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October 7, 2011

CONFIDENTIAL

The Board of Education  
Three Village Central School District

Dear Board Members:

We have completed our audit of the financial statements of Three Village Central School District (the District) as of and for the year ended June 30, 2011. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal controls as your principal safeguard against irregularities which a test examination might not disclose. We now present for your consideration our comments and recommendations based upon observations made during our audit.

This report is solely for the information and use of the Board of Education, management and others within the District.

Workers' Compensation

During our audit, we noted that the District is self-funded for workers' compensation and has a balance of \$2,336,641 in its workers' compensation reserve at June 30, 2011. The liability reported by the District at June 30, 2011 amounted to \$2,003,017. This liability includes the District's reported but unpaid workers' compensation claims provided by the District's third party administrator. The District has not had an actuary calculate incurred but not reported (IBNR) claims for workers' compensation. We recommend that the District engage an actuary to calculate the IBNR claims to assist in evaluating the utilization of the workers' compensation reserve to fund the outstanding claims.

School Lunch Fund

The District uses a daily cash deposit form that summarizes the day's currency amounts, rolled coins and checks received. This form requires two signatures in order to document the fact that both employees counted the deposit before the funds were deposited. We noted that two of the eight deposits which we examined were only signed by one employee. In order to improve internal control over the school lunch fund, we recommend that the District comply with its procedures to have two employees sign the daily deposit form.

Status of Prior Recommendations


The District has addressed recommendations made in a letter to the Board of Education by R.S. Abrams & Co., LLP dated October 20, 2010. Where appropriate, recommendations have been revised and repeated as current year recommendations.

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We wish to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by the District's personnel during our audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

TOSKI, SCHAEFER & CO., P.C.



Ronald C. Toski, CPA  
Managing Director