET PROPERTY AND EQUIPMENT	<u>446,774</u>	<u>1,411</u>	<u>4,417</u>	<u>1,083,836</u>	<u>1,536,438</u>	
TOTAL ASSETS	<u>\$ 701,446</u>	<u>\$ 109,393</u>	<u>\$ 184,101</u>	<u>\$ 1,182,428</u>	<u>\$ 2,177,368</u>	
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accrued expenses	\$ 1,048	\$ -	\$ 4,517	\$ 9,121	\$ 14,686	
Deferred revenue	-	-	-	18,279	18,279	
Due to other funds	-	-	-	33,952	33,952	
Total Current Liabilities	<u>1,048</u>	<u>-</u>	<u>4,517</u>	<u>61,352</u>	<u>66,917</u>	
NET POSITION						
Restricted for:						
Dam/capital Reserves	193,942	-	-	-	193,942	
Equipment Reserves	-	107,982	109,315	50,020	267,317	
Unrestricted net position	506,456	1,411	70,269	1,071,056	1,649,192	
Total net position	<u>700,398</u>	<u>109,393</u>	<u>179,584</u>	<u>1,121,076</u>	<u>2,110,451</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 701,446</u>	<u>\$ 109,393</u>	<u>\$ 184,101</u>	<u>\$ 1,182,428</u>	<u>\$ 2,177,368</u>	

See Notes to Financial Statements

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
 For the year ended December 31, 2017

	Proprietary Funds				Totals (Memorandum Only)
	Enterprise- Operations	Enterprise- Aquatic Plant Management	Enterprise- Water Patrol	Enterprise- Golf Course	
OPERATING REVENUES					
Golf Course operations	\$ -	\$ -	\$ -	\$ 276,355	\$ 276,355
Water Patrol income	-	-	113,326	-	113,326
Septic Pumping	48,771	-	-	-	48,771
Clean Boats Clean Waters income	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>48,771</u>	<u>-</u>	<u>113,326</u>	<u>276,355</u>	<u>438,452</u>
OPERATING EXPENSES					
Salaries and payroll taxes	5,583	37,101	70,274	125,074	238,032
Outside services	80,127	-	-	7,902	88,029
Septic pumping	54,087	-	-	-	54,087
Golf course cost of sales	-	-	-	42,184	42,184
Insurance	-	-	5,392	27,229	32,621
Depreciation and amortization	-	1,916	5,793	20,228	27,937
Repairs and maintenance	4,809	11,260	500	7,539	24,108
Grounds and clubhouse supplies	-	-	-	18,847	18,847
Environmental projects	17,353	-	-	-	17,353
Telephone and utilities	3,182	-	3,032	8,699	14,913
Boat and equipment expense	-	-	13,799	-	13,799
Fuel and oil (net)	-	2,779	3,730	6,868	13,377
Rent	-	240	9,544	1,040	10,824
Training and meetings	-	-	1,531	1,414	2,945
Other expenses	10	586	864	3,819	5,279
Service charges	-	-	-	3,409	3,409
Pier inspection	2,385	-	-	-	2,385
Dues and subscriptions	-	-	-	1,998	1,998
Parts and smaill tools	1,727	-	-	-	1,727
Dam expense	1,458	-	-	-	1,458
Uniforms	-	-	761	-	761
TOTAL OPERATING EXPENSES	<u>170,721</u>	<u>53,882</u>	<u>115,220</u>	<u>276,250</u>	<u>616,073</u>
OPERATING INCOME (LOSS)	<u>(121,950)</u>	<u>(53,882)</u>	<u>(1,894)</u>	<u>105</u>	<u>(177,621)</u>
OTHER INCOME (EXPENSE)					
Property tax levy	214,200	-	-	-	214,200
Rental income	9,450	-	-	-	9,450
Miscellaneous income	812	41	-	4,461	5,314
Investment income	1,707	145	144	44	2,040
Total Other Income	<u>226,169</u>	<u>186</u>	<u>144</u>	<u>4,505</u>	<u>231,004</u>
Insurance	(26,633)	-	-	-	(26,633)
Depreciation and amortization	(14,637)	-	-	-	(14,637)
Repairs and maintenance	(12,574)	-	-	-	(12,574)
Communications	(8,249)	-	-	-	(8,249)
Office supplies\equipment	(5,651)	-	-	-	(5,651)
Legal fees	(4,291)	-	-	-	(4,291)
Other expenses	(2,944)	-	-	-	(2,944)
Administration	-	-	(2,640)	-	(2,640)
Meetings and seminars	(1,217)	-	-	-	(1,217)
Audit fees	(1,000)	-	-	-	(1,000)
Interest expense	-	-	-	(179)	(179)
Total Nonoperating Expenses	<u>(77,196)</u>	<u>-</u>	<u>(2,640)</u>	<u>(179)</u>	<u>(80,015)</u>
Interfund transfers	(237,642)	92,480	65,162	80,000	-
NET OTHER INCOME (EXPENSE)	<u>(88,669)</u>	<u>92,666</u>	<u>62,666</u>	<u>84,326</u>	<u>150,989</u>

