



March 7, 2016

To the Board of Directors  
Operation Oswego County, Inc.  
Oswego, New York

In planning and performing our audit of the basic financial statements of Operation Oswego County, Inc. as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered Operation Oswego County, Inc.'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Operation Oswego County, Inc.'s internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified.

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.

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 significant deficiencies. None of the identified significant deficiencies are considered to be material weaknesses.

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.

Very truly yours,

A handwritten signature in black ink that reads 'Grossman St. Amour CPAs'. The signature is written in a cursive, flowing style.

**GROSSMAN ST. AMOUR**  
**CERTIFIED PUBLIC ACCOUNTANTS PLLC**



## **Schedule A Control Deficiencies**

### **Segregation of Duties**

As expected at an Organization 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, enter data into the QuickBooks general ledger and perform bank reconciliations. Assigning the preparation of bank reconciliations to an independent individual would enhance internal controls. We recommend that for an Organization of your size the bank reconciliation be performed by a financially experienced member of the Board, if practicable, or reviewed by the Chief Executive Officer. The monthly bank reconciliation is a vital task and separating this function from day-to-day responsibilities would enhance internal controls.

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.

### **Audit Adjustments and Preparation of Financial Statements**

Prior year audit entries approved and accepted by management were not posted to the general ledger creating differences in balance sheet accounts and a difference of depreciation expense in the net position line. It is noted that annual audit entries mainly consist of the annual depreciation expense and certain adjustments to properly present deferred revenue. In addition, the current year audit adjustments also included the recording of write- offs and forgiveness of debt. Audit adjustments proposed were accepted by management for financial statement presentation in accordance with Generally Accepted Accounting Principles (GAAP). In the current year adjustments have been posted by management to the general ledger and the trial balance reconciled to the financial statements.

In addition, there is not an individual on staff with the skills, knowledge and experience to prepare financial statements and the required footnotes in accordance with Generally Accepted Accounting Principles (GAAP), as applied to governmental units.