

**OPERATION OSWEGO COUNTY, INC.
AND
OPERATION OSWEGO COUNTY FOUNDATION, INC.**

FINANCIAL STATEMENTS

December 31, 2022 and 2021

**OPERATION OSWEGO COUNTY, INC. AND
OPERATION OSWEGO COUNTY FOUNDATION, INC.**

Management's Discussion and Analysis (unaudited)

As management of the Operation Oswego County, Inc. (OOC) and the Operation Oswego County Foundation, Inc. (the "Foundation") (the "Organizations"), we offer readers of the Organizations' financial statements this narrative overview and analysis of the financial activities of the Organizations for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

OOC is a local authority as defined by the New York State Public Authorities Law (PAL). As such, OOC is subject to the reporting requirements contained in the PAL and the Public Authorities Reporting Information System. The Foundation is a not-for-profit organization with a primary mission of assisting and supporting OOC. The financial statements of the two affiliated organizations are consolidated and transactions between the two Organizations have been eliminated.

FINANCIAL HIGHLIGHTS

- The Organizations' assets exceeded its liabilities by \$3,812,031 (net position) for the fiscal year reported. This represents a decrease in assets in excess of liabilities of \$198,189, a 4.94% decrease.
- Total liabilities and deferred outflows of resources of the Organizations decreased by \$171,489 to \$1,090,987 during the fiscal year, a decrease of 13.6% primarily from the repayment of debt obligations.
- The Organizations' long-term debt, which is primarily associated with the development of buildings, industrial parks and assistance to business, decreased by \$301,308 to \$789,869, net of related allowance. This represents a decrease of 27.6% from the prior fiscal year.
- Operating Expenses exceeded Support and Revenues by \$198,189 and generated a decrease in net position of \$198,189.
- Rental revenue was \$159,043 for the fiscal year, representing 15.1% of the Organizations' revenue, a reduction from the previous fiscal year of \$5,295.
- In December 2022, OOC sold 17 acres of land from the Town of Schroepfel Industrial Park for \$177,000. OOC recognized on gain of approximately \$750 on the sale.
- In December 2022, OOC entered into a severance agreement approximating \$170,900 for severance pay to a retiring employee. The costs are accrued at December 31, 2022 and expected to be paid out during 2023 and 2024. In addition, in 2023 OOC received funding of approximately 50% of these costs and other succession related costs through a cost-sharing agreement with the County of Oswego Industrial Development Agency. At December 31, 2022, OOC recognized a receivable and associated reimbursement of expenses of approximately \$103,000.

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Management's Discussion and Analysis (unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Organizations' financial statements. The Organizations' financial statements are comprised of fund financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Organizations' finances, in a manner similar to a private-sector business. The statements of net position presents information on all of the Organizations' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organizations are improving or deteriorating.

The statements of support and revenue, expenses and changes in net position present information showing how the Organizations' net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Both of the government-wide financial statements report only business-type (proprietary) activities, since none of the Organizations' activities are considered to be governmental activities supported primarily by County grants and contracts.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 11 through 18 of this report.

Other information – In addition to the financial statements and accompanying notes, this report also includes certain supplemental information, which includes information concerning the allocation of expenses on a functional basis, consolidation of assets, liabilities and net position and the consolidation of revenue and expenses. This supplementary information can be found on pages 19 through 24 of this report.

**OPERATION OSWEGO COUNTY, INC. AND
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Management's Discussion and Analysis (unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Organizations' financial position. In the case of the Organizations, assets exceeded liabilities by \$3,812,031 and \$4,010,220 as of December 31, 2022 and 2021, respectively. This net position balance primarily represents cash and cash equivalents of \$1,299,824 and \$1,258,012, respectively, which may be used by the Organizations for future economic development needs as more fully described in the Organizations' mission statements. The Organizations' only fund is treated as a proprietary (business-type) fund. The following are summarized versions of the government-wide financial statements for the 2022 and 2021 fiscal years:

