

LAUDERDALE LAKES
LAKE MANAGEMENT
DISTRICT

ELKHORN, WISCONSIN

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2013

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
ELKHORN, WISCONSIN

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 2
Management Discussion and Analysis	3 – 4
Financial Statements:	
Combined Balance Sheet – All Fund types	5
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings	6
Combined Statement of Cash Flows	7
Notes to Financial Statements	8 – 15
 SUPPLEMENTAL INFORMATION	
Combining Schedule of Operating Expenses – All Fund Types	16
Combining Schedule of Nonoperating Expenses – All Fund Types	17



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 Lauderdale Lakes Lake Management District as of and for the year ended December 31, 2013, and the related notes to the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lauderdale Lakes Lake Management District as of December 31, 2013, 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

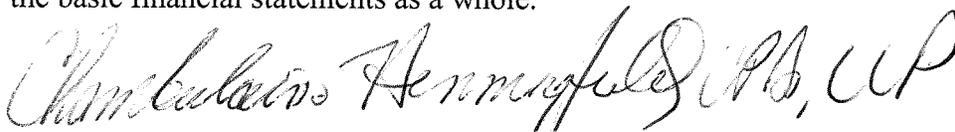
Required Supplementary Information

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 financial statements, and other knowledge we obtained during our audit of the 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lauderdale Lakes Lake Management District's financial statements. The combining statements of operating and nonoperating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements of operating and nonoperating expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CHAMBERLAIN & HENNINGFIELD, CPAs, LLP

Elkhorn, Wisconsin

August 26, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A STATEMENT) DECEMBER 31, 2013

The discussion and analysis of the Lauderdale Lakes Lake Management District of 2013'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 \$1,901,310. Total net assets after deducting liabilities are \$1,753,442. Actual beginning net assets were \$1,372,201. This represents an increase in net assets of \$168,540.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Lauderdale Lakes Lake Management District's financial statements. The financial statements comprise four components: 1) Management Discussion and Analysis, 2) Proprietary Fund financial statements, 3) Notes to the Financial Statements, 4) Other required supplementary information.

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 weed harvesting, water patrol, septic pumping, and the Golf Course.
- *Weed Harvesting* – The Weed Harvesting fund accounts for revenues and expenses for the removal of weeds from the lakes in the management district, the Clean Boats Clean Waters program, and the pier inspector program.
- *Water Patrol* – The Water patrol fund accounts for revenues and expenses for the water patrol on the lakes.
- *Golf Course* fund accounts for the revenues and expenses from the operation of the Lauderdale Lakes Country Club.

NOTES TO FINANCIAL STATEMENTS

The notes to the financial statement 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.

Factors Bearing on District's Future

The Lake District is in a good financial position as we have continued to pay off our existing debt. At the beginning of 2013, we had only one outstanding loan remaining which was for the original purchase of the golf course in 1996. We anticipate paying off this loan in December, 2014, two years early. This will remove \$85,000 from our annual budget which was used to partially pay for this loan; the remaining loan payment of \$44,000 was paid by the Golf Course each year.

We have been accumulating funds to establish financial reserves and have over \$100,000 in reserves in various accounts. Our goal is to have between 75%-100% of one year's operating budget in reserves.

We continue to monitor our expenses carefully to ensure that we stay within budget as we have done in the past.

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, contact the Lauderdale Lakes Lake Management District Treasurer at N7498 Country Club Drive, Elkhorn, Wisconsin 53121, or call the LLLMD at (262) 642-1690.

