



## grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

March 21, 2022

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

In planning and performing our audit of the consolidated financial statements of Operation Oswego County, Inc. (OOC) and Operation Oswego County Foundation, Inc. (the Organizations) as of and for the year ended December 31, 2021, 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 the Organizations' 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 Organizations' internal control.

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. However, as discussed below, we identified certain deficiencies in 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 a combination of deficiencies in internal control over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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 solely describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. This communication is an integral part of an audit performed in accordance with Government Auditing Standards in considering Organizations' internal control over financial reporting. 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, slightly slanted style.

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

## **Schedule A Control Deficiencies**

### **Segregation of Duties**

Due to the size of the Organizations, there are a limited number of staff available to establish an optimal internal control system with proper segregations of duties. In the cash disbursement cycle there is an overall lack of segregation. Segregating duties amongst personnel and building in additional oversight procedures would enhance internal controls. We recommend that another employee or a financially experienced member of the Board perform the bank reconciliations.

Within the cash receipt process, we noted that receipts are opened at the front desk and a log is made of the daily cash receipt activity. Another staff then prepares the bank deposit and makes the deposit, also recording the activity in QuickBooks. While a comparison of these log and bank deposits is taking place we recommend that this also include QuickBooks and be performed by an independent person on a regular basis allowing timely identification and resolution of any differences. Additionally, electronic cash receipts do not follow these cash receipt processes and controls. It is recommended that the Organizations implement the appropriate controls over such electronic receipts.

### **Non-Compliance of Reporting Requirements**

OOC is subject to the reporting requirements contained in the New York State Public Authorities Law and is required to file the required Public Authorities Reporting Information System (PARIS) reporting within 90 days of year-end. It is noted that the prior year PARIS reporting was not filed within the required timeframe. We recommend that Management and the Board diligently work to meet required deadlines to remain in compliance with such requirements.

### **Capitalization of Fixed Assets**

The consolidated financial statements are presented in conformity with generally accepted accounting principles (GAAP) as applied to governmental units and are presented on the accrual basis of accounting. Under this presentation, property and improvements are required to be capitalized in accordance with OOC's capitalization policy and depreciated over their estimated useful lives. An adjustment of \$27,220 was proposed to capitalize current year additions. We recommend that purchases be reviewed periodically to ensure OOC's capitalization policy is followed.

### **Management of Deferred Inflow of Resources and Grant Funding**

A prior period adjustment was proposed to correct an error in the calculation of deferred inflow of resources. Approximately \$276,400 of deferred inflow of resources was reclassified to revenue based on reconsideration of revenue recognition criteria. This resulted in an increase in unrestricted net position of approximately \$276,400. We recommend management review grant agreements and contracts regularly to ensure proper revenue recognition.

### **Oversight of Operation Oswego County Foundation, Inc.**

Operation Oswego County Foundation, Inc. lacks the optimal internal control policies and procedures. There is no formal review or oversight of bank reconciliations or the overall general ledger throughout the year. We recommend management implement internal control policies and procedures to ensure adequate safeguarding and oversight, including but not limited to the regular review of account balances and general ledger activity throughout the year.