	2022	2021
Net Position		
Cash and cash equivalents	\$ 1,299,824	\$ 1,258,012
Accounts receivable and prepaid expenses	216,825	10,102
Deposit in loan fund	44,305	44,305
Loans receivable, net	967,287	1,421,429
Capital assets, net	613,101	623,182
Land for development	1,740,137	1,915,666
Deferred outflow of resources	21,539	-
Total assets	\$ 4,903,018	\$ 5,272,696
Accounts payable accrued expenses	\$ 244,484	\$ 113,268
Security deposits	700	635
Debt obligations, net	789,869	1,091,177
Total liabilities	1,035,053	1,205,080
Deferred inflow of resources	55,934	57,396
Net position	\$ 3,812,031	\$ 4,010,220
Change in Net Position		
	2022	2021
Support and revenue:		
Local governments	\$ 778,100	\$ 822,108
State and other grants	21,264	11,264
Rental revenue	159,043	164,338
Service charges- loans	35,512	59,716
Interest income	22,364	34,049
Event income	27,501	25,181
Sponsorship income	2,000	43,000
Paycheck protection loan forgiveness	-	126,698
Miscellaneous	5,758	2,090
Total support and revenue	1,051,542	1,288,444
Operating expenses:		
Program expenses	1,062,244	989,284
Rental depreciation expense	52,534	61,738
Management and general	126,397	104,501
Management and general depreciation expense	8,556	7,799
Total operating expenses	1,249,731	1,163,322
Change in net position	(198,189)	125,122
Net position at beginning of year	4,010,220	3,885,098
Net position at end of year	\$ 3,812,031	\$ 4,010,220

**OPERATION OSWEGO COUNTY, INC. &
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Management's Discussion and Analysis (unaudited)

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Organizations' finances. If you have questions about this report or need additional information, contact the Organizations' boards at 44 West Bridge Street, Oswego, NY 13126.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Statements of Net Position

	December 31,	
	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash and cash equivalents	\$ 1,299,824	\$ 1,258,012
Accounts receivable	216,825	10,102
Deposit in loan fund	44,305	44,305
Loans receivable, net	967,287	1,421,429
Property and improvements, net	613,101	623,182
Land for development	1,740,137	1,915,666
Total assets	<u>4,881,479</u>	<u>5,272,696</u>
Deferred outflow of resources	<u>21,539</u>	<u>-</u>
	<u>\$ 4,903,018</u>	<u>\$ 5,272,696</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Liabilities:		
Accounts payable and accrued expenses	\$ 244,484	\$ 113,268
Security deposits	700	635
Debt obligations, net	789,869	1,091,177
Total liabilities	<u>1,035,053</u>	<u>1,205,080</u>
Deferred inflow of resources	55,934	57,396
Net investment in capital assets	613,101	623,182
Restricted net position	44,793	63,212
Unrestricted net position	3,154,137	3,323,826
Net position	<u>3,812,031</u>	<u>4,010,220</u>
	<u>\$ 4,903,018</u>	<u>\$ 5,272,696</u>

The accompanying notes are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Statements of Support and Revenue, Expenses and Changes in Net Position

	Years Ended December 31,	
	2022	2021
Support and revenue:		
Local governments	\$ 778,100	\$ 822,108
State and other grants	21,264	11,264
Rental revenue	159,043	164,338
Service charges- loans	35,512	59,716
Interest income	22,364	34,049
Event income	27,501	25,181
Sponsorship income	2,000	43,000
Paycheck protection loan forgiveness	-	126,698
Miscellaneous	5,758	2,090
Total support and revenue	<u>1,051,542</u>	<u>1,288,444</u>
Operating expenses:		
Program expenses	1,062,244	989,284
Rental depreciation expense	52,534	61,738
Management and general	126,397	104,501
Management and general depreciation expense	8,556	7,799
Total operating expenses	<u>1,249,731</u>	<u>1,163,322</u>
Change in net position	<u>(198,189)</u>	<u>125,122</u>
Net position at beginning of year	<u>4,010,220</u>	<u>3,885,098</u>
Net position at end of year	<u>\$ 3,812,031</u>	<u>\$ 4,010,220</u>

The accompanying notes are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Statements of Cash Flows