FINANCIAL STATEMENTS

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES
 December 31, 2013

ASSETS		<u>Proprietary Funds</u>				Totals (Memorandum Only)
	<u>Enterprise- Operations</u>	<u>Enterprise- Weed Harvest</u>	<u>Enterprise- Water Patrol</u>	<u>Enterprise- Golf Course</u>		
CURRENT ASSETS						
Cash and cash equivalents	\$ 201,499	31,004	8,110	\$ 11,453	\$ 252,066	
Accounts receivable	-	-	42,807	-	42,807	
Due from other funds	10,772	-	-	-	10,772	
Inventory	-	-	-	2,903	2,903	
Total current assets	<u>212,271</u>	<u>31,004</u>	<u>50,917</u>	<u>14,356</u>	<u>308,548</u>	
PROPERTY AND EQUIPMENT, net						
	<u>447,299</u>	<u>9,502</u>	<u>41,729</u>	<u>1,094,232</u>	<u>1,592,762</u>	
TOTAL ASSETS	<u>\$ 659,570</u>	<u>\$ 40,506</u>	<u>\$ 92,646</u>	<u>\$ 1,108,588</u>	<u>\$ 1,901,310</u>	
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Current portion of long term debt	\$ -	\$ -	\$ -	\$ 126,563	\$ 126,563	
Due to other funds	-	-	-	10,772	10,772	
Accrued expenses	6,737	-	-	3,796	10,533	
Total current liabilities	<u>6,737</u>	<u>-</u>	<u>-</u>	<u>141,131</u>	<u>147,868</u>	
EQUITY						
Contributed Capital	45,375	-	-	-	45,375	
Retained earnings	607,458	40,506	92,646	967,457	1,708,067	
Total Equity	<u>652,833</u>	<u>40,506</u>	<u>92,646</u>	<u>967,457</u>	<u>1,753,442</u>	
TOTAL LIABILITIES AND EQUITY	<u>\$ 659,570</u>	<u>\$ 40,506</u>	<u>\$ 92,646</u>	<u>\$ 1,108,588</u>	<u>\$ 1,901,310</u>	

See Notes to Financial Statements

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 For the year ended December 31, 2013

	<u>Proprietary Funds</u>				Totals (Memorandum Only)
	<u>Enterprise- Operations</u>	<u>Enterprise- Weed Harvest</u>	<u>Enterprise- Water Patrol</u>	<u>Enterprise- Golf Course</u>	
OPERATING REVENUES					
Septic Pumping	\$ 49,523	\$ -	\$ -	\$ -	\$ 49,523
Water Patrol income	-	-	99,944	-	99,944
Clean Boats Clean Waters income	1,004	-	-	-	1,004
Golf Course operations	-	-	-	261,060	261,060
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	50,527	-	99,944	261,060	411,531
OPERATING EXPENSES (See page 16)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	70,324	41,727	98,962	234,649	445,662
OPERATING INCOME (LOSS)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(19,797)	(41,727)	982	26,411	(34,131)
OTHER INCOME (EXPENSE):					
Property tax levy	294,200	-	-	-	294,200
Nonoperating expenses (See page 17)	(91,135)	(2,202)	(12,480)	-	(105,817)
Interfund transfers	(127,231)	40,000	2,231	85,000	-
Rental income	10,950	-	-	-	10,950
Interest expense	-	-	-	(6,272)	(6,272)
Investment income	302	30	4	4	340
Miscellaneous income	3,619	-	-	5,651	9,270
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET OTHER INCOME	90,705	37,828	(10,245)	84,383	202,671
NET INCOME	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	70,908	(3,899)	(9,263)	110,794	168,540
RETAINED EARNINGS, BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	536,550	44,405	101,909	856,663	1,539,527
RETAINED EARNINGS, END OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 607,458	\$ 40,506	\$ 92,646	\$ 967,457	\$ 1,708,067

See Notes to Financial Statements

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINED STATEMENT OF CASH FLOWS
 For the year ended December 31, 2013

