



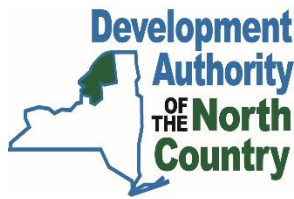
MEETING NOTICE

**Friday, June 26, 2020, 10:00 AM
Board Meeting
Video/Tele Conference**

**Dulles State Office Building
1st Floor Conference Room
Watertown, New York**

**Due to Coronavirus Restrictions,
Public Access to the Meeting is
Restricted.**

**The Public May View and Listen to the
Meeting Live Stream at www.danc.org.**



AGENDA
BOARD OF DIRECTORS MEETING
Friday, June 26, 2020 – 10:00 AM
Dulles State Office Building, Conference Call
Watertown, New York

1. Call to Order
2. Call the Roll
3. Privilege of the Floor
4. Approve the Minutes of May 28, 2020 Board Meeting
5. Chairman's Report
6. FYE 2020 Investment Report – RBC
7. Independent Audit – Bonadio Group
 - a. Resolution No. 2020-06-78, Approving Audited Financial Statements, Single Audit, Agreed Upon Procedures, and Report on Investments for Fiscal Year Ending March 31, 2020
 - b. Resolution No. 2020-06-79, Approving the Assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country for Fiscal Year 2020
 - c. Resolution No. 2020-06-80, Approving Annual Bond Sales Report for Fiscal Year Ending March 31, 2020
8. Engineering -
 - a. Resolution No. 2020-06-81, GIS Hosting Agreement, Town of Canton
 - b. Resolution No. 2020-06-82, Technical Services Agreement, Town of Morristown, Water/Sewer Rate Analysis
9. Regional Development -
 - a. Resolution No. 2020-06-83, Low Income Housing Tax Credit Program, Carthage Development Group Limited Partnership, Assumption of Regulatory Agreement
 - b. Resolution No. 2020-06-84, North Country Redevelopment Loan Fund, MCM Development Malone, LLC, Loan Modification

10. Telecommunications –

- a. Resolution No. 2020-06-85, Telecommunication, Utility Pole Make Ready Pass Thru Account

11. Water Quality –

- a. a Resolution No. 2020-06-86, Operations and Maintenance Service Agreement, Thousand Islands Bridge Authority, Water and Wastewater Facilities

12. Executive Session – Real Estate and Legal discussion

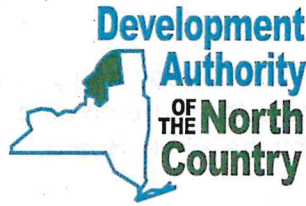
13. Executive Director's Report

- a. FYE 2020 Annual Report
- b. Finance Report

14. Loan Report – Regional Development Director

15. Next Meeting – August 27, 2020

16. Adjourn



MINUTES
BOARD OF DIRECTORS MEETING
Thursday, May 28, 2020 – 10:00 AM
Authority Conference Room 4th Floor
317 Washington Street, Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session at the State Office Building, Authority Conference Room 4th Floor, 317 Washington Street, Watertown, New York on Thursday, May 28, 2020 at 10:00 am.

Members Present:

Voting

Frederick Carter, Chairman
Margaret Murry
Thomas Hefferon
Alfred Calligaris
John Johnson Jr.
Alex MacKinnon
Gary Turck

Non-Voting

Mary Doheny
James Hollenbeck
Stephen Hunt
Brian McGrath

Members Absent

Dennis Mastascusa

Staff Present:

Carl Farone, Interim Executive Director
Michelle Capone, Director, Regional Development Division
Laurie Marr, Director of Communications and Public Affairs
Brian Nutting, Manager, Water Quality Division
Patricia Pastella, Manager, Materials Management Division
Jennifer Staples, Director of Administration
Carrie Tuttle, Director, Engineering and Environmental Division
David Wolf, Director, Telecommunications Division
Angela Marra, Executive Assistant
Katie Maitland, Administrative Associate

Guests:

Jennifer Granzow, Counsel, Wladis Law Firm

This meeting was conducted as a teleconference meeting with members of the Board in attendance via teleconferencing. The meeting was also live streamed from the State Office Building. The meeting itself, due to the Corona Virus emergency restrictions, had no public access, but was accessible through the Authority website through live streaming. This meeting is in compliance with Governor Cuomo's Executive Order.

During this meeting, because it is being done telephonically, it is asked that when you are speaking please state your name so you can be identified appropriately in the minutes. Within the Board Packet, whether in front of you or on the screen, the pages have been

numbered. As the resolutions are reviewed, the page number will be stated as well. Lastly, as with the previous Board Meeting, there are no committee meetings being held resulting in each resolution being reviewed by the whole Board.

1. Chairman Carter called the meeting to order at 10:03 AM.
2. Chairman Carter requested a roll call by A. Marra.
 - All Board Members were present except for D. Mastascusa.
 - A quorum of voting members and non-voting members was established.
3. Privilege of the Floor was offered.
4. Upon a motion by A. Calligaris, and seconded by T. Hefferon, the minutes from the March 26, 2020 Board Meeting, were unanimously approved.
5. Chairman's Report

Chairman Carter asked T. Hefferon for a report from the Search Committee.

T. Hefferon stated that the Executive Director's Search Committee met for the first time on May 21st via teleconference in an open meeting that was posted to live stream. The committee reviewed the process for the search, to include advertising the job in regional publication and on regional websites. The application due date will be June 26th. The Search Committee plans to meet again in early July to review the applications. The committee reviewed the draft call for applications and asked Counsel J. Granzow to review the Authority Budget requirements for compliance of such a listing. After researching the question, she advised there are no requirements for that position. The job was posted to the Authority website on Tuesday and L. Marr has been working on placements in various publications, both print and online, to begin running this weekend.

B. McGrath asked two initial questions. The first, is whether the Search Committee considered hiring a consultant to lead the search process and what the thoughts of the committee were. The second question was if the Search Committee had drafted a series of goal and objectives for what we are looking for in our new Executive Director.

T. Hefferon responded that they did consider using an outside consultant but it was unanimous that they do not. This process has been done both ways in the past.

A. MacKinnon also commented that this is the seventh of this type of search he has been involved with, and has seen it done both ways. Problems he has noted with a consultant were the expense, and the generation of a huge number of applicants. Some of the applicants are not from the area or familiar with the area, and when they arrived North Country living was very different from the suburbs of the cities they were from resulting in them not lasting very long. A. MacKinnon further commented that his goal is to find someone to provide leadership for more than just a few years. He feels there are many competent people in the North Country who are familiar with the area and can do a good job. By advertising locally we can generate enough interest to find someone good. A. MacKinnon also feels that the members of the Search Committee are very familiar with the operations of the Development Authority and the kind of person we would like to have in leadership. If it doesn't work the committee can always go back and try that option.

M. Doheny agreed with all T. Hefferon and A MacKinnon had stated, and further added the point that they specifically discussed the topic of the benefits and challenges of a search firm. This is also one of the reason's the committee discussed putting the job advertisement on indeed.com to broaden the search. To A. MacKinnon's good point, she further stated that if the committee is not happy with the applicants they have the ability to extend the search.

J. Hollenbeck stated that he is very happy with what the committee is doing.

F. Carter commented that he has been through three of these and he believes we are headed in the right direction. When it comes down to the final people, the whole Board will be involved, voting and non-voting. You will all have a chance to review everything and make sure it is all done properly.

B. McGrath felt this was a good answer for the first question. He did ask for further insight on whether the search committee had developed a template of goals, objectives, and criteria for what they are looking to accomplish in the process as well as what we are looking to find in prospective candidates to be our next executive director.

F. Carter asked for L. Marr to respond. L. Marr stated that the committee put together a thought process using steps they are going to go through as well as job qualities they wanted to see in a new director. These are included in the job advertisement or call for applications.

A. MacKinnon commented that once the committee gets into the search process they will sit down as a group and based on the criteria in the search announcement they will develop questions that are going to be designed to get a feel for how the applicants will merge with this set of criteria that has been established.

B. McGrath asked to add to what A. MacKinnon was also saying by adding what was in the annual review that has just been done for the Executive Director, and rolling this in with the other criteria that should be considered will help form the questions that should be asked during the interview process. There should also be a tracking system and an orderly process to help evaluate those who apply and those who are ready to interview. T. Hefferon asked B. McGrath if there is something that B. McGrath feels the committee should look at to please send it to him and he will make sure it is reviewed by the committee.

B. McGrath stated that he appreciates the committee's answers, and it seems like they are doing a very thorough job and he appreciates their hard work. His last point as previously discussed as part of the Governor's initiative for several years now is diversity and inclusion initiatives at all state levels, including state authorities. His suggestion to the search committee is to be sure to be mindful of diversity and inclusion goals of the State of New York, in so far as not just in the search process, but it starts at the beginning as to where you put the listing. Where you are posting your advertisement will directly impact the diversity pool of candidates in which you receive. B. McGrath thinks diversity and inclusion are very important, and the Development Authority has never had any non-cis-gendered white male executive director. He was not saying this should be an end all be all criteria, but to the extent the process can be conducted in a manner conscious of the state goals of diversity and inclusion which he thinks would make the governor very happy and advance the public interest. B. McGrath thinks this starts at the very beginning as to where the listing is posted. T. Hefferon asked if B. McGrath could provide F. Carter with some possible places the ad should be posted in addition to what has already been done. F. Carter wanted to add that the committee did discuss inclusion of minority groups at the meeting they had, and discussed diverse points of advertising where all people are likely to see it. This would be

not only on the New York State Labor website, and the Authority website, but also publications that would have a broad reach to all of the communities in northern New York as well as nationally.

6. Resolution No. 2020-05-48, appoints Carl E. Farone, Jr. as the Interim Executive Director of the Authority, with all duties, responsibilities and authority provided by the Authority By-Laws. Said appointment shall be effective immediately and shall remain in full effect until such time as the Authority selects and appoints a successor.

F. Carter asked J. Granzow, Authority counsel, to discuss her thoughts regarding this resolution. J. Granzow stated that as part of the Search Committee discussion at the meeting on May 21st they discussed the appointment of Carl Farone as the Interim Executive Director, and we have this resolution before the Board now. Based on her participation in the Selection Committee meeting, she would like to ask that the resolution be amend to add the following text:

Resolved, the Development Authority of the North Country does hereby authorize the Selection Committee to negotiate a salary for said appointment. The negotiated salary shall not exceed that of the previous Executive Director.

Upon a motion by F. Carter, and seconded by A. MacKinnon, the attorney's paragraph regarding the salary negotiation of the Interim Executive Director to be added to Resolution No. 2020-05-48, was unanimously approved.

F. Carter requested a roll call vote for the resolution's amendment.

Fred Carter – yes
Margaret Murry – yes
Tom Hefferon – yes
Al Calligaris – yes
John Johnson – yes
Alex MacKinnon – yes
Gary Turck – yes

Upon a motion by F. Carter, and seconded by M. Murray, Resolution No. 2020-05-48 Appointment of Interim Executive Director, Development Authority of the North Country, Carl E. Farone, Jr., was unanimously approved.

F. Carter requested a roll call vote for the resolution's amendment.

Fred Carter – yes
Margaret Murry – yes
Tom Hefferon – yes
Al Calligaris – yes
John Johnson – yes
Alex MacKinnon – yes
Gary Turck – yes

7. Executive Directors Report –

- a. Performance Measurements Report –

C. Farone stated that at the beginning of each year the Authority creates Performance Measures. This report is an overview of the Authority's achievements and items that require more attention at the end of the year. Items listed on the report in black are positive items, and those in red are the negative non-compliance issues. C. Farone read through a couple highlights within the report:

Meet or exceed federal, state and local regulatory requirements.

- The Materials Management Division, within the solid waste management facility, was operated in compliance with DEC standards being in accordance with the New York State DEC part 360 permit, the New York State DEC Air Title V Permit, the part 364 waste transporter permit, and the multi sector permit.
- The Authority received an A+ rating with a score of 20.5 out of 22 from the Minority and Women Owned Business as the Authority purchased over 30% of our good from minority owned businesses. We are actually just under 40% MWBE compliant.
- The Engineering Division, 77 solid waste permits for solid waste disposal at the solid waste management facility to make sure that the waste coming into the site is acceptable.
- Regarding noncompliance items in red, water pollution control facilities in the villages of Carthage, West Carthage, Clayton and Malone, and the City of Ogdensburg that Authority staff manages. The Authority does not own these sites, only manages them. Combined they experienced 29 violations. This is down from the 63 violations they received last year. The improvement is due to the completion of some capital improvement projects in the Carthage and West Carthage facilities. The Authority is working with the other municipalities to implement corrective actions in hopes of reducing the number of violations further.
- The municipal wastewater treatment plants managed by the Authority's Water Quality Division had 10 violations, but proper documentation was filed with DEC within a timely manner.

Meet or exceed federal, state and local safety requirements.

- The Development Authority has 393 safety compliance items. These are managed by Carrie Tuttle and her division, completing 393 of the 393, meaning the Authority is 100% complete for the calendar year.
- The Authority maintains a board certified safety professional who oversees the safety committee.

Manage the Authority assets in a prudent and fiscally responsible manner.

- Information Technology implemented several safety measures to protect the Authority's digital information. Telecom was separated from IT networks. Penetration testing was performed. A new backup system was configured and installed. Quarterly phishing was completed, and annual cyber testing and training was done for all employees.
- Material Management reviewed and improved working face operations to reduce leachate production at the materials management facility.
- Materials Management is required to fund closure and post-closure cost reserves. The 2019 Financial Assurance and Compliance Report has been filed with the DEC, and 2020 will be filed as soon as our audit is complete at the end of June.

- Regional Development competed model ordinances for solar, wind and dark sky compliance to assist communities with land use planning surrounding Fort Drum.
- The Authority hosted an annual open house at the Materials Management division.
- Annual partner letters were sent to Jefferson, Lewis and St. Lawrence Counties, and the City of Watertown.
- An annual update letter was sent to Rodman residents.
- Materials Management offers facility tours to schools and colleges so they can see it is a sophisticated operation and not just a hole in the ground where garbage is thrown.
- Telecommunications turned up a new 10 Gig circuit for SLIC, a local provider, when they requested additional capacity in response to COVID-19. The Authority provided this circuit free of service for two months to get it up and operational.
- Materials management conducts periodic meetings with haulers and county solid waste division partners to obtain feedback and discuss operational changes.

Encourage environmental stewardship, and advance as a more sustainable organization.

- Many good things at Materials Management with tire removal and disposal, and mattress collection and recycling.
- The Development Authority annually completes an Executive Order number 4 report for New York State reflecting the sustainability efforts as an organization.
- The Authority purchased and installed OnBase software to enhance file share capabilities and reduce the need for printing internally and externally.
- The Authority provides regional initiatives and partnerships that provide value added services to its communities.
- The Authority secured the Regional Recycling Transfer Station site in Harrisville and is progressing with taking single stream recyclables from St. Lawrence and Lewis counties. This will provide a more cost effective way for them to produce or dispose of recyclables.
- The Materials Management Division conducted five Household Hazardous Waste collection days.
- The Engineering Division was awarded the contract just under \$100,000 with the Villages of Gouverneur, Philadelphia, Rensselaer Falls to complete regional archive GIS mapping.
- The Engineering Division provided tactical support for water sewer capital improving projects. This is a \$116 million investment in the North Country that our Engineering Division is helping these municipalities oversee.
- In support of the 2023 World University Games in Lake Placid, Telecommunications worked on the fiber design and is rerouting fiber at the ski jump facility for the Olympic Regional Development Authority.
- Telecommunications completed a 10 Gig ring with BOCES linking several facilities with area BOCES.
- The development of the Telecommunications Division upgraded the Ethernet core to a 20 gigabits per second throughout the entire network.

Develop internal analytic data to improve assessment and decision making.

- Materials Management is utilizing data trends to determine causes of waste flow variation which will enable better planning and prediction of future occurrences.
- The Authority purchased a new network management server to enhance our ability to monitor usage errors and alarms in the network.
- Information Technology installed the water and wastewater software reporting and tracking system for the Army sewer and Army water lines. This was a capitol project from last year.

C. Farone concluded by saying there is a great deal of information here, but he just touched on the highlights. He then requested a motion to accept the Performance Measurements Report for the Fiscal Year ending 2020.

Upon a motion by A. Calligaris, and seconded by M. Murray, the acceptance of the Performance Measurements Report for Fiscal Year Ending 2020, was unanimously approved.

b. Performance Measures for Fiscal Year 2021 -

C. Farone stated this is the Board providing staff with the direction as far as Performance Measures and how we evaluate ourselves a year from now. Part of this process lies within the Mission Statement. The Board reviews the Mission Statement of the Authority, keeping the mission of the Authority to serve the common interest of Jefferson, Lewis and St. Lawrence Counties by providing technical services and infrastructure which will enhance economic opportunities in the region and promote the health and wellbeing of its communities. The Performance Measures for the fiscal year 2021 have been left unchanged. C. Farone requested a motion to accept the Mission Statement and Performance Measures.

Upon a motion by A. Calligaris, and seconded by G. Turck, the acceptance of the Performance Measures and Mission Statement for Fiscal Year Ending 2021, was unanimously approved.

c. Finance Report –

C. Farone reviewed a year end snapshot of the financials. Since the auditors will be reviewing this information in great detail at June's meeting, C. Farone stated he will provide just the overview, unless there is a specific question.

In looking at the Operating Revenue of the Development Authority, the total customer billings were about \$300,000, or about 1%, as a negative variance. This is due to a few things that occurred. Materials Management tonnage was down by about 11,000 tons. Telecom was up about a quarter million dollars. The Army sewer and water line usage was less than originally budgeted, and as usage was down, expenditures were down. The Army sewer and water line are cost-based contracts, meaning whatever the Authority spends is passed directly to Fort Drum with an incurred cost reconciliation at the end of every year. There is a reduction there simply because the Authority spent less money than what was budgeted due to less volume being used.

Grant Revenue is very close to projection. Loan interest income is close to projection. Under the North Country Economic Development Fund there was a budget of \$86,000

which is included in the budgeted number. However, in the year to date actual this revenue is backed out due to accounting reasons because it is NYPS's money. This would mean the Loan Interest Income, from a cash perspective, is ahead of projection by \$20,000. Other Income is ahead of projections.

Operating Expenses are under projection by \$1.8 million. C. Farone stated he reviewed the detailed statements and noted specific items that are primarily responsible for such variance; Authority wages and fringes were under budget due to vacancies, and chemicals and pole attachments were under budget as well. The biggest impact on this is that the Recycling Transfer Station did not become fully operational this year.

Under Interest Income, the actual cash interest income was \$1.9 million, or about \$216,000 ahead of budget. There is also a Mark to Market adjustment of \$750,000.

New York State Pension expense was budgeted at \$847,000 but the actual was \$721,000 due to employees coming in at a tier six. Under the GASB 68 requirement there shows \$94,000. This is purely an accounting entry that is required pursuant to the Governmental Accounting Standards Board.

The waste volumes at Materials Management are under budget by about 11,000 tons, but MSW was up 5% over budget. Contaminated soil was the primary variance, coming in at 18,000 tons under budget. It is difficult to predict how many contaminated soil jobs there will be in any given year.

Host Community Benefits to Rodman, \$823,000 was budgeted, but the Authority only paid \$772,000 due to the reduction in waste volumes.

C. Farone requested a motion to accept the financials.

Upon a motion by M. Murray, and seconded by A. Mackinnon, the acceptance of the Year End 2020 Financial Report, was unanimously approved.

d. COVID -19 - Authority Update –

C. Farone reported that many things had been implemented by J. Wright in March. 75% of the workforce was authorized to work from home. We continue to follow Federal and State regulations, restrictions, and best practices. A couple staff members have been allowed to return to the office setting as their duties were critical to them being onsite. These would specifically be the facilities in Clayton, Ogdensburg, and Carthage. The Authority does not own these facilities, but we do manage them so those staff were authorized back into the plant. They have their own offices and PPE. Currently 72.5% of the Authority workforce is still working remotely. Management continues to evaluate the situation. A plan to phase staff back into the office at a slow pace is being developed. It is critical to keep the Authority operational, our facilities operational, and the system we have using has been working.

B. McGrath asked, if without violating any employee HIPPA Protection, has the Authority had any personnel who either had to be quarantined or tested positive for COVID. C. Farone replied we have not had any staff that were actually in the office test positive. There was one staff who was at home who tested positive, but they did not have any contact with any Authority staff. They were isolated for 14 days.

8. Loan Report –

M. Capone reported that as of April 30th, under the CDLF portfolio, 51-53 Market Street in Potsdam was one month in arrears. M. Capone followed up with them and they have a check in the mail.

Under the Redevelopment Fund, Downtown Massena was seen as 87 days. M. Capone contacted them again and they stated the check is in the mail.

Eastern Resort Management, Snow Ridge, under the Tourism Fund, who we have helped on a couple of occasions, made their annual payment on the smaller loan and they made a payment on the larger loan. They are still eight months in arrears. M. Capone is going to follow up with them. They are going to be a slow pay, but we are going to continue to try and work with them to see this through.

On the Wind Water / Hotel Whiteface is 87 days past due. However, she states there is a check in the mail and if she makes one payment, she can be granted the 90 day moratorium as principle and interest that would bring her current.

Under the North Country Economic Development Fund, Pro-Sport Manufacturing is in default. There have been discussions with the North Country Economic Development Board and these are NYPA funds, and they are aware of the situation and we are going to try to collect on the loan.

As an update, we did close on the Thompson Park Conservancy, Watertown Zoo, shortly after our March Board meeting. The Authority attorney reviewed the loan documents and said they were sufficient to proceed and close on the loan. Immediately following this, we ran into the COVID pandemic. M. Capone met with Larry Sorel, the Executive Director at the zoo. At the end of the conversation both parties felt very optimistic with what the zoo is thinking through this whole process. Right now they plan to open the zoo in Phase IV, but are hopeful that they might be able to open sooner. They are going to petition the county to see if like the Gifford Zoo in Syracuse they might be able to open sooner. They did receive \$88,000 from the Payroll Protection Program. They have also applied for additional funds and were deemed eligible for \$150,000. Their board needs to decide if they are going to accept those funds because it is a long term loan over 30 years. They are also trying to move their summer programs along so they can continue virtually. They have also made changes as well. The executive director has taken no salary in April and did reduce hours for staff, but were able to bring them back with the award from the Payroll Protection Program. M. Capone feels very optimistic after meeting with the zoo. They are planning fundraisers throughout the balance of the year. They are in the process of hiring a marketing director. M. Capone will continue to follow up with the Executive Director monthly, to ensure up to date information can be brought to the Board as this loan has generated a great deal of discussion.

B. McGrath commented that there are several Executive Orders as well as Complimentary Orders from the New York State Department of Financial Services that address debt collection, seeking recovery on loans, as well as forbearance of installment loans. He asked if M. Capone or Authority counsel have taken the position that those Executive Orders and DFS guidance apply to the Authority or only to regulated financial institutions. M. Capone responded that this was not discussed from a legal perspective, however at the March Board meeting the authority was given to the Project Development Committee to be able to negotiate loan repayment terms with borrowers. At that time the Project Development Committee came back and recommended

90 day principal and interest moratorium whereby no principle or interest could be due for 90 days. Interest would not accrue to the loan, and the principal would be paid off at the end of the loan. M. Capone followed up with all borrowers and some of them wanted to continue to pay. Under the Tourism Fund, there were quite a few who took advantage of the 90 day moratorium. There is a resolution being presented today to extend that authority to the PDC because we will have a meeting in June, but there is no meeting scheduled for July and these are timely decisions. The tourism loans are going to need to be closely reviewed because the tourism industry is going to take a hard hit this summer. If we want to see them survive, we are going to have to be more patient than we have been in the past with these borrowers. Some have expressed that they are unsure if they are even going to open this year. They don't know what is going to happen, and it may be in their best interest to not open this year and save that money. The resolution will help us to be responsive in a timeframe. We did not take a legal opinion on this, but yes we did respond and are working and will continue to work with our borrowers. Even those borrowers that come out of this at the end of June, M. Capone stated she is going to work with on a case by case basis. She will bring their needs or requests back to the PDC. Everyone may not need the deferment. Some may only need time to build up their cash flow.

B. McGrath asked regarding the interest free deferral for borrowing, is the Authority looking to re-amortize the loans. He further asked if this is being put as a balloon payment at the end, or are all options being preserved giving the borrowers flexibility on this. M. Capone responded the Authority will be preserving all options at this point. It was a balloon at the end, but this may come back to the Board requesting to re-amortize and add on three additional months. No money will be lost by doing it this way. Some may wish to pay it off quicker than others, and it had been amazing to see the number of companies that have actually wanted to continue to pay their loans.

9. Governance -

- a. Resolution No. 2020-05-49, approves the amended Investment Policy.

C. Farone stated that the next three resolutions are annual resolutions of the Authority, and required pursuant to public authority law that they be reviewed annually. Each of these policies are posted on the Authority's website so they may be viewed by the public as well. Each of the three policies attached to the resolutions to be approved at this meeting have been saved utilizing track changes so Board members could easily see the changes that were made. The only change to the Investment Policy was rewording "comptroller" to "chief financial officer".

Upon a motion by A. Calligaris, and seconded by A. MacKinnon, Resolution No. 2020-05-49, Approving Investment Policy, was unanimously approved as amended.

- b. Resolution No. 2020-05-50, approves the amended Procurement Policy.

C. Farone stated this policy is similar to the Investment Policy in that it must be reviewed annually, and is posted to the Authority website. This policy is being amended slightly in that full definitions are being removed, and be replaced with the corresponding Article within the executive law. This will reduce the number of amendments to be made to the policy each time the wording within the executive law is changed. While this policy is lengthy, the changes are very minor

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2020-05-50, Approving Procurement Policy, was unanimously approved.

c. Resolution No. 2020-05-51, approves the amended Disposition of Real Property Policy

C. Farone stated this similar to the other two policies. It is posted to the Authority website and requires to be updated annually. The only modification is changing the title of “comptroller” to “chief financial officer”.

Upon a motion by A. MacKinnon, and seconded by M. Murray, Resolution No. 2020-05-51, Approving Disposition of Real Property, was unanimously approved.

10. Finance –

a. Resolution No. 2020-05-52, authorizing the Chairman, Treasurer, Executive Director, Chief Financial Officer, and Deputy Comptroller be named as authorized signatories on Authority bank accounts and that all documents requires as evidence of this authority be executed by the appropriate Authority Officers/personnel. Further, Mary Allen Baeslack of Benefit Services Group shall be named as an additional signatory on the Authority's Health Reimbursement Account (HRA) and Section 125 Plan Bank Account. The Accountant I and Accounting Associate will be designated authorized representatives for the purpose of initiating electronic transfers of Authority funds, when authorized by the designated Authority Officers/personnel, and that all documents required as evidence of such authority be executed by Authority Officer/personnel.

Upon a motion by A. Calligaris, and seconded by A. MacKinnon, Resolution No. 2020-05-52, Authorizing Depository Account Resolutions and Check Signing Authorization, was unanimously approved.

11. Engineering –

a. Resolution No. 2020-05-53 authorizes the GIS Hosting Agreement by and between the Authority and the Village of Massena. The Executive Director is authorized and directed to execute said Agreement in accordance with the terms listed on the resolution.

Upon a motion by G. Turck, and seconded by A. MacKinnon, Resolution No. 2020-05-53, Authorizing GIS Hosting Agreement, Village of Massena, was unanimously approved.

b. Resolution No. 2020-05-54, approves the Technical Services Agreement by and between the Authority and the Town of Champion. The Executive Director is authorized and directed to execute said Agreement Amendment

Upon a motion by A. MacKinnon, and seconded by M. Murray, Resolution No. 2002-05-54, Approving Technical Services Agreement, Town of Champion, Asset Management Plan, was unanimously approved.

c. Resolution No. 2020-05-55, approves the Technical Services Agreement Amendment 1, by and between the Authority and the Village of Heuvelton. The Executive Director is hereby authorized and directed to execute said Agreement Amendment.

Upon a motion by F. Carter, and seconded by M. Murray, Resolution No. 2020-05-55, Approving Technical Services Agreement Amendment 1, Village of Heuvelton, Water System Improvement Project, was unanimously approved.

d. Resolution No. 2020-05-56, approves the Technical Services Agreement Amendment No. 3, by and between the Authority and the Village of Malone. The Executive Director is hereby authorized and directed to execute said Agreement Amendment.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2020-05-56, Approving Technical Services Agreement Amendment No. 3, Village of Malone, Public Works Facility, was unanimously approved.

e. Resolution No. 2020-05-57, approves the Technical Services Agreement No. 1, by and between the Authority and the Town of Parish. This resolution further authorizes the Executive Director to execute this Agreement Amendment.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2020-05-57, Approving Technical Services Agreement, Town of Parish, Joint Water System Project, was unanimously approved.

f. Resolution No. 2020-05-58, approves the SCADA Services Agreement, by and between the Authority and the Route 3 Board of Commissioners. The Executive Director is hereby authorized and directed to execute said Agreement.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2020-05-58, Approving SCADA Services Agreement, Route 3 Board of Commissioners, Pump Stations RTU Upgrades, was unanimously approved.

g. Resolution No. 2020-05-59, approves the SCADA Services Agreement, by and between the Authority and the Town of LeRay. The Executive Director is hereby authorized and directed to execute said Agreement.

Upon a motion by F. Carter, and seconded by A. Calligaris, Resolution No. 2020-05-59, Approving SCADA Services Agreement, Town of LeRay, Water Improvement Project, was unanimously approved.

12. Regional Development –

a. Resolution No. 2020-05-60, accepting the annual report as the sole member of the Housing Development Fund Company (HDFC) and further waives the annual meeting, hereby appointing the existing directors of the HDFC effective May 28, 2020 shall continue in office until the next Annual Meeting.

