



**Heritage Heights NID #5**

***Reinvent Where You Live Heritage Heights Your Destination  
Neighborhood***

**NEIGHBORHOOD IMPROVEMENT DISTRICT NO. 5**

**HERITAGE  
HEIGHTS**

**2021  
OPERATING PLAN**

September, 2021

## TABLE OF CONTENTS

I	<u>INTRODUCTION</u>	Page 3
	A. Background	Page 3
II	<u>DISTRICT BOUNDARIES</u>	Page 3
III	<u>OPERATING PLAN</u>	Page 3
	A. Plan Objectives	Page 3
	B. Activities – 2021	Page 4
	C. Expenditures	Page 4
	D. Financing Method	Page 5
	E. Organization of NID #5 Board	Page 5
	F. Relationship to the GHNA	Page 6
	G. NID Property ownership Statement	Page 6
IV	<u>METHOD OF ASSESSMENT</u>	Page 6
	A. Assessment Rate and Method	Page 6
V	2021 <u>OPERATING PLAN</u>	Page 6
	A. Phased Development	Page 6
VIII	APPENDIX	Page 7
	A. NID #5 Map	Page 8
	B. Assessment Methodology and Property Exceptions	Page 9
	C. Retention Pond Photo Samples	Page 10

## I. INTRODUCTION

### A. Background

In 2006, the State of Wisconsin signed into law, the 2005 Wisconsin ACT 186, a legislative declaration created to give Wisconsin municipalities (i.e., cities, villages and towns) the power to establish one or more Neighborhood Improvement Districts (NIDs) within their community. Neighborhood Improvement Districts focus on neighborhoods composed exclusively of large multifamily housing units or mix of businesses and multifamily housing. An assessment methodology is developed to allow the assessable residential and commercial properties within the geographic area to contribute to programs aimed at neighborhood lighting, distinctive signage, and pocket-parks, enhanced public green spaces and other activities as approved by the NID Board. The ACT was drafted similar to the business improvement district.

The Heritage Heights Neighborhood Improvement District #5 was created in 2016 (Resolution #160892), for the purpose of revitalizing and improving the neighborhood area on Milwaukee's Northwest side location (see Appendix A). This document is the Operating Plan for the Heritage Heights District #5. The NID proponents prepared this Plan with technical assistance from the City of Milwaukee Department of City Development.

## II. DISTRICT BOUNDARIES

Boundaries of NID #5. Discussion ensued on the properties to be included in the Neighborhood Improvement District. It was decided that included properties would be those properties fronting Metro Boulevard (south side), those properties fronting 107th St., specifically 6577 N. 107th, then 6755 N. 107th St. North to West Metro Blvd., and properties on N108th St, N109th St., N110th St. N112th St., Coventry Ct., N113 St., N114th St., W Green Tree Rd., W Daphne St., W. Heritage Dr., W. Sanctuary Dr., Meadowcreek Ct., and W. Meadowcreek Dr. The 193 included properties are shown in the attached spreadsheet

There are 211 properties within the NID #5 and the current assessed value of these properties is \$109,202,560.

## III. OPERATING PLAN

### A. Plan Objectives

The objective of NID #5 is to: To improve and maintain Storm Water Efficiency while creating a flood-hazard-resilient neighborhood. Additionally, we plan to increase resident awareness of vulnerable flood hazards, while maintain, enhance, and restore our natural areas to eliminate or minimize disruption.

Additionally, we have begun an exploratory effort with the University of Wisconsin – Milwaukee School of Fresh Water Sciences to develop a "*park like*", scenic and complementary environment/multi-use recreational area for our residents near our retention pond. We plan to accomplish this initiative with minimal NID cost, by seeking available State, Local and Federal grants. (see Appendix C)

Continue to develop our lawn appeal initiative with our mailbox and yard lamp-post replacement program.

Continue to ensure Code Compliance including all repairs necessary to remedy an existing code violation by enforcing our current neighborhood bylaws.

Promotion of Safety Improvements including, a neighborhood surveillance camera system (i.e. Ring neighborhood) get to know your neighbor, adopt a block and other safety projects.

Improvement of our Entrance Appeal including improvement of the monument and grounds with professional landscaping, signage, and other aesthetic enhancements.

Continue to provide/assist and generate opportunities that support civic engagement, generate new cultural events or green spaces in the neighborhood to drive community change.

Rescheduling of our annual Summer Social including our 22nd year celebration; along with other neighborhood community parties/holiday events and community building activities.

#### B. Activities – 2021

Principle activities that will be engaged in/continued by the NID during the 2021 year of operation will include:

- a) Storm Water Management continued maintenance, necessary repairs, and protection of area unobstructed water flow.
- b) Taxes, maintenance, and upkeep of the land surrounding the monument area at the entrance of the subdivision.
- c) Plan development of retention pond walking path and park enhancement area.
- d) Explore the possibility of securing and placing a land monument at the subdivision rear entrance
- e) Hosting a minimum of two (2) community engagement and building subdivision activities
- f) NID Facebook page enhancement/upgrade.
- g) Bylaws development of policies and procedures that continues the effective enforcement of deed restrictions and neighborhood covenants.
- h) Establish a Communication - Electronic file cabinet and neighborhood newsletter.
- i) Implement a Neighborhood Walking Tour for current and perspective neighbors.
- j) Creation of an Adopt a Block program to reinforce neighborhood stability.

