grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

To Board of Directors and Management of
the County of Oswego Industrial Development Agency

In planning and performing our audit of the basic financial statements of the County of Oswego Industrial Development Agency (the Agency) as of and for the year ended July 31, 2017, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the comptroller General of the United States, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 a 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.

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.

Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. 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 consider the deficiencies identified in Schedule A to be control deficiencies.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Grossman St. Amour CPAs

Syracuse, New York
October 25, 2017

Schedule A
Control Deficiencies

Segregation of Duties

As expected at an Agency of a small size, there are a limited number of staff available to establish an internal control system that has significant segregation of duties. We noted for example, that one staff has complete access to print checks, access the signature stamp, enter data into the QuickBooks general ledger and perform bank reconciliations.

In addition, we noted that cash receipts are opened at the front desk and a log is made of the daily cash receipt activity. A second log is then generated by the staff who prepares the bank deposit. The use of these logs is a positive control over cash receipts and we recommend the logs be compared with each other daily by an independent person and any differences are resolved.

Review of Debtor's Financial Information

According to the Office of the New York State Comptroller, Industrial Development Agencies must monitor the ongoing activities of the businesses benefited by Agency involvement to ensure that they are financially capable to repay their debts and that they are either creating new jobs or retaining existing jobs. During our testing, we noted instances where the Agency had not yet received supporting documentation for the current year financial activities of the businesses benefited by the Agency. We recommend ongoing pursuit of remaining financial information to ensure compliance with the Office of the New York State Comptroller.

Assessment of Collateral

The Agency's investment policy requires collateral for certificate of deposits and time deposit accounts at 105% of all deposits not covered by the Federal Deposit Insurance Corporation. At July 31, 2017, the Agency did not have sufficient collateral to comply with the investment policy due to the Agency using the book balance of bank accounts to calculate the required collateral. Going forward, the Agency should use bank balances to calculate collateral and ensure collateral is pledged in accordance with the Agency's policy.