



Moy, Borchert, Erbs
& Associates LLP

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the management of Lake Mason Improvement Association dba Lake Mason Management District:

We have performed the procedures enumerated in the attached schedule, which were agreed to by the management of Lake Mason Improvement Association dba Lake Mason Management District (the specified party), solely to assist you with respect to the accounting records, transactions and internal controls of Lake Mason Improvement Association dba Lake Mason Management District as of (for the years ended) December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015). Lake Mason Improvement Association dba Lake Mason Management District's management is responsible for the company's accounting records, transactions and internal controls. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are listed in the attached schedule.

We were not engaged to, and did not; conduct an audit, the objective of which would be the expression of an opinion on the accounting records, transactions and internal controls. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Lake Mason Improvement Association dba Lake Mason Management District and is not intended to be and should not be used by anyone other than that specified party.

Sincerely,

MBE CPAs

Baraboo, Wisconsin

November 10, 2015

Lake Mason Improvement Association dba Lake Mason Management District
Schedule of Findings and Recommendations
December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015)

Procedure #1: Inquiry of entity personnel to gain an understanding of the general entity, financial reporting, and cash receipts and disbursements internal controls.

Except for the following, all information obtained via inquiries of entity personnel required in gaining an understanding of the general entity, financial reporting, and cash receipts and disbursements internal controls appeared reasonable.

- 1- **Finding:** District documents kept on the treasurer's personal computer are not password protected.
 - a. Recommendation: District documents kept on the treasurer's personal computer should be password encrypted to ensure unauthorized access does not occur.
- 2- **Finding:** The annual budget prepared includes only projected revenue, not projected expenditures.
 - a. Recommendation: The annual budget should include projected revenue and expenditures to ensure appropriate approval of anticipated expenditures occurs.
- 3- **Finding:** The unopened bank statement is received by the same individual who reconciles the bank statement and handles all cash receipts and disbursements.
 - a. Recommendation: To ensure adequate monitoring of cash receipts and expenditures occurs, an unopened bank statement should be received by an individual on the board other than the individual that handles all cash receipt and disbursements and bank reconciliations. Review of the bank statement should include copies of cancelled checks and deposits made.

Procedure #2: Review of governing board minutes for the years ended December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015).

Except for the following, all information obtained via review of governing board minutes for the years ended December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015) appeared reasonable.

- 1- **Finding:** Transcription of board meeting minutes was not completed timely for the years ended December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015). In some instances, transcription of meeting minutes for the aforementioned years, including budget hearing meeting minutes, was not completed at all. Additionally, meeting minutes for the aforementioned years were not thorough or detailed and in some instances were noted to be transcribed by an individual other than the board secretary.

**Lake Mason Improvement Association dba Lake Mason Management District
Schedule of Findings and Recommendations
December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015)**

- a. Recommendation: To ensure adequate documentation of all meetings and approved events and transactions at the meetings occurs, all meeting minutes, including budget hearing meeting minutes, should be transcribed timely and no later than one month following the meeting. Additionally, meeting minutes should be thorough and contain detail of the items discussed and transactions that have been approved. Lastly, minutes should be transcribed by the board secretary.

Procedure #3: Inspection of the by-laws of Lake Mason Improvement Association dba Lake Mason Management District and review of appropriate implementation of requirements.

Except for the following, inspection of the by-laws of Lake Mason Improvement Association dba Lake Mason Management District appeared reasonable.

- 1- **Finding:** Article VI, section 2 of the Lake Mason Improvement Association dba Lake Mason Management District by-laws requires the board chairman to appoint three members to an audit committee. The committee is required to review all financial records of the District and present their findings at the annual meeting. An audit committee has not been appointed and financial records have not been reviewed by the audit committee as required.
 - a. Recommendation: To ensure compliance with the District by-laws, an audit committee should be appointed annually by the Board chairman and the appointed audit committee should review all District financial records and report their findings to the rest of the Board at the annual meeting.
- 2- **Finding:** Article V, section 2 of the District by-laws requires the Board to meet at least quarterly. Documentation for meeting at least quarterly was not evident.
 - a. Recommendation: To ensure compliance with the District by-laws, the Board must meet at least quarterly and documentation of those meetings should be transcribed in the meeting minutes.
- 3- **Finding:** Article VI, section 1 of the District by-laws requires contracts exceeding \$2,500 to be awarded to the lowest responsible bidder. Bids approved that exceed the lowest bid by more than 20% must have written explanation presented at the next annual meeting. Documentation in the meeting minutes was not evident that contracts exceeding \$2,500 were put out to bid and awarded to the lowest bidder.
 - a. Recommendation: To ensure compliance with the District by-laws, all contracts exceeding \$2,500 should be put out to bid and awarded to the lowest bidder. Additionally, documentation regarding the bidding should be evident in the meeting minutes.

Procedure #4: Inspection of bank reconciliations and confirmation of all cash balances as of December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015).

No exceptions were found as a result of applying the procedure.

Lake Mason Improvement Association dba Lake Mason Management District
Schedule of Findings and Recommendations
December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015)

Procedure #5: Confirmation with outside third parties of at least 75% of revenue received for years ended December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015).

Except for the following, confirmation with outside third parties of at least 75% of revenue received for years ended December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015) appeared reasonable. At least 75% of revenue of the Organization was confirmed.

- 1- **Finding:** Copies of all checks deposited are not kept with the deposit slip.
 - a. Recommendation: To ensure adequate documentation is maintained for all District revenue received, copies of all supporting documentation should be kept for each deposit made.

Procedure #6: Inspection and review of supporting invoices, cancelled checks and bank statements and tracing to accounting records for a haphazardly selected sample of 5 cash disbursement transactions for each year ended December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015).

Except for the following, inspection and review of supporting invoices, cancelled checks and bank statements and tracing to accounting records for a haphazardly selected sample of 5 cash disbursement transactions for each year ended December 31, 2012, 2013, 2014 and year-to-date 2015 (August 31, 2015) appeared reasonable. All invoices and supporting cancelled checks and bank statements for the aforementioned sample selections were traced to the accounting records without exception and appeared complete and accurate.

- 1- **Finding:** Evidence of approval of invoices by the Board is not maintained.
 - a. Recommendation: To ensure unauthorized expenditures do not occur, all invoices should be approved, at least monthly, by the Board and approval evidenced by a Board member's signature on the invoice or notated in the meeting minutes.
- 2- **Finding:** Disbursements on the treasurer's reports contain an explanation of the payment, but do not list the applicable payee.
 - a. Recommendation: To ensure payments to unauthorized payees does not occur and that treasurer's reports are detailed for release to the public, all disbursements listed should include the applicable payee.