C. Expenditures – 2021

2021 Budget

INCOME: \$20,300

Storm Water Management	\$3,000
Taxes and maintenance of monument land	\$1,000
Monument improvement and lighting	\$2,000
Pond Walking Path Development	\$4,000
Property Improvement Grants	\$3,000
Administrative expenses	\$2,500
Community building activities	\$3,000
Reserves/misc.	\$1,800
<b>Total</b>	<b>\$20,300</b>

D. Financing Method

The 2021 \$20,300 income will be realized through NID #5 assessments (see Appendix B). The NID #5 Board after receiving input from our residents has prioritize expenditures and will continue to revise the budget as necessary to match the funds actually available.

E. Organization of NID #5 Board

The Board of Directors elected represent a cross section of our Heritage Heights NID residents which includes professionals currently employed and retirees who are dedicated to improving our community. Additionally, we are aggressively pursuing a permanent regular voice from our business partner(s). The board talent pool is very strong and diverse.

- **Chairperson:** D. Winston
- **Vice Chairperson:** C. Harris
- **Treasure:** T. Robertson
- **Secretary:** E. Roberson
- **Director:** L. Thompson
- **Director:** A. Chapman
- **Director:** R. Roberts
- **Advisory GHNA:** S. Smith
- **Advisory:** TBD (Business Representative)

NID #5 elected our current directors to the Annual Board meeting consistent with terms of our Board subsection and the bylaws of the Heritage Heights NID #5. The board's primary responsibility will be implementation of this Operating Plan.

F. Relationship to the Granville Heritage Neighborhood Association (GHNA).

The NID #5 is a separate entity from the Granville Heritage Neighborhood Association (GHNA), notwithstanding the fact that members, officers, and directors of each may be shared. The Association shall remain a private organization, not subject to the open meetings law, and not subject to the public record law except for its records generated in connection with the NID board. The Association may, and it is intended, shall, contract with the NID to provide services to the NID, in accordance with this Plan.

G. The NID #5 does not hold or own property.

IV. METHOD OF ASSESMENT

A. Assessment Rate and Method

The Heritage Heights Neighborhood Improvement District #5 board of directors unanimously approved a \$100 uniform assessment method per taxable property included within the NID #5 boundaries for 2021.

The principle behind the assessment methodology is that each property should contribute to the NID in proportion to the benefit derived from the NID.

After consideration of other assessment methods, it was determined that assessed value of a property was the characteristic most directly related to the potential benefit provided by the NID. Therefore, a fixed assessment on the assessed value of the property was selected as the basic assessment methodology for this NID.

As of January 1, 2020, the property in NID #5 had a total assessed value of over \$109 million dollars.

Appendix B shows the assigned NID assessment for each property included in the district.

V. 2021 OPERATING PLAN

A. Phased Development

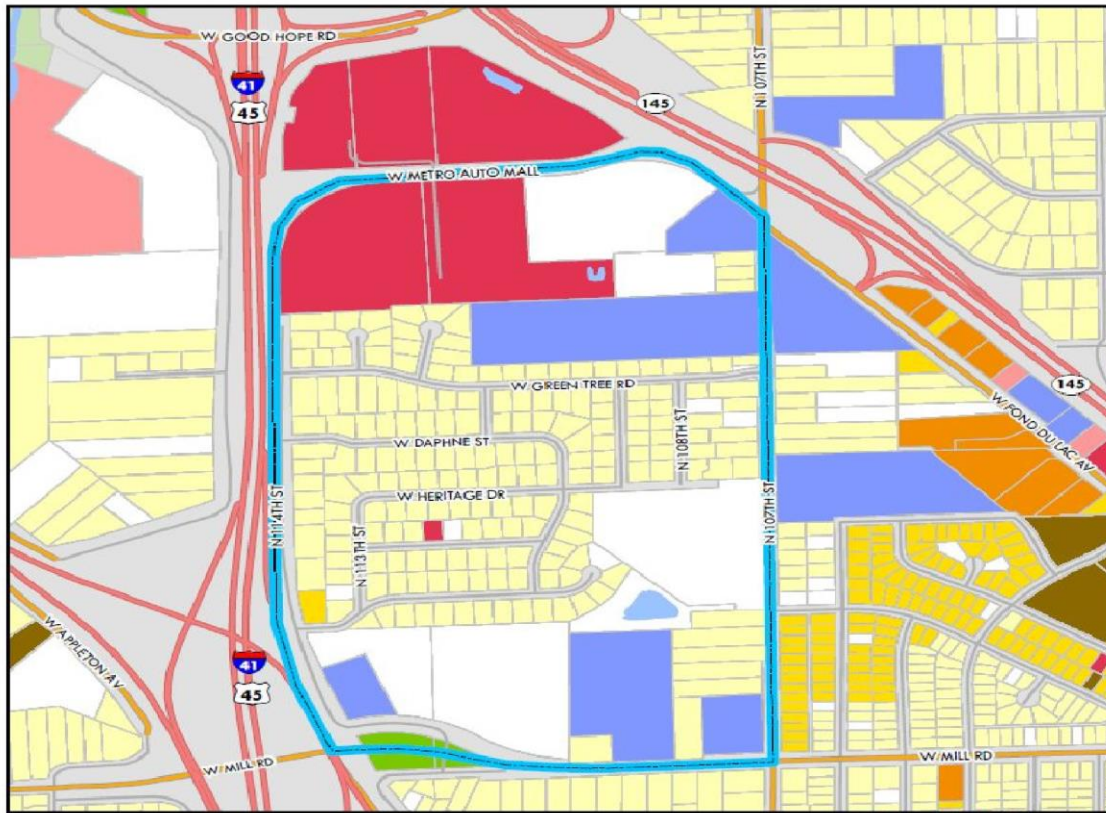
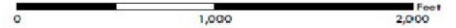
NID #5 will continue to revise and develop the Operating Plan annually, in response to changing development needs and opportunities in the district, in accordance with the purposes and objectives defined in this initial Operating Plan.

