

Honorable Mayor and Council Members  
City of Rye, New York  
1051 Boston Post Road  
Rye, New York 10580

In planning and performing our audit of the financial statements of the City of Rye, New York as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A control deficiency 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 deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the regulatory basis financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a 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.

We communicated the significant deficiency identified during our audit in a separate communication dated June 27, 2016.

Following is a description of the identified control deficiency that we determined did not constitute a significant deficiency or material weakness:

### **Cash Receipts**

*Finding:* During our audit, we reviewed the cash receipts processes for various departments and locations throughout the City. While the amount of cash received at the City Assessor's often does not exceed \$100 over the course of multiple days, we noted a substantial lack of controls related to the cash receipts process.

*Recommendation:* While it is unlikely that the identified control deficiency would cause a material misstatement to the City's financial statements due to relatively small dollar amount of cash receipts handled by the City Assessor, we suggest the City implement controls within this department. These controls could consist of:

- a) Reconciling and remitting all cash receipts to the Finance Department on a daily basis.
- b) Implementing the use of sequentially numbered receipts to be provided to citizens upon payment. These receipts should then be provided to the Finance Department and matched against the reported cash receipts to ensure that all amounts on the receipts are accurately accounted for.
- c) Ensuring all cash received is stored in a secured drawer. Access to this drawer should be restricted only to those individuals processing cash receipts within the department.

These processes will assist the City in establishing reliable internal controls for the collections of cash within the City Assessor's office.

This report is intended solely for the information and use of the Honorable Mayor, Council Members, management, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

SaxBST LLP

Albany, New York  
June 27, 2016