See Notes to Financial Statements

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
 For the year ended December 31, 2017

NET INCOME	<u>(210,619)</u>	<u>38,784</u>	<u>60,772</u>	<u>84,431</u>	<u>(26,632)</u>
NET POSITION, BEGINNING OF YEAR	911,017	70,609	118,812	1,056,229	2,156,667
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,584)</u>	<u>(19,584)</u>
NET POSITION, BEGINNING OF YEAR, as adjusted	<u>911,017</u>	<u>70,609</u>	<u>118,812</u>	<u>1,036,645</u>	<u>2,137,083</u>
NET POSITION, END OF YEAR	<u>\$ 700,398</u>	<u>\$ 109,393</u>	<u>\$ 179,584</u>	<u>\$ 1,121,076</u>	<u>\$ 2,110,451</u>

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the year ended December 31, 2017

	Proprietary Funds				Totals (Memorandum Only)
	Enterprise- Operations	Enterprise- Aquatic Plant Management	Enterprise- Water Patrol	Enterprise- Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from user charges	\$ 48,771	\$ -	\$ -	\$ 277,902	\$ 326,673
Cash received from other government payments	-	-	88,516	-	88,516
Cash received from other sources	1,707	40	-	561	2,308
Cash payments to employees for services	-	-	-	(125,074)	(125,074)
Cash payments to suppliers for goods and services	(233,818)	(51,964)	(107,549)	(125,382)	(518,713)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(183,340)	(51,924)	(19,033)	28,007	(226,290)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	812	145	144	44	1,145
Due from other funds	-	-	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	812	145	144	44	1,145
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	-	(30,000)	(30,000)
Interest expense	-	-	-	(179)	(179)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	(30,179)	(30,179)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Property tax levy/transfers	(23,442)	92,480	65,162	80,000	214,200
Rental income	9,450	-	-	-	9,450
Due to other funds	13,289	-	-	(13,289)	-
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	(703)	92,480	65,162	66,711	223,650
Net change in cash and cash equivalents	(183,231)	40,701	46,273	64,583	(31,674)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	403,951	67,281	65,764	27,253	564,249
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 220,720	\$ 107,982	\$ 112,037	\$ 91,836	\$ 532,575
Reconciliation of operating income to net cash provided by operating activities					
Operating income (Loss)	\$ (121,950)	\$ (53,882)	\$ (1,894)	\$ 105	\$ (177,621)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation and amortization	14,637	1,916	5,793	20,228	42,574
Miscellaneous non-operating income	1,707	42	-	4,461	6,210
Gifts in kind of capital assets	-	-	-	-	-
Nonoperating expenses	(77,196)	-	(2,640)	-	(79,836)
Changes in assets and liabilities					
Accounts receivable	-	-	(24,809)	(3,900)	(28,709)
Inventory	-	-	-	(362)	(362)
Prepaid expenses	-	-	-	-	-
Deposits	-	-	-	1,546	1,546
Accounts payable	(538)	-	4,517	8,754	12,733
Accrued expenses	-	-	-	(2,825)	(2,825)
Cash flows from operating activities	\$ (183,340)	\$ (51,924)	\$ (19,033)	\$ 28,007	\$ (226,290)

NOTES TO FINANCIAL STATEMENTS

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The District is a public inland lake protection and rehabilitation District formed in 1991 as defined by Wisconsin State Statute 33. Lake Protection and Rehabilitation districts are special purpose units of government, formed by local governments. The purpose of a district is to maintain, protect and improve the quality and recreation of a lake community and its watershed for the mutual good of the property owners and the lake environment.

REPORTING ENTITY

This report includes all of the funds and account groups of the Lauderdale Lakes Lake Management District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

BASIS OF PRESENTATION – FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, retained earnings, revenue, and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The following fund type is used by the District:

Proprietary Fund Type

Enterprise Fund – Operations – The operation fund of the District accounts for all revenues and expenditures of the District not encompassed within the other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

General operating expenditures and the capital improvement costs that are not paid through the other funds are paid from the operations fund.

Operating expenses are considered to be expenses incurred to carry out the purpose of the Lake District. Nonoperating expenses are all other expenses incurred for the overall benefit of the District

Enterprise Fund – Aquatic Plant Management – the aquatic plant management fund accounts for revenues and expenses for the removal of aquatic plants from the lakes in the management district.

Enterprise Fund – Water Safety Patrol – The Water Safety Patrol fund accounts for revenues and expenses for the water patrol on the lakes.

Enterprise Fund – Golf Course – The golf course funds account for the operation of a golf course purchased by the District in 1996.

BASIS OF ACCOUNTING

The District uses the accrual basis of accounting as applicable to governmental units. Under this basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable are carried at cost. No allowance for doubtful accounts is considered necessary.

INVENTORY

Inventory is carried at the lower of cost (first-in first-out method) or fair market value.