C. Farone explained that resolutions number 60 and 61 are identical, one being for Creek Wood I and the other for Creek Wood II. The Development Authority of the North Country is the sole member of the Creek Wood Housing Development Fund Company. Within the annual report of operations of the HDFC, James W. Wright was replaced by Carl E. Farone Jr. as director effective May 21, 2020. No other business would be conducted at the annual meeting. The existing directors of the HDFC effective May 28, 2020, shall remain in office until the next annual meeting.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2020-05-60, Annual Report , Creek Wood Housing Development Fund Company, Inc., Waiving the Annual Meeting, Appointing Directors, was unanimously approved.

b. Resolution No. 2020-05-61, accepts the annual report as the sole member of the Housing Development Fund Company (HDFC) and further waives the annual meeting, hereby appointing the existing directors of the HDFC effective May 28, 2020 shall continue in office until the next Annual Meeting.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2020-05-60, Annual Report , Creek Wood II Housing Development Fund Company, Inc., Waiving the Annual Meeting, Appointing Directors, was unanimously approved.

c. Resolution No. 2020-05-62, approves a loan in the amount of \$140,000 from the Community Rental Housing Program to Pink Palace Properties, LLC at the terms and conditions outlined in the term sheet attached to the resolution. This resolution further authorizes the Executive Director or the Deputy Executive Director/CFO to execute all documents necessary to make the loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2020-05-62 Community Rental Housing Program, Pink Palace Properties, was unanimously approved.

B. McGrath asked if this project was in process prior to the pandemic, and if so has there been any discussion post-pandemic as to whether any changes need to be made or whether the project is still viable. M. Capone replied that yes the property was purchased pre-pandemic, and they are still moving forward with the project. All of the units except for one were occupied, and they are going to continue to make improvements to the units as there's turnover in the building. They anticipate it taking 12 months to complete all of the renovations internally, however externally they are going to begin working primarily on the tower. The property is in good shape with the exception of some of the cosmetics on the tower. Ultimately, this is going to be a really good investment.

d. Resolution No. 2020-05-63, approves up to \$166,350 from the Community Rental Housing Program, Rental Redevelopment Housing Program to West Carthage Housing Authority at the terms and conditions outlined on the term sheet attached to the resolution. This further authorizes the Executive Director or Deputy Director/CFO to execute all documents necessary to make this loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by G. Turck, and seconded by M. Murray Resolution No. 2020-05-63 Community Rental Housing Program, Rental Redevelopment Housing Program, West Carthage, Housing Authority, was unanimously approved.

B. McGrath has the same question on this resolution as the previous, as well as one additional question. He mentioned he had recently read about the population decline in the Carthage are of 10% and whether that's been factored in as well. M/ Capone responded that this is senior housing, and this is fully occupied as well. This project is also moving forward. It is a USDA project, so they have reserves that are available to them. The Authority offered to look at the project and gave them more in terms of loan and grant funds

to be able to do larger projects because it is 30+ years old. M. Capone further stated in terms of the population decline in West Carthage, there is going to be a noticeable population decline following the census. The part that is misleading with the 2010 census was at the time Fort Drum was overstaffed with soldiers, and they were at 110% of their strength. In 2015 there was an announcement that reduced the number of soldiers at Fort Drum that moved one third down to Fort Polk. The current census is going to show a significant decline in the population of Jefferson County. This will not have an impact on this project because this is a senior facility, whereas the majority of the population decline is in the soldier/soldier family population.

e. Resolution No. 2020-05-64, authorizes the use of \$100,000 from the Community Development Loan Fund to capitalize the combined Farmland Drainage/Value Added Agriculture Loan Programs and authorizes the Executive Director to transfer the funds. The terms and conditions for each program will remain the same.

F. Carter asked if this is interest free money. M. Capone responded no, these are 3% loans.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2020-05-64, Development Authority of the North Country, Farmland Drainage Loan Fund/Value-Added Agriculture Loan Fund, Additional Funding., was unanimously approved.

f. Resolution No. 2020-05-65, authorizes the Executive Director or Deputy Executive Director/CFO to execute contracts based upon awards made by the North Country HOME Consortium Administrative Board.

Upon a motion by F. Carter, and seconded by M. Murray Resolution No. 2020-05-65 2020 HOME Program Year, Authorizing Contracts, was unanimously approved.

g. Resolution No. 2020-05-66, authorizes the Executive Director and Deputy Director/CFO to enter into an agreement with the Heuvelton Historical Association to assist with infrastructure improvements at 81 State Street, Heuvelton, and authorizes the Executive Director or Deputy Executive Director/CFO to execute all necessary documentation.

C. Farone stated that Senator James Wright provided the Development Authority with these funds. The Authority has been holding \$21,249.20 in appropriations for a project years ago. M. Capone has contacted Senator Ritchie's office to notify them that we would like to use the funds to provide to the Heuvelton Historical Association. M. Capone added that these projects were visited late last fall. They are still moving forward with trying to pull together all the resources for the project. They may need to come back to us in three months looking for assistance from the Community Development Loan Fund. In M. Capone's opinion this is a great project. They had turned a versatile storefront into a store which sells locally made products. Upstairs they have refurbished the performing arts area. They also have rooms for the entertainers that come in to stay there. Overall this is a great project and a good use for the money.

Upon a motion by F. Carter, and seconded by A. MacKinnon Resolution No. 2020-05-66 Infrastructure Improvements, Heuvelton Historical Association, was unanimously approved.

h. Resolution No. 2020-05-67, authorizes the Executive Director and Deputy Director/CFO to execute a Memorandum of Understanding with area economic development agencies for development and implementation of a regional marketing program for workforce and business attractions purposes know as Drum Country NY.

Upon a motion by F. Carter, and seconded by A. MacKinnon Resolution No. 2020-05-67 Memorandum of Understanding, Economic Development Fund, Drum Country NY, was unanimously approved.

i. Resolution No. 2020-05-68, appoints Carl E. Farone, Jr. as the designated representative to the North Country Economic Development Fund Board.

Upon a motion by M. Murray, and seconded by F. Carter, Resolution No. 2020-05-68 North Country Economic Development Fund Board, Designated Representative, was unanimously approved.

j. Resolution No. 2020-05-69, authorizes the Director of Regional Development to execute the grant agreement with the Office of Economic Adjustment for up to \$1,382,506 comprised of up to a \$1,244,255 grant and \$138,251 in matching funds from an Empire State Development Grant and previously approved FYE 21 budgeted funds from the Army water line study, and to implement the grant.

Upon a motion by F. Carter, and seconded by A. MacKinnon Resolution No. 2020-05-69 Office of Economic Adjustment, Joint Land Use Implementation Funding, Grant Agreement, was unanimously approved.

k. Resolution No. 2020-05-70, authorizes the Executive Director or Deputy Executive Director/CFO to enter into the Technical Services Agreement for Loan Underwriting Services with the Town of Canton.

Upon a motion by A. MacKinnon, and seconded by M. Murray, Resolution No. 2020-05-70, Technical Services Agreement, Loan Underwriting Services, Town of Canton, was unanimously approved.

l. Resolution No. 2020-05-71, authorizes the Executive Director and Deputy Director/CFO to enter into a Technical Services Agreement with the Town of Watson to assist with the completion of a town-wide comprehensive plan.

Upon a motion by G. Turck, and seconded by M. Murray, Resolution No. 2020-05-71 Technical Services Agreement, Town of Watson, was unanimously approved.

m. Resolution No. 2020-05-72, delegating authority to modify loan repayments on all Authority housing and business loan programs to the Project Development Committee through August 31, 2020 and authorizes the Director of Regional Development to execute all documentation necessary to modify such loans.

F. Carter asked if we should move the date out longer than August 31. M. Capone responded that the reason she requested this date is that there should be a Board meeting in August, so if needed it can be extended then. F. Carter stated that this should be extended through the end of the year to December 31st. B. McGrath agreed with F. Carter on the extension and the date, further stating this would put the Authority in alignment with federal funding. F. Carter called for the motion to approve moving the date from August 31 to December 31.

C. Farone referred to counsel to ask if a separate vote is needed for the amendment and the resolution.

Upon a motion by F. Carter, and seconded by M. Murray, Resolution No. 2020-05-72 Temporary Delegated Authority, Loan Programs, COVID-19, Extension, was unanimously approved.

13. Telecommunications -

a. Resolution No. 2020-05-73, authorizes the Executive Director to execute a 20 year IRU agreement with Avangrid / NYSEG for construction and maintenance of a dark fiber network. The Authority herewith authorizes the Chief Financial Officer to establish capital projects in the amount of \$838,700 Avangrid Dark Fiber Project with said funds to come from telecommunications capital reserve funds.

Upon a motion by F. Carter, and seconded by A. MacKinnon Resolution No. 2020-05-73 Avangrid – NYSEG Agreement, Capital Project, was unanimously approved.

b. Resolution No. 2020-05-74, authorizes the Executive Director to submit a grant proposal to the NBRC for an amount of \$250,000. If the Development Authority and Town of Tupper Lake do receive the grant award, the Development Authority of the North Country Board of Directors does hereby authorize the Executive Director of the Development Authority of the North Country to enter into agreements with the Town of Tupper Lake and NBRC to accept the grant and create a capital project in the amount of \$250,000.

D. Wolf commented that this area has had a committee for a year analyzing broadband in the area. They have done surveys and feel it is important to create an actual municipal broadband network. This would be unique in New York, but has been done in other places. There is a good amount of infrastructure in place and they can begin working with us through this. This is similar to what the Authority has done for other service providers, but in this case the town feels they want to have control of their destiny in terms of broadband and would be establishing themselves as an internet provider. The Authority will be providing similar services to other areas where it will be the behind the scenes infrastructure provider through the town.

B. McGrath stated that he had a question, and recalled that at prior meetings, Rick Lucas was very involved in the role that the Authority was playing in the last mile of this internet connectivity. B. McGrath is wondering whether this is an opportunity for the Authority to further market itself to the various municipalities and internet service providers, given that the pandemic has really brought into greater focus the need for robust internet service, particularly in rural communities. C. Farone commented that B. McGrath is spot on as far as conversations D. Wolf and J. Wright had been having. The question is how the Authority can use their system to figure out how to deploy to the rural areas. This is something C. Farone and D. Wolf are working on now. This is going to be the first step, there may need to be created some type of consultant to actually look at wireless capabilities. The Authority is good at wiring up with fiber, but actually looking at wireless capabilities and bringing someone on our team that could help us look at wireless as well as wired.

Upon a motion by F. Carter, and seconded by A. MacKinnon Resolution No. 2020-05-74, Northern Border Regional Commission Grant Proposal, Town of Tupper Lake, was unanimously approved.

14. Water Quality –

a. Resolution No. 2020-05-75, authorizes and directs the Executive Director to enter into an Operations and Maintenance Service Agreement with the Town of Morristown. The Executive Director is authorized to execute the required and necessary agreements.

Upon a motion by A. MacKinnon, and seconded by M. Murray, Resolution No. 2020-05-75, Operations and Maintenance Service Agreement, Town of Edwards, Water and Sewer Districts, was unanimously approved.

b. Resolution No. 2020-05-76, authorizes and directs the Executive Director to enter into an Operations and Maintenance Service Agreement with the Thousand Islands Bridge Authority. The Executive Director is authorized to execute the required and necessary agreements.

Upon a motion by A. MacKinnon, and seconded by M. Murray, Resolution No. 2020-05-76, Operations and Maintenance Service Agreement, Thousand Islands Bridge Authority, Wastewater Facilities, was unanimously approved.

c. Resolution No. 2020-05-77, authorizes the Chief Financial Officer to increase Capital Project 42039 (Waterline Consultation/Evaluation/Repairs) from \$100,000 to \$1,000,000. The original capital appropriation of \$100,000 will serve as the 10% contribution to the \$900,000 OEA Grant.

Upon a motion by A. MacKinnon, and seconded by M. Murray, Resolution No. 2020-05-77, Water Line Evaluation, Army Water Line, Capital Budget Amendment, was unanimously approved.

15. Board Meeting Dates –

C. Farone presented the board meeting dates, occurring on the fourth Thursday of the month, with the exception of December because of the holiday. Following this schedule, the next Board meeting would be June 25th.

F. Carter asked to discuss the June meeting date, as he would like to change the date to Friday the 26th. The reason for the change request is if we all can't get together, maybe we can at least get 10 of the members together. Voting members can be in one room, and three executive people totaling 10. Other people can be on a conference call.

B. McGrath stated that would be great for him.

A. MacKinnon stated that would be all right with him too.

F. Carter continued that C. Farone will work on that date, as he and F. Carter spent four hours going through this agenda. They discussed this year, and want to make sure the Board gets everything in place because we are uncertain of what the government is going to do. The Executive Order may be extended resulting in the next meeting being another conference call/teleconference, although it is hoped not as it is the annual audit. There is the option of also having a July meeting. All Board members are going to be kept informed ahead of time to make plans to attend.

F. Carter ended by thanking everyone for all of the input they are doing. He also stated he has not forgotten Jim Wright, for who we will be doing something down the road. He has been there for 12 years. He has been our Senator. He has a total time of 48 years in this kind of business. F. Carter wanted him to know he has not been forgotten.

16. Recycling Transfer Station / Southern Expansion Update – P. Pastella –
C. Farone stated that official business had been concluded, but for anyone who would like to stay on the call P. Pastella was going to give a five-minute update on the Recycling Transfer Station and the Southern Expansion. This is just to give some highlights on where the Authority is from an operational perspective.

P. Pastella first discussed the Recycling Transfer Station. The first load of recyclables has been accepted on April 18th from St. Lawrence County. So far for the month 250 tons have been compacted. We are very pleased with how the station is operating. We are increasing compaction by over 50%, meaning if a truck is received with 10 tons of recyclable material the identical truck would be sent out with a little bit more than 15 tons of recyclables on it. Right now they are accepting all of the St. Lawrence County recyclables except for those from the Gouverneur Transfer Station and the St. Lawrence County office building and jail complex. Right now they are taking one truck per day to Recycle America in Liverpool. When they begin to take the additional material from St. Lawrence County they will be adding approximately one day where two loads will go to Recycle America.

A. MacKinnon asked why the Gouverneur Transfer Station isn't doing recyclables. P. Pastella responded that they are going to begin there next week. This was determined to be the last station they wanted to add because the closer direct stop to Liverpool. Starting next week, another truck will be put on to haul for a second load in one day to accommodate that. It's a very small volume from Gouverneur. Right now we are accepting 90% of the recyclables from St. Lawrence County.

P. Pastella also stated that we have another purchase order for a trailer to take the recyclables to Recycle America. We are going to retro-fit one of our current tractors so we can also haul the trailers from a recycling station.

F. Carter stated he feels they are doing a wonderful job up there and it is really booming. He is very happy about it. He further asked if there are specific days that P. Pastella would be at the facility for the day or a time period if there are Board members who are in the area and want to stop in when she is there. P. Pastella stated this schedule has not been finalized yet.

P. Pastella continued with the report on Stage Two of the Southern Expansion. This was started earlier this month in May. They are doing absolutely phenomenal with their work. They have been installing collection piping for the drainage underneath the cells. They have placed concrete for the side raiser building, jet valves, pump stations, and wet wells. Concrete has been poured for footers for the storage building. Excellent progress is being made and the plan is to be completed this fall. They were able to take advantage of the COVID-19, and they took some workers from where they were unable to work downstate. There were able to really make a lot of progress on this job. All of the contractors on site are practicing social distancing. This is required and monitored, that they are maintaining the distance that they need to. We also have the Closure Four project. We had a pre-construction meeting for this, and it will be starting up soon.

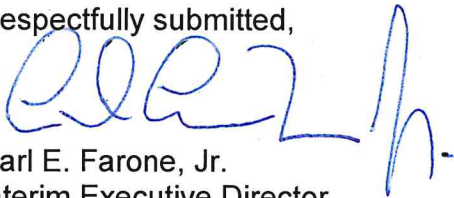
17. C. Farone received a text from HR asking the Board members for their Disclosure of Outside Interests Form, and Board Evaluation Form. If additional copies are needed let us

know and we will get them to you. They should be emailed or mailed to Amy Austin. If you need any information on that you can contact Angela. We are still looking for some information from some of the Board members.

B. McGrath asked if through the Executive Orders the deadlines have been extended. He further asked if C. Farone could remind everyone on the final deadline for these forms. C. Farone responded that he would need to look, and an email can be sent to the Board.

18. Upon a motion by M. Murray, and seconded by G. Turck, the meeting was adjourned at 12:05 PM.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'C. Farone, Jr.', with a stylized flourish at the end.

Carl E. Farone, Jr.
Interim Executive Director

PREPARED EXCLUSIVELY FOR:

**DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY**

FISCAL YEAR END MARCH 31, 2020

CYRIL MOUAIKEL, AWM

MANAGING DIRECTOR

BRANCH DIRECTOR

CYRIL.MOUAIKEL@RBC.COM – WWW.CYRILMOUAIKEL.COM

JOHN NUBER, CFA

ASSOCIATE VICE PRESIDENT

SENIOR FINANCIAL ASSOCIATE

JOHN.NUBER@RBC.COM



**Wealth
Management**

A division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC

19485 US ROUTE 11
WATERTOWN, NY 13601
315.788.4200

Development Authority of the North Country
April 1, 2019 - March 31, 2020
Fiscal year end - March 31, 2020
Portfolio Review

We have compiled the performance numbers for the fiscal year end March 31, 2020.

Please keep in mind that we are making manual calculations which are not as exact as computer-generated ones, especially when numerous transfers were made. **We try our best to put the numbers together but we still recommend that the custodian start generating computerized audited returns.**

The longer-term bonds performed well in the fiscal year end. Our portfolios are invested in mainly short to intermediate-term instruments, but the portfolio held up relatively well in a volatile environment. We are still staying relatively short for fear of a spike in interest rates that could erode the value of your portfolio if we were too aggressive with longer maturities. This strategy is keeping up with the indices we compare to on the shorter end. We'd also note that with FDIC-insured CDs that are held to maturity, negative market value adjustments do not reflect lost capital, only a lower mark-to-market value one would receive if one were to sell prior to maturity.

The consolidated Comerica account finished the year with total net income of \$1,550,547.54 or 1.90%. The Bank of NY Capital Improvement account generated net income of \$238,664.78 or 1.58%. The total portfolio net income generated for the year was \$1,789,212.32 or 1.85%.

The market value adjustment for the Comerica accounts for the year was \$1,337,389.05 or 1.64% and for the Bank of NY Capital Improvement account was \$408,907.43 or 2.71%. The portfolio total adjustment was \$1,746,296.48 or 1.81%. The total return after the market value adjustment for the Comerica accounts was \$2,887,936.59 or 3.55% and the total return for the Bank of NY Capital Improvement account was \$647,572.21 or 4.29%. The total portfolio return after market value adjustment for the year was \$3,535,508.80 or 3.66%.

Please note that the market value data we provide in the pages to follow represent a significant portion of the net return but only represent the best estimates of the pricing data provider. As these securities do not always actively trade, pricing data providers use proprietary methods to determine a price for a specific day. Across providers, these values can vary substantially, as we have noticed in reviewing holdings across the portfolio. These varied methodologies can significantly effect market value adjustments.

On an individual account basis the net return numbers including market value adjustments were the following:

Comerica Accounts:

Replacement Reserve	2.56%	Community Rental	2.87%
General Operating	3.56%	Affordable Rental	2.89%
Water / Sewer	4.84%	Revolving Loan	2.90%
Closure Post Closure	4.00%	Wetlands Mitigation	3.21%
Economic	2.01%		
Open Access	3.96%	<u>Bank of NY Account:</u>	
OPEB	4.13%	Capital Improvement	4.29%
TIP Fee	4.36%		
NCEDF	3.07%		

For the same period the following benchmarks performed as follows:

3 month T Bill	2.25%
Barclays US Aggregate Government - Treasury	13.23%
Barclays US Government/Credit	9.82%

Please keep in mind that we are making manual calculations which are not as exact as computer generated ones, especially when numerous transfers were made. Your statement is the main source of information for your account. Returns shown may reflect effects of transfers.

This information has been derived from sources believed to be reliable, but is not guaranteed as to accuracy and completeness and does not purport to be a complete analysis of the material discussed. Past performance is not indicative of future results.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
Consolidated Comerica Accounts

Review

April 1, 2019 - March 31, 2020
Fiscal year end - March 31, 2020

March 2019 - Statement on Market Value	\$	82,674,295.39		
<i>April 2019 - Income</i>	\$	129,875.33		
<i>May 2019 - Income</i>	\$	138,220.83		
<i>June 2019 - Income</i>	\$	157,460.00		
<i>July 2019 - Income</i>	\$	117,266.14		
<i>August 2019 - Income</i>	\$	141,733.81		
<i>September 2019 - Income</i>	\$	130,178.09		
<i>October 2019 - Income</i>	\$	152,434.18		
<i>November 2019 - Income</i>	\$	124,397.16		
<i>December 2019 - Income</i>	\$	127,076.82		
<i>January 2020 - Income</i>	\$	141,215.83		
<i>February 2020 - Income</i>	\$	147,719.17		
<i>March 2020 - Income</i>	\$	142,219.98		
Total Income April 2019 - March 2020	\$	1,649,797.34		
<i>March 31, 2019 - Accrued Income</i>	\$	(250,334.72)		
<i>March 31, 2020 - Accrued Income</i>	\$	151,084.92		
Change in Accrued Income	\$	(99,249.80)		
Total Net Income for the Full Year	\$	1,550,547.54	(or)	1.90% Total Net Income
Market Value Adjustment for the Full Year	\$	1,337,389.05	(or)	1.64% of Portfolio's Value
Total Return for the Full Year	\$	2,887,936.59	(or)	3.55% Total Return
Transfer of assets and cash in	\$	2,526,501.64		
Transfer of assets and cash out	\$	(3,739,522.11)		
March 31, 2020 - Statement on Market Value	\$	84,349,211.51		

Please keep in mind that we are making manual calculations which are not as exact as computer generated ones, especially when numerous transfers were made. Your statement is the main source of information for your account.

Returns shown may reflect effects of transfers.

This information has been derived from sources believed to be reliable, but is not guaranteed as to accuracy and completeness and does not purport to be a complete analysis of the material discussed. Past performance is not indicative of future results.



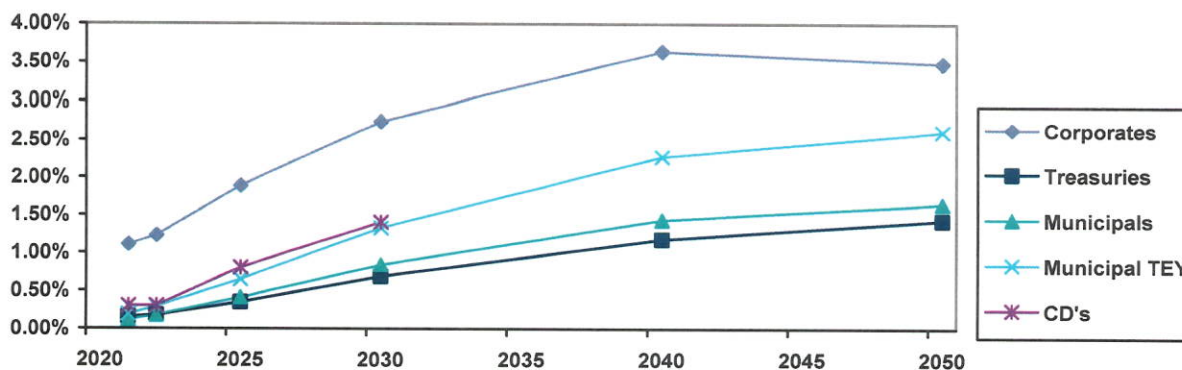
Interest Rate Market Monitor

Portfolio Advisory Group – U.S. Fixed Income

RBC Wealth Management, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.

Indicated Yields for Selected Securities All Indications are for Round Lots

As of June 1, 2020



*Tax-equivalent yield (TEY) is based on Federal tax exemption for taxpayers in the 37.0% bracket.

	BBB+ Rated		AAA Municipals		CDs		Mortgage Backed	Treasury Zeros	
	Treasuries	Agencies (non-call)	Industrial Corporates	G.O.	TEY*	Coupon		APY*	Maturity
3 month	0.14%					0.15%	0.15%		
6 month	0.16%					0.25%	0.25%		
1 year	0.16%	0.10%	1.04%	0.11%	0.17%	0.30%	0.30%	05/15/21	0.17%
2 year	0.17%	0.20%	1.15%	0.16%	0.25%	0.30%	0.30%	05/15/22	0.17%
5 year	0.31%	0.51%	1.78%	0.38%	0.60%	0.80%		05/15/25	0.41%
10 year	0.68%	1.04%	2.66%	0.84%	1.33%	1.40%		05/15/30	0.80%
15 year	0.95%		3.19%	1.23%	1.95%		2.24%	05/15/35	1.11%
20 year	1.22%	1.11%	3.58%	1.44%	2.28%			05/15/40	1.37%
30 year	1.46%	1.63%	3.48%	1.65%	2.62%		3.15%	05/15/50	1.51%

The securities listed above are general obligations of the issuer and are not mortgage-backed securities.

Yields on round lot national offerings and can differ considerably by region. Municipal yields are as of the close of the prior day and may not reflect the current market if overall market yields have moved significantly.

*The annual percentage yield (APY) assumes interest payments reinvested at the coupon rate. FDIC Insured up to \$250,000. APY applies to maturities shorter than one year. All securities are non-callable.

Yields are quoted based on average life which takes into account mortgage prepayment assumptions which may or may not be met

Principal value is subject to market fluctuation and, if sold prior to maturity, yields may be different from those listed. Interest income is subject to taxes annually as ordinary income, even though income is not received until maturity.

Cyril Mouaikel
Managing Director – Branch Director -
Senior Portfolio Manager – Portfolio Focus
19485 US Route 11
Watertown, NY 13601-6678
315-788-4200

Yields stated above represent annualized yield-to-maturity (YTM), unless otherwise noted. The rates here are only meant as a general guideline. They do not represent actual offers or transactions. All indications are for round lots. Actual prices and available yields may be impacted by transaction size, ticket charges and other transaction costs. **Call your RBC Wealth Management Financial Advisor for current market rates.** Statements of fact have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The firm or persons associated with it may at any time be short or long any securities mentioned in the study and may from time to time sell or buy such securities.

RBC Wealth Management Fixed-Income Strategies Group

RBC Wealth Management is the trade name used by the wealth management business of RBC Capital Markets, LLC, a wholly owned subsidiary of Royal Bank of Canada (RBC). Products and services are offered through RBC Capital Markets, LLC. The material contained herein is not a product of any research department of RBC Wealth Management or any of its affiliates. Nothing herein constitutes a recommendation of any security or regarding any issuer; nor is it intended to provide information sufficient to make an investment decision. The information contained in this communication has been compiled by RBC Wealth Management from sources believed to be reliable, but no representation or warranty, express or implied, is made by RBC Wealth Management, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this communication constitute RBC Wealth Management's judgment as of the date of this communication, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this communication constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and may have been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this communication may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, any specific securities discussed in this communication may not be eligible for sale in some jurisdictions. This communication is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the fullest extent permitted by law neither RBC Wealth Management, nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this communication or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of RBC Wealth Management. RBC Capital Markets, LLC may buy from or sell to customers on a principal basis in the securities or related derivatives that are the subject of this communication. RBC Capital Markets, LLC has or may have proprietary positions in the securities or in related derivatives that are the subject of this communication. RBC Capital Markets, LLC may have been manager or co-manager of a public offering of securities of the issuer within the past twelve months. Additional information is available upon request.

RBC Wealth Management, a division of RBC Capital Markets, LLC,
Member NYSE/FINRA/SIPC.