	<u>Proprietary Funds</u>				Totals (Memorandum Only)
	<u>Enterprise- Operations</u>	<u>Enterprise- Weed Harvest</u>	<u>Enterprise- Water Patrol</u>	<u>Enterprise- Golf Course</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from user charges	\$ 49,521	\$ -	\$ -	\$ 261,061	\$ 310,582
Cash received from other government payments	1,004	-	99,466	-	100,470
Cash received from other sources	3,619	-	-	5,650	9,269
Cash payments to employees for services	-	-	-	(117,062)	(117,062)
Cash payments to suppliers for goods and services	<u>(141,328)</u>	<u>(41,727)</u>	<u>(98,962)</u>	<u>(100,795)</u>	<u>(382,812)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(87,184)</u>	<u>(41,727)</u>	<u>504</u>	<u>48,854</u>	<u>(79,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	302	30	4	4	340
Due from other funds	<u>882</u>	<u>-</u>	<u>0</u>	<u>-</u>	<u>882</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>1,184</u>	<u>30</u>	<u>4</u>	<u>4</u>	<u>1,222</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Retirement of long term debt	-	-	-	(121,710)	(121,710)
Interest paid on long-term debt	-	-	-	(6,272)	(6,272)
Acquisition of capital assets	<u>(2,800)</u>	<u>-</u>	<u>-</u>	<u>(1,800)</u>	<u>(4,600)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,800)</u>	<u>-</u>	<u>-</u>	<u>(129,782)</u>	<u>(132,582)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Property tax levy/transfers	166,969	40,000	2,231	85,000	294,200
Rental income	10,950	-	-	-	10,950
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(882)</u>	<u>(882)</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>177,919</u>	<u>40,000</u>	<u>2,231</u>	<u>84,118</u>	<u>304,268</u>
Net change in cash and cash equivalents	89,119	(1,697)	2,739	3,194	93,355
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>112,380</u>	<u>32,701</u>	<u>5,371</u>	<u>8,259</u>	<u>158,711</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 201,499</u>	<u>\$ 31,004</u>	<u>\$ 8,110</u>	<u>\$ 11,453</u>	<u>\$ 252,066</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income (Loss)	\$ (19,797)	\$ (41,727)	\$ 982	\$ 26,411	(34,131)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation and amortization	13,392	2,202	12,480	15,728	43,802
Miscellaneous non-operating income	3,619	-	-	5,651	9,270
Nonoperating expenses	(91,135)	(2,202)	(12,480)	-	(105,817)
Changes in assets and liabilities					
Accounts receivable	-	-	(478)	-	(478)
Insurance recoveries	-	-	-	-	-
Inventory	-	-	-	708	708
Deposits	-	-	-	117	117
Accounts payable	6,737	-	-	-	6,737
Accrued expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>239</u>	<u>239</u>
Cash flows from operating activities	<u>\$ (87,184)</u>	<u>\$ (41,727)</u>	<u>\$ 504</u>	<u>\$ 48,854</u>	<u>\$ (79,553)</u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

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. The purpose of the District is to improve and protect the quality of public inland lakes, namely Lauderdale Lakes of Walworth County.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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-Weed Harvesting – the Weed Harvesting fund accounts for revenues and expenses for the removal of weeds from the lakes in the management district, the Clean Boats Clean Waters program, and the pier inspector program...

Enterprise Fund-Water Patrol – The Water 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.

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 \$194,776, and the bank balance was \$200,709. The entire balance was insured. No amounts had been collateralized.

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 2 – CASH AND INVESTMENTS, continued

Investments

For investments, interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the investment portfolio is limited to maturities of less than one year. Further, investment maturities are structured to match cash flow requirements avoiding the need to sell securities on the open market prior to maturity.

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligation. Wisconsin Statute 66.04(2) and 67.11(2) restrict investment of temporarily idle cash reducing the District’s exposure to such risk. The Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U. S. Government, securities of the Wisconsin Local Government Pooled Investment Fund and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency. The District minimized credit risk by limiting investments to the safest type of securities, consistent with state law and Board policy, and diversifying the investment portfolio.

During the year and at year-end, the District had funds invested in the Local Government Investment Pool (LGIP). At year-end, the District had a carrying value of \$57,294, which approximates fair value.

Investments in the LGIP are covered under a surety bond issues by the Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the Pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund Insurance. The District is exposed to market risk through its investment in the LGIP.

NOTE 3 – FAIR VALUE MEASUREMENTS

The District’s investments are reported at fair value on the accompanying statements of net assets:

	<u>Fair Value</u>	<u>Quoted Prices</u>
Local Government Investment Pool	<u>\$57,294</u>	<u>\$57,294</u>

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 4 – PROPERTY AND EQUIPMENT

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

	<u>Proprietary Funds</u>				<u>Total Memorandum Only</u>
	<u>Enterprise – Operations</u>	<u>Enterprise – Weed Harvesting</u>	<u>Enterprise – Water Patrol</u>	<u>Enterprise – Golf Course</u>	
Land	\$ 189,000	\$ --	\$ --	\$ 760,395	\$ 949,395
Buildings and dam	223,968	--	--	504,536	728,504
Equipment	--	--	--	242,216	242,216
Grounds improvements	158,016	--	--	177,720	335,736
Weed harvesting equipment	--	195,091	--	-	195,091
Water patrol equipment	--	--	122,031	-	122,031
Total Property and Equipment	570,984	195,091	122,031	1,684,867	2,572,973
Accumulated depreciation	(123,685)	(185,589)	(80,302)	(590,635)	(980,211)
Net Property and Equipment	<u>\$447,299</u>	<u>\$9,502</u>	<u>\$41,729</u>	<u>\$1,094,232</u>	<u>\$1,592,762</u>

NOTE 5 – LONG TERM DEBT

General obligation promissory notes are secured by a pledge of the taxing authority of the District to impose taxes in accordance with the loan agreements and consist of the following:

<u>Amount of Original Issue</u>	<u>Range of Final Maturity Dates</u>	<u>Range of Interest Rates</u>	<u>Balance Dec 31, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec 31, 2013</u>
1,068,000	2004-2014	3.92% to 4.60%	<u>\$248,273</u>	<u>\$ -</u>	<u>\$121,710</u>	<u>\$126,563</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2013 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>126,563</u>	<u>2,699</u>	<u>129,262</u>

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 – BALANCES AND ACTIVITY

Inter-fund transfers for the year ended December 31, 2013 were as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
Operations	\$ 10,772	\$ --
Golf course	--	10,772

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

NOTE 7 – 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 8 – COMMITMENTS AND CONTINGENCIES

The District has a six-year contract for septic pumping. The pricing under the contract can be reviewed after three years. Prices are based on the original bid for services with future increases based upon the annualized average (November-October) of the Federal Cost of Living Adjustment (All Urban Consumers Index).

NOTE 9 – 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
December 31, 2013

NOTE 10 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through August 26, 2014, the date that the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINING SCHEDULE OF OPERATING EXPENSES - ALL FUND TYPES
 For the year ended December 31, 2013

	<u>Proprietary Funds</u>				Totals (Memorandum Only)
	<u>Enterprise- Operations</u>	<u>Enterprise- Weed Harvest</u>	<u>Enterprise- Water Patrol</u>	<u>Enterprise- Golf Course</u>	
Salaries and payroll taxes (excluding Water Patrol)	\$ -	\$ -	\$ -	\$ 117,062	\$ 117,062
Water Patrol	-	-	98,962	-	98,962
Septic pumping	46,995	-	-	-	46,995
Golf course cost of sales	-	-	-	43,135	43,135
Weed harvesting	-	41,727	-	-	41,727
Environmental projects	19,125	-	-	-	19,125
Depreciation and amortization	-	-	-	15,728	15,728
Utilities	2,949	-	-	12,121	15,070
Fuel and oil (net)	-	-	-	9,602	9,602
Insurance	-	-	-	6,810	6,810
Grounds and clubhouse supplies	-	-	-	6,554	6,554
Outside services	925	-	-	3,990	4,915
Fertilizer and chemicals	-	-	-	4,589	4,589
Service charges	-	-	-	4,076	4,076
Parts and small tools	-	-	-	2,617	2,617
Dues and subscriptions	-	-	-	2,578	2,578
Printing	-	-	-	1,115	1,115
Licenses and permits	-	-	-	1,100	1,100
Rent	-	-	-	1,063	1,063
Repairs and maintenance	-	-	-	690	690
Meetings/seminars	-	-	-	392	392
Travel, meals and mileage	-	-	-	378	378
Dam maintenance	330	-	-	-	330
Miscellaneous expenses	-	-	-	307	307
Office supplies\equipment	-	-	-	262	262
Advertising	-	-	-	249	249
Postage and freight	-	-	-	121	121
Legal fees	-	-	-	110	110
	<u>\$ 70,324</u>	<u>41,727</u>	<u>98,962</u>	<u>\$ 234,649</u>	<u>\$ 445,662</u>

See Notes to Financial Statements

LAUDERDALE LAKES LAKE MANAGEMENT DISTRICT
 COMBINING SCHEDULE OF NONOPERATING EXPENSES - ALL FUND TYPES
 For the year ended December 31, 2013

	<u>Proprietary Funds</u>				Totals (Memorandum Only)
	<u>Enterprise- Operations</u>	<u>Enterprise- Weed Harvest</u>	<u>Enterprise- Water Patrol</u>	<u>Enterprise- Golf Course</u>	
Depreciation and amortization	\$ 13,392	\$ 2,202	\$ 12,480	\$ -	\$ 28,074
Repairs and maintenance	22,692	-	-	-	22,692
Insurance	21,409	-	-	-	21,409
Legal fees	18,794	-	-	-	18,794
Miscellaneous expense	6,226	-	-	-	6,226
Audit fees	3,300	-	-	-	3,300
Communications	3,085	-	-	-	3,085
Office supplies/equipment	810	-	-	-	810
Dues and subscriptions	546	-	-	-	546
Travel, meals and mileage	441	-	-	-	441
Meetings/seminars	300	-	-	-	300
Postage and freight	140	-	-	-	140
	<u>\$ 91,135</u>	<u>\$ 2,202</u>	<u>\$ 12,480</u>	<u>\$ -</u>	<u>\$ 105,817</u>