

**Lake Redstone Protection District**  
**Financial Statements**  
**Year Ended December 31, 2019**

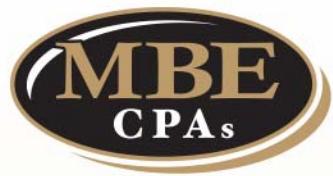
**MBE CPAs, LLP**  
Certified Public Accountants

# **Lake Redstone Protection District**

## **Table of Contents**

---

	Page
<b>Independent Accountant's Review Report.....</b>	<b>1</b>
<b>Financial Statements</b>	
Balance Sheet – Governmental Funds – Modified Cash Basis.....	2
Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds – Modified Cash Basis.....	3
Notes to the Financial Statements.....	4
<b>Supplementary Information</b>	
Budgetary Comparison Schedule – Governmental Funds – Modified Cash Basis.....	8



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of:  
Lake Redstone Protection District (a special purpose unit of government)  
LaValle, WI

[www.mbecpa.com](http://www.mbecpa.com)

We have reviewed the accompanying financial statements of the governmental activities of Lake Redstone Protection District, which comprise the balance sheet – governmental funds - modified cash basis as of December 31, 2019, and the related statement of revenues, expenditures, and change in fund balance – governmental funds – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

### **Supplementary Information**

The supplementary information contained in the budgetary comparison schedule - governmental funds - modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information was not subject to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

*MBE CPAs, LLP*

Reedsburg, WI  
July 1, 2020

**Lake Redstone Protection District**  
**Balance Sheet - Governmental Funds - Modified Cash Basis**  
**December 31, 2019**

	Governmental Funds		Total Governmental Funds
	General Fund	Capital Asset Fund	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 111,278	\$ -	\$ 111,278
<b>Total Current Assets</b>	111,278	-	111,278
<b>Other Assets</b>			
Oakdale patronage	185	-	185
Land	-	183,500	183,500
<b>Total Other Assets</b>	185	183,500	183,685
<b>Total Assets</b>	<u>\$ 111,463</u>	<u>\$ 183,500</u>	<u>\$ 294,963</u>
<b>Liabilities and Fund Balance</b>			
<b>Fund Balance</b>			
Unassigned fund balance	\$ 111,463	\$ 183,500	\$ 294,963
<b>Total Liabilities and Fund Balance</b>	<u>\$ 111,463</u>	<u>\$ 183,500</u>	<u>\$ 294,963</u>

The notes to the financial statements are an integral part of this statement.

**Lake Redstone Protection District**  
**Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Funds - Modified Cash Basis**  
**For the year ended December 31, 2019**

---

	General Fund
<b>Operating Revenues</b>	
Taxes	\$ 59,400
Grants	40,859
Other income	1,407
Interest income	<u>2,593</u>
<b>Total Operating Revenues</b>	104,259
<b>Operating Expenses</b>	
Aquatic plant management	24,163
Insurance	1,565
Dredging	46,326
Lake maintenance & erosion control	11,802
Watershed improvement	784
Newsletter	9,783
Office & administration	7,741
Salaries, wages, and payroll taxes	11,212
Outside Services	3,250
Travel	<u>717</u>
<b>Total Operating Expenses</b>	117,343
<b>Increase (Decrease) in Fund Balance</b>	(13,084)
<b>Fund Balance - Beginning of Year</b>	124,547
<b>Fund Balance - End of Year</b>	\$ 111,463

The notes to the financial statements are an integral part of this statement.

**Lake Redstone Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**

---

**Note A – Summary of Significant Accounting Policies**

**Basis of accounting**

Lake Redstone Protection District (the Organization) reports its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized accounts receivable or accounts payable and their related effects on earnings in the accompanying financial statements.

**Reporting entity**

Lake Redstone Protection District is a governmental unit responsible for the monitoring and maintenance of Lake Redstone, which is located in Wisconsin. All significant activities on which the District exercises oversight responsibility have been included in the statement of revenues, expenditures, and change in fund balance – governmental funds – modified cash basis for the year ended December 31, 2019. The District was created and operates under the laws of the State of Wisconsin and Chapter 33 of the Wisconsin Statutes.

**Basis of presentation – fund financial statements**

Fund financial statements are reported using the current financial resources measurement focus and a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Wisconsin. The accounts of the Organization are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's cash, fund equity, receipts, and disbursements, as appropriate. The fund statements provide information about the Organization's funds. The Organization has only governmental funds.

The Organization reports the following governmental funds:

**General fund** – The general fund is used to account for all of the Organization's financial resources, except those required to be accounted for in the capital asset fund.

**Capital asset fund** – The capital asset fund is used to account for capital assets held by the Organization that are not to be consumed in the ordinary operation of the District.