Period Ending March 31, 2020

In percentages, based on U.S. dollars	Last month	Trailing 3 mo.	YTD	Annualized total returns						Calendar period total returns						Cumulative total returns			
				1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2019	2018	2017	2016	2015	2014	2013	3 Yr	5 Yr	7 Yr	10 Yr
Balanced																			
20% MSCI World (Net) 80% Bloomberg Barclays U.S Aggregate1	-3.12	-1.99	-1.99	5.13	4.44	3.50	3.84	4.59	12.45	-1.63	7.09	3.71	0.42	5.81	3.23	13.92	18.79	30.22	56.71
40% MSCI World (Net) 60% Bloomberg Barclays U.S Aggregate1	-5.65	-6.98	-6.98	1.29	3.96	3.57	4.43	5.22	16.21	-3.33	10.75	4.73	0.22	5.63	8.72	12.36	19.15	35.47	66.35
50% MSCI World (Net) 50% Bloomberg Barclays U.S Aggregate1	-6.91	-9.42	-9.42	-0.64	3.68	3.57	4.70	5.50	18.11	-4.19	12.62	5.23	0.08	5.53	11.56	11.46	19.15	37.92	70.84
60% MSCI World (Net) 40% Bloomberg Barclays U.S Aggregate1	-8.18	-11.82	-11.82	-2.58	3.38	3.54	4.95	5.76	20.01	-5.07	14.52	5.71	-0.07	5.43	14.46	10.49	19.02	40.25	75.08
80% MSCI World (Net) 20% Bloomberg Barclays U.S Aggregate1	-10.71	-16.51	-16.51	-6.48	2.70	3.44	5.40	6.21	23.83	-6.87	18.40	6.63	-0.43	5.19	20.44	8.32	18.41	44.48	82.69
Domestic fixed income																			
Bloomberg Barclays US Universal	-1.95	1.30	1.30	7.15	4.37	3.35	3.22	4.05	9.29	-0.25	4.09	3.91	0.43	5.56	-1.35	13.71	17.92	24.83	48.70
Bloomberg Barclays US Aggregate	-0.59	3.15	3.15	8.93	4.82	3.36	3.19	3.88	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	15.18	17.96	24.59	46.39
Bloomberg Barclays US Intermediate Aggregate	-0.04	2.49	2.49	6.88	3.87	2.82	2.62	3.22	6.67	0.92	2.27	1.97	1.21	4.12	-1.02	12.07	14.94	19.82	37.31
Bloomberg Barclays US Aggregate Government - Treasury	2.89	8.20	8.20	13.23	5.82	3.64	3.17	3.83	6.86	0.86	2.31	1.04	0.84	5.05	-2.75	18.51	19.60	24.43	45.64
Bloomberg Barclays US Aggregate Government	2.84	8.08	8.08	13.08	5.78	3.63	3.16	3.72	6.83	0.88	2.30	1.05	0.86	4.92	-2.60	18.35	19.52	24.29	44.05
Bloomberg Barclays US Government/Credit	-1.11	3.37	3.37	9.82	5.17	3.54	3.32	4.15	9.71	-0.42	4.00	3.05	0.15	6.01	-2.35	16.33	19.01	25.67	50.10
Bloomberg Barclays US Intermediate Government/Credit	-0.44	2.40	2.40	6.88	3.79	2.76	2.46	3.14	6.80	0.88	2.14	2.08	1.07	3.13	-0.86	11.81	14.60	18.56	36.25
Bloomberg Barclays US Aggregate Credit - Corporate - High Yield	-11.46	-12.68	-12.68	-6.94	0.77	2.78	3.33	5.64	14.32	-2.08	7.50	17.13	-4.47	2.45	7.44	2.31	14.68	25.79	73.15
Bloomberg Barclays US Aggregate Credit	-6.63	-3.14	-3.14	5.10	4.19	3.28	3.44	4.75	13.80	-2.11	6.18	5.63	-0.77	7.53	-2.01	13.09	17.53	26.73	59.01
Bloomberg Barclays US Aggregate Credit - Corp. - Investment Grade	-7.09	-3.63	-3.63	4.98	4.20	3.36	3.57	4.92	14.54	-2.51	6.42	6.11	-0.68	7.46	-1.53	13.13	17.95	27.84	61.59
Bloomberg Barclays Municipal Bond	-3.63	-0.63	-0.63	3.85	3.96	3.19	3.27	4.15	7.54	1.28	5.45	0.25	3.30	9.05	-2.55	12.35	17.00	25.23	50.10
Bloomberg Barclays Municipal Bond 3 Year	-1.37	-0.37	-0.37	1.93	1.77	1.49	1.40	1.72	3.67	1.76	1.56	0.08	1.18	1.22	1.33	5.42	7.66	10.25	18.60
Bloomberg Barclays Municipal Bond 7 Year	-3.43	-1.00	-1.00	2.91	3.26	2.67	2.71	3.69	6.74	1.66	4.49	-0.50	3.26	6.09	-0.97	10.11	14.09	20.62	43.72
Bloomberg Barclays Municipal Bond 10 year	-3.43	-0.40	-0.40	4.00	4.19	3.34	3.41	4.45	7.70	1.41	5.83	-0.12	3.76	8.72	-2.17	13.12	17.83	26.46	54.60
Bloomberg Barclays Municipal Bond 20 Year (17-22 Y)	-4.36	-0.49	-0.49	5.07	5.19	4.09	4.19	5.25	9.29	1.08	7.47	0.49	3.93	13.03	-4.42	16.40	22.17	33.33	66.86
BofA Merrill Lynch US Treasury Bill (3 M)	0.29	0.57	0.57	2.25	1.83	1.19	0.86	0.64	2.28	1.87	0.86	0.33	0.05	0.03	0.07	5.58	6.09	6.19	6.56
Citigroup US Inflation-Linked Securities	-1.72	1.82	1.82	7.14	3.60	2.72	1.46	3.61	8.74	-1.49	3.34	4.82	-1.73	4.55	-9.37	11.20	14.38	10.71	42.61
BofA ML U.S. Convertible - All Convertibles/All Qualities	-13.54	-13.62	-13.62	-3.52	4.78	4.73	7.41	7.89	23.15	0.15	13.70	10.43	-2.99	9.44	24.92	15.04	25.97	64.94	113.77
BofA ML Fixed Rate Preferred Securities	-7.09	-8.82	-8.82	-1.27	2.57	3.86	4.40	5.87	17.71	-4.34	10.58	2.32	7.58	15.44	-3.65	7.91	20.87	35.19	76.91
S&P/LSTA U.S. Leveraged Loan 100	-8.30	-9.88	-9.88	-5.15	0.53	1.63	1.97	3.20	10.65	-0.62	3.31	10.88	-2.75	0.99	5.02	1.59	8.39	14.62	36.97
Global and International fixed income																			
Bloomberg Barclays Global Aggregate	-2.24	-0.33	-0.33	4.20	3.55	2.64	1.61	2.47	6.84	-1.20	7.39	2.09	-3.15	0.59	-2.60	11.04	13.90	11.79	27.65
Bloomberg Barclays Global Aggregate x US	-3.22	-2.68	-2.68	0.74	2.57	2.04	0.38	1.39	5.09	-2.15	10.51	1.49	-6.02	-3.08	-3.08	7.92	10.61	2.69	14.86
Bloomberg Barclays Global High Yield	-13.55	-15.02	-15.02	-10.04	-0.59	2.28	2.55	5.07	12.56	-4.06	10.43	14.27	-2.72	0.01	7.33	-1.77	11.94	19.28	63.91
BofA Merrill Lynch Global Broad Market x US	-3.21	-2.56	-2.56	0.65	2.56	2.09	0.39	1.40	4.86	-2.20	10.37	1.69	-6.01	-3.05	-3.02	7.89	10.89	2.73	14.95
Citigroup WGBI	-0.61	2.00	2.00	6.17	4.27	2.96	1.48	2.19	5.90	-0.84	7.49	1.60	-3.57	-0.48	-4.00	13.37	15.70	10.84	24.17
Citigroup Non-USD WGBI	-2.88	-1.88	-1.88	1.79	3.14	2.39	0.56	1.38	5.32	-1.82	10.33	1.81	-5.54	-2.68	-4.56	9.72	12.55	3.96	14.71
Alternatives																			
CPI for all Urban Consumers (CPI-U) ³ **one month lag	0.09	0.48	0.23	2.35	2.02	1.95	1.53	1.77	2.26	1.95	2.11	2.08	0.66	0.65	1.51	6.19	10.12	11.21	19.22
Bloomberg Commodity Index	-12.81	-23.29	-23.29	-22.31	-8.61	-7.76	-10.04	-6.74	7.69	-11.25	1.70	11.77	-24.66	-17.01	-9.52	-23.66	-33.24	-52.32	-50.26
S&P GSCI	-29.43	-42.34	-42.34	-41.01	-13.33	-12.82	-15.64	-10.43	17.63	-13.82	5.77	11.37	-32.86	-33.06	-1.22	-34.89	-49.64	-69.60	-66.75
FTSE NAREIT Equity REITs	-21.92	-27.30	-27.30	-21.26	-3.14	-0.35	3.46	7.40	26.00	-4.62	5.23	8.52	3.20	30.14	2.47	-9.13	-1.72	26.89	104.13
FTSE NAREIT All REITs	-20.85	-25.42	-25.42	-18.16	-0.94	1.46	4.33	8.22	28.07	-4.10	9.27	9.28	2.29	27.15	3.21	-2.80	7.52	34.55	120.31
HFRX Global Hedge Fund	-5.88	-6.85	-6.85	-1.39	-0.54	-0.65	0.23	0.23	8.62	-6.72	5.99	2.50	-3.64	-0.58	6.72	-1.60	-3.19	1.65	2.36
HFRX Equity Hedge	-9.58	-13.33	-13.33	-9.44	-2.36	-1.77	0.03	-0.30	10.71	-9.42	9.98	0.10	-2.33	1.42	11.14	-6.92	-8.56	0.19	-3.01
HFRX Event Driven	-5.48	-5.51	-5.51	3.09	-1.73	-0.08	0.67	1.04	9.96	-11.68	6.48	11.08	-6.94	-4.06	13.87	-5.09	-0.41	4.79	10.87
HFRX Absolute Return	-5.52	-5.80	-5.80	-2.24	0.16	0.52	1.13	0.69	4.37	-0.49	3.39	0.31	2.86	0.79	3.57	0.49	2.64	8.17	7.08
HFRX Macro/CTA	-0.81	-1.18	-1.18	4.51	1.17	-1.11	0.15	-0.73	4.84	-3.25	2.51	-2.93	-1.96	5.24	-1.79	3.54	-5.43	1.03	-7.04



Development Authority of the North Country

Report to the Audit Committee

June 18, 2020

Table of Contents

Section:

1. Review of Audit Results
2. Required Communications Letter
3. Draft Financial Statements
4. Draft Communication of Matters Related to Internal Control Over Financial Reporting
5. Draft Regional Waterline Agreed-Upon Procedures Report
6. Draft Investment Compliance Report

June 18, 2020

To the Board of Directors of
Development Authority of the North Country:

We have audited the financial statements of Development Authority of the North Country (the Authority) for the year ended March 31, 2020. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

- a. Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. During the year ended March 31, 2020, the Authority adopted the following accounting policy:

There were no new accounting policies adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Audit Findings (Continued)

1. *Qualitative Aspects of Accounting Practices (Continued)*

- b. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:
- Postretirement benefits liability
 - Landfill closure and post-closure care liability
 - Asset lives for depreciable fixed assets
 - Allowance for doubtful loans receivable

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

2. *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

There were no uncorrected or corrected misstatements noted during our audit. The following entries were booked in connection with the current year audit:

Unadjusted change in net assets	\$ 726,618
Client adjustment for OPEB	<u>59,298</u>
Adjusted change in net assets	<u>\$ 785,916</u>

3. *Difficulties Encountered in Performing the Audit*

The auditor is required to communicate any serious difficulties encountered in dealing with management related to the performance of the audit.

We encountered no difficulties in dealing with management in performing and completing our audit.

4. *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

5. *Management Representations*

The auditor is required to obtain certain representation from management.

We requested certain representations from management to us which are included in the management representation letter.

6. *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

7. *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors.

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. *Other Matters*

We applied certain limited procedures to the management’s discussion and analysis, schedules of contributions and proportionate share of the net pension liability (asset) and the schedule of changes in total OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, the supplemental schedule of revenue, expenses, and change in net position by department and the schedule of North Country Economic Development Fund Activity, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America and Uniform Guidance, and that the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

8. *Restricted Use*

This information is intended solely for the use of the board of directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

**DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY**

**Financial Statements as of
March 31, 2020
Together with
Independent Auditor's Report
and Single Audit Reports**

Bonadio & Co., LLP
Certified Public Accountants

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)	4 - 12
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020:	
Statement of Net Position	13
Statement of Revenue, Expenses and Change in Net Position	14
Statement of Cash Flows	15
Notes to Basic Financial Statements	16 - 37
SUPPLEMENTAL INFORMATION:	
Schedule of Revenue, Expenses and Change in Net Position by Department	38
Schedule of North Country Economic Development Fund Activity	39
REQUIRED SUPPLEMENTAL INFORMATION:	
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)	40
Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)	41
Schedule of Contributions - Pension Plans (Unaudited)	42
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	43 - 44
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	45 - 46
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES	47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	48

INDEPENDENT AUDITOR'S REPORT

June XX, 2020

To the Board of Directors of the
Development Authority of the North Country:

Report on the Financial Statements

We have audited the accompanying financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York) as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2020, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Summarized Comparative Information

We have previously audited the Authority's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of contributions, proportionate share of the net pension liability (asset) and changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedule of revenue, expenses, and change in net position by department and the schedule of North Country Economic Development Fund activity are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, schedule of revenue, expenses and change in net position by department, and the schedule of North Country Economic Development Fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the schedule of revenue, expenses, and change in net position by department, and the schedule of North Country Economic Development Fund activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June XX, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) MARCH 31, 2020

The Development Authority of the North Country (the Authority) is a New York State public authority that serves the common interests of Jefferson, Lewis and St. Lawrence Counties by providing technical services and infrastructure, which will enhance economic opportunities in the region and promote the health and well-being of its communities.

As its mission states, the Authority is committed to environmental stewardship, fiscal integrity and partnerships. To achieve these objectives, the Authority works with its municipal partners through shared service solutions utilizing advanced technology and fostering municipal cooperation to achieve cost-effective services for the region. Services provided include water, wastewater, materials management, telecommunications, engineering and loans to businesses.

The Authority's Water Quality Division operates and maintains approximately 45 miles of water and sewer pipelines and associated pumping stations, with a two-mile nature trail located along the pipelines. These facilities serve Fort Drum and Western Jefferson County, and are linked to the City of Watertown water and sewer treatment facilities and the Village of Cape Vincent water treatment facility. The Authority's water and wastewater staff also provides contract operations and maintenance services to various towns and villages in Jefferson and St. Lawrence Counties.

The Materials Management Facility provides an environmentally responsible solution for waste disposal in our region. The Authority continuously looks for innovative ways to efficiently operate the facility and maintain this asset for future generations. The Authority partnered with an energy company to create a gas-to-energy plant that converts methane, a by-product of waste, into electricity using four 1.6-megawatt generators. The electricity generated is equivalent to powering over 5,000 homes.

The Authority's telecommunications network plays a vital role in supporting public institutions and rural businesses. Prior to constructing our carrier-class telecommunications network, many communities in the North Country were severely underserved by high-speed internet and other advanced telecommunications services. Today, the Authority supports telecom providers, healthcare and educational institutions, government and industry in the region with state-of-the-art telecommunications technology.

The Authority supports economic development and works to improve the economic viability and well-being of the North Country by forming strong partnerships with local, state, and federal organizations to promote business and housing development throughout the region. The Authority administers several loan programs to promote job creation and retention among small businesses. The Authority also provides funding for the development of quality, affordable housing in Jefferson, Lewis and St. Lawrence Counties through its housing programs.

The Authority's Engineering Division provides comprehensive geographic information systems (GIS) development, supervisory control and data acquisition (SCADA) services, engineering and technical assistance to communities in the North Country.

The financial statements of the Authority include the Statement of Net Position; the Statement of Revenue, Expenses and Change in Net Position; and the Statement of Cash Flows, and related notes to the financial statements. The Statement of Net Position provides information about the nature and the amounts of investments and resources (assets) and the obligations to the Authority's creditors (liabilities), with the difference between the two reported as net position.

The Statement of Revenue, Expenses and Change in Net Position, or income statement, shows how the Authority's net position changed during the year. It accounts for all the year's revenues and expenses, measures the financial results of the Authority's operations for the year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related financing, and investing activities.

The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Authority's accounting methods and policies.

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the fiscal year ended March 31, 2020. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

Financial Highlights

- As of March 31, 2020, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by \$169.5 Million. Of this amount, \$7.2 Million is unrestricted and undesignated and may be used to meet the Authority's ongoing obligations.
- The Authority's total revenues (operating and non-operating) were \$29.1 Million and \$28.5 Million in 2020 and 2019, respectively.
- The Authority's total expenses (operating and non-operating) were \$28.3 Million and \$27.0 Million in 2020 and 2019, respectively.

Overview of the Financial Statements

This annual report consists of a series of two parts, management's discussion and analysis (this section) and the financial statements. The 'Statement of Net Position' and the 'Statement of Revenue, Expenses and Change in Net Position' (on pages 13 and 14, respectively), and footnotes provide both long-term and short-term information about the Authority's overall financial status.

Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The Authority is a multi-purpose entity and revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid.

Budget vs. Actual

The operations of the Authority remain stable with variations between budgets and actual considered minimal. The Authority is not aware of any circumstances or situations that would significantly impair its ability to operate its facilities as a going concern.

Summary of Operations and Change in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Operating revenue	\$ 26,277,512	\$ 26,155,871	\$ 121,641	0.5 %
Operating expenses	<u>(27,628,491)</u>	<u>(26,663,488)</u>	<u>965,003</u>	3.6 %
Operating income (loss)	(1,350,979)	(507,617)	(843,362)	166.1 %
Non-operating revenue, net	<u>2,136,895</u>	<u>2,069,872</u>	<u>67,023</u>	3.2 %
Change in net position	<u>\$ 785,916</u>	<u>\$ 1,562,255</u>	<u>\$ (776,339)</u>	(49.7) %

- Operating revenues increased \$122 Thousand during 2020. The increase in revenues are primarily attributable to the following:
 - Customer billings within Telecom increased \$473 Thousand, primarily for the installation and leasing of dark fiber and customer billings within the Engineering Division increased \$213 Thousand due to additional services provided to municipal customers. The increase was offset by a decrease in customer billings of \$750 Thousand within Materials Management as there was an overall decrease in tonnage; specifically contaminated soil.
 - Grant revenue increased \$162 Thousand as the Authority disbursed NYS Grant funds that were received.
- Operating expenses increased \$965 Thousand during 2020. The increase in expenses are primarily attributable to the following:
 - Bad debt expense increased \$618 Thousand as the Board established an allowance for doubtful accounts as a percentage of receivables; from 1 – 5%.
 - Salaries and related fringe benefits expense increased \$416 Thousand mainly due to prior year staff vacancies being filled, additional staff authorized and merit increases.
- The increase in net non-operating revenue of \$67 Thousand is primarily due to investment income increases of approximately \$425 Thousand as interest rate yields have increased on Authority held investments. The increase was offset by \$128 Thousand in bond issuance costs and an increase in interest expense of \$195 Thousand with the issuance of Series 2019 SWMF Bonds to support the expansion at the Materials Management Facility.

Financial Position Summary

Net position is an indication of the Authority's financial strength. A summary of the Authority's net position is shown below.

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 17,437,737	\$ 19,143,466	\$ (1,705,729)	-8.9%
Loans receivable, net	35,679,849	34,140,200	1,539,649	4.5%
Investments	21,274,819	32,521,227	(11,246,408)	-34.6%
Funds held by trustee	12,812,620	1,270,962	11,541,658	908.1%
Other postemployment benefit reserve fund	5,479,083	4,719,270	759,813	16.1%
Restricted assets	72,793,330	65,922,389	6,870,941	10.4%
Capital assets, net	<u>72,559,395</u>	<u>67,237,939</u>	<u>5,321,456</u>	7.9%
Total assets	<u>\$ 238,036,833</u>	<u>\$ 224,955,453</u>	<u>\$ 13,081,380</u>	<u>5.8%</u>
DEFERRED OUTFLOWS	<u>\$ 1,587,159</u>	<u>\$ 2,359,451</u>	<u>\$ (772,292)</u>	<u>-32.7%</u>
Liabilities:				
Current liabilities	\$ 5,086,073	\$ 5,166,938	\$ (80,865)	-1.6%
Other liabilities (long-term)	<u>64,419,509</u>	<u>51,409,154</u>	<u>13,010,355</u>	<u>25.3%</u>
Total liabilities	<u>\$ 69,505,582</u>	<u>\$ 56,576,092</u>	<u>\$ 12,929,490</u>	<u>22.9%</u>
DEFERRED INFLOWS	<u>\$ 542,122</u>	<u>\$ 1,948,440</u>	<u>\$(1,406,318)</u>	<u>-72.2%</u>
Net Position:				
Invested in capital assets, net of related debt	\$ 63,417,964	\$ 57,409,514	\$ 6,008,450	10.5%
Restricted	67,981,385	61,764,259	6,217,126	10.1%
Unrestricted	<u>38,176,939</u>	<u>49,616,599</u>	<u>(11,439,660)</u>	<u>-23.1%</u>
Total net assets	<u>\$ 169,576,288</u>	<u>\$ 168,790,372</u>	<u>\$ 785,916</u>	<u>4.7%</u>

- Current assets decreased \$1.7 Million primarily as funds were moved to investment accounts to maximize returns.
- Loans receivable, net increased \$1.5 Million primarily due to several new loans being issued within the Tourism #2 Loan fund. Other new loans were essentially offset by current year loan repayments.
- Investments decreased \$11.2 Million due to transfers from investment funds to restricted assets to fund the Liner Reserve. Additionally, significant fixed asset acquisitions were completed utilizing Authority funds held as Investments.
- Restricted assets increased \$6.2 Million as the Board approved funding a Liner Reserve.
- Other liabilities (long-term) increased by \$13.0 Million primarily due to the issuance of a Series 2019 Bond to fund the expansion at the Solid Waste Management Facility.

Financial Position Summary (Continued)

As a provider of essential services, the Authority has a significant investment in infrastructure. The Authority's infrastructure includes: 1) approximately 45 miles of water and wastewater transmission pipelines and associated pumping stations servicing Fort Drum and North Country Communities, 2) a Materials Management Facility located in Rodman, New York, and 3) a state-of-the-art telecommunications network. The Authority's net assets also include funds available to pay for ongoing and future construction of replacements and/or additions to this infrastructure.

At March 31, 2020, the board of directors designated the Authority's unrestricted net position for the following uses:

Administrative reserve / supplemental insurance	\$	4,000,000
Infrastructure development		223,107
Capital reserves		12,212,738
Materials Management - tip fee stabilization, and landfill gas reserves		5,990,386
Economic development fund		5,581,377
Affordable housing		<u>3,000,000</u>
	\$	<u>31,007,608</u>

Revenue

The Authority sets its rates annually concurrent with the adoption of its annual operating budget.

The Materials Management Facility revenue is derived from tipping fees. The per ton tipping fee charged to customers includes certain amounts to fund replacement of major equipment, closure of the landfill and post-closure care.

Rates for telecommunications network services are authorized by the Authority's Board of Directors and filed with the New York State Public Service Commission.

Rates for water quality services are reviewed and adjusted annually based on projected operating costs.

Rates for engineering services are based on the requirements of the project being performed.

Grants from government sources include payments made to the Authority by New York State and Federal sources.

Summary of Operating Revenue

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Service and usage revenue:				
Materials Management				
Facility	\$ 9,093,189	\$ 9,843,669	\$ (750,480)	-7.6%
Water Quality operations	5,081,903	5,046,674	35,229	0.7%
Telecommunications network	6,445,131	5,971,362	473,769	7.9%
Housing and economic development	145,500	222,186	(76,686)	-34.5%
Engineering	<u>1,444,831</u>	<u>1,231,126</u>	<u>213,705</u>	17.4%
 Total service and usage revenue	 22,210,554	 22,315,017	 (104,463)	 -0.5%
Grants from government sources	2,413,110	2,251,440	161,670	7.2%
Interest received from outstanding loans	635,972	661,275	(25,303)	-3.8%
Miscellaneous operating revenue	<u>1,017,876</u>	<u>928,139</u>	<u>89,737</u>	<u>9.7%</u>
 Total operating revenue	 <u>\$ 26,277,512</u>	 <u>\$ 26,155,871</u>	 <u>\$ 121,641</u>	 <u>0.5%</u>

- Materials Management Facility revenues decreased \$750 Thousand or 7.6%. The decrease was the result of a decrease in tonnage received at the facility from approximately 277,000 tons in 2019 to 227,000 tons in 2020.
- Housing and Economic Development revenue decreased \$76 Thousand as significant projects in Massena and Tupper Lake were completed in 2019.
- Engineering revenue increased \$214 Thousand or 17.4% due to additional services provided to municipalities.
- Grants from government sources revenue increased \$162 Thousand or 7.2%. The increase is due to an increase in Authority loans made from NYS Grant funds.

Summary of Operating Expenses

The Authority's expenses are budgeted and tracked functionally by operating department. The Authority is functionally divided into the following departments: Materials Management, Water Quality, Telecommunications Network, Housing and Economic Development, Engineering, and Administration.

The following is a breakdown of the Authority's expenses by operating department:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Functional expenses:				
Materials Management				
facility	\$ 11,276,600	\$ 11,140,012	\$ 136,588	1.2%
Water Quality	4,891,002	4,681,341	209,661	4.5%
Telecommunications network	7,693,048	7,797,766	(104,718)	-1.3%
Housing and economic				
development	2,135,529	1,553,632	581,897	37.5%
Engineering	1,393,965	1,312,283	81,682	6.2%
Administration	<u>238,347</u>	<u>178,454</u>	<u>59,893</u>	<u>33.6%</u>
Total functional expenses	<u>\$ 27,628,491</u>	<u>\$ 26,663,488</u>	<u>\$ 965,003</u>	<u>3.6%</u>

- Materials Management Facility expenses increased \$137 Thousand or 1.2%. The increase is due to a number of factors:
 - \$619 Thousand increase in operation and maintenance expenses as recycling incentives increased \$337 Thousand, mattress recycling increased \$129 Thousand and Recycling Transfer Station costs increased \$151 Thousand.
 - \$157 Thousand decrease in expenses related to community benefit payments to Rodman and a \$186 Thousand decrease in closure and post-closure cost. Both the decrease in community benefit payments and closure and post-closure care costs are a direct result of the decrease in tonnage brought to the facility.
 - \$349 Thousand decrease in depreciation and amortization costs as several items related to cells and liners became fully depreciated in the prior year and during the fiscal year ending March 31, 2020.
- Water Quality expenses increased \$209 Thousand or 4.5% as a result of a \$80 Thousand increase in wastewater treatment expense due to an increase in the number gallons of wastewater treated by the City of Watertown, increase of \$55 Thousand in the repairs and maintenance expenses, and an increase of \$22 Thousand in chemicals utilized.
- Telecommunications expenses decreased by \$105 Thousand or 1.3% as a result of a \$468 Thousand decrease in depreciation which was offset by the increase in operations and maintenance expense of \$164 Thousand and an increase of \$130 Thousand in Bad Debt as the Authority established an allowance for doubtful accounts of 5% of outstanding Telecom receivables.
- Housing and economic development expenses increased \$582 Thousand or 37.5% primarily related to the increase in bad debt expense as the Authority established an allowance for doubtful accounts on outstanding loan receivables.
- Engineering expenditures increased \$82 Thousand or 6.2% primarily due to \$37 Thousand in additional staff benefits to fulfill contractual obligations and an increase of \$29 Thousand for professional fees.

Summary of Operating Expenses (Continued)

The following is a breakdown of the Authority's total operating expenses by natural classification:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Operating expenses:				
Depreciation and amortization	\$ 8,266,325	\$ 9,086,683	\$ (820,358)	-9.0%
Salaries and fringe benefits	8,648,346	8,232,496	415,850	5.1%
Wastewater treatment	1,272,973	1,196,194	76,779	6.4%
Community benefits	861,006	987,945	(126,939)	-12.8%
Water purchases	569,593	601,229	(31,636)	-5.3%
Operating and maintenance	5,172,708	3,845,281	1,327,427	34.5%
General and administrative	1,985,649	1,675,740	309,909	18.5%
Closure and post-closure costs	<u>851,891</u>	<u>1,037,920</u>	<u>(186,029)</u>	<u>-17.9%</u>
Total operating expenses	<u>\$ 27,628,491</u>	<u>\$ 26,663,488</u>	<u>\$ 965,003</u>	<u>3.6%</u>

- Depreciation and amortization expenses decreased by 9.0% to approximately \$8.3 Million as Materials Management Facility cell number 9 became fully depreciated in the prior year and significant operating equipment in Telecommunications became fully depreciated in the prior year.
- Salaries and fringe benefits increased by \$416 Thousand or 5.1% mainly due to prior year staff vacancies being filled, additional staff authorized and merit increases.
- Wastewater treatment expense increased by \$77 Thousand or 6.4% primarily due to an increase in the number of gallons of wastewater treated by City of Watertown.
- Community benefits expense decreased by \$127 Thousand or 12.8% related to the decrease in tonnage received at the Materials Management Facility.
- Operating and maintenance expenses increased \$1.3 Million or 34.5% due to an increase in the recycling costs in the Materials Management division.
- General and administrative costs increased by \$310 Thousand or 18.5% due to a transfer of several employees from the Telecommunication division.
- Closure and post-closure costs decreased by \$186 Thousand or 17.9% related to the decrease in tonnage.

Non-Operating Revenue (Expense)

The Authority's non-operating revenue (expense) is composed of the following:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Non-operating revenue (expense):				
Investment income	\$ 2,702,220	\$ 2,277,167	\$ 425,053	18.7%
Gain on sale of capital assets	81,291	115,332	\$ (34,041)	-29.5%
Bond issuance costs	(128,848)	-	(128,848)	0.0%
Interest expense	<u>(517,768)</u>	<u>(322,627)</u>	<u>(195,141)</u>	<u>60.5%</u>
Total	<u>\$ 2,136,895</u>	<u>\$ 2,069,872</u>	<u>\$ 67,023</u>	<u>3.2%</u>

- Investment income increased \$425 Thousand or 18.7% related to market conditions favoring shorter term investments.

Postemployment Benefits

The Authority contributes to the cost of eligible retirees' individual health care premiums after 15 years of service, provided that the employee was employed at the Authority at the time of retirement. Employees hired after April 1, 2008 require 20 years of service. The Authority has recorded a liability for other postemployment benefits in the amount of \$5,433,204. The Authority has a board designated investment account in the amount of \$5,479,083 for other postemployment benefits.

Capital Assets

At the end of 2020, the Authority had \$72,559,395 (net of accumulated depreciation) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications Network, Water Quality facilities, Engineering, equipment and vehicles. This amount represents an increase of \$5,321,456 or 7.9% over last year. The increase is mainly due to the Southern Expansion and Material Management Facility. The detail of capital asset activity and balances for the various categories is included in notes to the financial statements.

