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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, 2015. Given the limited segregation of duties inherent in the management of the books and records of a volunteer organization, certain year-end review 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 01/01/2015 as shown on the bank reconciliations and the accompanying beginning balances of the financial statements
- I have reviewed the 2015 Capital Reserve bank statements and verified the net transfers in and out of the Capital Account to be as shown on the 2015 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 of February, July, August, September and October, 2015 and verified the **amount** in the check register agrees with the amount as shown on the check presented to the bank for payment, and the **payee** in the check register agrees with the payee as shown on the check presented to the bank for payment.
- I have reviewed all disbursements entered in the check register over \$1000. I have verified the **amount** in the check register agrees with the amount as shown on the check presented to the bank for payment, and 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 March, May, August and September 2015, 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 **\$326,931**.
- 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.
- 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.
- **A sampling of invoices containing dual authorizations will be sent to various Board members to substantiate their initials or signatures as being true and accurate. Any irregularities in response will be reported to the Board President and Secretary, and one other Board Member. Board minutes will be reviewed for disclosure of any irregularities**

For informational purposes only, a review of the disbursements indicates that the top 3 vendors for 2015 were 1) **Aquarius Systems** (\$119,480), which included payment for the new transport (partially reimbursed by DNR grant), 2) **JNT Marina** (\$111,715), for services, storage fees and repair parts, and 3) **Clean Lakes** (\$86,951), for lake treatment services. This accounted for approximately 75% of disbursements made in 2015.

One recommendation for future capital transactions is, if possible, reimburse from the Capital Account to the Operating Account in the exact amount of capital advances made from the Operating Account ,for further clarity and transparency.

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 2015.

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