	Years Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Cash received for economic development	\$ 569,915	\$ 766,179
Cash received for other development incentives	56,051	81,535
Cash received for interest and loan service charges	57,941	93,398
Cash received for rent	159,043	164,338
Cash received for paycheck protection loan	-	126,698
Cash received for loan repayments	472,323	423,284
Cash paid for loans issued	(21,700)	(20,000)
Cash paid for administration	(21,600)	(54,389)
Cash paid for development and promotion expenses	(1,026,726)	(942,740)
Cash paid for professional fees	(30,638)	(42,119)
Net cash provided by operating activities	214,609	596,184
Cash flows from investing activities:		
Proceeds from sale of land	176,287	-
Cash paid for the purchase of property and improvements	(51,295)	(27,220)
Net cash provided by (used in) investing activities	124,992	(27,220)
Cash flows from financing activities:		
Cash paid for loan repayments	(297,789)	(322,536)
Net cash used in financing activities	(297,789)	(322,536)
Net change in cash	41,812	246,428
Cash, beginning of year	1,258,012	1,011,584
Cash, end of year	\$ 1,299,824	\$ 1,258,012
Reconciliation of changes in net position to net cash provided by operating activities:		
Change in net position	\$ (198,189)	\$ 125,122
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	61,090	69,537
Gain on sale of land	(758)	-
Loss on disposal of property and equipment	286	-
Net change in accounts receivable	(206,723)	(10,535)
Net change in loans receivable	450,623	403,284
Net change in deferred outflow of resources	(21,539)	-
Net change in deferred inflows of resources	(1,462)	(45,394)
Net change in security deposits	65	(367)
Net change in accounts payable and accrued expenses	131,216	54,537
Net cash provided by in operating activities	\$ 214,609	\$ 596,184

The accompanying notes are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

Operation Oswego County, Inc., (OOC) is a 501(c)(6) not-for-profit corporation subject to the reporting requirements contained in the New York State Public Authorities Law. OOC contracts with the Oswego County, State, and local governments to provide economic development, promotion, advertising, technical assistance, financial planning and related services. The Governmental Accounting Standards Board (GASB) permits certain governmental not-for-profit organizations to report as special-purpose governments engaged only in business-type activities under GASB Statement No. 34, which was amended by GASB Statement No. 62, allowing OOC to follow GASB pronouncements. Accordingly, OOC operates as a special-purpose government accounted for as a proprietary fund.

Operation Oswego County Foundation, Inc. (the Foundation) is a 501(c)(3) not-for-profit corporation which was established to assist and support OOC's promotional efforts. The Foundation is controlled by OOC in that OOC's board officers serve as trustees of the Foundation's board. Accordingly, OOC has consolidated its financial statements with the financial statements of the Foundation in a blended approach.

Basis of Presentation

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units and are presented on the accrual basis of accounting utilizing an "economic resources" measurement focus.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net position and revenues, expenses, gains and losses are classified based on the existence, or absence of restrictions.

Governance

OOC is managed by a Board of Directors, which establish the general policies governing OOC. The Board of Directors as of December 31, 2022 was comprised of 22 voting directors, respectively, and 5 non-voting ex-officio members in accordance with the by-laws of the organization. The Foundation is managed by a 4 member Board of Directors comprised of the OOC officers.

Annual Budgets

OOC is required to provide to the New York State Authorities Budget Office (ABO) an annual budget on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year. This budget is submitted to the ABO and can be found on OOC's website at <https://www.oswegocounty.org>.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Support is recognized by the Organizations when the associated specific projects take place and/or expenditures are incurred for the intended purposes. The Organizations have the following significant streams of revenue:

Rental revenue for OOC is recognized as rents become due in accordance with the lease terms. Rental payments received in advance are deferred until earned.

Local government, state and other grant revenue is deemed to be earned and reported as revenue when the Organizations have incurred expenditures in compliance with the terms of the applicable grant agreement. Amounts due from governments and other agencies are recorded as receivables. The Organizations consider the associated accounts receivables to be fully collectible based on management's review; accordingly, no allowance for doubtful accounts is required.

The Foundation performs the Next Great Idea Oswego County Business Plan Competition and obtains sponsorship and grant funding for the event. The event is scheduled every two years and sponsorship revenue is deferred until the event occurs. Grant funding is recognized as stated in the local government, state and other grant revenue section above.