**Budgetary information**

The Organization prepares an annual budget for its operations. The budget is prepared on the modified cash basis of accounting as described above. The Board has the authority to amend the budget, including authorizing additional appropriations. All appropriations lapse at year-end.

**Lake Redstone Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**

---

**Note A – Summary of Significant Accounting Policies (Continued)**

**Equity**

In the governmental fund financial statements, equity is classified as fund balance. In accordance with professional standards, more clearly defined fund balance categories are presented to make the nature and extent of the constraints placed on a fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used.

**Non-spendable** - Amounts that are not in a spendable form or are required to be maintained intact.

**Restricted**- Amounts constrained to specific purposes either 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

**Committed** - Amounts constrained to specific purposes by the Organization itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the Organization takes the same highest level action to remove or change the constraint.

**Assigned** - Amounts the Organization intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**Unassigned** - Amounts that are available for any purpose.

As of December 31, 2019, the Organization's fund balance did not consist of any restricted, non-spendable, committed, or assigned fund balances. The Organization establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the Organization. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital funds or for other purposes). When fund balance resources are available for a specific purpose in more than one classification, it is the Organization's policy to use the most restrictive funds first in the following order, restricted, committed, assigned as they are needed.

**Cash and cash equivalents**

The Organization considers cash and cash equivalents to include cash on hand, demand deposits, nonnegotiable certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

**Taxes and assessments**

For the year ended December 31, 2019, the District collected 57% of their revenue from special assessments that were levied to property owners. Real estate taxes are due in two installments, one being payable on the last day of January following the year of the tax bill, and the other due at the end of July in the year following the year of the tax bill.

**Lake Redstone Protection District  
Notes to the Financial Statements  
December 31, 2019**

---

**Note A – Summary of Significant Accounting Policies (Continued)**

Date of management's review

Management has evaluated subsequent events through July 1, 2020, the date on which the financial statements were available to be issued.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The fund financial statements are reported using the current financial resources measurement focus and a prescribed basis of accounting that demonstrates compliance with the modified cash basis. Operating statements of these funds present increases (revenues collected) and decreases (expenditures paid) in cash. The modified cash basis recognizes assets, liabilities, fund balance, revenues and expenses when they result from cash transactions with a provision for real property in the capital fund financial statements.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable, accounts payable, and current liabilities) are not recorded in these financial statements.

**Note B – Budget**

The District's budget is approved by the electors. The operating budget includes proposed expenditures and the means of financing them.

**Note C – Real Estate**

The District owns 2 lots, and a small amount of land on the north end of Lake Redstone. The land is owned by the District to aid in flood control and run-off control.

**Note D – Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; worker's compensation; and natural disasters. 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.

**Note E – Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates.

**Lake Redstone Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**

---

**Note F – Uninsured Cash**

The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. The Organization may, from time to time during the year, have balances in excess of the FDIC insured limits. At December 31, 2019, no cash balances at a single financial institution exceeded FDIC insured limits.

**Note G – Subsequent Events**

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen and disrupted a range of industries. While the disruption currently is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

## Supplementary Information

**Lake Redstone Protection District**  
**Budgetary Comparison Schedule - Governmental Funds - Modified Cash Basis**  
**For the year ended December 31, 2019**

---

	Actual	Budget	Variance - Favorable (Unfavorable)
<b>Operating Revenues</b>			
Taxes	\$ 59,400	\$ 59,400	\$ -
Grants	40,859	-	40,859
Other income	1,407	-	1,407
Interest income	2,593	1,500	1,093
<b>Total Operating Revenues</b>	<b>104,259</b>	<b>60,900</b>	<b>43,359</b>
<b>Operating Expenses</b>			
Aquatic plant management	24,163	20,000	(4,163)
Insurance	1,565	2,000	435
Dredging	46,326	25,000	(21,326)
Lake maintenance & erosion control	11,802	10,000	(1,802)
Lake monitoring	-	4,000	4,000
Outside Services	3,250	1,000	(2,250)
Newsletter	9,783	5,000	(4,783)
Office & administration	7,741	3,000	(4,741)
Salaries, wages, and payroll taxes	11,212	13,000	1,788
Pontoon & buoys	-	500	500
Travel	717	-	(717)
Watershed improvement	784	20,000	19,216
<b>Total Operating Expenses</b>	<b>117,343</b>	<b>103,500</b>	<b>(13,843)</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>(13,084)</b>	<b>(42,600)</b>	<b>29,516</b>
<b>Fund Balance - Beginning of Year</b>	<b>124,547</b>	<b>124,547</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 111,463</b>	<b>\$ 81,947</b>	<b>\$ 29,516</b>

See independent accountant's review report.