

**DOMINICK FASHODA  
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August 18, 2015

To the Board Members of  
The Whitewater-Rice Lakes Management District:

As required under the Charter of the Whitewater-Rice Lakes Management District, I have been asked to review the books and records of the District for the year ended December 31, 2014. Given the limited segregation of duties inherent in the management of the books and records of a volunteer organization, certain year-end audit procedures should be performed to provide reasonable assurance to the board that:

- cash assets are properly safeguarded against loss and theft
- disbursements and receipts are appropriate and authorized
- all financial transactions are accurately reported on the financial statements

As part of my review of the financial records, I have performed the following procedures:

- I have reviewed the opening balances as of 01/01/2014 as shown on the bank reconciliations and the accompanying beginning balances of the financial statements
- I have reviewed the 2014 Capital Reserve bank statements and verified the transfers in and out of the Capital Account to be as shown on the 2014 Capital Reserve Fund Activity report prepared by the Treasurer
- I have reviewed the cash receipts per the bank statements and verified them to copies of the deposit slips and any provided copies of checks that were deposited.
- I have reviewed the Operating bank statements for all months in 2014 and verified the amount in the check register agrees with the amount as shown on the check presented to the bank for payment
- I have reviewed the Operating bank statement for sample months of May, September and October 2014 and verified the payee in the check register agrees with the payee as shown on the check presented to the bank for payment
- I reviewed a sampling of the supporting documentation, including invoices, statements or letter requests provided for disbursements. The sample included reviewing all disbursements during randomly tested months of May, September and October 2014, as well as all disbursements during the year for any amounts over \$1000 regardless of the month issued
- I reviewed the collection of receipts to the operating account and capital account and verified the amounts of deposits made by the taxing jurisdictions of Richmond Township, Whitewater Township and Walworth County was equal to the amount approved by the Board and submitted to the jurisdictions for collection from the taxpayers, in the amount of \$227,498, which includes \$30,000 deposited into the Capital Account.
- I reviewed the minutes from the Board meetings for approval of the disbursements during the year. All disbursements for the year were approved by the Board and documented in the minutes, with the exception of July 2014 expenses. These minutes will be amended at the next board meeting to approve such expenses, per Brad Corson. All expenses from July 2014 were properly approved and documented
- I have reviewed the summary of the receipts and disbursements to the financial statements as presented to the Board
- I have reviewed the ending bank balances and reconciliations to the bank statements as prepared by the Treasurer

- I reviewed all invoices over \$1000 for duplicate board member authorization. A small number of items were missing the suggested dual authorization. Secondary methods, such as the review of dual check signatures and board minute approval were sufficient to substantiate the expenditures. The Treasurer was made aware of the items and the need for dual approvals
- **New this year, a sampling of invoices containing dual authorizations were sent to various Board member to substantiate their initials or signatures as being true and accurate, will all positive responses being obtained**

Review of year-end asset statements were further reviewed by Frederick Cappetta III, Illinois Licensed Managing Broker and a resident family of the Management District.

Other than my review of the documentation submitted by the vendors for payment and the monthly approval of the Board, as documented by the Board minutes, it is not my role to verify the accuracy, appropriateness, authenticity, or reasonableness of any invoices submitted, or to question the approval by any individual Board committee chairman of any individual expenses. The approval of individual expenses is the responsibility of the appropriate officers and members of the Board. As stated in the initial audit report for 2011, disbursements made to vendors should be reviewed by the Board to determine reasonableness in regards to labor and material charges, particularly in view of the fact that a significant portion of the annual budget expenditures are made to a concentration of vendors for labor incurred in the servicing and maintenance of Whitewater and Rice Lakes. Procedures should continue in place to the satisfaction of the Board that invoiced labor hours are accurate.

Based on my review, I believe the financial statements as presented to the Board and the Whitewater-Rice Lakes Management District members accurately reflect the results of operations during the year 2014.

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