Leases

Effective January 1, 2022, the Organizations adopted GASB Statement No. 87, Leases. The Organizations do not currently have any lease agreements in which the Organizations are the lessee. OOC leases certain properties to tenants with lease terms in most cases of 12 months or less. All leases between OOC and the tenants of the spaces are operating leases. Adoption of the new standard did not have an impact on the timing of lease revenue recognition. See Note 5 for specific lessee details and future minimum rental income expected.

Net Position

GASB requires the classification of net position into three components. These classifications are displayed in three components below:

- A. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. At December 31, 2022 and 2021, the Organizations had net investment in capital assets of approximately \$613,100 and \$623,200, respectively.
- B. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. At December 31 2022 and 2021, the Organizations had restricted net assets of approximately \$44,800 and \$63,200, respectively, relating to the transactions of the Foundation.
- C. Unrestricted net position - all other assets that do not meet the definition of net investment in capital assets or restricted net position.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

It is the Organizations' policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. At December 31, 2022 and 2021, the Organizations had unrestricted net assets of approximately \$3,154,100 and \$3,323,800, respectively.

Property and Improvements

Property and improvements consist of buildings or improvements, which are stated at cost at the date the property was placed in service or acquired, less accumulated depreciation. It is the policy of the Organizations to provide for depreciation of these assets over their estimated useful lives using the straight-line method. Depreciation of fixed assets amounted to approximately \$61,100 and \$69,500 at December 31, 2022 and 2021, respectively.

Maintenance and repairs are expensed as incurred and major renewals and betterments over \$3,000 are capitalized. At the time of the sale or retirement, the costs and accumulated depreciation of such assets are removed from the respective accounts, and the gain or loss is reflected in support and revenues.

Land Held for Development

Various parcels of land have been purchased by, or contributed to, the OOC for use in business development. Land is stated at cost or its fair market value at the date of acquisition. Development costs for these projects have been added to the land costs. Over the years, OOC has purchased 182 acres of land to be developed into the Oswego County Industrial Park. In 2022, OOC sold 17 acres for approximately \$177,000 recognizing a gain on the sale of land of approximately \$750. The remaining undeveloped acreage as of December 31, 2022 is 118 acres. OOC has previously purchased land to form the Oswego County Airport Industrial Park, of which 139 acres remain available for development.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

OOC and the Foundation are exempt from Federal income taxes under section 501(c)(6) and section 501(c)(3), respectively, of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organizations' do not believe the financial statements include any uncertain tax positions. It is the Organization's policy to recognize any interest and penalties as expenses. The Organizations' returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the accompanying statement of support and revenue, expenses and changes in net position. Costs have been summarized as either program service expenses or management and general expenses. Program service expenses consist of costs related to providing programs or services in line with the Organizations' missions. Management and general expenses consist of costs associated with the overall administrative function and management of the Organizations. Certain costs have been allocated based on management's estimate of time spent, occupancy or usage. Costs specifically related to a program are charged directly to that program.

Economic Dependency and Concentration of Credit Risk

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of cash accounts in financial institutions. Cash balances may exceed Federal Deposit Insurance (FDIC) limits of \$250,000 at various points throughout the year.

The Organizations' derived approximately 73% and 60% of its revenues from the County of Oswego and County of Oswego Industrial Development Agency for the years ended December 31, 2022 and 2021, respectively. The loss of such funding would have a significant impact on the Organizations.

Pension Plan

OOC has a defined contribution plan, which covers all eligible employees. Pension costs approximated \$58,100 and \$59,100 for 2022 and 2021, respectively.

2. Loans Receivable, net

OOC held the following loans receivable at December 31:

	2022	2021
K&N Foods USA	\$ 449,999	\$ 458,332
Town of Schroepfel	100,000	120,000
Holiday Inn Express	75,702	96,520
Universal Metal Works	64,568	87,188
Minetto Associates, LP	-	16,202
Northland Filter International, LLC	463,822	556,685
Design Concepts and Enterprises	-	178,140
COVID-19 Emergency Relief Loans	84,837	176,484
	<u>1,238,928</u>	<u>1,689,551</u>
Less: allowance for uncollectable loans receivable (see Note 3)	<u>(271,641)</u>	<u>(268,122)</u>
	<u>\$ 967,287</u>	<u>\$ 1,421,429</u>

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

2. Loans Receivable, net (continued)

These loans receivable primarily relate to corresponding notes payable described in Note 6 in which OOC received funds from the County of Oswego IDA (the IDA) and U.S. Department of HUD, respectively, and subsequently loaned the funds to the respective borrowers. Repayment of the loans is consistent with the terms described in Note 6. The Design Concepts and Enterprises' loan receivable was funded in 2019 through the proceeds of a grant from the IDA, repayment took place in full during 2022.

