

**WAYNE COUNTY WATER AND SEWER AUTHORITY**

**NEW YORK**

**COMMUNICATING INTERNAL CONTROL  
RELATED MATTERS IDENTIFIED IN AN AUDIT**

**For Year Ended December 31, 2014**

**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

March 9, 2015

To the Board Members  
Wayne County Water and Sewer Authority, New York

In planning and performing our audit of the financial statements of the Wayne County Water and Sewer Authority, New York as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Wayne County Water and Sewer Authority, 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Other Items:**

The following items are not considered to be deficiencies in internal control, however, we consider them other items which we would like to communicate to you as follows:

**Use of Discretionary Funds --**

The Authority's Budget Office has made recommendations in the areas of developing written policies that indicate the proper use of discretionary funds.

We recommend the Authority continue to review this guidance for inclusion in policy or procedure manuals.

**(Other Items) (Continued)**

**Sewer Fund –**

The Sewer Activity as indicated on the financial statements resulted in a decrease in unrestricted net position of \$26,125 which increased the overall unrestricted net position deficit to \$233,849. However, the total sewer net position is a positive \$6,798,554.

We recommend the Board continue to monitor the financial condition particularly in light of the proposed closing of the Butler Correctional Facility.

**Capital Projects Plan –**

We commend the Authority for developing a long-term Capital Projects Plan. Such a plan will keep long-term goals of the Authority on track and documented.

**Prior Year Recommendations:**

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

1. The Authority has developed a procedure for the Billing Clerk to provide a monthly transaction report from the billing system to the Account Manager. The receptionist is also recording daily receipts on a spreadsheet. The information on the monthly transaction report, the spreadsheet, and the general ledger will be reconciled by the Account Manager to ensure all monies are being deposited and recorded correctly. Additionally, this transaction report is initialed and dated by all three individuals.
2. The Authority has formally established a threshold for capitalizing assets.

This communication is intended solely for the information and use of management, the Board of Directors and the audit committee, 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 all personnel of the Authority for the courtesies extended to us during the course of our examination.



March 9, 2015