Long-Term Debt Administration

As of March 31, 2020, the Authority has the following revenue bond series outstanding:

<u>Development Authority of the North Country Bond Series</u>	<u>Bonds Outstanding as of March 2020</u>	<u>Bonds Outstanding as of March 2019</u>	<u>Principal Due 2021</u>
Series 2015	\$ 7,540,000	\$ 7,800,000	\$ 265,000
Series 2019	<u>10,720,000</u>	<u>-</u>	<u>240,000</u>
Total	<u>\$ 18,294,000</u>	<u>\$ 7,800,000</u>	<u>\$ 505,000</u>

In addition to the bonds, the Authority had loans payable as of March 31, 2020 as follows:

<u>Loans, Contract and Capital Lease Payables</u>	<u>Outstanding as of March 2020</u>	<u>Outstanding as of March 2019</u>	<u>Principal Due 2021</u>
Loans payable	<u>\$ 3,537,588</u>	<u>\$ 3,646,371</u>	<u>\$ 111,008</u>

Credit Ratings

The Authority is the recipient of a favorable credit rating from Standard & Poor's as a result of the 2019 Materials Management Bonds issued in fiscal year 2020. The Authority received a "AA/Stable Outlook" rating from Standard and Poor's in August 2019. The Authority issues revenue bonds subject to its Trust Indentures.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or a request for additional information should be addressed in writing to the Chief Financial Officer at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**STATEMENT OF NET POSITION
FOR THE YEAR ENDED MARCH 31, 2020**
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 13,211,671	\$ 14,882,073
Accounts receivable	2,962,770	3,183,199
Accrued unbilled revenue	502,787	404,914
Interest receivable	178,708	199,207
Inventory	5,301	15,725
Prepaid expense and other current assets	<u>576,500</u>	<u>458,348</u>
Total current assets	17,437,737	19,143,466
LOANS RECEIVABLE, net	35,679,849	34,140,200
INVESTMENTS	21,274,819	32,521,227
FUNDS HELD BY TRUSTEE	12,812,620	1,270,962
OTHER POSTEMPLOYMENT BENEFITS RESERVE FUND	5,479,083	4,719,270
RESTRICTED ASSETS	72,793,330	65,922,389
CAPITAL ASSETS, net	<u>72,559,395</u>	<u>67,237,939</u>
Total assets	<u>238,036,833</u>	<u>224,955,453</u>
DEFERRED OUTFLOWS		
Other postemployment benefits	183,981	196,246
Pension	<u>1,403,178</u>	<u>2,163,205</u>
Total deferred outflows	<u>1,587,159</u>	<u>2,359,451</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	1,945,663	2,505,047
Current portion of long-term debt	616,008	763,783
Accrued expenses	498,147	454,734
Interest payable	125,448	96,151
Current portion of unearned revenue	<u>1,900,807</u>	<u>1,347,223</u>
Total current liabilities	5,086,073	5,166,938
FUNDS HELD FOR OTHERS	10,412,025	10,266,884
DUE TO U.S. ARMY	749,985	749,985
UNEARNED REVENUE, net of current portion	5,538,166	6,090,447
NET PENSION LIABILITY	1,309,024	573,949
LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY	18,432,664	17,641,094
TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY	5,433,204	5,074,820
LONG-TERM DEBT, net of current portion	<u>22,544,441</u>	<u>11,011,975</u>
Total liabilities	<u>69,505,582</u>	<u>56,576,092</u>
DEFERRED INFLOWS		
Other postemployment benefits	87,497	93,330
Pension	<u>454,625</u>	<u>1,855,110</u>
Total deferred outflows	<u>542,122</u>	<u>1,948,440</u>
NET POSITION		
Net investment in capital assets	63,417,964	57,409,514
Restricted	67,981,385	61,764,259
Unrestricted	<u>38,176,939</u>	<u>49,616,599</u>
Total net position	<u>\$ 169,576,288</u>	<u>\$ 168,790,372</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE:		
Customer billings	\$ 22,210,554	\$ 22,315,017
Grant revenue	2,413,110	2,251,440
Loan interest income	635,972	661,275
Other revenue	<u>1,017,876</u>	<u>928,139</u>
Total operating revenue	<u>26,277,512</u>	<u>26,155,871</u>
OPERATING EXPENSES:		
Depreciation and amortization	8,266,325	9,086,683
Salaries	5,951,184	5,731,797
Fringe benefits	2,697,162	2,500,699
Operation and maintenance	3,334,521	2,520,967
Wastewater treatment	1,272,973	1,196,194
Water purchases	569,593	601,229
Community benefits	861,006	987,945
Closure and post-closure costs	851,891	1,037,920
Grants	731,175	732,672
Office and administrative	447,032	445,674
Insurance	413,768	383,828
Automobile	318,917	287,674
Utilities	144,944	162,426
Materials and supplies	243,597	260,726
Professional fees	324,985	219,738
Computer	291,871	276,735
NYS administrative assessment	122,000	122,000
Repairs and maintenance	155,324	96,469
Bad debt	<u>630,223</u>	<u>12,112</u>
Total operating expenses	<u>27,628,491</u>	<u>26,663,488</u>
Total operating loss	<u>(1,350,979)</u>	<u>(507,617)</u>
NON-OPERATING REVENUE (EXPENSE):		
Investment income	2,702,220	2,277,167
Gain on sale of capital assets	81,291	115,332
Bond issuance costs	(128,848)	-
Interest expense	<u>(517,768)</u>	<u>(322,627)</u>
Total non-operating revenue, net	<u>2,136,895</u>	<u>2,069,872</u>
CHANGE IN NET POSITION	<u>\$ 785,916</u>	<u>\$ 1,562,255</u>
NET POSITION - beginning of year	<u>168,790,372</u>	<u>167,441,622</u>
CHANGE IN ACCOUNTING PRINCIPLE	<u>-</u>	<u>(213,505)</u>
NET POSITION - beginning of year, as restated	<u>-</u>	<u>167,228,117</u>
NET POSITION - end of year	<u>\$ 169,576,288</u>	<u>\$ 168,790,372</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 21,848,111	\$26,916,077
Receipts from grants	3,013,611	1,844,521
Cash payments to suppliers	(12,827,091)	(9,663,721)
Cash payments to employees	<u>(5,907,771)</u>	<u>(5,699,887)</u>
Net cash flow from operating activities	<u>6,126,860</u>	<u>13,396,990</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(13,591,466)	(10,309,500)
Proceeds from sale of capital assets	84,976	137,546
Proceeds from issuance of long-term debt	12,179,428	333,333
Payment of bond issuance costs	(128,848)	-
Payments on long-term debt	(763,783)	(726,641)
Interest paid	<u>(519,425)</u>	<u>(324,057)</u>
Net cash flow from capital and related financing activities	<u>(2,739,118)</u>	<u>(10,889,319)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Receipts of interest	1,973,989	1,661,599
Unrealized loss on investments	748,730	620,041
Net purchases of investments	11,246,408	3,433,753
Deposits into other postemployment benefit reserve fund	(759,813)	(530,964)
Net purchases of restricted assets	(6,725,800)	(5,912,305)
Change in funds held by trustee	<u>(11,541,658)</u>	<u>(5,912)</u>
Net cash flow from investing activities	<u>(5,058,144)</u>	<u>(733,788)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,670,402)	1,773,883
CASH AND CASH EQUIVALENTS - beginning of year	<u>14,882,073</u>	<u>13,108,190</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 13,211,671</u>	<u>\$ 14,882,073</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating loss	\$ (1,350,979)	\$ (507,617)
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation and amortization	8,266,325	9,086,683
Bad debt expense	630,223	12,112
Change in Deferred outflows of resources	772,292	(506,068)
Change in Deferred inflows of resources	(1,406,318)	1,564,184
Landfill closure and post-closure care costs	791,570	1,037,920
Postemployment benefits expense	358,384	473,755
Change in:		
Accounts receivable	(409,794)	(410,747)
Accrued unbilled revenue	(97,873)	132,925
Loans receivable	(1,539,649)	(746,243)
Inventory	10,424	(2,592)
Prepaid expenses and other assets	(118,152)	37,289
Accounts payable and accrued expenses	(515,971)	683,554
Unearned revenue	1,303	3,616,680
Net pension liability	<u>735,075</u>	<u>(1,074,845)</u>
Net cash flow from operating activities	<u>\$ 6,126,860</u>	<u>\$ 13,396,990</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

1. ORGANIZATION

The Development Authority of the North Country (the Authority) is a public benefit corporation organized under the Public Authorities Law of the State of New York. The Authority was created to provide infrastructure services and economic development in Jefferson, Lewis and St. Lawrence Counties of New York State. The infrastructure services provided by the Authority include water, wastewater, materials management and telecommunications. The Authority assists in the economic development of these counties by financing housing and business development projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

Basis of Presentation

GASB requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of amounts that have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted." Unrestricted net position may be designated for specific purposes by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not in the same detail used for current year presentation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2019, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of presenting the statement of cash flows, the Authority considers all highly liquid short-term investments (money market funds) with maturities of three months or less from the date of purchase to be cash or cash equivalents. These money market funds are stated at cost which approximates fair value.

Accounts Receivable

Accounts receivable consists primarily of amounts due from customers for services provided. Management records an allowance for doubtful accounts based on past collection experience and an analysis of outstanding amounts.

Accrued Unbilled Revenues

Accrued unbilled revenues represents revenue earned in the current year but not billed to customers until future dates, usually within three months.

Loans Receivable

Loans receivable consist primarily of amounts loaned to businesses in Northern New York in order to enhance economic development, create housing and encourage job creation and retention. Loans are stated at unpaid principal balances, less the allowance for loan losses. Loans are collateralized by related property, plant and equipment. Interest income is accrued on the unpaid balance. Interest rates charged to outstanding loans range from 0% to 6.25% and are due at various dates through August 2048.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on past collection experience and an analysis of outstanding amounts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged to the provision for loan losses. An allowance for loan losses of \$402,173 was considered necessary at March 31, 2020.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary because of uncertainties associated with local economic conditions and future cash flows on impaired loans.

Investments

Investments consist of certificates of deposit, and U.S. and other government obligations with maturities extending beyond a three-month period from the date of purchase. The Authority reports certificates of deposit at cost, which approximates fair value, and U.S. and other government obligations at fair value based on quoted market prices.

Funds Held by Trustee

Funds held by Bank of New York (the Trustee), as required by bond agreements, consist of certificates of deposit, U.S. and other government obligations, and money market funds. The Authority reports certificates of deposit and money market funds at cost and U.S. and other government obligations at fair value based on quoted market prices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits Reserve Fund

Funds held for other postemployment benefits consist of certificates of deposit, U.S. Government obligations and money market funds. The Authority reports certificates of deposit at cost and U.S. Government obligations at fair value based on quoted market prices. Currently, New York State does not have legislation enabling the establishment of a separate trust to hold these funds. Until such enabling legislation is enacted, these funds will be reflected as unrestricted on the accompanying Statement of Net Position.

Unamortized Bond Discount and Premium

The unamortized bond discount associated with the Series 2015 bonds is recognized as interest expense on a straight-line basis over the term of the related debt. The unamortized bond premium associated with the Series 2019 bonds is recognized as interest revenue on a straight-line basis over the term of the related debt.

Capital Assets

Capital assets are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the capital assets, which range from three (3) to fifty (50) years. The Authority capitalizes all expenditures for capital assets in excess of \$10,000 and which have useful lives greater than one year. When assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any unrelated gains or losses are recorded.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

Cash collected in advance of service provision is recorded as unearned revenue and is recognized as revenue in the period in which it is earned.

Landfill Closure and Post-Closure Care Liability

The Authority records landfill closure and post-closure care costs as an operating expense based on the landfill capacity used as of the Statement of Net Position date and the current estimated costs for closure and post-closure care.

Other Postemployment Benefits

The Authority provides certain health care benefits to its retired employees in accordance with the provisions of the personnel policy.

Revenue Recognition

Revenue from sales of services are recognized at the time of service delivery based on actual or estimated rates. Revenue from grant agreements is recognized when earned.

Operating and Non-Operating Revenues and Expenses

Operating revenue consists of sales of services performed and other related revenue. The Authority defines non-operating revenue as interest earnings on investment assets and realized/unrealized gains or losses on sales of investments. Non-operating expenditures include interest expense on long-term debt, bond issuance costs, bond premium, bond discount and gains/losses on disposals of capital assets and other items outside of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. NET POSITION

Restricted Net Position

The Authority maintains the following in restricted net position as of March 31, 2020:

Community rental housing program	\$ 14,250,786
Community development loan fund	8,182,062
Affordable housing program	22,583,026
Army water and sewer line reserves	1,800,000
Regional waterline operating and debt service reserves	512,052
Wetlands mitigation	1,292,626
Reserve for liner expansion and replacement	12,642,140
Reserve for open access telecommunication networks	<u>6,718,693</u>
Total restricted net position	<u>\$ 67,981,385</u>

Unrestricted

Unrestricted net position consists of Board designated net position and undesignated net position. Board designated net position represents amounts specified by the Authority's Board for a particular use. The Board has the authority to release these funds for other purposes.

The Authority maintains the following in unrestricted net position as of March 31, 2020:

Board designated net position:	
Administrative reserve / supplemental insurance	\$ 4,000,000
Infrastructure development	223,107
Capital reserves	12,212,738
Materials Management - tip fee stabilization, recycling and landfill gas reserves	5,990,386
Economic development fund	5,581,377
Affordable housing	<u>3,000,000</u>
	31,007,608
Undesignated net position	<u>7,169,331</u>
Total unrestricted net position	<u>\$ 38,176,939</u>

4. CONTRACTUAL AGREEMENTS

Materials Management Agreement

The Authority entered into an agreement with the City of Watertown (the City) and Jefferson, Lewis and St. Lawrence Counties (collectively, the Municipalities) to construct and operate a Materials Management Facility. Each year, the Authority submits its actual amounts of capital, operating, maintenance and overhead costs and revenues to the Municipalities. A deficit in any year requires an adjustment charge to each municipality for its percentage of usage during the year with the deficit. Since inception of the Materials Management Facility, the Authority has not reported a deficit requiring an adjustment charge. This agreement expires on the date the Authority's obligations for the facility are fully discharged.

Host Community Agreement

In 1993, the Authority entered into an agreement with the Town of Rodman (the Town) to locate a Materials Management Facility within the Town. This agreement requires the Authority to pay a quarterly fee, which is adjusted each year by the consumer price index, on a per-ton of waste received basis. The agreement also requires a minimum host community fee of \$50,000 for each year the Materials Management Facility is in actual operation. This agreement was revised in fiscal year 2011. Under the terms of the revised agreement, the Town receives a 75% reduction in tipping fees. Additionally, the Authority pays the Town 50% of the first \$100,000 of the proceeds from the sale of energy at the gas-to-energy plant, 25% of the next \$100,000 of proceeds and 10% thereafter. Host community benefits expense was \$772,063 in 2020.

Gas-to-Energy Plant Agreement

In fiscal year 2009, the Authority entered into a lease agreement with a Company for the construction and operation of a gas-to-energy plant at the Materials Management Facility. The Company constructed the plant and installed the necessary equipment on the Authority's property in order to convert the methane gas produced by the Materials Management Facility into energy. The title for the plant was transferred to the Authority. The Authority entered into a direct financing lease with the Company for the plant and equipment for \$1 per year plus 50% of revenues derived from the energy created for a period of 20 years. As this lease is a direct financing lease, the related assets are not included in the Authority's financial statements at year-end. This lease includes two five-year renewal options and a \$1 purchase agreement for the equipment at the end of the lease. The contingent rental benefits related to this agreement amounted to \$657,211 in 2020, and are recorded in other revenue on the accompanying statement of revenue, expenses and change in net position.

Water Agreement

The Authority and the U.S. Army (the Army) entered into a water supply agreement in 1990. The City is also a party to this agreement as it provides the water to the Authority for transport to the Army. Under the terms of this agreement, the Army is entitled to use the Authority's water line at a rate that is established annually based on the combined annual capital, overhead, and operating and maintenance costs of the Authority and the City.

The agreement requires the Authority to hold a repair reserve of \$900,000. The use of these funds requires permission from the Army and has been recorded in the accompanying financial statements as restricted net position.

4. CONTRACTUAL AGREEMENTS (Continued)

Wastewater Agreement

The Authority and the Army entered into a wastewater service agreement in 1986. The City is also a party to this agreement as it provides the sewage treatment services. Under the terms of this agreement, the Army is entitled to use the Authority's wastewater line at a rate that is established annually based on the combined annual capital, overhead, and operating and maintenance costs of the Authority and the City.

The agreement requires the Authority to hold a repair reserve of \$900,000. The use of these funds requires permission from the Army and has been recorded in the accompanying financial statements in restricted net position. Additionally, an administrative support advance of \$749,985 was received from the Army. These monies are to be credited against the last two months service invoices prior to the termination of the agreement and have been recorded in the accompanying financial statements as a liability to the Army.

Project Development Agreement

In 2015, the Authority entered into a Project Development Agreement with the Town of Watertown (Watertown), Jefferson County and the Watertown City School District (the School District), whereby the Authority will make ten annual payments to Jefferson County and the School District from certain Community Rental Housing Program interest proceeds. If the applicable interest is not collected, no payments are required. The agreement does not provide for any payments to Watertown. The payments under the terms of this agreement to Jefferson County and the School District are contingent upon payment being received from the borrower. Due to the contingent nature of this agreement, no liability has been recorded in the accompanying Statement of Net Position.

5. ACCOUNTS RECEIVABLE

Accounts receivable are due within one year and consisted of the following at March 31, 2020:

Materials Management Facility	\$ 1,041,957
Water Quality	586,090
Telecommunications network	1,105,131
Engineering	91,347
Other	<u>196,566</u>
	3,021,091
Less: Allowance for doubtful accounts	<u>(58,321)</u>
	<u>\$ 2,962,770</u>

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The investment guidelines established by the Authority permit the investment of funds held by the Authority and funds held in trust for the Authority to be invested in accordance with New York State Public Authorities Law. Investments must be in the form of obligations of the State of New York, obligations of the United States or its agencies whose principal and interest payments are fully guaranteed by the federal government; and in collateralized time deposits or certificates of deposit issued by a commercial bank or trust company, which is a member of the Federal Deposit Insurance Corporation (FDIC). The Authority's investment policy limits its deposit and investment activity to time deposits, demand deposits, certificates of deposit, State of New York Government obligations, United States Government obligations and repurchase agreements.

The Authority's investment policy requires its deposits and investments, not controlled by the Trustee, to be collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States of America or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank.

Total deposits of cash and cash equivalents not controlled by the Trustee (including certificates of deposit and money market funds) are as follows at March 31, 2020:

Demand deposits	\$ 12,197,344
Time deposits	<u>1,014,327</u>
	<u>\$ 13,211,671</u>

Custodial Credit Risk

For cash deposits or investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than \$25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured.

All investments were fully secured at March 31, 2020. Total investments by type are as follows at March 31, 2020:

United States Treasury obligations/Government agencies	\$ 7,155,044
Certificates of deposit	<u>14,119,775</u>
	<u>\$ 21,274,819</u>

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Fair Value

United States Treasury obligations/Government agencies are considered Level 1 investments. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following fair value measurements as of March 31, 2020:

- U.S. Treasury obligations/government agencies are valued using quoted market prices (Level 1 inputs).

Custodial Credit Risk - Deposits

At March 31, 2020, the carrying amount of the Authority's cash and cash equivalents was \$13,211,671 and was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	\$ 13,597,888	\$ 13,211,671
Covered by FDIC insurance	\$ 250,000	
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name	<u>15,085,695</u>	
	<u>\$ 15,335,695</u>	

Collateral is required for time deposits and certificates of deposit at 102 percent of all deposits not covered by the federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States of America and its agencies and obligations of the State and its municipalities and towns.

7. RESTRICTED ASSETS

Restricted assets are held for the following purposes at March 31, 2020:

Landfill Closure and Post-Closure Care	\$ 18,617,715
Telecommunications Network	10,422,247
Replacement and Liner at Materials Management Facility	12,571,941
Affordable Housing Program	9,232,058
North Country Economic Development	7,381,092
Community Rental Housing Program	6,162,314
Community Development Loan Fund	3,626,775
Army Water and Sewer Line	2,921,714
Wetlands Mitigation	1,378,395
Regional Waterline Operating and Debt Service Reserves	<u>479,079</u>
	<u>\$ 72,793,330</u>

7. RESTRICTED ASSETS (Continued)

For restricted assets, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than \$25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured. All restricted assets were fully secured at March 31, 2020.

Restricted assets consisted of the following at March 31, 2020:

Certificates of deposit	\$ 31,085,941
United States Treasury obligations/Government agencies	11,155,055
Money market funds	30,444,498
Accrued interest receivable	<u>107,836</u>
	<u>\$ 72,793,330</u>

8. LOANS RECEIVABLE

Loans receivable are summarized as follows at March 31, 2020:

Loans receivable:	
Affordable Housing Program	\$ 14,642,898
Community Rental Housing Program	11,683,781
Community Development Loan Fund	5,979,020
North Country Economic Development Loan Fund	3,026,323
Development Authority Economic Development Loan Fund	<u>750,000</u>
Total loans receivable	<u>\$ 36,082,022</u>

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2020.

	<u>Current</u>	30 - 59 <u>Days</u>	60 - 89 <u>Days</u>	≥ 90 <u>Days</u>	Total <u>Past Due</u>	Non- <u>accrual</u>	Total Loans <u>Receivable</u>
Affordable Housing Program	\$ 14,599,716	\$ 43,182	\$ -	\$ -	\$ 43,182	\$ -	\$ 14,642,898
Development Authority Economic Development Loan Fund	750,000	-	-	-	-	-	750,000
Community Rental Housing Program	11,683,781	-	-	-	-	-	11,683,781
Community Development loan fund	5,971,181	2,641	625	4,573	7,839	-	5,979,020
North Country Economic Development loan fund	<u>3,011,192</u>	<u>5,470</u>	<u>1,424</u>	<u>8,237</u>	<u>15,131</u>	-	<u>3,026,323</u>
Total	<u>\$ 36,015,870</u>	<u>\$ 51,293</u>	<u>\$ 2,049</u>	<u>\$ 12,810</u>	<u>\$ 66,152</u>	<u>\$ -</u>	<u>\$ 36,082,022</u>

8. LOANS RECEIVABLE (continued)

Activity in the allowance for loan losses is as follows for the year ended March 31, 2020:

Balance, beginning of year	\$ 192,737
Loans charged off	-
Allowance provisions	<u>209,436</u>
Balance, end of year	<u>\$ 402,173</u>

The following summarizes the ending loan receivable balances individually and collectively evaluated for impairment, as well as the allowance for loan loss allocation for each at March 31, 2020.

	<u>Ending Loan Balance</u>			<u>Allowance for Loan Losses</u>		
	Individually Evaluated for <u>Impairment</u>	Collectively Evaluated for <u>Impairment</u>	<u>Total</u>	Loans Individually Evaluated for <u>Impairment</u>	Loans Collectively Evaluated for <u>Impairment</u>	<u>Total</u>
Commercial loans	<u>\$36,082,022</u>	<u>\$ -</u>	<u>\$36,082,022</u>	<u>\$ -</u>	<u>\$ 402,173</u>	<u>\$ 402,173</u>

There were no impaired loans at March 31, 2020.

9. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020 was as follows:

	Balance April 1, 2019	Additions	Transfers	Disposals	Balance March 31, 2020
Land	\$ 1,620,224	\$ -	\$ -	\$ -	\$ 1,620,224
Construction-in-progress	<u>12,396,620</u>	<u>9,658,459</u>	<u>(9,083,317)</u>	-	<u>12,971,762</u>
Total non-depreciable assets	<u>\$ 14,016,844</u>	<u>\$ 9,658,459</u>	<u>\$ (9,083,317)</u>	<u>\$ -</u>	<u>\$ 14,591,986</u>
Construction:					
Materials Management Facility	\$ 75,969,476	\$ -	\$ -	\$ -	\$ 75,969,476
Water Quality	37,794,952	29,903	2,693,924	-	40,518,779
Telecommunications network	39,384,855	667,369	4,875,161	-	44,927,385
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	6,848,937	1,335,509	1,514,525	(294,331)	9,404,640
Water Quality	2,126,388	-	-	-	2,126,388
Telecommunications network	17,934,567	1,567,775	-	-	19,502,342
Engineering	77,839	-	-	-	77,839
General and administrative	619,550	63,970	-	-	683,520
Vehicles:					
Materials Management Facility	-	35,854	-	-	35,854
Water Quality	56,470	-	-	-	56,470
General and administrative	845,411	232,627	-	(89,184)	988,854
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	-	30,119
Total at cost	<u>181,942,870</u>	<u>3,933,007</u>	<u>9,083,610</u>	<u>(383,515)</u>	<u>194,572,972</u>
Less: Accumulated depreciation and amortization for:					
Construction	(108,336,262)	(6,000,333)	-	-	(114,336,595)
Equipment	(19,839,018)	(2,085,786)	-	294,336	(21,630,468)
Vehicles	(471,214)	(180,206)	-	85,201	(566,219)
Leasehold improvements	(75,281)	-	-	-	(75,281)
Total accumulated depreciation and amortization	<u>(128,721,775)</u>	<u>(8,266,325)</u>	<u>-</u>	<u>379,537</u>	<u>(136,608,563)</u>
Total depreciable assets, net	<u>\$ 53,221,095</u>	<u>\$ (4,333,318)</u>	<u>\$ 9,083,610</u>	<u>\$ (3,978)</u>	<u>\$ 72,559,395</u>
Total capital assets, net	<u>\$ 67,237,939</u>	<u>\$ 5,325,141</u>	<u>\$ 293</u>	<u>\$ (3,978)</u>	<u>\$ 72,559,395</u>

10. FINANCING ARRANGEMENTS

Long-term debt revenue bond activity for the year ended March 31, 2020 was as follows:

	Long Term Portion Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Due Within <u>One Year</u>	Long Term Portion Ending <u>Balance</u>
Series 2015 bonds maturing in annual amounts ranging from \$225,000 to \$490,000 through 2041 bearing interest ranging from 2.00% to 4.50%.	7,800,000	-	(260,000)	(265,000)	7,275,000
Series 2019 bonds maturing in annual amounts ranging from \$240,000 to \$650,000 through 2044 bearing interest ranging from 4.00% to 5.00%.	-	10,720,000	-	(240,000)	10,480,000
Unamortized bond (discount)/premium	<u>(65,613)</u>	<u>1,459,428</u>	<u>(30,954)</u>	<u>-</u>	<u>1,362,861</u>
Long-term revenue bond liabilities	<u>\$ 7,734,387</u>	<u>\$ 12,179,428</u>	<u>\$ (290,954)</u>	<u>\$ (505,000)</u>	<u>\$ 19,117,861</u>

10. FINANCING ARRANGEMENTS (Continued)

Loans payable activity for the year ended March 31, 2020 was as follows:

	Long Term Portion Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Due Within <u>One Year</u>	Long Term Portion Ending <u>Balance</u>
Unsecured loan payable to the State of New York in annual payments of \$50,000 through March 2040. This loan does not bear interest.	\$ 1,014,000	\$ -	\$ (50,000)	\$ (50,000)	\$ 914,000
Loan payable to the U.S. Department of Agriculture Rural Development in annual payments of \$91,104, including interest at 4.50% through April 2036. The Authority's regional waterline assets secure this loan.	1,065,888	-	(43,139)	(45,080)	977,669
Note payable to NYS Housing Trust Fund. Principal is due in full on December 31, 2038 and is only payable upon loan repayment from ultimate loan recipient. This note does not bear interest. Funds were used to make an economic development loan.	600,000	-	-	-	600,000
Note payable to New York Job Development Authority. Principal is due in full on April 25, 2028 with one-third principal payments due in the 5 th , 7 th and final year of the note. The note bears interest at 1.0% commencing on June 30, 2019.	333,333	-	-	-	333,333
Unsecured note payable to the Village of Cape Vincent requiring quarterly payments ranging from \$7,028 to \$7,100, including interest at 2.0% through March 2049.	<u>633,150</u>	<u>-</u>	<u>(15,644)</u>	<u>(15,928)</u>	<u>601,578</u>
Loans payable	<u>\$ 3,646,371</u>	<u>\$ -</u>	<u>\$ (108,783)</u>	<u>\$ (111,008)</u>	<u>\$ 3,426,580</u>

10. FINANCING ARRANGEMENTS (Continued)

Future Minimum Payments

The future minimum payments for the Authority's financing arrangements are as follows as of March 31, 2020:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 616,008	\$ 716,518	\$ 1,332,526
2022	633,323	698,495	1,331,818
2023	761,837	677,576	1,439,413
2024	678,226	654,700	1,332,925
2025	807,220	630,587	1,437,807
2026 – 2030	4,030,034	2,729,538	6,759,571
2031 – 2035	4,708,969	1,936,446	6,645,415
2036 – 2040	5,791,295	1,052,971	6,844,266
2041 – 2045	3,663,160	281,738	3,944,898
2046 – 2050	<u>107,516</u>	<u>5,421</u>	<u>112,937</u>
	<u>21,797,587</u>	<u>9,383,990</u>	<u>31,181,578</u>

Interest Paid

Interest paid on all financing arrangements was \$616,008 and \$327,157 during 2020.

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority entered into a lease agreement with the New York State Office of General Services (NYSOGS) for office space effective July 1, 2017 and expiring on June 30, 2020. Under the terms of the lease, monthly payments of \$8,884 are required. For the year ended March 31, 2021, \$26,653 is due under this commitment. Total rental expense charged to operations amounted to \$120,942 during the year ended March 31, 2020.

Contingencies

The Authority is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Authority.

12. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Materials Management Facility (the Facility) landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs are incurred in phases as needed and post-closure care costs will be paid near or after the date that the landfill stops accepting waste. The Authority reports a portion of these closure and post-closure care costs as a liability in each period based on landfill capacity used as of the Statement of Net Position date. The \$18,432,664 reported as landfill closure and post-closure care liability at March 31, 2020 represents the cumulative amount reported to date based on the use of 84% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated cost of closure and post-closure care of approximately \$3,457,000 as the remaining estimated capacity is filled. These amounts are based on what it is estimated it would cost to perform all closure and post-closure care through 2057. The Authority expects to close the currently permitted landfill in 2027. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The Authority is in compliance with these requirements, and, at March 31, 2020, investments of \$18,617,715 are held for these purposes. These investments are reported in restricted assets on the statement of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

Replacement

The Authority charges various tipping fees depending on the type of waste accepted at the Facility. Included in the tipping fee are charges per ton for the replacement of the Facility's equipment and infrastructure. The Authority considers the funds collected from these fees as restricted net assets as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2020, tipping fees of approximately \$511,100 and were set aside for replacement. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for their specific purpose they are reclassified to capital assets.

Wetlands Mitigation

In 2015, the Authority established a wetlands mitigation account in order to fund the future expansion of the Facility. The Authority considers these to be restricted net assets as the Facility is required by law to mitigate the wetlands at the Facility in order to expand. The balance in this reserve was \$1,292,626 at March 31, 2020.

Investment Income

The Authority has set aside funds in order to meet the future financial obligations of the Facility including closure and post-closure costs, replacement and debt repayments. Investment income on these funds is recorded as revenue/(loss) in the accompanying Statement of Revenue, Expenses and Change in Net Position and amounted to approximately \$1,493,300 in 2020.

13. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

The Authority participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is contributory except for employees who joined the New York State and Local Employees' Retirement System before July 27, 1976. Employees who joined the system between July 27, 1976 through December 31, 2009 contribute 3% of their salary for the first ten years of membership. Employees who joined the system between January 1, 2010 through March 31, 2012 contribute 3% of their salary for their entire careers and employees who joined the system after April 1, 2012 contribute between 3 and 6 percent their entire careers. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were approximately:

2020	\$767,000
2019	\$714,000
2018	\$684,000

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2020, the Authority reported a liability of \$1,309,024 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2020, the Authority's proportion was 0.0184752%.

For the year ended March 31, 2020, the Authority recognized pension expense of approximately \$861,000.

13. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At March 31, 2020, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 257,774	\$ 87,872
Changes in assumptions	329,035	-
Net difference between projected and actual earnings on pension plan investments	-	335,968
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	49,522	30,782
Contributions subsequent to measurement date	<u>766,847</u>	<u>-</u>
	<u>\$ 1,403,178</u>	<u>\$ 454,625</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows for the Plan's year ended March 31:

2020	\$ 273,349
2021	(254,098)
2022	(19,677)
2023	<u>182,133</u>
	<u>\$ 181,707</u>

The Authority recognized \$766,847 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2019, which will be recognized as a reduction of the net pension liability in the year ended March 31, 2021.

13. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuations used the following actuarial assumptions:

	<u>March 31, 2019</u>
Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	4.2% indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses
Projected cost of living adjustments	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2019 are summarized in the following table:

<u>Asset type</u>	<u>Target allocations</u>	<u>Long-term expected real rate of return</u>
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.50%
Real estate	10%	5.55%
Absolute return	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real asset	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	(0.25)%
Inflation-indexed bonds	<u>4%</u>	1.25%
	<u>100%</u>	

13. PENSION PLAN (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension (Liability) Asset to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension (liability) asset calculated using the discount rate of 7.0% at March 31, 2020, as well as what the Authority's proportionate share of the net pension (liability) asset would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	2020		
	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
Proportionate share of net pension asset (liability)	\$ 5,723,264	\$ 1,309,024	\$ 2,399,250

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020 were as follows:

	Pension Plan's fiduciary net position	Authority's proportionate share of Plan's fiduciary assumption net position	Authority's allocation percentage as determined by the Plan
Total pension liability	\$ 189,803,429,000	\$ 35,066,563	0.0184752%
Net position	<u>(182,718,124,000)</u>	<u>(33,757,539)</u>	0.0184752%
Net pension liability (asset)	\$ 7,085,305,000	\$ 1,309,024	0.0184752%
Fiduciary net position as a percentage of total pension liability	<u>96.27%</u>	<u>96.27%</u>	

14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Authority provides for postretirement medical benefits to retiring employees after 15 years of service. Employees hired on or after April 1, 2008 will be required to complete 20 years of service. When a retiree reaches age 65, Medicare will provide primary coverage, except as otherwise provided by law. The Plan can be amended by action of the Authority and its Board of Directors. The Plan does not issue a stand-alone financial report since there are no assets accumulated in a trust that meet the criteria in GASB 75, paragraph 4.

Employees Covered by Benefit Terms

At March 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Active employees	64
Total participants	<u>71</u>

OPEB Liability

The Authority's total OPEB liability of \$5,433,204 was determined by using an actuarial valuation as of March 31, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increase Rate	3.00%
Discount Rate	3.29%
Health Care Cost Trend Rate	5.00%
Actuarial Cost Method	Entry Age Actuarial Accrued Liability Cost Method
Mortality Rates	Based on Active and Retired Lives – The RP-2014 Mortality Table with separate rates for males and females and for actives and retirees

Changes in the OPEB Liability

OPEB Liability as of March 31, 2019	\$ 5,074,820
Service cost	248,401
Interest	169,281
Benefit payments	<u>(59,298)</u>
OPEB Liability as of March 31, 2020	<u>\$ 5,433,204</u>

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2020		
	1% Decrease (2.29%)	Discount Rate (3.29%)	1% Increase (4.29%)
OPEB Liability	\$ 6,624,427	\$ 5,433,204	\$ 4,511,021

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	2020		
	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
OPEB Liability	\$ 4,438,294	\$ 5,433,204	\$ 6,735,721

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2020, the Authority recognized OPEB expense of \$424,114. At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Amortization of the differences between expected and actual experience	\$ -	\$ 87,497
Amortization of changes of assumptions or other inputs	<u>183,981</u>	<u>-</u>
	<u>\$ 183,981</u>	<u>\$ 87,497</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	\$ 6,432
2021	6,432
2022	6,432
2023	6,432
2024	6,432
Thereafter	<u>64,324</u>
	<u>\$ 96,484</u>

15. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a disease (COVID-19) caused by a virus, commonly known as Novel Coronavirus. The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through June XX, 2020, which is the date the financial statements were available to be issued.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL SCHEDULE OF REVENUE, EXPENSES AND CHANGE IN NET POSITION BY DEPARTMENT
FOR THE YEAR ENDED MARCH 31, 2020

	General and Administration	Solid Waste Management Facility	Water and Waste Water Operations	Telecommunications Network	Housing and Economic Development	Engineering	Total
OPERATING REVENUE:							
Customer billings	\$ -	\$ 9,093,189	\$ 5,081,903	\$ 6,445,131	\$ 145,500	\$ 1,444,831	\$ 22,210,554
Grant revenue	8,916	-	-	-	2,395,199	8,995	2,413,110
Loan interest income	-	-	-	-	635,972	-	635,972
Other revenue	192,301	707,355	12,501	58,052	47,667	-	1,017,876
Total operating revenues	201,217	9,800,544	5,094,404	6,503,183	3,224,338	1,453,826	26,277,512
OPERATING EXPENSES:							
Depreciation and amortization	248,338	3,914,217	594,501	3,474,404	-	34,865	8,266,325
Salaries	1,135,028	1,478,216	1,060,525	1,180,299	352,511	744,605	5,951,184
Fringe benefits	406,044	819,083	545,703	413,877	160,872	351,583	2,697,162
Operation and maintenance	5,783	1,601,086	104,418	1,508,683	5,500	109,051	3,334,521
Wastewater treatment	-	335,295	937,678	-	-	-	1,272,973
Water purchases	-	-	569,593	-	-	-	569,593
Community benefits	-	772,063	-	-	88,943	-	861,006
Closure and post-closure costs	-	851,891	-	-	-	-	851,891
Grant	-	-	-	-	731,175	-	731,175
Office and administrative	167,936	58,581	54,780	105,350	7,662	52,723	447,032
Insurance	17,615	171,308	78,152	122,005	-	24,688	413,768
Bad debt	-	-	-	130,302	499,921	-	630,223
Automobile	850	25,688	190,948	87,890	-	13,541	318,917
Utilities	-	58,687	82,846	3,411	-	-	144,944
Materials and supplies	-	243,597	-	-	-	-	243,597
Professional fees	80,254	51,705	1,637	30,666	131,296	29,427	324,985
Computer	162,148	13,156	61,155	16,159	-	39,253	291,871
NYS administrative assessment	-	50,941	30,582	33,942	-	6,535	122,000
Repairs and maintenance	-	27,480	127,844	-	-	-	155,324
Engineering allocation	-	19,175	29,068	13,644	5,306	(67,193)	-
Administrative allocation	(1,985,649)	784,431	421,572	572,416	152,343	54,887	-
Total operating expenses	238,347	11,276,600	4,891,002	7,693,048	2,135,529	1,393,965	27,628,491
Total operating income	(37,130)	(1,476,056)	203,402	(1,189,865)	1,088,809	59,861	(1,350,979)
NON-OPERATING REVENUE (EXPENSE):							
Interest income	390,767	1,493,293	117,615	390,696	309,849	-	2,702,220
Gain on sale of capital assets, net	34,266	47,025	-	-	-	-	81,291
Bond issuance costs	-	(128,848)	-	-	-	-	(128,848)
Interest expense	-	(453,588)	(61,902)	-	(2,278)	-	(517,768)
Total non-operating revenue (expense)	425,033	957,882	55,713	390,696	307,571	-	2,136,895
CHANGE IN NET POSITION	\$ 387,903	\$ (518,174)	\$ 259,115	\$ (799,169)	\$ 1,396,380	\$ 59,861	\$ 785,916

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL SCHEDULE OF NORTH COUNTRY ECONOMIC DEVELOPMENT
FUND ACTIVITY
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Total</u>
Funds held for others - beginning of year	\$ 10,266,884
Loan interest income	86,912
Miscellaneous income	507
Investment income	141,043
Mark to market adjustment	11,829
Legal	-
Investment fees	(3,459)
Consulting expense	(8,000)
Bad debt expense	<u>(83,691)</u>
Change in fund	<u>145,141</u>
Funds held for others - end of year	<u>\$ 10,412,025</u>
Assets held for North Country Economic Development	
Investments	\$ 7,379,179
Loan interest receivable	6,523
Loans receivable	<u>3,026,323</u>
Funds held for others	<u>\$ 10,412,025</u>

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2020

	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 248,401	\$ 248,401								
Interest	169,281	169,281								
Changes of benefit terms	-	-								
Differences between expected and actual experience	-	(99,163)								
Changes in assumptions	-	208,511								
Benefit payments	(59,298)	(53,275)								
Total change in total OPEB liability	358,384	473,755								
Total OPEB liability - beginning	5,074,820	4,601,065								
Total OPEB liability - ending	\$ 5,433,204	\$ 5,074,820								
Covered-employee payroll	\$ 4,287,573	\$ 3,679,648								
Total OPEB liability as a percentage of covered-employee payroll	126.7%	137.9%								

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.29%	3.29%
---------------	-------	-------

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method used to calculate the costs of the Plan is known as the Entry Age Actuarial Accrued Liability Cost Method.

The healthcare trend cost rates have remained consistent at a rate of 5.0%.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.018%	0.018%	0.018%	0.017%	0.017%					
Proportionate share of the net pension liability (asset)	\$ 1,309,024	\$ 573,949	\$ 1,648,794	\$ 2,709,904	\$ 565,635					
Covered-employee payroll	\$ 5,462,255	\$ 4,970,504	\$ 4,620,918	\$ 4,355,501	\$ 4,052,840					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.96%	11.55%	35.68%	62.22%	13.96%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.70%	97.90%					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 766,847	\$ 714,456	\$ 683,563	\$ 659,418	\$ 601,067					
Contributions in relation to the contractually required contribution	<u>766,847</u>	<u>714,456</u>	<u>683,563</u>	<u>659,418</u>	<u>601,067</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered-employee payroll	\$ 5,462,255	\$ 4,970,504	\$ 4,620,918	\$ 4,355,501	\$ 4,052,840					
Contributions as a percentage of covered-employee payroll	14.04%	14.37%	14.79%	15.14%	14.83%					

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Draft - Subject to Change

INDEPENDENT AUDITOR'S 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

June XX, 2020

To the Board of Directors of the
Development Authority of the North Country:

We have audited, in accordance with the 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 Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June XX, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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.

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. 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.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

**INDEPENDENT AUDITOR'S 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**

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 determination of financial statement amounts. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June XX, 2020

To the Board of Directors of the
Development Authority of the North Country

Report on Compliance for Each Major Federal Program

We have audited the Development Authority of the North Country's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2020. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2020.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020**

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant or Pass Through Number</u>	<u>Expenditures to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through Jefferson County:				
Home Investment Partnerships Program	14.239	M19-DC360512	\$ 1,019,183	\$ 1,054,183
Passed through Town of Gouverneur:				
Community Development Block Grant	14.228	464HR324-19	<u>99,300</u>	<u>120,060</u>
Total Community Development Block Grants			<u>99,300</u>	<u>120,060</u>
Total U.S. Department of Housing and Urban Development:			1,118,483	1,174,243
U.S. DEPARTMENT OF DEFENSE:				
Direct:				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	HQ00051810035	N/A	<u>223,510</u>
Total expenditures of federal awards				<u>\$ 1,397,753</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Development Authority of the North Country. The schedule includes expenditures of federal programs received directly from federal agencies, as well as federal assistance passed through other organizations. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Basis of Accounting

The accompanying schedule of expenditures of federal awards has been prepared in conformity with accounting principles generally accepted in the United States of America and amounts presented are derived from the Authority's general ledger.

Indirect and Matching Costs

Indirect costs may be included in the reported expenditures to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the Authority's share of certain program costs) are not included in the reported expenditures.

The Authority did not elect to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the Development Authority of the North Country (the Authority) are prepared in accordance with GAAP.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report expresses an unmodified opinion on compliance for the major federal award program for the Authority.
6. There were no audit findings relative to the major federal award program for the Authority that are required to be reported in accordance with 2 CFR Section 200.516 (a).
7. The program tested as a major program was Home Investment Partnerships Program, CFDA #14.239.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Authority was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.

**DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY**

**Communication of Matters Related to Internal
Control Over Financial Reporting
June 2020**

Bonadio & Co., LLP
Certified Public Accountants

June 2020

To the Board of Directors of the
Development Authority of the North Country:

In planning and performing our audit of the financial statements of Development Authority of the North Country (the Authority) as of and for the year ended March 31, 2020, in accordance with auditing standards generally accepted in the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Board of Directors and others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

COMMUNICATIONS OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING JUNE 2020

SUMMARY OBSERVATIONS REGARDING INTERNAL CONTROL ENVIRONMENT

Our audit process and related testing determined that the accounting records and documentation maintained by the Authority accounting and management personnel were well prepared for audit purposes. The best evidence of the preceding statement is reflected by the following audit results:

- a) We did not identify any internal control deficiencies or material weaknesses during the course of our audit process.
- b) There were no "Audit Adjustments" required that related to errors or omissions by the Authority accounting personnel.

The results described above are desirable objectives for any Organization subject to a financial statement audit process.

While we did not identify any specific recommendations for improvement in this area, we want to emphasize the importance of board oversight and involvement as a key component of the Authority's internal control environment.

We appreciate the cooperation and courtesies extended by your personnel to our representatives during the course of the audit process.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June XX, 2020

To the Board of Directors of the
Development Authority of the North Country:

We have performed the procedures enumerated below, which were agreed to by the Development Authority of the North Country (the Authority), solely to assist you in evaluating the Regional Waterline Capital and Operating Reserve Funding analysis for the year ended March 31, 2020. The Authority's management is responsible for the Regional Waterline Capital and Operating Reserve Funding analysis. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. We obtained the Regional Waterline Capital and Operating Reserve Funding analysis for the year ended March 31, 2020 as attached in Exhibit I.
2. We recalculated the revenue (billings) recognized in the Regional Waterline Capital and Operating Reserve Funding analysis. For the capital component, we verified the fixed costs per customer to the fixed rates approved in the Board minutes and published by the Authority for the year. For the operating component, we multiplied the water flows for the year by the per gallon rate approved in the Board minutes and published by the Authority.

We were able to recalculate the revenue recognized for the operating and capital components as stated in Exhibit I, without exception.

3. For six customers on the Regional Waterline, we obtained the quarterly billing for the period April 2019 through March 2020. We then traced the water flows charged to the customer on the related billing document to the water flow logs. We also tested the mathematical accuracy of the billing.

We noted no exceptions as a result of this procedure.

4. We obtained the detail of expenses for the Regional Waterline. We then selected a sample of 20 expenses charged to the Regional Waterline and obtained the related invoices to determine whether the expense was an expense related to the Regional Waterline. Our sample represented approximately \$46,000 of expenses.

We noted no exceptions as a result of this procedure.

5. We obtained the principal payments made on the Regional Waterline debt for the year ending March 31, 2020 and agreed the total principal payments to the Regional Waterline Capital and Operating Reserve Funding analysis.

We noted no exceptions as a result of this procedure.

6. We obtained the interest payments made on the Regional Waterline debt for the year ending March 31, 2020 and agreed total interest payments to the Regional Waterline Capital and Operating Reserve Funding analysis.

We noted no exceptions as a result of this procedure.

7. The capital costs charged to the Regional Waterline were reconciled to the fixed asset records of the Authority.

We noted no exceptions as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an audit, the objectives of which would be the expression of an opinion on the Regional Waterline Capital and Operating Reserve Funding Analysis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors, management and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

REGIONAL WATERLINE - CAPITAL AND OPERATING RESERVE FUNDING
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Capital</u>	<u>Operating</u>	<u>Total</u>
Reserves Held - March 31, 2019	\$ 282,986	\$ 53,492	\$ 336,478
Billings FYE 2020	277,288	88,223	365,511
Interest Income and miscellaneous income	8,774	-	8,774
Expenses	(127,406)	(79,091)	(206,497)
Interest Expense	(61,902)	-	(61,902)
Principal Payment	(71,024)	-	(71,024)
Capital Costs	(293)	-	(293)
Change In Reserves	<u>25,437</u>	<u>9,132</u>	<u>34,569</u>
Reserves Held - March 31, 2020	<u>\$ 308,423</u>	<u>\$ 62,624</u>	<u>\$ 371,047</u>

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS RELATED TO INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES

June XX, 2020

To the Board of Directors of
Development Authority of the North Country:

We have examined management of Development Authority of the North Country's (a New York State Public Benefit Corporation) (the Authority) assertion that the Authority complied with its own investment policies, applicable laws and regulations related to investments, and the New York State Office of the State Comptroller Investment Guidelines for Public Authorities for the year ended March 31, 2020. The Authority's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended March 31, 2020.

This report is intended solely for the information and use of management and the Board of Directors of the Authority and the New York State Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com



Board Resolution No. 2020-06-78
June 26, 2020

**APPROVING AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT,
AGREED UPON PROCEDURES, AND REPORT ON INVESTMENTS
FOR FISCAL YEAR ENDING MARCH 31, 2020**

Whereas, the Development Authority of the North Country appointed the accounting firm of Bonadio and Company, LLP, CPA, to audit its financial statements, complete a Single Audit, perform Agreed Upon Procedures related to the Regional Water Line and Report on Compliance with Laws Related to Investment Guidelines of the Authority as of and for the year ended March 31, 2020, and

Whereas, Bonadio and Company, LLP, CPA, has completed all necessary procedures in compliance with Generally Accepted Auditing Standards and have issued an unmodified opinion on the financial statements, and

Whereas, Bonadio and Company, LLP, CPA, has completed all necessary procedures in compliance with; 1) auditing standards generally accepted in the United States of America, 2) Government Auditing Standards, and 3) Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and have issued an unmodified opinion on the Single Audit, and

Whereas, Bonadio and Company, LLP, CPA, has conducted the Agreed-Upon Procedures engagement on the Authority's Regional Water Line in accordance with attestation standards established by the American Institute of Certified Public Accountants, and reported no exceptions, and

Whereas, Bonadio and Company, LLP, CPA, has prepared an Independent Auditor's Report on Compliance with Laws and Regulations Related to Investment Guidelines for Public Authorities, and reported that with respect to the items tested, the Authority complied in all material respect with its investment policy as well as the applicable State Comptroller's Investment Guidelines for Public Authorities, and

Whereas, the Audit Committee of the Authority Board has reviewed the Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments as of and for the year ending March 31, 2020 and recommends acceptance to the Board.

Now, upon the recommendation of the Audit Committee, therefore, be it

RESOLVED, that the Development Authority of the North Country does hereby accept the Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments, as of and for the year ended March 31, 2020.



Board Resolution No. 2020-06-79
June 26, 2020

**APPROVING THE ASSESSMENT OF THE EFFECTIVENESS
OF INTERNAL CONTROLS OF THE DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY FOR FISCAL YEAR 2020**

Whereas, pursuant to Section 2800(9) of New York State Public Authorities Law, the Development Authority of the North Country shall prepare an Assessment of the Effectiveness of its Internal Controls structure and procedures, and

Whereas, Executive Management has prepared the attached Assessment of the Effectiveness of Internal Controls for Fiscal Year 2020 and recommends approval of such Assessment, and

Whereas, the Audit Committee has reviewed Executive Management's recommendation and concurs with the recommendation.

Now, upon the recommendation of the Audit Committee, therefore be it

RESOLVED, that the Development Authority of the North Country does hereby approve the attached Assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country, for the fiscal year 2020.

Assessment of the Effectiveness of Internal Controls – FY 2020

It is the policy of the Authority to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board for proprietary funds. We accomplish this by adhering to the Development Authority's Accounting Manual which documents and outlines a system of internal controls which is developed to reduce fraud and abuse and to produce financial statements on a consistent basis.

The Development Authority of the North Country has developed an Accounting Manual which documents the principles, policies and procedures governing the Authority's accounting practices.

The principles, policies and procedures provide:

- A foundation for a system of internal controls
- Guidance in current financial activities
- Criteria for decisions on appropriate accounting treatment.
- Accounting staff with direction and guidance in connection with those accounting transactions, procedures, and reports that should be uniform throughout the Authority.

When consistently applied throughout the Authority, these principles and policies assure that the various financial statements issued by the Authority accurately reflect the results of the Authority's operations.

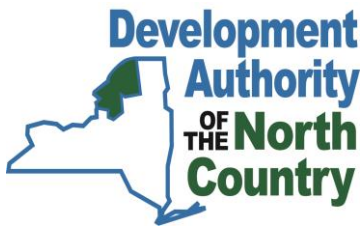
Internal controls provide a system of checks and balances intended to identify irregularities, prevent waste, fraud and abuse from occurring, and assist in resolving discrepancies that are accidentally introduced in the operations of the business. Examples of internal controls implemented at the Development Authority are as follows:

- Dual signatures are required for disbursements in excess of \$15,000
- Requisitions and purchase orders must be authorized prior to encumbering Development Authority funds. Invoices received must be authorized prior to payment.
- Employee reimbursements are appropriately documented, approved by the employee's supervisor and audited by Compliance staff prior to payment.
- Bank accounts are reconciled monthly and are reviewed and approved by the Chief Financial Officer.
- Accounting functions are divided among employees so that the work of one employee complements and acts as a check on the work of another.

The system of internal controls of the Development Authority are monitored on a continual basis by the Chief Financial Officer and audited by Compliance staff who report the results of such audits to the Executive Director.

On an annual basis, the financial statements of the Development Authority are audited by an independent CPA firm. While the auditors were not engaged to perform an audit of internal controls, the auditors did not identify any deficiencies in internal control that they considered to be a control deficiency, significant deficiency, or material weaknesses during the audit for the fiscal year ended March 31, 2020.

In summary, the present internal control structure of the Development Authority is sufficient to meet the internal control objectives that pertain to the prevention and detection of fraud, errors and irregularities in the financial reporting of the Development Authority.



Board Resolution No. 2020-06-80
June 26, 2020

**APPROVING ANNUAL BOND SALES REPORT
FOR FISCAL YEAR ENDING MARCH 31, 2020**

Whereas, the Development Authority of the North Country operates according to Board policies and administrative guidelines as may be amended from time to time, and

Whereas, the Authority's Bond Sale Policy requires that the Authority shall annually prepare and approve a Bond Sales Report. The Bond Sales Report shall include the results of any Bond Sales during the year, to include Underwriter's Compensation, Net Interest Cost, and the Method of Sale.

Whereas, Executive Management has reviewed and recommends approval of the Annual Bond Sales Report for the fiscal year ending March 31, 2020, as attached, and

Whereas, the Audit Committee has reviewed Executive Management's recommendation and concurs with the recommendation.

Now, upon the recommendation of the Audit Committee, therefore be it

RESOLVED, that the Development Authority of the North Country hereby approve the Annual Bond Sales Report for the fiscal year ending March 31, 2020, attached hereto and incorporated in this Resolution.

**Development Authority of the North Country
Annual Bond Sales Report
Fiscal Year Ended March 31, 2020**

Issuances

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Net Interest Cost</u>	<u>True Interest Cost</u>	<u>Underwriter Compensation</u>	<u>Method of Sale</u>	<u>Maturity</u>
Series 2019 SWMF Revenue Bonds	9/5/2019	10,720,000	2.818051%	2.660481%	\$42,344.00	Public Negotiated Sale	2044

Outstanding Bonds as of March 31, 2020

<u>Bond Issue</u>	<u>Balance @ 3/31/20</u>	<u>Maturity</u>
Series 2019 SWMF Revenue Bonds	\$ 10,720,000	2044
Series 2015 SWMF Revenue Bonds	\$ 7,540,000	2040



**Board Resolution No. 2020-06-81
June 26, 2020**

**GIS HOSTING AGREEMENT
TOWN OF CANTON**

Whereas, the Town of Canton requested a proposal from the Development Authority of the North Country (Authority) for assistance with Geographic Information Systems (GIS) services, and

Whereas the Town of Canton will execute an agreement with the Authority for GIS data development of Town-owned road signs, culverts, and lighting district street lights; and hosting for a term of July 1, 2020 through December 31, 2024 for a not to exceed fee of \$11,790, and

Whereas, the Authority's Board passed **Resolution No. 2020-05-53** establishing a fee structure for GIS hosting and authorizing the Executive Director to negotiate terms and execute such agreements with existing and potential GIS hosting customers.

Now, therefore, be it

RESOLVED, that the GIS Services Agreement, by and between the Authority and the Town of Canton, is hereby approved. The Executive Director is hereby authorized and directed to execute said Agreement.

GIS WEB-BASED HOSTING AGREEMENT

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
&
TOWN OF CANTON**

This Agreement entered into this ____ day of _____ 20____, by and between:

TOWN OF CANTON, a municipal corporation of the State of New York having an office building and principal place of business located at 60 Main Street, Canton, NY, 13617, herein after referred to as "Town",

And

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

1. The Development Authority of the North Country has developed a Geographic Information System (GIS) Internet Mapping Application (IMA) that is utilized by the Authority and municipal customers to manage infrastructure data.
2. The Town has selected the Authority to provide GIS hosting services for its municipal owned infrastructure data.
3. The Town Board, at its duly convened meeting held on _____, 20____, selected the Authority to provide these services. A copy of this resolution has been attached as Exhibit A.
4. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

Agreement

In consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Scope of Services
Article III	Terms
Article IV	Compensation

Article V	Termination
Article VI	Insurance and Liability
Article VII	Miscellaneous

ARTICLE I - Definitions

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "GIS," Geographic Information System used to store, display, and query spatial information.
- 2) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
- 3) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
- 4) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
- 5) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.

ARTICLE II - Scope of Services

Section 201. Base Services. The Authority will provide the Town with the following base services at the term and rates outlined in Sections 301 and 401. The scope of base services is outlined below:

- 1) The Authority agrees to provide the Town with Hosting Services and access to the IMA via a password-protected account through the Internet 24 hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.
- 2) The Town will provide Datasets to the Authority in a format compatible with the IMA (shapefile or geodatabase).

- 3) The Town will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed Internet connection to access Hosting Services.
- 4) The Town agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Town hold liable the Authority for any damages, loss of profits, or other losses for the use or misuse of the IMA.
- 5) The Town understands that Hosting Services are provided “as is” with no warranties of any kind.
- 6) All the Town Datasets hosted on the IMA will remain the property of the Town. The Town Datasets are defined as those that the Town develops, on its own or through contract. In the event that this Agreement is not renewed, the Authority will provide the Town with all the Town Datasets in electronic format within not more than 15 days.
- 7) The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as “Other Datasets”). Other Datasets must be developed by the Authority (under Section 202, Additional Services), the Town, or a third party. Other Datasets not developed by the Authority must be provided by the Town in “shapefile” or “geodatabase” format.
- 8) Base services provided by the Authority shall include: twelve hours of staff time per year for Customer updates; staff time to annually update base map data including parcel data as supplied by the County, road data, orthoimagery, etc.; and phone support for technical questions concerning the IMA during regular business hours.

Section 202. Additional Services.

- 1) The Town has requested the Authority complete GIS data development for Town-owned culverts/bridges, road signs, and street lights that are part of the Town lighting districts. The Authority will complete the field work, database development, and IMA web portal set up for a not to exceed fee of \$8,000. Work will begin when this agreement is executed and will be completed within 90 days of the start date.
- 2) Any other tasks that are not included in the scope of base services described above, such as additional Data Maintenance, or developing new datasets, all as requested of the Authority by the Town will be reimbursed as described in Section 402.

ARTICLE III – TERMS

Section 301. Term. The term of this Agreement shall be five (5) years beginning on July 1, 2020, and ending December 31, 2024, provided that the Town and/or the Authority shall have the right to terminate this agreement as specified in Section 501.

ARTICLE IV – Compensation

Section 401. Compensation. For base services outlined in Section 201, the Authority shall annually invoice the Town for base services on January 1st in advance. For Additional Services outlined in Section 202, the Authority shall invoice the Town on a monthly basis after services are rendered. For all services rendered under Sections 201 and 202, the Town will have 30 days to submit payment after receiving an invoice. The annual cost for base services is outlined in Table 1 below. Year 1 hosting fees have been pro-rated to align with the Town’s fiscal year.

TABLE 1 – ANNUAL COST OF BASE SERVICES BY YEAR

Year	Period	Hosting Fee
1	7/1/20 – 12/31/20	\$390
2	1/1/21 – 12/31/21	\$825
3	1/1/22 – 12/31/22	\$825
4	1/1/23 – 12/31/23	\$875
5	1/1/24 – 12/31/24	\$875

Section 402. Additional Services. The Town shall pay the Authority for Additional Services at the labor hour burdened rate for the specific job classification performing the services (see Table 2). Rates will be reviewed and may be adjusted on an annual basis consistent with the Authority’s fiscal year (April 1st of the present year to March 31st of the following year) to account for cost of living adjustments. Mileage to the worksite will be reimbursed at the current Federal Mileage Rate. The Town will provide the reasonable support services of its staff as appropriate to assist in implementing Additional Services.

TABLE 2 – AUTHORITY STAFF CHARGE OUT RATES FISCAL YEAR ENDING 2021

Employee Wage Rate	Standard	Overtime
Engineering Director	\$132	NA
Assistant Director of Engineering	\$85	NA
Controls Engineer	\$85	NA
Project Engineer	\$85	NA
GIS Specialist	\$55	NA
Administrative Associate	\$62	\$76

ARTICLE V - Termination

Section 501. Termination. The Town and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided however, that the Town shall pay the Authority all costs incurred by the Authority to the date of termination.

ARTICLE VI – Insurance/Liability

The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Town as additional insured on the liability policy. The Town shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.

The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of this Agreement.

The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the intentional or negligent actions or omissions of the Authority, its officers, employees or agents in connection with the operation of this Agreement.

The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to The Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

ARTICLE VII – Miscellaneous

All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven (7) years following the expiration or earlier termination of this Agreement or an extended agreement.

The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to web-based hosting. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

The Authority is an independent contractor with respect to the Town, and this Agreement does not create, and shall not be construed as creating, any relationship of principal and agent, landlord and tenant, or employer and employee.

No waiver by the Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.

This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

All notices required or permitted to be given under this Agreement shall be in writing and shall be made at the addresses indicated above. The notice or correspondence shall be effective when actually received by the party to which it is directed, whether transmitted by mail, courier, facsimile or personal delivery.