3. Allowance for Uncollectable Loans Receivable and Unpaid Debt Obligations

Management evaluates the allowance for uncollectible loans based on review of delinquent outstanding loans along with other known client factors to estimate uncollectible amounts. Additionally, management has agreements with the IDA, of which any funds that are lent, and not subsequently repaid, will reduce the amount of funds repayable to the IDA. There was no bad debt expense recognized in 2022 and 2021. Management recognized a reduction in loans receivable and corresponding unpaid debt obligations of approximately \$271,600 and \$268,100 in 2022 and 2021, respectively, to reflect these potentially uncollectible amounts.

4. Property and Improvements

Property and improvements consist of the following at December 31:

	2022	2021
Land	\$ 23,795	\$ 23,961
Property and improvements	2,481,064	2,477,193
Construction in process	-	17,220
Furniture and equipment	73,446	73,444
	2,578,305	\$ 2,591,818
Less: accumulated depreciation	(1,965,204)	(1,968,636)
	\$ 613,101	\$ 623,182

5. Lease Agreements

OOC leases property to several organizations with lease terms as follows:

- Oswego County Opportunities, Inc.: Lease through January 31, 2025, payments of \$3,114.58 due monthly.
- Center for Instruction, Technology & Innovation: payments of \$5,958.33 due monthly through June 30, 2023.
- Wellhouse Ministries, Inc.: payments of \$225 due monthly through December 31, 2022, and a new lease beginning January 1, 2023 through December 31, 2023 with payments of \$225 due monthly.
- OCBM: payments of \$820 due monthly through January 31, 2023. This lease was extended through January 31, 2024.
- Stress Bioanalytics, LLC: Lease beginning in June 2022 through June 2023, due in monthly payments of \$120.
- Equanimity Counseling: payments of \$466.67 due monthly through October 2023.
- County of Oswego: payments of \$7,975 due quarterly through December 31, 2023.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

5. Lease Agreements (continued)

Rental income from the above organizations and other minor leasing arrangements for the years ended December 31, 2022 and 2021 approximated \$159,000 and \$164,300, respectively. Expected rental income based on current leases over the next five years as of December 31, 2022 are as follows:

2023	\$ 80,888
2024	39,399
2025	5,140
Rental income	<u>\$ 125,427</u>

6. Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Note payable to the County of Oswego IDA for construction of a day care center in the Oswego County Industrial Park, interest free, payable solely from 60% of annual rental income, secured by land and building.	\$ 264,250	\$ 284,994
Note payable to the County of Oswego IDA for construction of the 2001 SPEC building in the Lake Ontario Industrial Park, interest free, with payments made from 60% of prior year rent payments. Effective in August of 2019, this note became unsecured as the building was sold to Northland Filter International, LLC. Future payments will be made from a combination of 60% of rent and principal mortgage payments.	175,460	259,415
Note payable to the County of Oswego IDA for industrial loan for equipment and construction at K & N Foods USA, interest free, repayable solely from payments received on note from K & N Foods USA in 180 equal payments of \$2,777.78 beginning on June 30, 2019.	458,332	458,332
Note payable to the County of Oswego for construction of a senior housing project, repayable solely from payments received on note from Minetto Associates, L.P. in monthly installments of \$2,322, including interest at 1%, through July 2022. secured by the building.	-	16,202
Note payable to the County of Oswego IDA for use in providing funding to applicants seeking financial assistance through the COVID-19 Emergency Relief Loan Program, interest free, repayable from principal payments received on notes from borrowers on or before December 31st of 2021, 2022 and 2023. In addition, any unlent principal will be returned at December 31, 2023.	163,468	340,356
Less: allowance for potentially uncollectible debt obligations	<u>(271,641)</u>	<u>(268,122)</u>
	<u>\$ 789,869</u>	<u>\$ 1,091,177</u>