ADVERTISING

The District expenses advertising costs as incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. The cost and related accumulated depreciation of property and equipment retired or otherwise disposed of is removed from the related asset accounts, and any resulting gain or loss is reflected in other income or expense for the period in which the retirement occurred. The cost of recurring maintenance and repairs to property and equipment is charged to expense as incurred. Major expenditures for property and those which substantially increase useful lives are capitalized. The District has adopted a policy of capitalizing all expenses with a unit cost of greater than \$1,000 and a useful life of longer than one year.

DEPRECIATION

The District provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets over their estimated useful lives. The District uses the straight-line method of depreciation.

INCOME TAXES

As a governmental unit, the District is exempt from federal and state income taxes.

ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reporting of revenues and expenses. Actual results could vary from the estimates that were used.

TOTALS (MEMORANDUM ONLY)

The column captioned Totals (Memorandum Only) in the basic financial statements is an aggregation of the columnar statements by fund type and account group. The total column is not comparable to a consolidation and does not present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America because interfund transactions and balances have not been eliminated.

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2017

NOTE 2 – CASH AND INVESTMENTS

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

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Cash Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the combined amounts of all time and savings account (including NOW accounts); and demand deposit accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

At year-end, the carrying amount of the District's deposits was \$ 532,575, and the bank balance was \$548,984. Of the bank balance, \$411,734 was insured. The remainder of \$137,250 was uninsured. No amounts had been collateralized.

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the year ended December 31, 2017

NOTE 3 – PROPERTY AND EQUIPMENT

The major categories of property and equipment at December 31 are summarized as follows:

	Enterprise – <u>Operations</u>	Enterprise – <u>Aquatic Plant Management</u>	<u>Proprietary Funds</u>		Total Memorandum <u>Only</u>
			Enterprise – <u>Water Patrol</u>	Enterprise – <u>Golf Course</u>	
Land	\$ 190,807	\$ --	\$ --	\$ 760,395	\$ 951,202
Buildings and dam	250,920	--	--	504,536	755,456
Equipment	1,471	195,089	129,551	297,272	623,383
Grounds improvements	<u>183,425</u>	<u>--</u>	<u>--</u>	<u>177,720</u>	<u>361,145</u>
Total Property and Equipment	626,623	195,089	129,551	1,739,923	2,691,186
Accumulated depreciation	<u>(179,849)</u>	<u>(193,678)</u>	<u>(125,134)</u>	<u>(656,087)</u>	<u>(1,154,748)</u>
Net Property and Equipment	<u>\$446,774</u>	<u>\$1,411</u>	<u>\$4,417</u>	<u>\$1,083,836</u>	<u>\$1,536,438</u>

There is a conservation easement on the golf course property that permanently protects it from future development and protects a shoreline wetland.

NOTE 4 – BALANCES AND ACTIVITY

Inter-fund transfers for the year ended December 31, 2017 were as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
Operations	\$237,642	\$ --
Aquatic Plant Management	--	92,480
Water Safety Patrol	--	65,162
Golf Course	<u>--</u>	<u>80,000</u>
Total	<u>\$237,642</u>	<u>\$237,642</u>

Funds are transferred from the Operations to the other funds to cover operating expenses.

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the year ended December 31, 2017

NOTE 4 – BALANCES AND ACTIVITY, continued

Individual fund interfund receivable and payable balances on December 31, 2017 are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Operations	\$33,952	\$ --
Golf course	--	33,952
Total	<u>\$33,952</u>	<u>33,952</u>

The interfund receivables and payables are temporary loans between the funds.

NOTE 5 – PROPERTY TAXES

The aggregate amount of property taxes to be levied is determined according to provision 33.33(3)(c) of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing Districts for collection. Property taxes attach an enforceable lien as of January 1. Taxes are payable in two installments. The first installment is due January 31 and the second installment is due July 31. Delinquent taxes as of January 31 are assumed by the county, which assumes full responsibility for future collection.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The District is in the final year of a six-year contract for septic pumping. The pricing under the contract can be reviewed after three years. At the mid-term review, all parcels will be charged a flat rate of \$46 each for pumping. A new six year contract was awarded in 2018.

NOTE 7 – INSURANCE RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2017

NOTE 8 – PRIOR PERIOD ADJUSTMENTS

There was an adjustment made to the Golf Course checking for prior year variances of \$5,479.

There was an adjustment made for prior year deferred revenues for membership dues received in 2016 for 2017. The amount of this adjustment was \$14,105.

NOTE 9 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 6, 2018, the date that the financial statements were available to be issued.



Chamberlain & Henningfield

Certified Public Accountants, LLP

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Lauderdale Lakes Lake Management District
Elkhorn, Wisconsin

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Lauderdale Lakes Lake Management District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Lauderdale Lakes Lake Management District's basic financial statements, and have issued our report thereon dated December 6, 2018

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lauderdale Lakes Lake Management District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lauderdale Lakes Lake Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lauderdale Lakes Lake Management District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lauderdale Lakes Lake Management District's financial statements are free from 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Chamberlain & Henningfield, CPAs, LLP". The signature is written in a cursive, flowing style.

CHAMBERLAIN & HENNINGFIELD, CPAs, LLP
Elkhorn, Wisconsin

December 6, 2018