

MANAGEMENT COMMENT LETTER

Mayor and Village Trustees
Village of Homer
Homer, New York

In planning and performing our audit of the financial statements of each major fund of Village of Homer (the Village) for the year ended February 29, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 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 or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

During our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our current year comments and recommendations regarding these matters.

OTHER MATTERS

Current Year Findings

Stewardship and Accountability

Condition:

The Village was not able to determine if they filed their fourth quarter Form 941, Employer's Quarterly Federal Tax Return for the calendar quarter ended March 31, 2016. For the quarter including January, February, and March, Form 941 is required to be filed with the IRS by April 30. Due to personnel changes, the Village was not able to provide copies of the Form 941 for the quarter. Upon inquiry with the IRS it was determined that the Form was filed.

Recommendation:

We recommended the Village ensure these forms continue to be filed timely, and that copies be made prior to mailing.

Allocation of Expenditures

Condition:

During our current year audit, the Village's allocation of health insurance expense among funds incurring personnel costs appeared inconsistent.

Recommendation:

We recommended the Village Treasurer allocate employee benefits between funds using a reasonable methodology that correlates to personnel costs incurred within each fund.

Accrual Accounting

Condition:

During our current year audit, we noted several instances where the Village Treasurer did not appropriately accrue current year expenditures paid after year end. Therefore, financial reports may not accurately reflect all activity.

Recommendation:

We recommend accounts payable be recorded appropriately at year end based on an analysis of the service period for invoices received after year end.

This letter does not affect our report dated November 1, 2016 on the basic financial statements of the Village of Homer.

This report is intended solely for the information and use of the Village Mayor, Village Trustees, Village management, and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
November 1, 2016