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

6. Long-Term Debt (continued)

Aggregate maturities of debt are as follows as of December 31:

	2023	\$	233,201
	2024		69,733
	2025		69,733
	2026		69,733
	2027		69,733
	2028-2032		312,875
	2033-2038		201,378
	2039-2041		35,124
	Total long-term debt		1,061,510
Less: allowance for potentially uncollectable debt obligations			(271,641)
		\$	<u>789,869</u>

7. Related Parties and Commitments

The Organizations' Executive Director also serves as the Chief Executive Officer for the IDA, a public benefit corporation. In addition, the IDA contracts with OOC for office space and administrative services. The IDA paid \$350,000 for the years ended December 31, 2022 and 2021 to OOC for space and administrative services.

In previous years, the IDA provided OOC approximately \$2,831,000 of interest free funding to construct the Education, Day Care and SPEC buildings held by OOC. In 2013, the IDA provided OOC \$500,000 of interest free financing to support the re-use of the Birds Eye plant located in the City of Fulton by K&N Foods. OOC acted as a conduit lender for this financing and K&N Foods is responsible for repayment of the debt to OOC. In 2020, the IDA provided OOC \$500,000 of interest free funding to create the COVID-19 Emergency Relief Program. Current loan balances payable to the IDA as described in Note 6 approximate \$1,062,000 and \$1,343,000 for the years ended December 31, 2022 and 2021, respectively.

In December 2022, OOC entered into a severance agreement approximating \$178,900 of salary and benefits with a retiring employee. The costs are accrued within accounts payable and accrued expenses on the statement of net position at December 31, 2022 and are expected to be paid out during 2023 and 2024. In addition, in 2023 OOC received funding of approximately 50% of these costs from a cost-sharing agreement with the IDA. At December 31, 2022, OOC recognized a receivable and associated reimbursement of expenses of approximately \$89,400 for this agreement and approximately an additional \$13,600 for succession related costs.

OOC has a loan receivable from a company whose executive leadership includes a member of the board.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Financial Statements

8. Deferred Inflows of Resources

The IDA advances funds annually to OOC. At December 31, 2022 and 2021, advances were not fully expended for committed projects from the Economic Development Initiative Fund (EDIF). It is anticipated that the majority of funds will be expended during 2023 for ongoing projects and other identified needs. Revenue will be recognized annually. Additionally, rental tenants make payments to OOC in advance. Rental payments received in advance are deferred until earned. The Foundation may also receive grants in advance of events that are deferred until the event takes place. Total deferred inflows of resources for the Organizations at December 31, 2022 and 2021 approximated \$55,900 and \$57,400, respectively.

9. Deferred Outflows of Resources

At times, the Organizations may pay for service with contract terms that extend into future years. Any expenses incurred on these contracts relating to those future years are reported as deferred outflow of resources to be recognized as an expense in the future period incurred. Total Organizations' deferred outflow of resources at December 31, 2022 approximated \$21,500. There were no deferred outflows of resources at December 31, 2021.

10. Subsequent Events

Management has evaluated subsequent events through March 20, 2023, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services	Management and General	Total Expenses
Salaries	\$ 432,116	\$ 58,925	\$ 491,041
Pension plan	51,119	6,971	58,090
Employee benefits	154,669	21,091	175,760
Accounting and legal	24,949	3,402	28,351
Payroll taxes	35,800	4,882	40,682
Supplies	23,511	3,206	26,717
Telephone	7,393	1,008	8,401
Occupancy	3,993	544	4,537
Maintenance and repairs	35,490	4,839	40,329
Printing and publications	1,869	255	2,124
Travel	15,118	2,061	17,179
Insurance	27,647	3,770	31,417
Land taxes	6,934	946	7,880
Advertising	47,754	-	47,754
Professional services	2,013	274	2,287
REDI expense	20,000	-	20,000
Community relations	8,787	1,198	9,985
Miscellaneous	26,603	3,627	30,230
Dues and subscriptions	76,503	1,219	77,722
Rental and development expenses	59,976	8,179	68,155
Depreciation	52,534	8,556	61,090
	<u>\$ 1,114,778</u>	<u>\$ 134,953</u>	<u>\$ 1,249,731</u>