All of the above is established by the signatures of the authorized representatives of the parties set forth below.

**DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY**

TOWN OF CANTON

By: _____

By: _____

Carl Farone
Executive Director

Mary Ann Ashley
Town Supervisor



Board Resolution No. 2020-06-82
June 26, 2020

**TECHNICAL SERVICES AGREEMENT
TOWN OF MORRISTOWN
WATER/SEWER RATE ANALYSIS**

Whereas, pursuant to **Resolution No. 2018-08-97**, the Development Authority of the North Country (Authority) and the Town of Morristown (Town) entered into an Agreement dated July 10, 2018 to provide Technical Services related to completing the Town tasks outlined in the Dissolution Implementation Plan and funded by the Town's \$50,000 grant through the New York State Department of State's (NYSDOS) Local Government Citizens Re-Organization Grant (CREG), and

Whereas, the Town has requested additional technical services from the Authority to assist with a water/sewer rate analysis, and

Whereas, this project will involve research and data acquisition of existing water/sewer historical billing practices, water consumption data, and budget vs. actual comparison for revenues and expenditures, development of an equivalent dwelling based billing model, delivery of a letter report summarizing recommendations for the Town to alleviate highly variable annual water and sewer revenues, and attendance at meetings to discuss the recommendations to modify current Town water and sewer billing. The total cost of this water/sewer rate study shall not exceed \$10,000.

Now, therefore be it

RESOLVED, that the **Technical Services Agreement for Water/Sewer Rate Analysis** by and between the Authority and the Town of Morristown, for a total not to exceed contract amount of \$10,000, is hereby approved. The Executive Director is hereby authorized and directed to execute said Agreement.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
TECHNICAL SERVICES AGREEMENT FOR
WATER/SEWER RATE ANALYSIS**

WITH THE

TOWN OF MORRISTOWN

This Agreement entered into this _____ day of _____ 2020, by and between:

TOWN OF MORRISTOWN, a municipal corporation of the State of New York having an office building and principal place of business located at 604 Main St., Morristown, NY, 13664, herein after referred to as "Town",

And

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

- A. The Authority assisted the Town with the dissolution of the Village of Morristown (Village) and as a result of the dissolution the Town is now managing the water and sewer districts which were located in the Village.
- B. The Town has requested additional technical services from the Authority to assist with a water/sewer rate analysis. At its Board meeting held on _____, 2020, the Board selected the Authority to assist the Town with this task. **A copy of this Resolution has been attached as Exhibit A.**
- C. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

Agreement

In consideration of the mutual covenants herein contained, the parties agree as follows:

- 1. The scope of services that will be performed by the Authority is as follows:
 - a. Research & Data Collection:

The Authority will work with Town staff to acquire historical billing records, review water and sewer use laws pertaining to various customer rates, historical water and, if available, sewer flow data, water and sewer budgets and end of year financial reports for the last three years, and other pertinent documents pertaining to rate structure.

b. Equivalent Dwelling Unit (EDU) Based Billing Model

Many costs associated with water and sewer operations are fixed and do not change based on reduced flows. The Town's current billing structure does not equitably distribute the costs of the districts between all the users. As the Town incurs additional debt to complete necessary capital improvements, it will be increasingly important to ensure all customers fairly share in the allocation of debt. The Authority will develop an EDU-based water/sewer billing model so the Town can ensure that fixed costs are covered by revenues regardless of changes in customer usage.

c. Microsoft Excel Rate Model

Develop an Excel spreadsheet model so Town personnel can evaluate the impacts of various rate scenarios on projected revenues.

d. Letter Report

Summarize results of rate assessment and recommendations in a letter report to the Town Board.

2. The Town shall pay the Authority for services at the labor hour burdened rate for the specific job classification performing the services (see Table 1) and for mileage to attend meetings, perform site visits etc. at the federal reimbursement rate; provided, however, that the total cost of such services shall not exceed \$10,000. This agreement will terminate when the scope of services is completed or at which time the Town elects to discontinue services. Should the Town elect to proceed with additional services related to their Rate Study, the Authority will provide an amendment to this agreement with a not to exceed estimate for those services. The Authority shall bill monthly upon invoices properly itemized and supported, and payment thereof shall be made by the Town within 30 days of receipt of each invoice.

TABLE 1

Employee Wage Rate	Standard	Overtime
Engineering Manager	\$132	NA
Assistant Director of Engineering	\$85	NA
Project Engineer	\$85	NA
Controls Engineer II	\$85	NA
GIS Specialist	\$55	NA
Engineering Assistant	\$62	\$76

3. The Town shall provide the reasonable support services of its attorney, Clerk and other staff as appropriate to assist in implementing the project and shall assign a person as point of contact with the Authority.
4. The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Town as additional insured on the liability policy.
5. The Town shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.
6. The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Town, its agents or employees pertaining to the activities to be carried out pursuant to the obligations of this Agreement. The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Authority, its agents or employees pertaining to the activities to be carried out pursuant to the obligations of this Agreement.
7. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.
8. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.
9. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to this Agreement. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

10. The Authority is an independent contractor with the Town and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.
11. No waiver by Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.
12. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.
13. This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.
14. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid.

All of the above is established by the signatures of the authorized representatives of the parties.

All of the above is established by the signatures of the authorized representatives of the parties.

**DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY**

TOWN OF MORRISTOWN

By: _____

By: _____

Carl Farone

Frank Putnam

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss:
COUNTY OF ST. LAWRENCE)

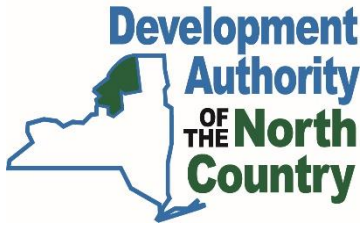
On this ____ day of _____, 2020, before me personally came Frank Putnam, who being duly sworn, did dispose and says that he resides in Morristown, New York; that he is the duly authorized representative of the Town described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Town.

NOTARY PUBLIC

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2020, before me personally came Carl Farone, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Interim Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC



Board Resolution No. 2020-06-83
June 26, 2020

**LOW INCOME HOUSING TAX CREDIT PROGRAM
CARTHAGE DEVELOPMENT GROUP LIMITED PARTNERSHIP
ASSUMPTION OF REGULATORY AGREEMENT**

Whereas, **Resolution No. 2019-09-100** modified the Rider to the Regulatory Agreement with Carthage Development Group Limited Partnership to maintain 10 units at 60% of area median income and make 10 units available at market rate effective January 1, 2020 to address changes in the housing market conditions, and

Whereas, Carthage Development Group Limited Partnership has an option from Stefano Magro to purchase the building located at 256-262 State Street, Carthage, and

Whereas, the Rider to the Regulatory Agreement is filed in the Jefferson County Clerk's Office and runs with the deed on the property, and

Whereas, the Authority must approve the assignment of the Rider to the Regulatory Agreement to Stefano Magro, or a corporation to be formed by Mr. Magro, and

Whereas, Mr. Magro has agreed to assume the regulatory requirements associated with 256-262 State Street, Carthage for the next 15 years, and

Whereas, all other terms and conditions of the Rider to the Regulatory Agreement will remain the same.

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby approve Stefano Magro, or a new corporation to be formed by Mr. Magro, to assume the Rider to the Regulatory Agreement on 256-262 State Street, Carthage, New York, and authorizes the Executive Director or Deputy Director/CFO to execute all necessary documentation.



Board Resolution No. 2020-06-84
June 26, 2020

NORTH COUNTRY REDEVELOPMENT LOAN FUND
MCM DEVELOPMENT MALONE, LLC
LOAN MODIFICATION

Whereas, **Resolution No. 2016-10-129** ratified funding to MCM Development Malone LLC (“Borrower”) in the amount of \$500,000 (\$250,000 loan/\$250,000 grant) from the North Country Redevelopment Loan Fund, and

Whereas, **Resolution No. 2018-08-102** extended the interest-only period for an additional 3 months to end with the December 1, 2018 payment, and

Whereas, **Resolution No. 2018-12-138** extended the interest-only period for an additional 2 months to end with the February 1, 2019 payment, and

Whereas, the Borrower is renovating the building located at 399-401 East Main Street, Malone, NY, and

Whereas, the Borrower requires additional funding to complete project improvements, and

Whereas, the Borrower has secured \$2.6 million in financing from a private investor, and

Whereas, the private investor has requested a co-proportional first mortgage on the real estate with the Development Authority and the Franklin County IDA, and

Whereas, the Borrower will make a cash payment equal to 5% of the outstanding principal balance, which is currently \$234,373.18, to be applied to principal, and

Whereas, the Franklin County IDA has approved this request, and

Whereas, this project is transformational for downtown Malone, and

Whereas, the borrower has been current on its payments to the Authority, and

Whereas, all other terms and conditions of the loan would remain the same.

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby approve the loan modification for MCM Development Malone LLC to allow a co-proportional first mortgage with a private investor in an amount not to exceed \$2.6 million, and authorizes the Executive Director or Deputy Director CFO to execute all necessary documentation.

TERM SHEET

Borrower: MCM Development Malone, LLC

Loan Fund: North Country Redevelopment Loan Fund

Amount: \$500,000 (\$250,000 loan/\$250,000 grant)
(New York State Empire State Development Funding); grant
to loan always 1:1

Loan Term: 240 months

Loan Rate: 1%

Collateral: Co-proportional first mortgage with Franklin County IDA and
private investor and an assignment of rents and leases on
399-401 East Main Street, Malone, NY 12953

Guarantors: Michael Roesler and Darren Gough

Contingency: Cash payment equal to 5% of the outstanding principal
balance to be applied to principal

BORROWER: MCM Development Malone, LLC

BUSINESS ADDRESS: 4 Brayton Court, Commack NY 11725
Project Location: 399-401 East Main Street,
Malone, NY 12953

OWNERSHIP: Darren Gough-50%
Mike Roesler-50%

AMOUNT REQUESTED: \$250,000, 240 months, 1%/\$250,000 grant –
FUNDS DISBURSED

PAYMENTS: Interest-only payments during construction; monthly
principal and interest payments to amortize loan
over remaining term of the loan.

PRIMARY COLLATERAL: Co-proportional first mortgage on Real Estate

**REVISED COLLATERAL: Co-proportional first mortgage and assignment
of rents and leases with private lender and
Franklin County IDA on real estate**

GUARANTORS: Darren Gough and Mike Roesler

JOB CREATION: Existing: 0
New-Year 1: 0
New-Year 2: 0
New- Year 3: 0
Total Jobs: 0 FTE

SOURCES: USES:

Original Project:

N. C. Redevelopment Fund-Grant	250,000	Acquisition	\$ 105,000
N. C. Redevelopment Fund-Loan**	250,000	Construction	\$ 565,156
Franklin County IDA	250,000	Engineer Study	\$ 20,000
Owner Cash	55,000	Architectural Plans	\$ 20,000
		Soft Costs	\$ 24,695
		Contingency	\$ 70,149
Total Sources	\$805,000	Total Uses	\$ 805,000

Franklin County IDA funding for 10 years at 5%. First 6 months interest only payments.
Borrower has continued to pay interest only throughout construction.

Revised Project:

N. C. Redevelopment Fund-Grant	250,000	Acquisition	\$ 160,428
N. C. Redevelopment Fund-Loan**	250,000	Predevelopment A&E	\$ 175,000
Franklin County IDA	250,000	Building Stabilization	\$ 218,038
RESTORE NY	988,000	Site Costs	\$ 930,610
Franklin County IDA #2 (Bowe and Arrow)	100,000	399 Bldg Street Level	\$ 305,000
NCA #1 (Bowe and Arrow)	75,000	403 Bldg Street Level	\$1,065,000
NCA #2 (Bowe and Arrow)	100,000	399 Bldg First Floor Ab	\$ 344,446
Private Debt	2,600,000	399 Bldg First Floor Un	\$ 229,340
Cash Equity	500,000	403 Bldg First Floor Ab	\$ 170,000
		403 Bldg 2 nd Floor	\$ 73,000
		403 Bldg 1 st FI Tap Room	\$551,000
		Contingency	\$ 200,000
		Carrying Costs	\$ 90,000
		Working Capital*	\$ 210,000
		Credit Line**	\$ 391,138
Total	\$5,113,000	Total Uses	\$5,113,000

*Working Capital Reserve for restaurant and tap room start-up

**Credit Line for RESTORE NY with Community Bank. Taken out by Private Debt. The LOC has come due.

Private debt: The new debt is by a private investor with ties to Malone. The debt is structured with four installment payments. The borrowers have executed the Note and Mortgage and have received the first \$1.1 million. The 1st and 3rd installments will be interest only at 8% with the total due by March 1, 2023. The 2nd installment will be amortized over 20 years with monthly principal and interest payments at 8% with the total amount due March 1, 2023. The 4th installment will be monthly interest only payments at 8% with the total amount due March 1, 2024.

SUBORDINATION REQUEST:

Borrowers have drawn down the entire \$500,000 from the Development Authority of the North Country and has received \$250,000 from the Franklin County IDA for the building. The draws were based upon invoices and cancelled checks submitted for eligible work completed. In addition, under the restaurant, Bowe and Arrow, they have closed on \$75,000 with the North Country Alliance and \$100,000 with the Franklin County IDA for restaurant equipment. The borrowers state that they need the \$2.6 million to complete the project. They have already closed on the financing and have received \$1.1 million to date. In order to obtain the remaining \$1.5 million the public lenders are being asked to take a co-proportional mortgage with the private lender. The balance of the \$1.5 million will be used to pay-off the Community Bank line of credit for \$400,000, and to complete the project, \$800,000.

The borrowers do not have a commitment for take-out financing. They stated that the banks will not look at the project until they have 12-18 months of operations. They also do not think that an appraisal will substantiate the value of the building, therefore, bank financing will be dependent upon the operations of the business.

PROJECT OVERVIEW:

MCM Development Malone LLC received \$500,000 from the North Country Redevelopment Fund (\$250,000 loan/\$250,000 grant) to complete Phases I and II of the substantial redevelopment of buildings located at 399-403 East Main Street in Malone. They have drawn these funds based upon invoices and cancelled checks submitted. The phases of the project have morphed over time.

MCM Development Malone would like to continue in the footsteps of The Richardson Building and build on its vision for a redeveloped and revitalized downtown Malone and downtown corridor. If approved, they plan on a complete renovation of “The River Building” to create a development called The North Country Collective.

The North Country Collective would be a destination where small businesses and local companies could come together in a low cost, low impact space which would enable them to achieve their goals without the underlying concerns normally associated with location or relocation. The North Country Collective would eliminate high rents, size & space limitations or constrictions, exorbitant heating costs, and parking concerns as well as other obstacles that conspire to prevent a small business from focusing on their core competency



Existing Buildings



Proposed Updated Renderings

Construction Project

The original phased approach for the project doesn't exist. A spreadsheet is attached showing what has been completed to date. To date, most of the project funds have been spent on acquisition, winterizing and stabilizing the buildings, site construction costs, and the corporate traveler spaces/apartments. The borrower explains that the overall budget expanded due to several reasons, including a significant increase in costs due to tariffs on foreign made goods and materials; an increase in budgets due to unforeseen delays in permit approvals (now resolved); and decisions to select more premium materials that cost more upfront but will provide cost savings over the life of the project.

When we made the original loan we knew that we would have to subordinate to bank financing in order for the borrowers to complete the project. The issue at hand is that they have been unable to secure traditional bank financing and are borrowing \$2.6 million in short term private financing.

The proposed project would complete both buildings. In regards to leased spaces, at the MCM level the following spaces are leased:

- 1) Restaurant space-by closely held start-up, Bowe and Arrow
- 2) Event space
- 3) Tap room space
- 4) Entrepreneurship/Co-working space
- 5) CTO level
- 6) Building 403 entire 3rd Floor

The last several months have seen a significant ramp in activity with the following portions of the project now underway:

- All new infrastructure has been installed, including new electric service, propane and plumbing

- New elevator shaft has been completed and new elevator car has been installed, making The River Building only the second elevator serviced building in downtown Malone
- Restaurant and bar equipment has been designed, ordered and ready to ship
- 2,000 gallon grease trap has been installed
- New coolers for the restaurant and tap room have been designed and ordered
- Street level façade was completely demoed and rebuilt with new façade glass on order
- Restaurant construction is well underway with lighting phase nearing completion- The executive Chef for the hospitality operations will be moving to Malone in May and has already begun recruiting employees
- The project is on track to have the street level restaurant and event space open this August and the event space already has a booking for August

While the borrowers have stated that they have put equity into the project, they have been able to use grant funds to pay for the project up to this point. **Their true equity contribution won't be paid in until project completion and will go toward working capital.**

MANAGEMENT:

MCM Development Malone LLC will be the managing partner of North Country Collective drawing upon the local development experience of Darren Gough (developer and owner of The Richardson) and the financial experience of Michael Roesler, CFA. Darren's experience as a local developer and business owner has enabled him to develop strong connections within the Malone community and an understanding of the unique opportunities that Malone has to offer. Mike's 20+ years of experience as a financial analyst underpins MCM's building block approach to the North Country Collective development.

FINANCIAL ANALYSIS:

Income Statement

FYE December 31	ORIGINAL At 100% Occupancy	REVISED At 95% Occupancy	Year 2 At 95% Occupancy
Income	\$96,200	\$353,173*	\$412,560*
Total Expenses	\$48,000	\$106,002	\$108,906
Net Operating Income	\$48,200	\$247,171	\$303,654
Debt Service			
DANC (\$250,000 @ 1%, 240 months)	\$14,116	\$14,116	\$14,116
Franklin Co IDA (\$250,000 @ 5%, 120 months)	\$20,095	\$31,820	\$31,820
Private Financing (\$1,100,000 @ 8%, Interest only)		\$88,000	\$88,000
Private Financing (\$400,000 @ 8%, Interest Only)		\$21,333	\$32,000
Private Financing (\$400,000 @ 8% P&I)		\$40,149	\$40,149
Private Financing (\$700,000 @ 8% Interest Only)		\$56,000	\$56,000
Total Debt	\$34,211	\$251,418	\$262,085
DSC	1.41	.98	1.16

*Restaurant income adjusted to reflect NCA Loan #2. It needs to be noted that the NCA/Franklin County IDA debt for Bowe and Arrow is netted out of the restaurant income noted for MCM Development Malone, LLC.

DANC Loan-\$250,000 over 20 years at 1%

Franklin County IDA-\$250,000 over 10 years at 5% (still under construction interest only; may modify to account for P&I payments).

Private financing #1-\$1.1 million at 8% due March 1, 2023, interest only

Private financing #2-\$400,000 at 8% interest only due March 1, 2023 (above assumes first payment 5/1/2021)

Private financing #3-\$400,000 at 8% amortized over 240 months due March 1, 2023

Private financing #4-\$700,000 at 8% interest only due March 1, 2024

- Breakdown of Revenue for Year 1

	Square Footage	Annual Revenue
Event Space	3,046	\$38,164
Restaurant	3,000	\$101,078
Tap Room	2,982	\$46,670
Basement	2,800	\$19,200
Corporate Traveler Space/Apt	3,021	\$72,436
Shared Work Space	1,500	\$18,250
Retail/Office Space	4,810	\$77,136
Vacancy		(\$19,761)
Totals	21,159	\$353,173

- Year one looks at projections for 2021. Income is expected to increase by 15.8% in year two over year one, and by 7% in year three over year two.
- As noted above, the borrowers claim to have leases for the following:
 - 1) Restaurant space-by closely held start-up, Bowe and Arrow
 - 2) Event space
 - 3) Tap room space
 - 4) Entrepreneurship/Co-working space
 - 5) CTO level
 - 6) Building 403 entire 3rd Floor
- All tenants will be on triple net commercial leases with 5-7 year terms and 2% annual escalators.
- Restaurant is based on monthly rent plus net income distribution back to MCM after accrued losses are negated (assumed to be January 2021 above). Adjusted to reflect NCA Loan #2 as well.
- Banquet space model uses base case of 80 total events booked over the year, with 2.5% annual escalator.
- Tap Room model is based on monthly rent plus net income from base case scenario starting in 2021.

- CTO's are based off of 5% increase in rates annually off of 2019 actual results for unit 201-205.
- Vacancy and Credit Loss (VACL) assumed at 10% annually and deducted from Revenue.
- Property taxes reflect 50% of increased assessment rolled in over 10 years
- Primary fixed expenses are insurance, \$48,000, maintenance, \$15,000, and real estate taxes which are based on a reassessment, \$7,200, in 2021. Variable expenses include elevator maintenance and legal fees. Interestingly to note that utilities, snow removal, and marketing are fixed and are not adjusted annually by a COLA. This would leave me to assume that operating expenses for MCM Development are underestimated.
- HVAC costs assume centrally provided air conditioning that will be split among tenants based on percentage of space rented. Heating will be provided by furnaces dedicated to each unit. This may change based on tenant requirements and updated cost analysis.
- As per a discussion with Amy Hewitt, Malone Tax Assessor, taxes will be reassessed to a value reflecting lack of occupancy once ownership transfers to MCM Development Company of Malone LLC. And then reassessed as project is completed. The taxes may increase upon project completion. This would impact operating expenses as well.

Cash Flow Analysis

- The project will cash flow at 95% occupancy in year 2; however it is entirely based upon projections. As noted above, they do have some commitments for space, however the only space currently occupied is the corporate traveler/apt space. The applicant's will need to put in personal cash to support debt service in year 1.

Balance Sheet

	At Closing
Current Assets	\$0
Capital Assets – Net	\$4,248,000
Other Assets	\$90,000
Total Assets	\$4,338,000
Current Liabilities	\$39,524
Long Term Liabilities	\$3,060,476
Total Liabilities	\$3,100,000
Total Shareholders Equity	\$1,238,000
Total Liabilities & Shareholders Equity	\$4,338,000

Ratio Analysis

Working Capital	(\$39,524)
Current Ratio	----
Debt/Worth	2.5

- At this point in time the LLC does not have working capital. This makes sense as they have been struggling to identify cash flow to cover construction costs. They have a RESTORE NY grant however this is on a reimbursement basis. The max line that they have with Community Bank was for \$400,000. This has come due and the private financing will pay this off.
-
- The \$90,000 under other assets is assumed to be the carrying costs being amortized.
- Much of the private debt is interest-only. However all of it will be due by 3/1/2023 or 3/1/2024.
- The amount above is the proposed balance sheet for MCM Development Malone and does not include assets or debt of Bowe and Arrow.
- As noted in the write-up, the applicants have really been able to fund this project with minimal cash out of their pockets. While they might front some money, it has been reimbursable through other proceeds. I confirmed with the applicant that their equity will really go in as working capital at the end of the project.

PERSONAL:

Darren Gough – Lists net assets of \$5.1 million against liabilities of \$1.7 million. Primary assets in cash/ira and other savings, life insurance and real estate and the liabilities listed on the personal financial statement are mortgages against real estate. In addition to his personal real estate, he lists the two properties in Malone as well. He lists an income of approximately \$125,000 which includes salary and rental income. On **4/24/20** he had a credit score of 810. He does not have any derogatory comments on public record. He shows open balances of \$358,487 of which \$358,361 is a mortgage.

Michael Roesler – Reports \$1.8 million in assets primarily in real estate and automobile. He reports liabilities of \$942,812 comprised of installment loans and mortgage. He lists income of \$96,000. On **4/24/20** he had a credit score of 682. He does not have any derogatory comments on public record. He shows open balances of \$142,812. This is primarily revolving credit. The difference between his credit report and PFS is the outstanding debt on the property located at 399-401 East Main Street, Malone. He does have a small auto loan.

MCM Development Malone, LLC - The company has a Credit Logic Score of 66, making it a medium risk company with whom to transact. The days beyond terms are 5 or less, good for the industry in general. It has one derogatory item of public record, and that is a state tax lien from 2019 for \$527.00. This is showing released, or in other words paid. There are no other public records or collection accounts. The trades reporting accounts are being paid as agreed. The company was incorporated in New York, is active/for profit. CEO is Mike Roseler according to the report. It has 4 UCC filings with financial institutions. There were no OFAC records found.

COLLATERAL:

- Co-proportional second mortgage on real estate with Franklin County IDA located at 399-401 East Main Street, Malone, NY
- Assignment of Rents and Leases
- Co-proportional second lien on all machinery and equipment, furniture and fixtures, inventory, accounts receivable and general intangibles of MCM Development Malone, LLC

	Cost	Discount @ 70%
399-401 East Main Street, Malone-Acquisition	\$160,428	\$112,300
Improvements	\$4,261,436	\$2,983,005
Total	\$4,421,864	\$3,095,305
Private Seller	\$2,600,000	\$2,600,000
Franklin County IDA Loan	\$250,000	\$250,000
DANC Loan	\$250,000	\$250,000
LTV	.70	1.00

- Borrowers have provided a third party broker opinion with a minimum value of \$3.1 million.
- Borrowers provided an appraisal completed by Michael Varley on behalf of Community Bank in September 2019 that showed a value of \$1.785 million as completed and at stabilized operations. Community Bank did not accept the appraisal.
- Working with the Franklin County IDA we spoke with the borrowers and asked them to provide a copy of the appraisal and gave them the opportunity to explain what they see as the weaknesses in the appraisal. The Franklin County IDA noted that there is really only one appraiser in Franklin County, Mr. Varley, and that they have found him conservative. I have put in brackets the borrowers explanation below regarding their issues with the appraisal.

[Please note there are very significant differences between what this “as completed” appraisal assumes for future value and what the actual real market potential of the building will be once it is completed and there is a full year of operating data on which to base a true market value.

- 1) This appraisal is based on valuing the spaces within the building on a rental basis only. It does not take into account in any way the value that MCM Development will derive from being not only the landlord, but the owner of several of the new businesses that are going into the building. A more complete picture of the “as completed” value would include valuation of each of the businesses within the building that flow up to MCM Development. So what this appraisal assumes is basically a “rent only” value not a complete sale value.
- 2) The appraisal has a base capitalization rate of 8.44%, which seems reasonable for the area and the unknowns inherent in an “as completed” appraisal. However, due to uncertainty about what the future property taxes will be on the renovated property, the appraiser adjusts that reasonable capitalization rate upward by 420 basis points. That

alone reduces the rental only value of the building by \$895,202. Adjusting the appraised value by this amount indicates a rental only value of \$2.7 million.

- a. What we do know is that current property taxes on the property are \$3,676 annually (note: it's unclear what the appraiser based his current tax numbers on). We also know that the project will qualify to have 50% of any increased assessment phased in over a 10 year period. Additionally, our approach to leases for both our businesses and tenants is for them to be "triple net" in which the tenant pays for their portion of building maintenance, taxes etc... So between the phased roll in of the property taxes and the portion paid for by tenants, it doesn't seem reasonable to deduct 1/3 of the rent only value from the appraised value.
- 3) Between the value of MCM businesses not included in the appraisal, and the tremendous value that deducted for property tax we do not believe that this appraisal accurately reflects the true future market value of The River Building.
- a. Our own estimates show 2021 operating cash flow (which includes deductions for operating expenses for property taxes, building maintenance, utilities, insurance, maintenance and reserve) of \$269,462.
 - i. At the same base capitalization rate of 8.44% that would indicate potential value of \$3.2 million.
 - ii. In 2022, the first year of stabilization, we forecast operating income of \$325,945, which at the same cap rate would equate to a value of \$3.9 million.

We acknowledge the difficulty in placing a future value on a large complicated project that is not yet complete and has no direct comparisons in the local market. Therefore, we encourage any readers of the appraisal to take into account the two major factors outlined above in considering its value.]

CONTINGENCIES:

- 5% cash payment of outstanding principal balance by borrowers at time of commitment to be applied to outstanding principal as a good faith effort toward subordination. The current principal balance on 4/27/2020 is \$235,353.52. The payment we would receive is \$11,767. They are currently on the 90 day principal and interest moratorium due to Covid-19.



Board Resolution No. 2020-06-85
June 26, 2020

TELECOMMUNICATION
UTILITY POLE MAKE READY PASS THRU ACCOUNT

Whereas, the Development Authority of the North Country currently has a pole attachment agreement with NYSEG that allows the Development Authority to attach fiber cable to utility poles owned by NYSEG, and

Whereas, the pole attachment agreement includes a provision that, when NYSEG crews are unable to perform the work, the Development Authority must hire one of their pre-approved utility contractors to complete the make ready work in the electrical space, and

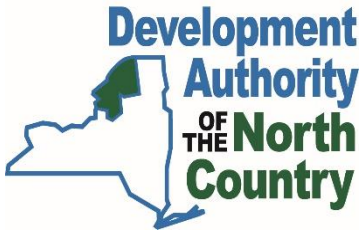
Whereas, NYSEG recently revised the agreement to require the Development Authority to complete make ready work that was in a pre-existing condition and is the responsibility of the pole owner (NYSEG), and

Whereas, once the project is complete and passes a post inspection, NYSEG reimburses the Development Authority for the costs that were the responsibility of the pole owner, and

Whereas, the payment of such make ready cost is not an Authority expense nor is the reimbursement of such cost Authority income; but a financial pass-thru resulting in no impact on the Change In Net Position.

Now, therefore be it

RESOLVED, that the Development Authority of the North Country Board of Directors authorizes the Executive Director to create a \$125,000 pass-thru account for the sole purpose of paying make ready costs associated with NYSEG pole attachment and associated reimbursement.



Board Resolution No. 2020-06-86
June 26, 2020

**OPERATIONS AND MAINTENANCE SERVICE AGREEMENT
THOUSAND ISLANDS BRIDGE AUTHORITY
WATER AND WASTEWATER FACILITIES**

Whereas, the Development Authority of the North Country is qualified and equipped to provide contract operator services for municipal water and wastewater facilities, and

Whereas, the Thousand Islands Bridge Authority desires to enter into a new one (1) year Operations and Maintenance Service Agreement with the Development Authority of the North Country to provide water and wastewater operation and maintenance services for the amount of \$37,500, and

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby authorize and direct the Executive Director to enter into an Operations and Maintenance Service Agreement with the Thousand Islands Bridge Authority, and be it further

RESOLVED, the Executive Director is hereby authorized to execute the required and necessary agreements.

2019-2020 ANNUAL REPORT

Development
Authority
OF THE North
Country



Message from the Chairman

The Development Authority finished the 2019-2020 year on a strong and positive note, despite the unprecedented challenges we faced at the end of our fiscal year.