NID #5 Operating Plan will continue to apply the approved assessment formula, as adjusted, to raise funds to meet the next annual budget. However, the method of assessing will not be materially altered, except with the consent of the City of Milwaukee.

# APPENDIX

# HERITAGE HEIGHTS NEIGHBORHOOD PROPOSED NEIGHBORHOOD INVESTMENT DISTRICT

Prepared by the Dept. of City Development Planning Division, 4/28/2016  
Source: City of Milwaukee Information Technology Management Division



**Legend**

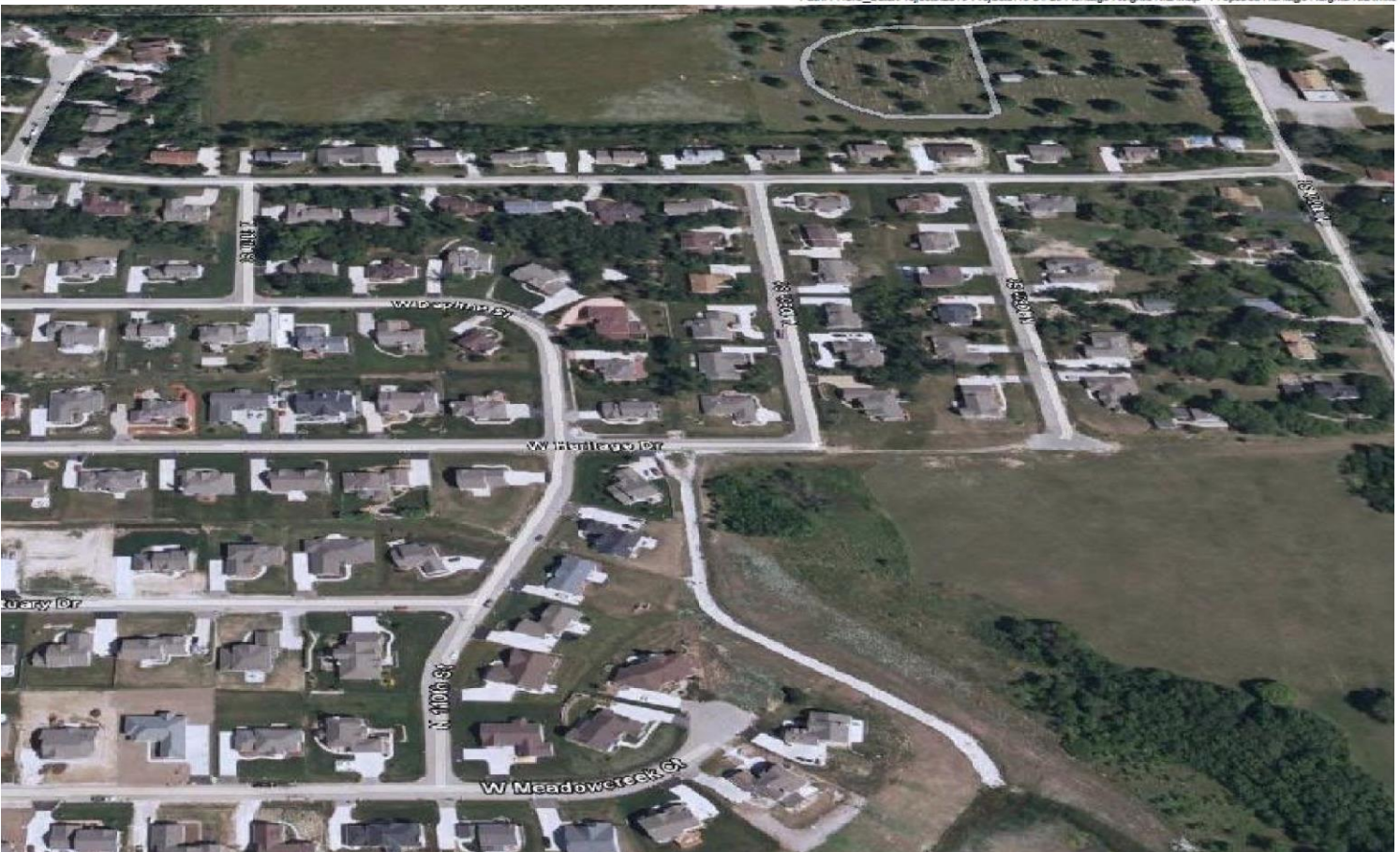
- Proposed NID Boundary
- Parcel Boundary

**Land Use**

- Single Family
- Duplex
- Multi-Family
- Condominiums
- Commercial
- Mixed-Use
- Public / Quasi-Public Buildings
- Public / Quasi-Public Open Space
- Vacant Land



Path: F:\GIS\_Data\Projects\2016 Projects\16-04-25 Heritage Heights NID\Map - Proposed Heritage Heights NID.mxd



**Appendix A**



Property Assessment Methodology:

- 195 Residential properties were assessed at \$100.00 annual tax revenue  
Total = \$19,500.
- 4 Commercial properties assessed at \$200.00 annual tax revenue  
Total = \$800.