The accompanying schedules are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services	Management and General	Total Expenses
Salaries	\$ 443,367	\$ 60,459	\$ 503,826
Pension plan	52,048	7,098	59,146
Employee benefits	96,373	13,142	109,515
Accounting and legal	19,099	2,604	21,703
Payroll taxes	33,196	4,527	37,723
Supplies	19,199	2,618	21,817
Telephone	7,736	1,055	8,791
Occupancy	4,071	555	4,626
Maintenance and repairs	48,972	6,678	55,650
Printing and publications	16,478	65	16,543
Travel	23,705	-	23,705
Insurance	10,388	1,417	11,805
Land taxes	8,903	-	8,903
Advertising	23,006	-	23,006
Professional services	19,646	770	20,416
Next Great Idea expense	52,542	-	52,542
Community relations	18,350	129	18,479
Miscellaneous	23,041	3,142	26,183
Dues and subscriptions	9,372	242	9,614
Rental and development expenses	59,792	-	59,792
Depreciation	61,738	7,799	69,537
	<u>\$ 1,051,022</u>	<u>\$ 112,300</u>	<u>\$ 1,163,322</u>

The accompanying schedules are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Consolidating Statement of Net Position

December 31, 2022

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

	Operation Oswego County, Inc.	Operation Oswego County Foundation, Inc.	Consolidating Entries	Consolidated Total
Current assets:				
Cash and cash equivalents	\$ 1,214,252	\$ 85,572	\$ -	\$ 1,299,824
Accounts receivable	216,825	-	-	216,825
Deposit in loan fund	44,305	-	-	44,305
Loans receivable, net	<u>967,287</u>	<u>-</u>	<u>-</u>	<u>967,287</u>
Total current assets	2,442,669	85,572	-	2,528,241
Property and improvements, net	613,101	-	-	613,101
Land for development	<u>1,740,137</u>	<u>-</u>	<u>-</u>	<u>1,740,137</u>
Total assets	<u>4,795,907</u>	<u>85,572</u>	<u>-</u>	<u>4,881,479</u>
Deferred outflow of resources	<u>21,539</u>	<u>-</u>	<u>-</u>	<u>21,539</u>
	<u>\$ 4,817,446</u>	<u>\$ 85,572</u>	<u>\$ -</u>	<u>\$ 4,903,018</u>

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

Liabilities:				
Accounts payable and accrued expenses	\$ 223,705	\$ 20,779	\$ -	\$ 244,484
Security deposits	700	-	-	700
Debt obligations, net	<u>789,869</u>	<u>-</u>	<u>-</u>	<u>789,869</u>
Total liabilities	1,014,274	20,779	-	1,035,053
Deferred inflow of resources	<u>35,934</u>	<u>20,000</u>	<u>-</u>	<u>55,934</u>
Net investment in capital assets	613,101	-	-	613,101
Restricted net position	-	44,793	-	44,793
Unrestricted net position	<u>3,154,137</u>	<u>-</u>	<u>-</u>	<u>3,154,137</u>
Net position	<u>3,767,238</u>	<u>44,793</u>	<u>-</u>	<u>3,812,031</u>
	<u>\$ 4,817,446</u>	<u>\$ 85,572</u>	<u>\$ -</u>	<u>\$ 4,903,018</u>

The accompanying schedules are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Consolidating Statement of Net Position