After a decade of planning and permitting, significant progress was made on the extension of the regional landfill in Rodman. The extension is expected to be complete by the end of 2020 and will ensure safe, environmentally sound waste disposal for the residents of the tri-county area for the next 45 years.

To maximize the life of the landfill, the Development Authority is committed to diverting as much waste as possible from the facility to be recycled. As part of this commitment and to assist our county partners with the cost of transporting recyclable materials, we established the Regional Recycling Transfer Station in Harrisville. We dedicated the facility in November and we look forward to its full operation in 2020.

In March, our fiscal year ended as the world was gearing up to fight the COVID-19 pandemic and the **way we do business changed dramatically. I'm proud to say that our employees stepped up to meet** unprecedented challenges and continued to serve our communities with water and wastewater, telecommunications, materials management and business assistance services. We have adjusted the **way we do business to accommodate the "new normal," but we continue to provide the services our** community partners count on.

In May, our Executive Director, Jim Wright, announced his retirement after 11 years at the helm of **the Authority. The Authority made great strides under Jim's leadership, expanding our** telecommunications network, securing the landfill extension, and establishing itself as a partner to municipalities throughout the North Country. We thank him for his outstanding leadership and his contributions to the Authority.

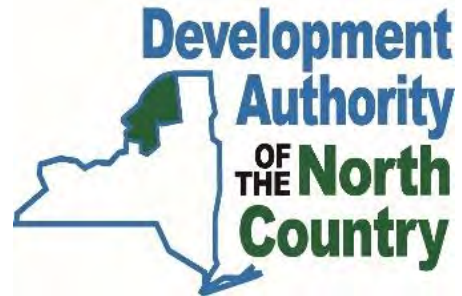
While the Board of Directors conducts a search for a new executive director, Carl Farone Jr., Deputy Executive Director and Chief Fiscal Officer, will lead the organization on an interim basis.

On behalf of the Board of Directors of the Development Authority, we look forward to continuing to work together to make the North Country a better place to live, work and relax.

Frederick J. Carter, Sr.
Chairman, Board of Directors

Development Authority of the North Country Profile

The Development Authority of the North Country is a New York State public authority that serves the common interests of Jefferson, Lewis and St. Lawrence counties by providing technical services and infrastructure that enhance economic opportunities in the region and promote the health and well-being of its communities.



The Development Authority of the North Country is a self-supporting, public benefit corporation operating under the authority of the Public Authorities Law of the State of New York. It is without taxing power and operates as an enterprise fund. The Development Authority is not an agency of New York State nor Jefferson, Lewis, or St. Lawrence county government.

As its mission states, the Development Authority is committed to environmental stewardship, fiscal integrity and building partnerships. To achieve these objectives, the Development Authority works with its municipal partners through shared service solutions utilizing advanced technology and fostering municipal cooperation to achieve cost-effective services for the region.

The majority of the revenue the Development Authority receives is obtained from the sale of services to its customers. The Development Authority is nonprofit; all revenue received must be used for operating expenses, construction costs, designated reserves, and outstanding debts.

The Development Authority of the North Country is unique among public authorities in New York State in its scope of activities. Unlike other single-purpose state authorities, the Development Authority owns and operates a number of revenue-based infrastructure facilities and manages a wide range of business and housing development programs. The Development Authority owns and operates water and sewer **infrastructure linking the City of Watertown's facilities to Fort Drum, a regional waterline serving communities in western Jefferson County, a solid waste management facility, and a 1,800-mile open access telecommunications network.** In addition, the Authority provides contract operations and maintenance services to communities to support water and sewer facilities, technical assistance in geographic information systems and other telemetry services, and administers revolving loan funds for affordable housing and small business development.

The Authority also provides services on behalf of New York State and contractually for municipalities throughout the state's North Country Regional Economic Development Region, including Franklin, Essex, Clinton, and Hamilton counties, in addition to the tri-county area.

Annual Report 2019

Over the last fiscal year, the Development Authority continued to grow as a community partner, utilizing its capacity and resources to provide infrastructure services to municipalities and organizations that requested assistance with housing, telecommunications, operation of water and wastewater facilities, large-scale project management, business loan fund administration and much more. We are proud that our service network of municipalities continues to grow and that we were able to be flexible and adapt to the unprecedented changes that occurred in the world due to the COVID 19 pandemic at the end of our fiscal year.

In telecommunications we continue to fill gaps throughout the North Country with our fiber optic network, enabling private suppliers to provide services to many rural customers who otherwise could not be connected to the rest of the world. Additionally, we work with industries such as education and medicine to provide critical linkages through systems like NYSERNET, which increases bandwidth for the colleges in St. Lawrence County, and the Telemedicine Network, which connects health care facilities to each other and their clinics. We were able to respond quickly to the increased demand for services such as hot spots that came with the unprecedented number of people working and learning from home when the COVID-19 pandemic hit.

The Development Authority continues to serve as an advocate for communities in its service area through project management and grant administration, helping rehabilitate housing stock, and working with companies to expand or enhance facilities. We quickly made adjustments to some of our loan programs to assist businesses that were negatively impacted by the pandemic and we continue to network with our economic development partners to support our local businesses.

The Authority made significant progress on the extension of the regional landfill, with construction of the foundation for the new cells and the liner system. The Regional Recycling Transfer Station in Harrisville in Lewis County was dedicated and began test operations. We established a satellite Authority office in St. Lawrence County to further solidify our presence there.

At the end of our fiscal year, we had to learn to work within the confines of the “new normal,” but our employees made the necessary adjustments and continued to provide critical services to the communities we work with. The pandemic may have changed the way we do business and the way we work going forward, but what hasn't changed is the Authority's commitment to working with our regional partners to help them prosper and grow in the years to come.

Policy and Direction

Development Authority Board of Directors

Officers

Frederick J. Carter, Sr., Chair	Appointed by St. Lawrence County
Margaret L. Murray, Vice Chair	Appointed by Jefferson County
Thomas H. Hefferon, Treasurer	Appointed by City of Watertown
Dennis Mastascusa, Secretary	Appointed by Lewis County

Alfred E. Calligaris	Appointed by Jefferson County
Mary Reidy Doheny	Appointed by Governor
James C. Hollenbeck	Appointed by Governor
Stephen M. Hunt II	Appointed by Governor
John B. Johnson, Jr.	Appointed by City of Watertown
Alex A. MacKinnon	Appointed by St. Lawrence County
Brian McGrath	Appointed by Governor
Gary Turck	Appointed by Lewis County

Jefferson County made two reappointments to the Board, Margaret Murray and Alfred Calligaris, and Lewis County reappointed Dennis Mastascusa.

Annual Planning Session

The Thousand Island Bridge Authority Board Room and its Rift Camp provided the location for the **Board's annual retreat for strategic planning. This year's session included discussions regarding reverse osmosis as an alternative to leachate treatment and a presentation on the joint Thousand Island Bridge Authority and Development Authority telecommunications project.**

Administration



Carl Farone

Carl E. Farone, Jr. was named Deputy Executive Director and Chief Fiscal Officer of the Authority in September, 2019. He has served with the Authority for 21 years, previously as Comptroller. In May, 2020, upon the retirement of the executive director, Carl was named Interim Executive Director of the Authority.

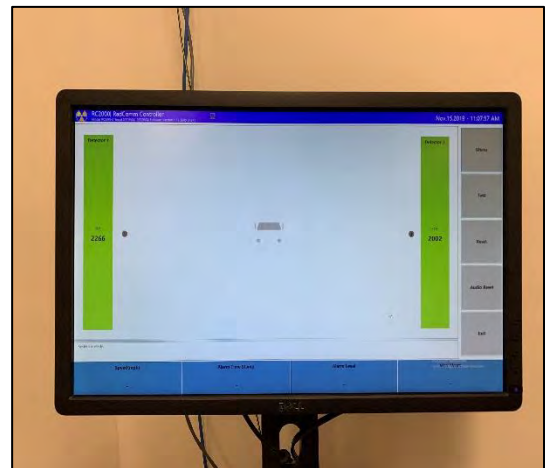
Materials Management



Phase I of the landfill extension was completed during the 2019 construction season. Earthwork and the foundation of the two new cells were finished and construction of the liner system and several associated buildings began. Work is expected to be completed in late 2020 when the new cell will begin accepting certain waste. The additional capacity gained by the expansion will allow the landfill to continue to provide safe waste disposal through at least 2065.



New radiation detection sensors and software were installed at the landfill scales to monitor incoming waste, per New York State Department of Environmental Conservation permit requirements.



Waste Diversion



The Authority initiated a coordinated effort to collect and recycle tires for all three partner counties. Tires are collected at the county transfer stations and transported to a western New York facility to be chipped and recycled. A total of 317.82 tons of tires were collected for recycling.



The Authority, along with its county partners and the NYS DEC, held five free Household Hazardous Waste collection events in the tri-county region to provide an opportunity for residents to dispose of waste that cannot go to the landfill. A total of 1,247 households participated and 62,885 pounds of hazardous waste was collected for proper disposal.



The mattress recycling program was expanded to include Jefferson County, along with Lewis and St. Lawrence. A total of 6,766 mattresses were collected and transported to a facility in Tonawanda for recycling.



A total of 53,499 hardcover books were de-bound so the pages could be recycled and diverted from the landfill, in a partnership with the North Country Library System. Hardcover books were also collected for recycling at the **Authority's open house** in August.



Regional Recycling Transfer Station

In a partnership with Lewis County, the Authority purchased property in Harrisville to establish a Regional Recycling Transfer Station, located at the former Harrisville Dry Kiln lumber site. Extensive site clean-up work was undertaken, including electrical and heating improvements, painting and window replacement. An operational design for the facility was developed and necessary equipment purchased.



A dedication of the facility was held in November, 2019 and the first recyclables were received in early spring, 2020. The transfer station will accept **single-stream recyclables from the Authority's partners, St. Lawrence, Jefferson and Lewis counties, and the City of Watertown.** The recyclables will be compacted and transported to central New York for processing, reducing the transportation costs for the partners.



Business Development



The Authority completed distribution of the funding under the New York State Grown and Certified Agriculture **Producer's Grant for the region**. The \$500,000 grant from the New York State Department of Agriculture and Markets funded 18 projects throughout the region, including the one at left, in which Lyon Mountain Maple converted its maple sap collection from galvanized sap buckets to tubing. The Authority partnered with the seven-county Cornell Cooperative Extension offices and the seven-county Soil and Water Conservation District offices to implement the program, which provided grant funds to assist agriculture producers in obtaining certification through the New York State Grown and Certified Program.



The Authority assisted with funding for several regional tourism-related projects including the Trailhead Resort LLC (Lake Harris Lodge, shown above) in Newcomb; Carnegie Bay Marina in Alexandria Bay; 82MV, LLC in Plattsburgh; and Osceola Ski and Sport Resort, LLC in Osceola. These projects received a total of \$897,000 in funding from the Transformational Tourism Community Loan Fund, while leveraging \$1,252,683 in other public, private and personal financing.



Turning Point of the Black River, LLC, converted a former cheese plant to a restaurant/banquet facility, known as Zero Dock Street, on the Black River in Carthage. The project received **\$300,000** through the Authority's Redevelopment Fund and staff is also administering a RESTORE NY grant for the project on behalf of the Town of Wilna.



Downtown Massena, LLC, unveiled the substantial renovation of the former **Slavin's building** in Massena into commercial space and market rate apartments. The project was assisted with \$205,000 in grant/loan funds through the North Country Redevelopment Fund.

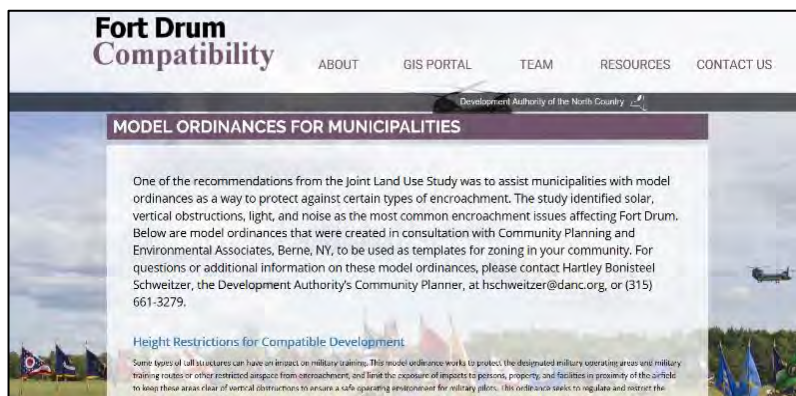
Community Projects



The Authority assisted the Village of Lyons Falls and its partners with continued efforts to clean up and redevelop the former Lyons Falls Mill site. All 26 buildings at the site have been demolished. Last year an additional \$200,000 was awarded to complete additional site improvements and the Authority will be continuing to assist the partners to complete this work. In total the Authority assisted the partners in obtaining \$4,254,000 in grant funding for the project.



The Authority assisted the town and village of Tupper Lake with an \$8.5 million water system improvement project. This is the new 82,700 glass-fused-to-steel water storage tank.



The Fort Drum Compatibility Committee – created upon a recommendation by the Fort Drum Joint Land Use Study – continued to meet to discuss land use planning issues as they relate to the community and Fort Drum. Working with the committee, the Authority has completed model ordinances for communities to use in making land use decisions, including those for solar development, height restrictions, light issues, military disclosure statements, and modified site plan review. The model ordinances are available on the website, FortDrumCompatibility.org.

Community Projects



The Authority replaced or installed 17 valves on the Army Water Line that runs from Watertown to Fort Drum and provides fresh water to the post. A bypass was installed at each work location to ensure that water would continue to flow while the new valve was being installed.



The Authority received orders for 59 new connections to cell towers from various service providers. This allows the cell towers to connect to providers' **equipment** in Syracuse or Albany so those towers, mostly in very rural locations, can communicate with the rest of the world, thus providing service for residents of the North Country. The Authority provides these connections to over 150 cell towers located throughout the region.



The Authority added a new Central Office (equipment location) in Boonville, due to the high number of circuits and cell towers the Authority serves in southern Lewis County. Along with some other changes, the addition of the new Central Office allowed the Authority to avoid a costly fiber upgrade.



The Authority assisted the St. Lawrence County Industrial Development Agency and its partners with continued efforts to clean up and redevelop the former Jones & Laughlin iron ore site in Star Lake. All 28 buildings and several tunnels with asbestos have been demolished. The Authority assisted the project partners in obtaining \$2,267,500 in grant funding to complete the project.

Community Housing

The Town of Gouverneur was awarded \$400,000 by the NYS Office of Community Renewal through the Community Development Block Grant Program. The funds are for a town-wide owner-occupied rehabilitation program. Through March 31, 2020, rehabilitation work on the first four homes in the program was completed and bidding **was conducted for an additional three homes.** Authority staff works with the town's Code Enforcement Officer to deliver this program.



Before rehabilitation



After rehabilitation



HOME Program

The HOME Program celebrated 25 years in 2019 and the Authority has administered it since its inception on behalf of Jefferson County, the lead agency. Since 1994, the North Country HOME Consortium has received \$31.3 million in federal HOME funds to provide housing assistance to income eligible households in the three-county region. Since inception, over \$13.3 million has been spent in St. Lawrence County, \$12.2 million in Jefferson County, and \$4.4 million in Lewis County. The program has assisted over 1,900 housing units.

In the Community



The Authority received an Army Community Partnership Award, in recognition of the role the Authority has played in minimizing the encroachment of development on Fort Drum's training and operational capabilities. This on-going work is achieved through the Joint Land Use Study the Authority administered for Fort Drum, and the compatibility website that helps inform land use planning and development decisions in communities adjacent to the post.



In advance of the state's March 1, 2020 ban on the use of single-use plastic bags, the Authority distributed reusable shopping bags at the Salmon Run Mall for a day to promote reuse and recycling. The Authority also donated reusable shopping bags to the Watertown Urban Mission for use in its food pantry.



The Authority was recognized by the Association of the U.S. Army for 30 years of outstanding community partnership and support at AUSA's annual business breakfast.



Several Authority divisions participated in Super Science Saturday at Jefferson Community College, offering hands-on science-based activities for young people, including looking at bacteria under a microscope and learning how wastewater is treated.



Authority employees pitched in once again, to support the annual United Way Food Drive.

Building a Better Authority



The Authority opened a satellite office in Canton in St. Lawrence County.

To promote employee engagement and help keep employees better informed about the work of the Authority, an employee newsletter was created.



Cyber-security awareness was emphasized at the Authority this year, with all employees taking in-person training. New Information Technology security measures were implemented and external penetration testing was conducted to test the effectiveness of the measures.



Outgrowing its space in the State Office Building in Watertown, the Telecommunications Division moved to leased space in downtown Watertown.



The Authority received an A+ for its efforts to engage Minority and Women-Owned Business Enterprises (MWBE) in its procurement activities, based on an evaluation by NYS.

Financials

Independent Financial Audit

The Authority's annual independent audit of fiscal year ending 2020 was prepared by Bonadio and Company, LLP, Certified Public Accountants, in accordance with professional standards, generally accepted auditing standards, and the requirements of the New York State Authority Budget Office. The full audit and findings have been reviewed by the Authority's Independent Audit Committee which recommended the audit's acceptance to the Authority Board. The Board accepted the audit findings and directed they be posted to the public on the Authority's website, www.danc.org.

The audit process and related testing determined that the Authority's accounting records and documentation were well prepared for audit purposes. The audit group's management letter contained no recommendations for the Authority's management. While the auditors did not have specific recommendations for improvements, they did re-emphasize the importance of governing Board oversight and involvement as a critical element of the Authority controls environment.

- ▲ "The Auditors did not identify any internal control deficiencies or material weaknesses during the course of the audit process."
- ▲ "There were no significant transactions that have been recognized in the financial statement in a different period than when the transaction occurred."
- ▲ "There were no audit adjustments required that related to errors or omissions by the Authority accounting personnel."

Summary of Auditor's Results

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the Development Authority of the North Country (the Authority) are prepared in accordance with Generally Accepted Accounting Principles (GAAP).
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report expresses an unmodified opinion on compliance for the major federal award program for the Authority.
6. There were no audit findings relative to the major federal award program for the Authority that are required to be reported in accordance with 2 CFR Section 200.516 (a).

Opinion

"In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of the Authority, as of March 31, 2020, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America." – Bonadio and Company

Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with GAAP promulgated by the Government Accounting Standards Board (GASB). The Authority is a multipurpose entity and revenues are recognized when earned not received, expenses are recognized when incurred, not when paid.

Budget vs. Actual

The audit group reported, "The operations of the Authority remain stable with variations between budgets and actual considered minimal. The Authority is not aware of any circumstances or situations that would significantly impair its ability to operate its activities as a growing concern."

Internal Control Environment

The audit process and related testing determined that the accounting records and documentation maintained by the Authority accounting and management personnel were well prepared for audit purposes. The best evidence of the preceding statement is reflected by the following audit results:

- a. We did not identify any internal control deficiencies or material weaknesses during the course of our audit process.
- b. **There were no "Audit Adjustments" required that related to errors or omission by the Authority accounting personnel.**

The results described above are desirable objectives for any Organization subject to a financial statement audit process.

While the audit did not identify any specific recommendation for improvement in this area, we want to emphasize **the importance of board oversight and involvement as a key component of the Authority's internal control environment.**

Investment Guidelines

The auditors conducted an examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. The Auditors believe that the evidence they obtained is sufficient and **appropriate to provide a reasonable basis for their opinion. The Auditors reviewed the Authority's compliance with its investment policy as well as the State Comptrollers Investment Guidelines for Public Authorities.**

Bond Issue

The Authority issued \$10,720,000 in Series 2019 Revenue Bonds to support the expansion at the Materials Management Facility.

As of Fiscal Year Ending March 31, 2020, the following bonds were outstanding.

Bond Issue	Balance 3/31/20	Maturity
Series 2019 SWMF Revenue Bonds	\$10,720,000	2044
Series 2015 SWMF Revenue Bonds	\$ 7,540,000	2040

Credit Rating

The Authority was **the recipient of a favorable credit rating from Standard and Poor's as a result of the 2019 Solid Waste Bonds issued in fiscal year 2020. The Authority received a "AA/Stable Outlook" rating from Standard and Poor's in August 2019. The rating was based upon the Authority's having a "strong financial profile" and "strong operations profile."**

Financial Data

STATEMENT OF NET POSITION	FYE 2020	FYE 2019
Total Assets	\$238,036,833	\$224,955,453
Deferred Outflows	\$1,587,159	\$2,359,451
TOTAL ASSETS & DEFERRED OUTFLOWS	\$239,623,992	\$227,314,904
Total Liabilities	\$69,505,582	\$56,576,092
Deferred Inflows	\$542,122	\$1,948,440
Total Net Assets	\$169,576,288	\$168,790,372
TOTAL LIABILITIES, DEFERRED INFLOW & NET ASSETS	\$239,623,992	\$227,314,904

CHANGE IN NET POSITION	FYE 2020	FYE 2019
Total Operating Revenue	\$26,277,512	\$26,155,871
Total Operating Expense	\$27,628,491	\$26,663,488
NON-Operating Revenue (Expense)	\$2,136,895	\$2,069,872
CHANGE IN NET POSITION	\$785,916	\$1,562,255

Request for Information

The Authority's Audited Financial Statements for the Fiscal Year Ending March 31, 2020 are posted to the Authority's website at www.danc.org. Questions concerning any of the information provided in this report or a request for additional information should be addressed in writing to the Chief Financial Officer at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Thursday, April 30, 2020

	<u>YTD ACTUAL</u>	<u>3/31/2020 Total</u>
STATEMENT OF NET POSITION		
ASSETS		
Cash and Cash Equivalents	\$5,937,959.76	\$5,619,388.96
Accounts Receivable	2,933,580.76	2,962,769.30
Unbilled Revenue	275,045.91	502,785.83
Interest Receivable	170,374.69	178,707.78
Loans Receivable, net	36,856,381.05	36,810,943.50
Inventory	5,301.09	5,301.09
Prepaid Expense	460,890.20	507,698.35
Investments	28,928,199.36	28,867,099.61
Funds Held In Trust	12,862,875.54	12,812,619.40
OPEB Reserve Fund	5,485,032.46	5,479,082.77
Restricted Assets	72,838,049.66	72,793,331.95
Leased Property	75,529.79	77,195.56
Capital Assets, net	71,950,070.25	72,559,389.98
Total Assets	238,779,290.52	239,176,314.08
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,403,178.00	1,403,178.00
OPEB	183,981.00	183,981.00
Total Deferred Outflows of Resources	1,587,159.00	1,587,159.00
TOTAL ASSETS PLUS DEFERRED OUTFLOWS	240,366,449.52	240,763,473.08
LIABILITIES		
Accounts Payable	991,035.76	1,333,237.47
Grants & Passthroughs Payable	483,111.68	447,924.20
Community Benefits Payable	51,262.56	164,500.17
Interest Payable	180,127.61	125,447.92
Accrued Expenses	414,603.70	429,347.16
OPEB Liability	5,533,690.59	5,492,502.00
Net Pension Liability	1,309,024.00	1,309,024.00
Unearned Income	7,414,235.65	7,438,972.96
Lease Obligation	75,529.79	77,195.56
Funds Held for Others	10,412,025.25	10,412,025.25
Due to US ARMY	749,985.00	749,985.00
Landfill Closure & Post Closure	18,438,694.20	18,432,663.36
Long-term Liabilities	24,286,936.87	24,291,543.31
Total Liabilities	70,340,262.66	70,704,368.36
DEFERRED INFLOWS OF RESOURCES		
Pension	454,625.00	454,625.00
OPEB	87,497.00	87,497.00
Total Deferred Inflows of Resources	542,122.00	542,122.00
TOTAL LIABILITIES PLUS DEFERRED INFLOWS	70,882,384.66	71,246,490.36
NET POSITION		
Invested In Capital Assets, Net	61,687,898.98	62,286,864.78
Restricted for:		
Community Rental Housing Program	14,261,401.92	14,250,787.38
Community Development Loan Fund	8,182,789.09	8,182,061.08
Affordable Housing Program	22,596,988.11	22,583,025.92
Army Water & Sewer	1,800,000.00	1,800,000.00
Regional Waterline	512,051.31	512,051.31
Reserve For Liner & Replacement	12,691,086.54	12,642,139.72
Reserve For Wetland Mitigation	1,294,692.88	1,292,626.26
OATN Reserve	6,726,693.18	6,718,692.39
Total Restricted	68,065,703.03	67,981,384.06
Board Designated for:		
Infrastructure Development	223,107.42	223,107.42
Capital Reserve	12,225,894.93	12,212,737.56
Tip Fee Stabilization	4,385,252.27	4,362,020.36
Landfill Gas Reserve	1,636,958.80	1,628,366.18
Economic Development Fund	5,573,937.41	5,581,376.83
Affordable Housing Program	3,000,000.00	3,000,000.00
Supplemental Insurance / Admin. Reserve	4,000,000.00	4,000,000.00
Total Board Designated	31,045,150.83	31,007,608.35
Undesignated	8,685,312.02	8,241,125.53
Total Net Position	169,484,064.86	169,516,982.72
Total Liabilities, Deferred Outflows & Net Position	240,366,449.52	240,763,473.08

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Thursday, April 30, 2020

	<u>YTD ACTUAL</u>	<u>3/31/2020 Total</u>
<u>CHANGE IN NET POSITION</u>		
OPERATING REVENUE:		
Customer Billings	1,724,334.65	22,210,552.80
Grant Revenue	326.00	2,396,759.80
Loan Interest Income	34,371.98	635,971.21
Other Income	34,964.62	1,034,225.12
Total Operating Revenue	1,793,997.25	26,277,508.93
OPERATING EXPENSES		
Depreciation & Amortization	634,611.05	8,266,323.83
Salaries	416,223.28	5,884,576.18
Fringe Benefits	211,186.01	2,716,508.22
Operation & Maintenance	161,853.50	2,455,173.87
Recycling Transfer Station	14,345.20	151,462.46
Waste Diversion	14,753.56	888,503.52
Wastewater Treatment	114,189.67	1,272,972.89
Closure & Post Closure Costs	29,338.96	851,891.25
Community Benefits	51,262.56	861,006.03
Water Purchases	62,921.97	568,892.77
Office & Administration	24,888.07	446,170.24
Insurance	35,225.01	413,766.62
Utilities	5,133.28	137,398.04
Bad Debt Expense	14,356.35	630,223.86
Materials & Supplies	130.60	239,650.20
Professional Fees	18,993.75	290,984.78
Repairs & Maintenance	12,797.27	150,613.77
Automobile	23,046.66	316,628.99
Computer Expenses	53,178.24	291,870.08
Grants	163.00	731,174.64
NYS Administrative Assessment	0.00	122,000.00
Total Operating Expenses	1,898,597.99	27,687,792.24
Total Operating Income	(104,600.74)	(1,410,283.31)
NON-OPERATING REVENUE (EXPENSE)		
Interest Income	121,756.13	2,702,220.82
Gain on Sale of Fixed Assets	0.00	81,291.40
Interest Expense	(50,073.25)	(517,767.83)
Bond Issuance Costs	0.00	(128,847.57)
Total Non-Operating Expense, Net	71,682.88	2,136,896.82
CHANGE IN NET ASSETS	(32,917.86)	726,613.51