**Exempt properties**

- |                                   |                           |
|-----------------------------------|---------------------------|
| 1. West Grandville Cemetery Assn  | 6805 N. 107 Street        |
| 2. West Grandville Church         | 6925 N. 107 Street        |
| 3. Northview United Church        | 10710 W. Mill Rd.         |
| 4. GHNA Subdivision Entrance      | 10722 W. Green Tree Rd    |
| 5. Salem Evangelical Lutheran     | 11123 W. Green Tree Rd    |
| 6. Salem Evangelical Lutheran     | 11034 W. Green Tree Ave   |
| 7. City of Milwaukee              | 10915-R W. Meadowcreek Dr |
| 8. New Restoration Church         | 11248 West Mill Rd        |
| 9. Heritage Heights SWM Pond      | 10705 W. Green Tree       |
| 10. St Mark AME Church            | 6626 N. 114 Street        |
| 11. Wisconsin Corp OF Seventh Day | 10900 W. Mill Rd          |
| 12. City of Milwaukee School      | 6577 N. 107               |



**Appendix C**



**Appendix C**



## Appendix C



NID #5

**ANNUAL REPORT (2020)**

*September 2019 – August 2020*

**Mission Statement/Vision/Priorities**

To promote and sustain Heritage Heights NID#5 as a thriving and diverse neighborhood. By influencing the design of new homes and the remodeling of older homes in a way that preserves, enhances, and is inviting for others to want to live in the subdivision and excites the area sense of place for thriving nearby businesses.

- To improve and maintain Storm Water Efficiency while creating a flood-hazard-resilient neighborhood. Additionally, we plan to increase resident awareness of vulnerable flood hazards, while maintain, enhance, and restore our natural areas to eliminate or minimize disruption.
- Efforts are underway to form linkages with the University of Wisconsin – Milwaukee School of Fresh Water Sciences to develop a scenic and complementary multi-use/environment recreational area for NID residents near our water retention pond. We currently attempting to identify Federal, State and Local grants to accomplish this initiative with minimal NID cost.
- Continuation of our lawn appeal initiative, 52 new roadway mailboxes have already been installed and enhanced lamp-post light replacement program is underway.
- We have assisted in the restructure of the GHNA Architectural Review Committee in and effort to formalize the current bylaws, to ensure Code Compliance within the NID.
- Implementation of an **Adopt the Block** program to provide increase safety, neighbor communication and neighborhood awareness.
- Hardwired LED lighting has been installed at the subdivision entrance which increases our **Entrance Appeal**, in addition to and other aesthetic enhancements.
- Neighborhood Preservation.
  - Maintain/Communicate deed restrictions and other visionary goals of the development.
  - Maintain/monitor structures and land in an aesthetically pleasing manor.
- Safeguarding the Stabilization and Escalation of NID property values.
- Crime redress and decline.
  - Promotion and Marketing our **“Destination Neighborhood Vision”**.
  - Founded on the concept of a **“gated community w/o walls”**.



## NID #5

- Celebration and Safeguarding of neighborhood diversity.
- Development of policies and procedures that allow for effective enforcement of deed restrictions and neighborhood covenants.
- Outreach to owners of rental properties to ensure that they and their tenants are aware and abide by neighborhood and aesthetic covenants.
- Facilitate and ensure familiarity and collaboration between neighbors.
- Effective maintenance and five-year certification of our Storm Water Management Plan.
- Method of Communication - Electronic file cabinet

### **Financial Relationships w/ other entities (CDCs, non-profits, associations)**

- Metro Mall Car Dealerships
- NID Community Churches

### **Total Assessed Value of Properties within Neighborhood**

- Median Home Value \$332,000 (Zillow Real Estate Market Overview 2020)
- 3.4% Increase over year 2019

### **Core Programs**

- Common Area Grass/foilage Maintenance
- Subdivision Storm Water Maintenance
- Monument Utility Cost and Maintenance
- Public/Community Initiatives
- Holiday/Social Neighboring Events
- Retention Pond Development
- Mailbox Repair/Replacement Program
- Light-pole Repair/Replacement Program
- Security programs
- NID Administrative Cost

### **Economic Development**

- NID Enhancement Projects



## NID #5

### Marketing & Branding

- Recognition (Awards, newspaper/TV mentions)
- Grants
- NID Facebook Page & Website link with GHNA Neighborhood Association
- Neighbor to Neighbor Advocacy
- Community Electronic file cabinet
- Destination Neighborhood
- Gated Community Without Walls
- Neighborhood Walking Tours

### Core Events

- Neighborhood Block Party
- Neighborhood Clean-up
- Neighborhood Quarterly Newsletter
- Neighborhood Needs/Feedback Survey

### Partner/Collaborative Initiatives

- Partnership: with neighbors, elected officials, businesses, and other community focused organizations to maximize benefit and services based on tax valuations and payments.
- Encourage community service. (Working for and with neighbors to improve this neighborhood.)
- Work closely with the Granville Heights Neighborhood Association (GHNA) to promote living, working, and visiting the NID #5.

### New Programs/New Committees Formed

- Advisory Lawyer Consortium
- Communication
- Resident Involvement
- Community Calendar
- Strategic Planning
- Neighborhood Stabilization/Property Escalation
- Partnership (Neighbors, Elected Officials, Businesses, etc.)
- Community Service/Participation

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Neighborhood Improvement District (NID) #5  
Milwaukee, Wisconsin

### **Auditor Background**

I (Juanita Banks) have 29+ plus years of audit, compliance and risk management experience and I hold a certification in each of these disciplines. My professional experience includes prior employment with Arthur Andersen, Brady Corporation, Northwestern Mutual and Protiviti. I am currently employed as the Vice President of Audit and Risk Management at American Transmission Company in Waukesha County.

