

BLIND BROOK - RYE UNION FREE SCHOOL DISTRICT, NEW YORK

Independent Auditors' Report on Communication of
Internal Control Matters Identified in the Audit

June 30, 2011



Independent Auditors' Report on Communication of Internal Control Matters Identified in the Audit

The Board of Education
Blind Brook - Rye Union Free School District
390 North Ridge Street
Rye Brook, New York 10573

In planning and performing our audit of the basic financial statements of the Blind Brook - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

Our consideration of internal control was for the limited purpose of conducting the School District's audit and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

However, as indicated in the attached Addendum A, we identified certain deficiencies in internal control that we consider to be control deficiencies. It is important to note that control deficiencies are not necessarily issues management and the Board of Education will choose to address, however, control deficiencies may represent potential risks. Our responsibility as your auditor is to ensure that management and the Board of Education are aware of these deficiencies or weaknesses so that you can make informed business decisions on how best to respond to these risks.

This report, summary of communications and addendum are intended for the information and use of management and the Board of Education. However, this report is a matter of public record and its distribution is not limited. We will be pleased to discuss these comments in further detail at your convenience, or to assist you in implementing the recommendations.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Harrison, New York
September 1, 2011

Blind Brook - Rye Union Free School District, New York

Summary of Communications

- Auditors' Responsibility Under Auditing Standards Generally Accepted in the United States of America
 - Unqualified opinion on financial statements
 - No change in scope of the audit
 - No material errors
 - No fraud or illegal acts identified
 - No instances/suspicion or allegations of fraud were noted during conduct of audit
- Internal Accounting Controls
 - Reviewed to extent necessary to render our opinion on the financial statements
 - No material weaknesses noted
- Significant Accounting Policies
 - Accounting policies appears appropriate
 - Significant accounting policies included in Note 1 to the financial statements
 - No changes in accounting policies during the year
- Management's Judgments and Accounting Estimates
 - Estimates used deemed adequate
- Audit Adjustments
 - No significant unrecorded adjustments
- Other Information in Documents Containing Audited Financial Statements
 - Management's Discussion and Analysis appears reasonable
- Disagreements with Management
 - None

- Unresolved Difficulties Encountered in Performing the Audit
 - None

Blind Brook - Rye Union Free School District, New York

Summary of Communications
(Concluded)

- Consultation by Management with Other Accountants
 - None of which we were made aware
- Management Consulting Services
 - None
- Independence
 - O'Connor Davies Munns & Dobbins, LLP is independent in all respects
- Irregularities or Illegal Acts
 - Nothing to report

Addendum A

- **Agency and Special Purpose Funds**

Fiduciary funds are used to account for assets held by the School District in an agency capacity on behalf of others. The Agency Fund is primarily utilized to account for payroll tax withholdings and other deposits that are payable to other jurisdictions or individuals. Our review of the account balances in the Agency Fund indicated that, for several of these accounts, balances remained unchanged from the prior fiscal year.

The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust or scholarship agreement. Our review of the Special Purpose Fund indicated that, for several of these accounts, there was no activity during the 2010-2011 fiscal year, other than interest earnings.

Recommendation

We recommend that the School District examine the status of all inactive accounts and, if applicable, either transfer the monies into the General Fund or remit payments back to the appropriate depositor.

- **Extraclassroom Activities**

Extraclassroom activity funds are defined as funds raised other than by taxation in the name of a school student body. These funds are operated by and for the students and are an integral part of the educational program of the School District. As part of our audit, we have reviewed, evaluated and tested the Extraclassroom Activity Funds. The results of our tests disclosed the following weaknesses:

Lack of Financial Activity

Our review indicated that several clubs reflected no financial activity during the current fiscal year.

Recommendation

We suggest that a determination of the status of the clubs with no financial activity be made to determine the proper disposition of funds. If the club is determined to be no longer active, the funds should be transferred to the general student organization to be used in accordance with their guidelines.
