NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT

NEW YORK

COMMUNICATING INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN AN AUDIT

For Year Ended June 30, 2015

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

October 9, 2015

To the Board of Education
North Rose-Wolcott Central School District, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Rose-Wolcott Central School District, New York as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the North Rose-Wolcott Central School District, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Prior Year Deficiency Pending Corrective Action:

Segregation of Duties –

Our review of Business Office procedures revealed that the individual responsible for the general ledger function also, posts journal entries, prepares bills, prepares deposits, and performs the accounts receivable function.

The District has developed various mitigating controls over the Treasurer's position, however, we recommend the District continue to review this area to determine if there are additional controls which can be developed to further enhance the internal controls over the Treasurer's position.

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Current Year Deficiencies in Internal Control:

Procurement Procedures –

During our review of the procurement procedures, we noted the following:

1. The District has updated the purchasing policy to reflect recent increases in the thresholds for public bid requirements, however, the requisition forms used by the District have not been updated to reflect these changes.

2. We were unable to locate a current service contract for the District's third party administrator for the FSA/HRA plans. Additionally, the rate contained in the old contract that we were provided with did not agree with the current rate being charged.

We recommend these items be reviewed, and the necessary corrective action be taken in the next fiscal year.

School Lunch Fund –

As indicated in the financial statements the School Lunch Fund had an operating loss totaling $20,440 as of June 30, 2015. We recommend the District continue to monitor the school lunch operation to insure financial stability in the future.

Other Item:

The following item is not considered to be a deficiency in internal control, however, we consider it an other item which we would like to communicate to you as follows:

Affordable Care Act –

As the phase-in of the Affordable Care Act begins, there are many new compliance and reporting issues which will impact the school district. New reporting requirements include tracking of employee hours over specific measurement periods, gathering enrollment information, and filing the new IRS Form 1094 and 1095 tax forms.

We recommend the Administration continue to review and monitor the reporting requirements to ensure financial penalties are not incurred.

Prior Year Recommendations:

We are pleased to report the following prior year recommendations have been implemented to our satisfaction:

1. The employees compensated absence balance was adjusted down to the correct amount.

2. The District implemented controls over the emptying, filling and reconciling of sales from vending machines.

3. The District implemented controls over the catering billing, collecting catering receipts and preparing the deposit slip.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Raymond F. Wager CPA. PC

October 9, 2015