The Board of Directors for Heritage Subdivision engaged me to perform an independent audit of all transactions processed during calendar year 2019 through the Heritage Heights NID #5 checking account. This is my third year performing the NID #5 financial audit.

The City of Milwaukee has requested confirmation from the Heritage Board of Directors that all expenditures to-date were appropriate and related to the maintenance and upkeep of the Heritage Subdivision.

### **Auditor Conclusion**

I am unable to reconcile cash withdrawals to payments made in 2019<sup>1</sup>, which means I cannot confirm the appropriateness of all 2019 NID #5 financial transactions, which is inconsistent with prior years. In addition, there are material control weaknesses within the NID #5 environment that contributed to the results of this year's audit. Recommendations on how to improve the internal controls environment were shared with the Treasurer, and it is my understanding that the enhanced internal controls will be implemented immediately (reference Appendix A for the list of recommendations). The material internal control weaknesses are stated below for Board awareness and corrective action.

### **Material Weaknesses Identified**

#### *General Ledger (G/L)*

Not all financial transactions flowed through the general ledger, as required by Generally Accepted Accounting Principles (GAAP). As such, the financials are not in compliance with GAAP (\$11,058 was managed off the books).

#### *Segregation of Duties*

Access to the NID #5 checking account is not restricted to the Treasurer and President, and as a result one Board member was able to reimburse herself for expenses incurred without an independent review of these expenses to confirm appropriateness as well as compliance with the Procurement Policy. Segregation of duties is intended to create transparency and minimize the risk of potential fraud by separating four key responsibilities: 1) requisition, 2) procurement, 3) receipting and 4) payment.

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<sup>1</sup> The starting balance for the NID #5 checking account was \$9,324.03 and the 2019 NID #5 assessment deposit (\$20,000) was received on March 1, 2019.



*Procurement Policy Violation - Board Approval Not Obtained*

The requirement to obtain Board approval for expenditures and funding requests in excess of \$500 was not adhered to. On October 7, 2019, \$1,500 was withdrawn from the NID #5 checking account without Board approval and purportedly given to Granville Heritage Neighborhood Association (GHNA) chairperson. However, per the GHNA Treasurer, the \$1,500 was not deposited in their account. As such, this \$1,500 withdrawal is unaccounted for.

*Procurement Policy Violation – Receipts Not Submitted Within 14 days*

The requirement to submit receipts to the NID #5 Treasurer within 14 days of incurring the expense is not consistently adhered to. During the audit, it was noted that the GHNA Chairperson accountable for the \$1,500 referenced above received \$500 on December 2, 2019. No receipts were available to account for how the \$2,000 (\$1,500 in October and \$500 in December) was spent. According to the GHNA Chairperson, her vehicle was broken into on December 8, 2019 and her briefcase where the receipts were stored was stolen. **Note:** The October and November receipts should have been received and processed by the time the vehicle was broken into had the Procurement Policy been adhered to.

*Procurement Policy Violation – Request for Proposals Not Adhered To*

The Board engaged Masonry Plus to install new mailboxes for homeowners within Heritage. It is not clear how Masonry Plus was selected, and I was unable to confirm \$1,855 of the total cash payment purported to have been made to Masonry Plus (\$7,300), as no system generated receipts exist and Masonry Plus does not maintain an accounting/general ledger system. During my September 15th interview of Dale Young, Masonry Plus owner, Dale initially stated that “about 45” mailboxes were installed in 2019 and 6 mailboxes in 2020 but an hour later in a subsequent discussion Dale changed the 2019 number from 45 to 33 and the 2020 number from 6 to 18 mailboxes installed. The NID Board Member making the cash withdrawals and payments to Masonry Plus concurred that 33 mailboxes were installed in 2019.

*Cash Transactions*

Cash is typically not the preferred form of payment, given that it is not traceable, and it is harder to independently confirm cash transactions. However, I attempted unsuccessfully to reconcile the cash withdrawals (\$11,058.00) by recomputing the 2019 mailbox costs (\$5,445) and tallying all system generated receipts (\$1,841.21). These transactions did not flow through the general ledger.

Board Member Withdrawals - Timing and Amount					
September	October	November	December		
\$ (3,058.00)	\$ (1,500.00)	\$ (500.00)	\$ (2,000.00)		
	\$ (250.00)		\$ (2,000.00)		
	\$ (1,000.00)		\$ (750.00)		
\$ (3,058.00)	\$ (2,750.00)	\$ (500.00)	\$ (4,750.00)		
				Reconciliation of Cash Withdrawals To Payments Made	
				\$ (11,058.00)	Total 2019 Cash Withdrawals
				\$ 5,445.00	33 Mailboxes Installed x \$165 Installation Cost
				\$ 1,841.21	Expense Receipts (Reference Appendix B)
				\$ (331.75)	Expense Not Approved - (Reference Appendix B)
				\$ 1,500.00	Reimbursement from GHNA Chairperson on 9/6/20
				<b>\$ (2,603.54)</b>	<b>Amount Not Reconciled or Approved</b>