December 31, 2021

ASSETS				
	Operation Oswego County, Inc.	Operation Oswego County Foundation, Inc.	Consolidating Entries	Consolidated Total
Current assets:				
Cash and cash equivalents	\$ 1,129,800	\$ 128,212	\$ -	\$ 1,258,012
Accounts receivable	10,102	-	-	10,102
Deposit in loan fund	44,305	-	-	44,305
Loans receivable, net	1,421,429	-	-	1,421,429
Total current assets	2,605,636	128,212	-	2,733,848
Property and improvements, net	623,182	-	-	623,182
Land for development	1,915,666	-	-	1,915,666
	<u>\$ 5,144,484</u>	<u>\$ 128,212</u>	<u>\$ -</u>	<u>\$ 5,272,696</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION				
Liabilities:				
Accounts payable and accrued expenses	48,268	\$ 65,000	\$ -	\$ 113,268
Security deposits	635	-	-	635
Debt obligations, net	1,091,177	-	-	1,091,177
Total liabilities	1,140,080	65,000	-	1,205,080
Deferred inflow of resources	57,396	-	-	57,396
Net investment in capital assets	623,182	-	-	623,182
Restricted net position	-	63,212	-	63,212
Unrestricted net position	3,323,826	-	-	3,323,826
Net position	<u>3,947,008</u>	<u>63,212</u>	<u>-</u>	<u>4,010,220</u>
	<u>\$ 5,144,484</u>	<u>\$ 128,212</u>	<u>\$ -</u>	<u>\$ 5,272,696</u>

The accompanying schedules are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Consolidating Statement of Support and Revenue, Expenses and Changes in Net Position

Year Ended December 31, 2022

	Operation Oswego County, Inc.	Operation Oswego County Foundation, Inc.	Consolidating Entries	Consolidated Total
Support and revenue:				
Local governments	\$ 778,100	\$ -	\$ -	\$ 778,100
State and other grants	21,264	-	-	21,264
Rental revenue	159,043	-	-	159,043
Service charges- loans	35,512	-	-	35,512
Interest income	22,342	22	-	22,364
Event income	-	27,501	-	27,501
Sponsorship income	-	2,000	-	2,000
Miscellaneous	5,758	-	-	5,758
Total support and revenue	<u>1,022,019</u>	<u>29,523</u>	<u>-</u>	<u>1,051,542</u>
Expenses:				
Program expenses	1,014,332	47,912	-	1,062,244
Rental depreciation expense	52,534	-	-	52,534
Management and general	126,367	30	-	126,397
Management and general depreciation expense	8,556	-	-	8,556
Total operating expenses	<u>1,201,789</u>	<u>47,942</u>	<u>-</u>	<u>1,249,731</u>
Change in net position	(179,770)	(18,419)	-	(198,189)
Net position at beginning of year	<u>3,947,008</u>	<u>63,212</u>	<u>-</u>	<u>4,010,220</u>
Net position at end of year	<u>\$ 3,767,238</u>	<u>\$ 44,793</u>	<u>\$ -</u>	<u>\$ 3,812,031</u>

The accompanying schedules are an integral part of the financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Consolidating Statement of Support and Revenue, Expenses and Changes in Position

Year Ended December 31, 2021

	Operation Oswego County, Inc.	Operation Oswego County Foundation, Inc.	Consolidating Entries	Consolidated Total
Support and revenue:				
Local governments	\$ 822,108	\$ -	\$ -	\$ 822,108
State and other grants	1,264	10,000	-	11,264
Rental revenue	164,338	-	-	164,338
Service charges- loans	59,716	-	-	59,716
Interest income	34,016	33	-	34,049
Event income	-	25,181	-	25,181
Sponsorship income	-	43,000	-	43,000
Paycheck protection loan forgiveness	126,698	-	-	126,698
Miscellaneous	-	2,090	-	2,090
Total support and revenue	1,208,140	80,304	-	1,288,444
Expenses:				
Program expenses	917,697	71,587	-	989,284
Rental depreciation expense	61,738	-	-	61,738
Management and general	101,904	2,597	-	104,501
Management and general depreciation expense	7,799	-	-	7,799
Total operating expenses	1,089,138	74,184	-	1,163,322
Change in net position	119,002	6,120	-	125,122
Net position at beginning of year	3,828,006	57,092	-	3,885,098
Net position at end of year	\$ 3,947,008	\$ 63,212	\$ -	\$ 4,010,220

The accompanying schedules are an integral part of the financial statements.



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CERTIFIED PUBLIC ACCOUNTANTS PLLC

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, the financial statements of the business-type activities of Operation Oswego County, Inc. and Operation Oswego County Foundation, Inc. (the Organizations) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Organizations' basic financial statements, and have issued our report thereon dated March 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of deficiencies, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 described as item 2022-001 in the accompanying schedule of deficiencies to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests identified an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of deficiencies as item 2022-002.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grossman St Amour CPAs

Syracuse, New York
March 20, 2023