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Thursday, April 30, 2020

	ADMIN	MATERIALS MGMT	TELECOM	ARMY SEWER	ARMY WATER	REGIONAL WATER	WQ CONTRACTS	ENGINEERING	REGIONAL DEVELOPMENT	TOTAL
STATEMENT OF NET POSITION										
ASSETS										
Cash and Cash Equivalents	\$5,937,959.76									\$5,937,959.76
Accounts Receivable	(45,635.78)	909,681.13	1,290,969.33	286,073.10	175,951.03	61,340.40	23,765.16	46,909.70	184,526.69	2,933,580.76
Unbilled Revenue				45,483.36	12,909.57	19,039.36	77,947.71	100,906.81	18,759.10	275,045.91
Interest Receivable	13,780.54	26,770.39	42,313.57						87,510.19	170,374.69
Loans Receivable, net									36,856,381.05	36,856,381.05
Inventory		5,301.09								5,301.09
Prepaid Expense	424,453.85		36,436.35							460,890.20
Investments	6,226,522.38	17,982,637.18	1,944,520.71						2,774,519.09	28,928,199.36
Funds Held In Trust		12,862,875.54								12,862,875.54
OPEB Reserve Fund	5,485,032.46									5,485,032.46
Restricted Assets		32,574,325.40	10,430,248.32	1,902,926.85	1,037,960.10	479,781.99			26,412,807.00	72,838,049.66
Leased Property									75,529.79	75,529.79
Capital Assets, net	683,658.43	35,600,449.58	25,804,726.06	3,452,211.24	3,222,670.46	3,132,923.12		53,431.36		71,950,070.25
Total Assets	18,725,771.64	99,962,040.31	39,549,214.34	5,686,694.55	4,449,491.16	3,693,084.87	101,712.87	201,247.87	66,410,032.91	238,779,290.52
DEFERRED OUTFLOWS OF RESOURCES										
Pension	1,403,178.00									1,403,178.00
OPEB	183,981.00									183,981.00
Total Deferred Outflows of Resources	1,587,159.00									1,587,159.00
TOTAL ASSETS PLUS DEFERRED...	20,312,930.64	99,962,040.31	39,549,214.34	5,686,694.55	4,449,491.16	3,693,084.87	101,712.87	201,247.87	66,410,032.91	240,366,449.52
LIABILITIES										
Accounts Payable	35,847.96	30,264.87	69,385.64	513,354.31	319,292.98	22,354.99		535.01		991,035.76
Grants & Passthroughs Payable			459,950.00						23,161.68	483,111.68
Community Benefits Payable		51,262.56								51,262.56
Interest Payable		180,127.61								180,127.61
Accrued Expenses	194,163.62	75,880.18	73,899.71	15,893.41	15,893.40			38,873.38		414,603.70
OPEB Liability	5,533,690.59									5,533,690.59
Net Pension Liability	1,309,024.00									1,309,024.00
Unearned Income			6,278,679.36						1,135,556.29	7,414,235.65
Lease Obligation									75,529.79	75,529.79
Funds Held for Others									10,412,025.25	10,412,025.25
Due to US ARMY				749,985.00						749,985.00
Landfill Closure & Post Closure		18,438,694.20								18,438,694.20
Long-term Liabilities	964,000.00	19,618,254.60			1,079,633.00	1,691,715.94			933,333.33	24,286,936.87
Internal: Due To/Due From	6,305,819.85	(4,468,094.45)	157,808.92	(1,568,296.97)	(267,382.43)	(218,304.15)	(340,324.34)	136,418.59	262,354.98	
Total Liabilities	14,342,546.02	33,926,389.57	7,039,723.63	(289,064.25)	1,147,436.95	1,495,766.78	(340,324.34)	175,826.98	12,841,961.32	70,340,262.66
DEFERRED INFLOWS OF RESOURCES										
Pension	454,625.00									454,625.00
OPEB	87,497.00									87,497.00
Total Deferred Inflows of Resources	542,122.00									542,122.00
TOTAL LIABILITIES PLUS DEFERR...	14,884,668.02	33,926,389.57	7,039,723.63	(289,064.25)	1,147,436.95	1,495,766.78	(340,324.34)	175,826.98	12,841,961.32	70,882,384.66
NET POSITION										
Invested In Capital Assets, Net	683,658.43	28,109,627.25	25,804,726.06	3,452,211.24	2,143,037.46	1,441,207.18		53,431.36		61,687,898.98
Restricted for:										
Community Rental Housing Program									14,261,401.92	14,261,401.92
Community Development Loan Fund									8,182,789.09	8,182,789.09
Affordable Housing Program									22,596,988.11	22,596,988.11
Army Water & Sewer				900,000.00	900,000.00					1,800,000.00
Regional Waterline						512,051.31				512,051.31
Reserve For Liner & Replacement		12,691,086.54								12,691,086.54
Reserve For Wetland Mitigation		1,294,692.88								1,294,692.88
OATN Reserve			6,726,693.18							6,726,693.18
Total Restricted		13,985,779.42	6,726,693.18	900,000.00	900,000.00	512,051.31			45,041,179.12	68,065,703.03
Board Designated for:										
Infrastructure Development				223,107.42						223,107.42
Capital Reserve		11,950,530.93			275,364.00					12,225,894.93
Tip Fee Stabilization		4,385,252.27								4,385,252.27
Landfill Gas Reserve		1,636,958.80								1,636,958.80
Economic Development Fund									5,573,937.41	5,573,937.41
Affordable Housing Program									3,000,000.00	3,000,000.00
Supplemental Insurance / Admin. Reser...	4,000,000.00									4,000,000.00
Total Board Designated	4,000,000.00	17,972,742.00		223,107.42	275,364.00				8,573,937.41	31,045,150.83
Undesignated	744,604.19	5,967,502.07	(21,928.53)	1,400,440.14	(16,347.25)	244,059.60	442,037.21	(28,010.47)	(47,044.94)	8,685,312.02
Total Net Position	5,428,262.62	66,035,650.74	32,509,490.71	5,975,758.80	3,302,054.21	2,197,318.09	442,037.21	25,420.89	53,568,071.59	169,484,064.86
Total Liabilities, Deferred Outflows...	20,312,930.64	99,962,040.31	39,549,214.34	5,686,694.55	4,449,491.16	3,693,084.87	101,712.87	201,247.87	66,410,032.91	240,366,449.52

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Thursday, April 30, 2020

	<u>ADMIN</u>	<u>MATERIALS MGMT</u>	<u>TELECOM</u>	<u>ARMY SEWER</u>	<u>ARMY WATER</u>	<u>REGIONAL WATER</u>	<u>WQ CONTRACTS</u>	<u>ENGINEERING</u>	<u>REGIONAL DEVELOPMENT</u>	<u>TOTAL</u>
<u>CHANGE IN NET POSITION</u>										
OPERATING REVENUE:										
Customer Billings		624,528.57	536,002.01	192,654.18	175,759.85	28,669.30	76,368.25	84,005.09	6,347.40	1,724,334.65
Grant Revenue									326.00	326.00
Loan Interest Income									34,371.98	34,371.98
Other Income	18,920.87	15,002.00		1,041.75						34,964.62
Total Operating Revenue	18,920.87	639,530.57	536,002.01	193,695.93	175,759.85	28,669.30	76,368.25	84,005.09	41,045.38	1,793,997.25
OPERATING EXPENSES										
Depreciation & Amortization	21,658.08	248,932.47	296,947.39	25,037.64	25,781.76	13,348.30		2,905.41		634,611.05
Salaries	86,244.80	101,214.92	86,720.69	25,646.94	24,451.31	2,907.89	26,929.60	39,697.91	22,409.22	416,223.28
Fringe Benefits	42,597.95	59,282.23	32,808.38	14,833.03	14,140.24	1,300.22	12,963.49	21,809.74	11,450.73	211,186.01
Operation & Maintenance	3,383.24	32,762.97	109,633.45	638.76			14,322.00	1,113.08		161,853.50
Recycling Transfer Station		14,345.20								14,345.20
Waste Diversion		14,753.56								14,753.56
Wastewater Treatment		29,516.67		84,673.00						114,189.67
Closure & Post Closure Costs		29,338.96								29,338.96
Community Benefits		51,262.56								51,262.56
Water Purchases					57,191.67	5,730.30				62,921.97
Office & Administration	9,869.79	1,330.14	10,450.25	2,114.24				1,123.65		24,888.07
Insurance	1,558.33	14,133.33	10,241.67	2,891.67	2,291.67	450.00	1,441.67	2,216.67		35,225.01
Utilities		3,924.30	27.01	23.83		1,158.14				5,133.28
Bad Debt Expense			12,850.52						1,505.83	14,356.35
Materials & Supplies		130.60								130.60
Professional Fees	18,993.75									18,993.75
Repairs & Maintenance		334.29		7,840.43		4,622.55				12,797.27
Automobile	19.99	1,433.33	6,708.51	13,878.18				1,006.65		23,046.66
Computer Expenses	26,118.28		3,414.90	3,845.28				19,799.78		53,178.24
Grants									163.00	163.00
Admin Allocation	(183,132.49)	71,000.47	52,046.25	24,466.50	12,910.84	1,501.69	3,094.94	4,688.20	13,423.60	13,423.60
Engineering Allocation		6,660.14	5,694.77	3,073.77	3,069.70	232.07	633.76	(19,898.76)	534.55	534.55
Water Quality Allocation				(14,757.20)	7,665.25	463.24	6,628.71			
Total Operating Expenses	27,311.72	680,356.14	627,543.79	194,206.07	147,502.44	31,714.40	66,014.17	74,462.33	49,486.93	1,898,597.99
Total Operating Income	(8,390.85)	(40,825.57)	(91,541.78)	(510.14)	28,257.41	(3,045.10)	10,354.08	9,542.76	(8,441.55)	(104,600.74)
NON-OPERATING REVENUE (EX...										
Interest Income	14,634.83	52,487.53	12,135.58	12,110.50	6,605.73	702.93			23,079.03	121,756.13
Interest Expense		(50,073.25)								(50,073.25)
Total Non-Operating Expense, Net	14,634.83	2,414.28	12,135.58	12,110.50	6,605.73	702.93			23,079.03	71,682.88
CHANGE IN NET ASSETS	6,243.98	(38,411.29)	(79,406.20)	11,600.36	34,863.14	(2,342.17)	10,354.08	9,542.76	14,637.48	(32,917.86)

**Summary of All Units
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$22,134,127.00	\$1,844,511.00	\$1,724,334.65	(\$120,176.35)
	Waste Diversion Revenue	969,397.00	80,783.00	0.00	(80,783.00)
	Grant Revenue	1,712,312.00	142,692.00	326.00	(142,366.00)
	Loan Interest Income	697,000.00	58,083.00	34,371.98	(23,711.02)
	Other Income	777,760.00	64,813.00	34,964.62	(29,848.38)
	Total Operating Revenue	26,290,596.00	2,190,882.00	1,793,997.25	(396,884.75)
OPERATING EXPENSES					
	Depreciation & Amortization	8,221,600.00	685,133.00	634,611.05	(50,521.95)
	Salaries	6,391,923.00	532,658.00	416,223.28	(116,434.72)
	Fringe Benefits	3,109,531.00	259,130.83	211,186.01	(47,944.82)
	Operation & Maintenance	3,011,615.00	250,971.00	161,853.50	(89,117.50)
	Waste Diversion	1,426,000.00	118,834.00	14,753.56	(104,080.44)
	Recycling Transfer Station	1,234,736.00	102,895.00	14,345.20	(88,549.80)
	Wastewater Treatment	1,370,276.00	114,190.00	114,189.67	(0.33)
	Closure & Post Closure Costs	803,999.00	67,000.00	29,338.96	(37,661.04)
	Water Purchases	765,941.00	63,829.00	62,921.97	(907.03)
	Community Benefits	884,027.00	73,669.00	51,262.56	(22,406.44)
	Office & Administration	624,402.00	52,037.50	24,888.07	(27,149.43)
	Insurance	422,700.00	35,226.00	35,225.01	(0.99)
	Utilities	176,000.00	14,666.00	5,133.28	(9,532.72)
	Bad Debt Expense	0.00	0.00	14,356.35	14,356.35
	Materials & Supplies	282,000.00	23,500.00	130.60	(23,369.40)
	Professional Fees	355,507.00	29,628.50	18,993.75	(10,634.75)
	Repairs & Maintenance	168,500.00	14,042.00	12,797.27	(1,244.73)
	Automobile	386,647.00	32,220.00	23,046.66	(9,173.34)
	Computer Expenses	329,069.00	27,423.00	53,178.24	25,755.24
	Grants	517,500.00	43,124.00	163.00	(42,961.00)
	Admin Allocation	0.00	1.00	0.00	(1.00)
	Engineering Allocation	0.00	1.00	0.00	(1.00)
	Water Quality Allocation	0.00	(1.00)	0.00	1.00
	NYS Administrative Assessment	125,050.00	10,421.00	0.00	(10,421.00)
	Contingency	77,000.00	6,416.00	0.00	(6,416.00)
	Total Operating Expenses	30,684,023.00	2,557,014.83	1,898,597.99	(658,416.84)
	Total Operating Income	(4,393,427.00)	(366,132.83)	(104,600.74)	261,532.09
NON-OPERATING REVENUE...					
	Interest Income	1,736,937.00	144,745.00	121,756.13	(22,988.87)
	Gain on Sale of Fixed Assets	73,000.00	6,083.00	0.00	(6,083.00)
	Interest Expense	(721,047.00)	(60,087.00)	(50,073.25)	10,013.75
	Total Non-Operating Expe...	1,088,890.00	90,741.00	71,682.88	(19,058.12)

**Summary of All Units
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
	CHANGE IN NET POSITION	(3,304,537.00)	(275,391.83)	(32,917.86)	242,473.97

Administration
Change In Net Position
For the One Month Ending Thursday, April 30, 2020

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Grant Revenue	\$10,000.00	\$833.00	\$0.00	(\$833.00)
	Other Income	212,700.00	17,725.00	18,920.87	1,195.87
	Total Operating Revenue	222,700.00	18,558.00	18,920.87	362.87
OPERATING EXPENSES					
	Depreciation & Amortization	277,600.00	23,133.00	21,658.08	(1,474.92)
	Salaries	1,235,732.00	102,977.00	86,244.80	(16,732.20)
	Fringe Benefits	680,266.00	56,687.50	42,597.95	(14,089.55)
	Operation & Maintenance	15,855.00	1,322.00	3,383.24	2,061.24
	Office & Administration	222,375.00	18,532.00	9,869.79	(8,662.21)
	Insurance	18,700.00	1,558.00	1,558.33	0.33
	Professional Fees	92,300.00	7,692.00	18,993.75	11,301.75
	Automobile	2,750.00	229.00	19.99	(209.01)
	Computer Expenses	237,351.00	19,778.00	26,118.28	6,340.28
	Admin Allocation	(2,168,149.00)	(180,679.00)	(183,132.49)	(2,453.49)
	Contingency	22,000.00	1,833.00	0.00	(1,833.00)
	Total Operating Expenses	636,780.00	53,062.50	27,311.72	(25,750.78)
	Total Operating Income	(414,080.00)	(34,504.50)	(8,390.85)	26,113.65
NON-OPERATING REVENUE...					
	Interest Income	314,600.00	26,217.00	14,634.83	(11,582.17)
	Gain on Sale of Fixed Assets	28,000.00	2,333.00	0.00	(2,333.00)
	Total Non-Operating Expe...	342,600.00	28,550.00	14,634.83	(13,915.17)
	CHANGE IN NET POSITION	(71,480.00)	(5,954.50)	6,243.98	12,198.48

**Materials Management
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$9,027,500.00	\$752,292.00	\$624,528.57	(\$127,763.43)
	Waste Diversion Revenue	969,397.00	80,783.00	0.00	(80,783.00)
	Grant Revenue	333,312.00	27,776.00	0.00	(27,776.00)
	Other Income	463,009.00	38,584.00	15,002.00	(23,582.00)
	Total Operating Revenue	10,793,218.00	899,435.00	639,530.57	(259,904.43)
OPERATING EXPENSES					
	Depreciation & Amortization	3,560,700.00	296,725.00	248,932.47	(47,792.53)
	Salaries	1,677,258.00	139,772.00	101,214.92	(38,557.08)
	Fringe Benefits	932,013.00	77,668.00	59,282.23	(18,385.77)
	Operation & Maintenance	918,076.00	76,507.00	32,762.97	(43,744.03)
	Waste Diversion	1,426,000.00	118,834.00	14,753.56	(104,080.44)
	Recycling Transfer Station	1,234,736.00	102,895.00	14,345.20	(88,549.80)
	Wastewater Treatment	354,200.00	29,517.00	29,516.67	(0.33)
	Closure & Post Closure Costs	803,999.00	67,000.00	29,338.96	(37,661.04)
	Community Benefits	780,261.00	65,022.00	51,262.56	(13,759.44)
	Office & Administration	102,650.00	8,555.00	1,330.14	(7,224.86)
	Insurance	169,600.00	14,133.00	14,133.33	0.33
	Utilities	65,000.00	5,416.00	3,924.30	(1,491.70)
	Materials & Supplies	282,000.00	23,500.00	130.60	(23,369.40)
	Professional Fees	26,353.00	2,196.00	0.00	(2,196.00)
	Repairs & Maintenance	20,000.00	1,667.00	334.29	(1,332.71)
	Automobile	17,200.00	1,433.00	1,433.33	0.33
	Computer Expenses	16,055.00	1,338.00	0.00	(1,338.00)
	Admin Allocation	840,523.00	70,044.00	71,000.47	956.47
	Engineering Allocation	31,076.00	2,590.00	6,660.14	4,070.14
	NYS Administrative Assessment	52,101.00	4,342.00	0.00	(4,342.00)
	Contingency	30,000.00	2,500.00	0.00	(2,500.00)
	Total Operating Expenses	13,339,801.00	1,111,654.00	680,356.14	(431,297.86)
	Total Operating Income	(2,546,583.00)	(212,219.00)	(40,825.57)	171,393.43
NON-OPERATING REVENUE...					
	Interest Income	721,634.00	60,136.00	52,487.53	(7,648.47)
	Gain on Sale of Fixed Assets	45,000.00	3,750.00	0.00	(3,750.00)
	Interest Expense	(658,144.00)	(54,845.00)	(50,073.25)	4,771.75
	Total Non-Operating Expe...	108,490.00	9,041.00	2,414.28	(6,626.72)
	CHANGE IN NET POSITION	(2,438,093.00)	(203,178.00)	(38,411.29)	164,766.71

**Telecommunications
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$6,160,090.00	\$513,341.00	\$536,002.01	\$22,661.01
	Other Income	47,050.00	3,921.00	0.00	(3,921.00)
	Total Operating Revenue	6,207,140.00	517,262.00	536,002.01	18,740.01
OPERATING EXPENSES					
	Depreciation & Amortization	3,647,400.00	303,950.00	296,947.39	(7,002.61)
	Salaries	1,237,434.00	103,119.00	86,720.69	(16,398.31)
	Fringe Benefits	431,447.00	35,955.00	32,808.38	(3,146.62)
	Operation & Maintenance	1,828,684.00	152,390.00	109,633.45	(42,756.55)
	Office & Administration	133,066.00	11,090.00	10,450.25	(639.75)
	Insurance	122,900.00	10,242.00	10,241.67	(0.33)
	Utilities	5,000.00	417.00	27.01	(389.99)
	Bad Debt Expense	0.00	0.00	12,850.52	12,850.52
	Professional Fees	45,791.00	3,816.00	0.00	(3,816.00)
	Automobile	106,600.00	8,883.00	6,708.51	(2,174.49)
	Computer Expenses	27,005.00	2,251.00	3,414.90	1,163.90
	Admin Allocation	616,227.00	51,352.00	52,046.25	694.25
	Engineering Allocation	11,662.00	972.00	5,694.77	4,722.77
	NYS Administrative Assessment	34,715.00	2,893.00	0.00	(2,893.00)
	Contingency	25,000.00	2,083.00	0.00	(2,083.00)
	Total Operating Expenses	8,272,931.00	689,413.00	627,543.79	(61,869.21)
	Total Operating Income	(2,065,791.00)	(172,151.00)	(91,541.78)	80,609.22
NON-OPERATING REVENUE...					
	Interest Income	250,523.00	20,877.00	12,135.58	(8,741.42)
	Total Non-Operating Expe...	250,523.00	20,877.00	12,135.58	(8,741.42)
	CHANGE IN NET POSITION	(1,815,268.00)	(151,274.00)	(79,406.20)	71,867.80

**Water Quality
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$5,548,002.00	\$462,333.00	\$473,451.58	\$11,118.58
	Other Income	12,501.00	1,042.00	1,041.75	(0.25)
	Total Operating Revenue	5,560,503.00	463,375.00	474,493.33	11,118.33
OPERATING EXPENSES					
	Depreciation & Amortization	708,100.00	59,008.00	64,167.70	5,159.70
	Salaries	1,169,722.00	97,476.00	79,935.74	(17,540.26)
	Fringe Benefits	593,182.00	49,433.33	43,236.98	(6,196.35)
	Operation & Maintenance	177,800.00	14,819.00	14,960.76	141.76
	Wastewater Treatment	1,016,076.00	84,673.00	84,673.00	0.00
	Water Purchases	765,941.00	63,829.00	62,921.97	(907.03)
	Office & Administration	80,450.00	6,702.00	2,114.24	(4,587.76)
	Insurance	84,900.00	7,076.00	7,075.01	(0.99)
	Utilities	106,000.00	8,833.00	1,181.97	(7,651.03)
	Professional Fees	6,936.00	578.00	0.00	(578.00)
	Repairs & Maintenance	148,500.00	12,375.00	12,462.98	87.98
	Automobile	239,720.00	19,977.00	13,878.18	(6,098.82)
	Computer Expenses	11,602.00	967.00	3,845.28	2,878.28
	Admin Allocation	496,760.00	41,397.00	41,973.97	576.97
	Engineering Allocation	35,958.00	2,997.00	7,009.30	4,012.30
	Water Quality Allocation	0.00	(1.00)	0.00	1.00
	NYS Administrative Assessment	31,277.00	2,606.00	0.00	(2,606.00)
	Total Operating Expenses	5,672,924.00	472,745.33	439,437.08	(33,308.25)
	Total Operating Income	(112,421.00)	(9,370.33)	35,056.25	44,426.58
NON-OPERATING REVENUE...					
	Interest Income	67,900.00	5,659.00	19,419.16	13,760.16
	Interest Expense	(59,403.00)	(4,950.00)	0.00	4,950.00
	Total Non-Operating Expe...	8,497.00	709.00	19,419.16	18,710.16
	CHANGE IN NET POSITION	(103,924.00)	(8,661.33)	54,475.41	63,136.74

**Army Sewer
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$2,365,363.00	\$197,114.00	\$192,654.18	(\$4,459.82)
	Other Income	12,501.00	1,042.00	1,041.75	(0.25)
	Total Operating Revenue	2,377,864.00	198,156.00	193,695.93	(4,460.07)
OPERATING EXPENSES					
	Depreciation & Amortization	275,200.00	22,933.00	25,037.64	2,104.64
	Salaries	410,510.00	34,209.00	25,646.94	(8,562.06)
	Fringe Benefits	209,827.00	17,486.00	14,833.03	(2,652.97)
	Operation & Maintenance	110,000.00	9,167.00	638.76	(8,528.24)
	Wastewater Treatment	1,016,076.00	84,673.00	84,673.00	0.00
	Water Purchases	3,200.00	267.00	0.00	(267.00)
	Office & Administration	78,200.00	6,515.00	2,114.24	(4,400.76)
	Insurance	34,700.00	2,892.00	2,891.67	(0.33)
	Utilities	59,750.00	4,979.00	23.83	(4,955.17)
	Professional Fees	4,179.00	348.00	0.00	(348.00)
	Repairs & Maintenance	85,000.00	7,083.00	7,840.43	757.43
	Automobile	239,720.00	19,977.00	13,878.18	(6,098.82)
	Computer Expenses	11,602.00	967.00	3,845.28	2,878.28
	Admin Allocation	289,618.00	24,135.00	24,466.50	331.50
	Engineering Allocation	10,720.00	893.00	3,073.77	2,180.77
	Water Quality Allocation	(210,579.00)	(17,548.00)	(14,757.20)	2,790.80
	NYS Administrative Assessment	13,740.00	1,145.00	0.00	(1,145.00)
	Total Operating Expenses	2,641,463.00	220,121.00	194,206.07	(25,914.93)
	Total Operating Income	(263,599.00)	(21,965.00)	(510.14)	21,454.86
NON-OPERATING REVENUE...					
	Interest Income	38,400.00	3,200.00	12,110.50	8,910.50
	Total Non-Operating Expe...	38,400.00	3,200.00	12,110.50	8,910.50
	CHANGE IN NET POSITION	(225,199.00)	(18,765.00)	11,600.36	30,365.36

**Army Water Line
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$2,022,314.00	\$168,526.00	\$175,759.85	\$7,233.85
	Total Operating Revenue	2,022,314.00	168,526.00	175,759.85	7,233.85
OPERATING EXPENSES					
	Depreciation & Amortization	266,100.00	22,175.00	25,781.76	3,606.76
	Salaries	347,210.00	28,934.00	24,451.31	(4,482.69)
	Fringe Benefits	177,041.00	14,754.33	14,140.24	(614.09)
	Operation & Maintenance	10,000.00	834.00	0.00	(834.00)
	Water Purchases	686,300.00	57,192.00	57,191.67	(0.33)
	Office & Administration	1,100.00	91.00	0.00	(91.00)
	Insurance	27,500.00	2,292.00	2,291.67	(0.33)
	Utilities	21,250.00	1,771.00	0.00	(1,771.00)
	Professional Fees	2,257.00	188.00	0.00	(188.00)
	Repairs & Maintenance	31,000.00	2,583.00	0.00	(2,583.00)
	Admin Allocation	152,867.00	12,739.00	12,910.84	171.84
	Engineering Allocation	10,197.00	850.00	3,069.70	2,219.70
	Water Quality Allocation	94,469.00	7,872.00	7,665.25	(206.75)
	NYS Administrative Assessment	10,851.00	904.00	0.00	(904.00)
	Total Operating Expenses	1,838,142.00	153,179.33	147,502.44	(5,676.89)
	Total Operating Income	184,172.00	15,346.67	28,257.41	12,910.74
NON-OPERATING REVENUE...					
	Interest Income	20,900.00	1,742.00	6,605.73	4,863.73
	Total Non-Operating Expe...	20,900.00	1,742.00	6,605.73	4,863.73
	CHANGE IN NET POSITION	205,072.00	17,088.67	34,863.14	17,774.47

**Regional Water Line
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$350,705.00	\$29,225.00	\$28,669.30	(\$555.70)
	Total Operating Revenue	350,705.00	29,225.00	28,669.30	(555.70)
OPERATING EXPENSES					
	Depreciation & Amortization	166,800.00	13,900.00	13,348.30	(551.70)
	Salaries	33,211.00	2,768.00	2,907.89	139.89
	Fringe Benefits	16,075.00	1,339.00	1,300.22	(38.78)
	Operation & Maintenance	6,800.00	567.00	0.00	(567.00)
	Water Purchases	76,441.00	6,370.00	5,730.30	(639.70)
	Office & Administration	350.00	29.00	0.00	(29.00)
	Insurance	5,400.00	450.00	450.00	0.00
	Utilities	25,000.00	2,083.00	1,158.14	(924.86)
	Professional Fees	500.00	42.00	0.00	(42.00)
	Repairs & Maintenance	32,500.00	2,709.00	4,622.55	1,913.55
	Admin Allocation	17,717.00	1,476.00	1,501.69	25.69
	Engineering Allocation	2,747.00	229.00	232.07	3.07
	Water Quality Allocation	7,517.00	626.00	463.24	(162.76)
	NYS Administrative Assessment	2,149.00	179.00	0.00	(179.00)
	Total Operating Expenses	393,207.00	32,767.00	31,714.40	(1,052.60)
	Total Operating Income	(42,502.00)	(3,542.00)	(3,045.10)	496.90
NON-OPERATING REVENUE...					
	Interest Income	8,600.00	717.00	702.93	(14.07)
	Interest Expense	(59,403.00)	(4,950.00)	0.00	4,950.00
	Total Non-Operating Expe...	(50,803.00)	(4,233.00)	702.93	4,935.93
	CHANGE IN NET POSITION	(93,305.00)	(7,775.00)	(2,342.17)	5,432.83

**Water Sewer Contracts
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$809,620.00	\$67,468.00	\$76,368.25	\$8,900.25
	Total Operating Revenue	809,620.00	67,468.00	76,368.25	8,900.25
OPERATING EXPENSES					
	Salaries	378,791.00	31,565.00	26,929.60	(4,635.40)
	Fringe Benefits	190,239.00	15,854.00	12,963.49	(2,890.51)
	Operation & Maintenance	51,000.00	4,251.00	14,322.00	10,071.00
	Office & Administration	800.00	67.00	0.00	(67.00)
	Insurance	17,300.00	1,442.00	1,441.67	(0.33)
	Admin Allocation	36,558.00	3,047.00	3,094.94	47.94
	Engineering Allocation	12,294.00	1,025.00	633.76	(391.24)
	Water Quality Allocation	108,593.00	9,049.00	6,628.71	(2,420.29)
	NYS Administrative Assessment	4,537.00	378.00	0.00	(378.00)
	Total Operating Expenses	800,112.00	66,678.00	66,014.17	(663.83)
	Total Operating Income	9,508.00	790.00	10,354.08	9,564.08
NON-OPERATING REVENUE...					
	CHANGE IN NET POSITION	9,508.00	790.00	10,354.08	9,564.08

Engineering
Change In Net Position
For the One Month Ending Thursday, April 30, 2020

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$1,236,025.00	\$103,002.00	\$84,005.09	(\$18,996.91)
	Total Operating Revenue	1,236,025.00	103,002.00	84,005.09	(18,996.91)
OPERATING EXPENSES					
	Depreciation & Amortization	27,800.00	2,317.00	2,905.41	588.41
	Salaries	701,261.00	58,438.00	39,697.91	(18,740.09)
	Fringe Benefits	310,728.00	25,896.00	21,809.74	(4,086.26)
	Operation & Maintenance	59,200.00	4,933.00	1,113.08	(3,819.92)
	Office & Administration	69,661.00	5,804.00	1,123.65	(4,680.35)
	Insurance	26,600.00	2,217.00	2,216.67	(0.33)
	Professional Fees	500.00	42.00	0.00	(42.00)
	Automobile	20,377.00	1,698.00	1,006.65	(691.35)
	Computer Expenses	36,306.00	3,026.00	19,799.78	16,773.78
	Admin Allocation	55,463.00	4,622.00	4,688.20	66.20
	Engineering Allocation	(82,956.00)	(6,913.00)	(19,898.76)	(12,985.76)
	NYS Administrative Assessment	6,957.00	580.00	0.00	(580.00)
	Total Operating Expenses	1,231,897.00	102,660.00	74,462.33	(28,197.67)
	Total Operating Income	4,128.00	342.00	9,542.76	9,200.76
NON-OPERATING REVENUE...					
	CHANGE IN NET POSITION	4,128.00	342.00	9,542.76	9,200.76

**Regional Development
Change In Net Position
For the One Month Ending Thursday, April 30, 2020**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$162,510.00	\$13,543.00	\$6,347.40	(\$7,195.60)
	Grant Revenue	1,369,000.00	114,083.00	326.00	(113,757.00)
	Loan Interest Income	697,000.00	58,083.00	34,371.98	(23,711.02)
	Other Income	42,500.00	3,541.00	0.00	(3,541.00)
	Total Operating Revenue	2,271,010.00	189,250.00	41,045.38	(148,204.62)
OPERATING EXPENSES					
	Salaries	370,516.00	30,876.00	22,409.22	(8,466.78)
	Fringe Benefits	161,895.00	13,491.00	11,450.73	(2,040.27)
	Operation & Maintenance	12,000.00	1,000.00	0.00	(1,000.00)
	Community Benefits	103,766.00	8,647.00	0.00	(8,647.00)
	Office & Administration	16,200.00	1,354.50	0.00	(1,354.50)
	Bad Debt Expense	0.00	0.00	1,505.83	1,505.83
	Professional Fees	183,627.00	15,304.50	0.00	(15,304.50)
	Computer Expenses	750.00	63.00	0.00	(63.00)
	Grants	517,500.00	43,124.00	163.00	(42,961.00)
	Admin Allocation	159,176.00	13,265.00	13,423.60	158.60
	Engineering Allocation	4,260.00	355.00	534.55	179.55
	Total Operating Expenses	1,529,690.00	127,480.00	49,486.93	(77,993.07)
	Total Operating Income	741,320.00	61,770.00	(8,441.55)	(70,211.55)
NON-OPERATING REVENUE...					
	Interest Income	382,280.00	31,856.00	23,079.03	(8,776.97)
	Interest Expense	(3,500.00)	(292.00)	0.00	292.00
	Total Non-Operating Expe...	378,780.00	31,564.00	23,079.03	(8,484.97)
	CHANGE IN NET POSITION	1,120,100.00	93,334.00	14,637.48	(78,696.52)