## **Audit Procedures and Process**

1. Reviewed NID #5 objectives for understanding, with respect to evaluating the appropriateness of 2019 expenditures. NID #5 objectives are noted below:
  - Storm Water Management – Efficiency Improvements
  - Lawn Appeal (i.e., mailbox project, community lighting, etc.)
  - Code Compliance
  - Safety Improvements
  - Subdivision Entrance Appeal (i.e., monument, grounds and LED lighting)
  - Development of NID Community Building Sponsored Activities
2. Reviewed Procurement Policy for understanding.
3. Reviewed 2019 Board Meeting Minutes to understand 2019 focus, initiatives and priorities.
4. Confirmed ending and starting check numbers.
5. Confirmed ending and starting bank balances.
6. Reconciled 2019 bank statement transactions and balances from US Bank to the general ledger.
7. Reviewed each payment for alignment with NID #5 objectives and reasonableness.
8. Reconciled payments made to invoices, receipts and/or contracts to confirm completeness and accuracy, noting exceptions.
9. Recomputed the December 31, 2018, checking account balance and reconciled amounts to the general ledger, noting exceptions.
10. Reconciled cash withdrawals to cash payments, noting exceptions.
11. Met with the Board member who made the cash withdrawals on Saturday, September 5, 2020, to share preliminary findings and inquire about the existence of system-generated receipts and any additional third-party receipts in support of the cash transactions.
12. Discussed preliminary findings throughout the audit process with the Board Chair and Treasurer.
13. Met with the full Board on Sunday, September 13, 2020, to review and finalize audit observations.
14. Requested and received independent confirmation from WebLife regarding open and closed (paid in full) invoices, in support of Board member related expenditures.

Sincerely,

Juanita Banks, Certified Public Accountant | Certified Internal Auditor | Certified Risk Manager

## Appendix A (Audit Recommendations)

1. Create charters for each NID #5 Committee to define their purpose, scope, function and team members; this will aid in confirming the propriety of committee member expenses submitted to the Treasurer for reimbursement.
2. Educate Board members on the Independent Auditor process as well as evidence requirements to support the audit.
3. Obtain a copy of the GHNA bank statement to confirm the movement of cash between NID #5 and GHNA. Board members should not retain cash in their possession for future NID #5 or GHNA business. All cash should be in the bank and cash movements should be facilitated by the Treasurer with Board approval.
4. Adhere to Generally Accepted Accounting Principles and process all financial transactions through the general ledger.
5. Restrict access to the NID #5 bank account(s) to the Board President and Treasurer.
6. Maintain segregation of duties throughout the financial transaction process (procurement, receipting and payment).
7. Update the Procurement Policy to clarify that committee chairpersons are authorized to make purchases and/or request funds for committee items/activities for up to \$500 per calendar year.
8. Enforce the Procurement Policy requirement that purchases in excess of \$500 be approved by majority vote of the Board. If Board approval is not obtained, reimbursement should not occur.
9. Enforce the Procurement Policy requirement to issue a Request for Proposal for work estimated to exceed \$1,000. The Request for Proposal, bids received, and the Board selection criteria should be retained in support of the annual audit.
10. Leverage your Independent Auditor to review, evaluate and make recommendations regarding Request for Proposals.
11. Enforce the 14-day requirement for receipts to be received by the Treasurer, and require a written correspondence (on receipt, via email, memo, etc.) documenting how the expense was a valid NID #5 expenditure. In the event of lost receipts, the individual should contact the supplier for a duplicate receipt, as all expenditures should be supported by a valid (system generated) receipt.
12. Engage with your Independent Auditor throughout the year for questionable financial transactions; do not wait until year-end to seek guidance.
13. Leverage your Independent Auditor to recompute amounts due homeowners, regarding the 2019 mailbox project; pursue reimbursement from homeowners who have not yet paid for their mailbox, and recoup nonsufficient fund fees related to personal check payments that did not clear the homeowners bank.
14. Consider having the Independent Auditor perform two audits: one at mid-year (June) and the final one in February. This will facilitate the timely identification of potential issues and will give the Board time to react. This will also ensure that the audit report is issued by the March due date.

## Appendix B (Cash Payment Receipt Analysis)

Item	Supplier	Invoice Description Per Independent Auditor	Amount Paid	Receipt Date	Board Member Classification (How Funds Were Used)
1	Menards	Black satin rustoleum, Philips screwdriver, ruffles zesty cheddar, glacier mist water	21.64	6-Aug	Mailbox Installation Materials
2	Home Depot	5 gallon homer bucket	3.43	6-Aug	Mailbox Installation Materials
3	Office Max	Black/Color Ink Cartridges	58.82	3-Sep	Office Supplies for NID and GHNA
4	Menards	AAA 12 pk Energizer Max; Lattice	46.88	10-Sep	Mailbox Installation Materials
5	Ace Hardware	Potting Soil	9.47	17-Sep	Mailbox Installation Materials
6	USPS	Large envelop purchase; certified mail	6.29	20-Sep	Postal Charges Resident Letters
7	Menards	Concrete Mix	25.14	21-Sep	Mailbox Installation Materials
8	Menards	Tarp Straps 1Pk, 1/2 X 8 Lag Screw 3PC, 1/2 X 5 1/2 lag screw 4p, flat washer 18PC	21.16	26-Sep	Mailbox Installation Materials
9	Menards	Concrete Mix, Top Soil AC2 Green Treated-Pick, etc.	89.5	26-Sep	Mailbox Installation Materials
10	Sequoia	No description	11.44	1-Oct	Postal Charges Resident Letters
11	Home Depot	Light w/ Hammered Glass Lens - Shepard Hook Landscape	614.55	24-Oct	Lamplights
12	Home Depot	1000 W in-wall Electronic Photo Control. Threaded Ceramic Socket w/ Alum Ring	26.14	29-Oct	Mailbox Installation Materials
13	Home Depot	Light w/ Hammered Glass Lens - Shepard Hook Landscape	221.66	4-Nov	Lamplights
14	Home Depot	No description	300.00	2-Dec	Lamplights
15	Home Depot	No description	88.39	17-Dec	Mailbox Installation Materials
16	WebLife	2 inch Brass Number w/ Self Adhesive Back	148.92	20-Dec	Address Numbers
17	Home Depot	Light w/ Hammered Glass Lens - Shepard Hook Landscape	147.78	26-Dec	Lamplights

Total Expenditures \$ 1,841.21

Duplicative Mailbox Installation Expense Per Board -331.75

**Board Approved \$ 1,509.46**



## HERITAGE HEIGHTS NEIGHBORHOOD IMPROVEMENT DISTRICT # 5

September 22, 2020

### **Fatima Sierra-Vargas**

Economic Development Specialist  
Commercial Corridor Team  
809 N. Broadway  
Room 104  
Milwaukee, WI 53202

RE: Response to Juanita Banks, CPA, CIA, CRM, CCEP 2019 Independent Audit Report NID #5

Dear Ms. Fatima Sierra-Vargas

Neighborhood Improvement District (NID #5) respectfully submits its response to the Financial Independent Audit Review conducted by Mrs. Juanita Banks, CPA, CIA, CRM, CCEP for fiscal year 2019. On the following pages, the NID #5 Board of Directors has responded to each recommendation in the report, expressing whether or not we agree or disagree with the finding, as well as providing a response to and the NID plans to move forward.

During our audit we noted certain matters involving our internal control structure, policies and procedures that needed to be strengthened to eliminate our risk. Therefore, we have already implemented several increased control measures and established plans to address the ones that remain through a corrective action strategy process.

In response to the 2019 year-end financial audit results, the Board engaged our Independent Auditor to conduct a mid-year 2020 financial audit, as the Board Member who withdrew \$11,058 in 2019 indicated that expenditures not reconciled in 2019 (\$2,603.54) would reverse in 2020 and the NID checking account would be made whole. Preliminary audit results confirmed that deposits and withdrawals in 2020 totaled \$6,450 and totaled \$4,700 respectively and one of the deposits was a personal cashier's check (\$1,500). Therefore, as of September 22, 2020, we have determined that the remaining unreconciled balance is \$503.84, and the Board member involved has agreed to reimburse the NID checking account.

Additionally, we are exploring, with support from our Treasurer and the Independent Auditor whether the events that took place in 2019 were intentional or not. We will share the results of their findings with you once known.

## **BOARD OF DIRECTORS**

Darryl Winston, Chair

Curtis Harris, Vice Chair

Tiffany Finkley, Treasurer

Eva Roberson, Secretary

Lonzie Thompson

Alonzo Chapman

Lois Tyler

Ronald Roberts

Shirley Smith, GHNA Chair



**Heritage Heights NID #5**

Email [heritagheightsnid@gmail.com](mailto:heritagheightsnid@gmail.com)



## HERITAGE HEIGHTS NEIGHBORHOOD IMPROVEMENT DISTRICT # 5

September 22, 2020

### **Fatima Sierra-Vargas**

Economic Development Specialist  
Commercial Corridor Team  
809 N. Broadway  
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Neighborhood Improvement District (NID #5) respectfully submits its response to the Financial Independent Audit Review conducted by Mrs. Juanita Banks, CPA, CIA, CRM, CCEP for fiscal year 2019. On the following pages, the NID #5 Board of Directors has responded to each recommendation in the report, expressing whether or not we agree or disagree with the finding, as well as providing a response to and the NID plans to move forward.

During our audit we noted certain matters involving our internal control structure, policies and procedures that needed to be strengthened to eliminate our risk. Therefore, we have already implemented several increased control measures and established plans to address the ones that remain through a corrective action strategy process.

In response to the 2019 year-end financial audit results, the Board engaged our Independent Auditor to conduct a mid-year 2020 financial audit, as the Board Member who withdrew \$11,058 in 2019 indicated that expenditures not reconciled in 2019 (\$2,603.54) would reverse in 2020 and the NID checking account would be made whole. Preliminary audit results confirmed that deposits and withdrawals in 2020 totaled \$6,450 and totaled \$4,700 respectively and one of the deposits was a personal cashier's check (\$1,500). Therefore, as of September 22, 2020, we have determined that the remaining unreconciled balance is \$503.84, and the Board member involved has agreed to reimburse the NID checking account.

Additionally, we are exploring, with support from our Treasurer and the Independent Auditor whether the events that took place in 2019 were intentional or not. We will share the results of their findings with you once known.

## **BOARD OF DIRECTORS**

Darryl Winston, Chair

Curtis Harris, Vice Chair

Tiffany Finkley, Treasurer

Eva Roberson, Secretary

Lonzie Thompson

Alonzo Chapman

Lois Tyler

Ronald Roberts

Shirley Smith, GHNA Chair



**Heritage Heights NID #5**

Email [heritagheightsnid@gmail.com](mailto:heritagheightsnid@gmail.com)

Lastly, we have agreed to implement all recommendations from the 2019 NID #5 Independent Auditor's Report (see attachment).

In closing, the NID #5 Board of Directors are extremely thankful to Mrs. Juanita Banks with regard to her courtesy and professionalism exhibited during the audit. She was sensitive to and accommodated the NID's need for her additional assistance during the completion of this audit response.

Sincerely,

*Darryl Winston*

Darryl Winston

Chairman

***NID #5 Heritage Heights***



**AUDIT RECOMMENDATION #1**

Create charters for each NID #5 committee to define their purpose, scope, function, and team members; this will aid in confirming the propriety of committee member expenses submitted to the Treasurer for reimbursement.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

Committee charters are being created for all committees that currently exist and will be created for any new committee established going forward as outlined in the recommendation.

**NOTES:** **None**

**AUDIT RECOMMENDATION #2**

Educate Board members on the Independent Auditor process as well as evidence requirements to support the audit.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

A board member training regarding the Auditor process has been scheduled for the February/2021 NID Board Meeting.

**NOTES:** **None**

**AUDIT RECOMMENDATION #3**

Obtain a copy of the GHNA bank statement to confirm the movement of cash between NID #5 and GHNA. Board members should not retain cash in their possession for future NID #5 or GHNA business. All cash should be in the bank and cash movements should be facilitated by the Treasurer, with Board approval.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

It was determined that a document reflecting this movement did not exist. A cash retention and movement policy has been developed and communicated to the entire board for compliance.

**NOTES:** **None**



**AUDIT RECOMMENDATION #4**

Adhere to Generally Accepted Accounting Principles and process all financial transactions through the general ledger.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

The NID Treasurer and Board have agreed to follow and adhere to all of the published Generally Accepted Accounting Principles and process for all financial transactions through the general ledger.

**NOTES:** **None**

**AUDIT RECOMMENDATION #5**

Restrict access to the NID #5 bank account(s) to the Board President and Treasurer.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

The NID bank account has been restricted to the board President and Treasurer and this policy has been documented in the NID bylaws.

**NOTES:** **None**

**AUDIT RECOMMENDATION #6**

Maintain segregation of duties throughout the financial transaction process (procurement, receipting, and payment).

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

The segregation of duties throughout the financial transaction process (procurement, receipting, and payment); has been implemented and documented in the NID bylaws.

**NOTES:** **None**

**AUDIT RECOMMENDATION #7**

Update the Procurement Policy to clarify that committee chairpersons are authorized to make purchases and/or request funds for committee items/activities for up to \$500 per calendar year.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

The NID Procurement Policy has been updated to clarify that committee chairpersons are authorized to make purchases and/or request funds for committee items/activities for up to \$500 per calendar year.

**NOTES:** **None**

**AUDIT RECOMMENDATION #8**

Enforce the Procurement Policy requirement that purchases in excess of \$500 be approved by majority vote of the board. If Board approval is not obtained, reimbursement should not occur.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

This policy enforcement has been enacted and communicated to the board as noted above.

**NOTES:** **None**

**AUDIT RECOMMENDATION #9**

Enforce the Procurement Policy requirement to issue a Request for Proposal for work estimated to exceed \$1,000. The Request for Proposal, bids received, and the Board selection criteria should be retained in support of the annual audit.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

A request for Bid Policy has been enacted for expenditures anticipated to exceed \$1,000. Additionally, a minimum of three (3) potential providers must be contacted for potential evaluation.

**NOTES:** **None**

**AUDIT RECOMMENDATION #10**

Leverage your Independent Auditor to review, evaluate, and make recommendations regarding bids received, in response to Request for Proposals.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

Attempts will be made to actively consult with the NID Independent Auditor to review all future bid proposals related to NID work request.

**NOTES:** **None**

**AUDIT RECOMMENDATION #11**

Enforce the 14-day requirement for receipts to be received by the Treasurer and require a written correspondence (on receipt, via email, memo etc.) documenting how the expense was a valid NID #5 expenditure. In the event of lost receipts, the individual should contact the supplier for a duplicate receipt, as all expenditures should be supported by a valid (system generated) receipt.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

The 14-day requirement for receipts to be received by the Treasurer and the requirement for a written correspondence (on receipt, via email, memo etc.) documenting how the expense was a valid NID #5 expenditure; will be meticulously enforced. In the event of lost receipts, the individual will be required to contact the supplier for a duplicate receipt. This enforcement elevation has been communicated to the entire board.

**NOTES:** **None**

**AUDIT RECOMMENDATION #12**

Engage with your Independent Auditor throughout the year for questionable financial transactions; do not wait until yearend to seek guidance.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

This engagement has already begun, we are currently partaking in a 2020 preliminary early review.

**NOTES:** **None**

**AUDIT RECOMMENDATION #13**

Leverage your Independent Auditor to recompute amounts due homeowners, regarding the 2019 mailbox project; pursue reimbursement from homeowners who have not yet paid for their mailbox, and recoup nonsufficient fund fees related to personal check payments that did not clear the homeowners bank.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

The Independent Auditor has been consulted and agreed to participate in any mailbox project reimbursement and outstanding fund policy/program development.

**NOTES:** **None**

**AUDIT RECOMMENDATION #14**

Consider having the Independent Auditor perform two audits: one at mid-year (June) and the final one in February. This will facilitate the timely identification of potential issues and will give the Board time to react. This will also ensure that the audit report is issued by the March due date.

**AGREE/DISAGREE:** **Agree**

**NID RESPONSE**

This recommendation will be pursued and implemented as collaboration is obtained with the Independent Auditor.

**NOTES:** **None**