



MEETING NOTICE

**Thursday, June 22, 2023
Warneck Pump Station
23557 NYS Rt. 37
Watertown, New York**

**James W. Wright Conference Room
& Zoom Videoconference**

Board of Directors – 10:30 AM

Pursuant to Open Meetings Law, members of the public have the right to attend the Meeting telephonically via Zoom by dialing into the following access line, or view the proceedings using the following link:

Dial In Number: 1-646-876-9923 Meeting ID: 835 5152 6188 Passcode: 874459

<https://us02web.zoom.us/j/83551526188?pwd=MkN0RWdtcHFzd0FJVfFd5MHdjRy9UQT09>

Board Member Doheny will be participating via Zoom at:
Meeting Room, 5412 Backlick Road, Springfield, VA 22150

Board Member McGrath will be participating via Zoom at:
247 West 46th Street, New York, NY 10036

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



AGENDA
BOARD OF DIRECTORS MEETING
Thursday, June 22, 2023 – 10:30 AM
Warneck Pump Station
23557 NYS Rt. 37
Watertown, New York

1. Call to Order
2. Call the Roll
3. Privilege of the Floor
4. Approve the Minutes of May 25, 2023 Board Meeting
5. Chairperson's Report
6. Executive Director's Report
7. FYE 2023 Investment Report – RBC
8. Independent Audit – Bonadio Group
 - a. Resolution No. 2023-06-48, Approving Audited Financial Statements, Single Audit, Agreed Upon Procedures, and Report on Investments for Fiscal Year Ending March 31, 2023
 - b. Resolution No. 2023-06-49, Approving the Assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country for Fiscal Year 2023
 - c. Resolution No. 2023-06-50, Approving Annual Bond Sales Report for Fiscal Year Ending March 31, 2023
9. Finance Report – Chief Financial Officer
Approving Financials for the month ending April, 2023
10. Governance
 - a. Resolution No. 2023-06-51, Approving Modifications to Asset Management Policy
 - b. Resolution No. 2023-06-52, Authorizing the Write-Off of Certain Accounts Receivable as Bad Debts

11. Technical Services Summary Report

a. Non-Lewis County Contracts –

- I. Town of LeRay, O&M, Operation & Maintenance Service Agreement Amendment (effective 7/1/2023), Total Agreement Amount of \$636,172.00, 10/01/22 – 9/30/28, Jefferson County

12. Materials Management -

- a. Resolution No. 2023-06-53, Materials Management Divisions, Capital Project Budget Amendment, Equipment Replacement

13. Water Quality –

- a. Resolution No. 2023-06-54, Water Quality Division, Regional Water Line, FY 2023-2024 Operating Budget Amendment

14. Regional Development –

- a. Loan Report -
- b. Resolution No. 2023-06-55, Regional Tourism Transformational Community Revolving Loan Fund, PSR Holdings Four LLC, Loan Ratification

15. Next Meeting – August 24, 2023

16. Following the meeting will be a room dedication and luncheon to celebrate the service and retirement of James W. Wright.

17. Adjourn



MINUTES
BOARD OF DIRECTORS MEETING
Thursday, May 25, 2023 – 10:30 AM
Warneck Pump Station
James W. Wright Conference Room
23557 NYS Rt 37, Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session in person and via Zoom Videoconference at the Warneck Pump Station, 23557 NYS Rt 37, Watertown, New York on Thursday, May 25, 2023 at 10:30 AM.

Members Present

Voting

Margaret Murray, Chairperson
Thomas Hefferon
Alex MacKinnon
Dennis Mastascusa
Mary Doheny*
Mark Hall*
Eric Virkler

Non-Voting

James Hollenbeck
Stephen Hunt
Brian McGrath*

*Attended via videoconferencing.

Members Absent

Kenneth Bibbins
Nancy Henry

Staff Present:

Carl Farone, Executive Director
Jennifer Staples, Chief Financial Officer
Carrie Tuttle, Chief Operating Officer
Alex Barham, Environmental Health and Safety Manager
Stephen Bohmer, Director of Information Technology
Dawn Caccavo, Comptroller
Michelle Capone, Director of Regional Development
Kevin Feuka, Director of Engineering
Laurie Marr, Director of Communications and Public Affairs
Brian Nutting, Director of Water Quality
Regina Rybka-Lagattuta, Director of Human Resources
David Wolf, Director of Telecommunications
Christine Alteri, Human Resources Specialist
Angela Marra, Executive Assistant

Guests:

Jennifer Granzow, Counsel, Wladis Law Firm

1. Chairperson Murray called the meeting to order at 10:34 AM.
2. Chairperson Murray requested a roll call.
 - A quorum of voting and non-voting members was established.
3. Privilege of the Floor -
4. Upon a motion by E. Virkler, and seconded by A. MacKinnon, the minutes from the March 23, 2023 Board Meeting, were approved.
5. Chairperson's Report
 - a. The next Board Meeting will be held on June 22, 2023 at 10:30 AM. Following the meeting, we will have a formal dedication of the conference room to James W. Wright. Lunch will be provided.

B. McGrath indicated that he will be available for quorum purposes at the beginning of the meeting, but will need to leave early to catch a flight.
 - b. The Authority will host an Open House at the Materials Management Facility on August 24th from 4:00 to 6:00 pm. The Board meeting will be held the same day at the facility at 10:30 am. A bus will provide tours of the facility and lunch will be provided.

A. MacKinnon indicated that he would not be available for this meeting.
6. Executive Director's Report
 - a. Performance Measurements Report – FYE 2023 –

C. Farone reviewed the FYE 2023 Performance Measures Report, which is a listing of the activities addressing the objectives for the fiscal year. C. Farone reviewed several of the highlights from the past 12 months, such as Materials Management opened the Southern Expansion on time and on budget, the finalized evaluation of the Harrisville Site and making the determination to sell and then selling the property to Geiter Done, and D. Wolf and M. Capone through Telecommunications, continuing to work with our county partners to close the digital divide between Jefferson, Lewis and St. Lawrence Counties. Problematic elements were listed in red, to include the Army Water Line operating under an EPA Administrative order due to violations of Disinfection Byproducts, the Authority established MWBE goal of 30% and only reaching 25.2%, and 23 environmental incident reports (EIR) this past year.

E. Virkler asked if the EIRs were all at MMF. C. Farone stated they are at all facilities. C. Tuttle clarified that the majority were under Water Quality, and are at within contract or municipal facilities. Some are within new facilities where we find many violations until we can get operations under control. C. Farone followed up stating that we are documenting everything and taking corrective actions. C. Tuttle further commented that we are also documenting near misses.

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, accepting the Performance Measures for FYE 2023, was unanimously approved.

A copy of this full report will be available on the Authority website under Annual Reports / Financial Information.

- b. Armed Forces Day Breakfast –
C. Farone shared a picture of several Veterans who are also Authority staff and attended the Armed Forces Day Breakfast. He further stated that 15% of the Authority staff are veterans and listed all of their names.
- c. Adopt a Platoon –
C. Farone stated that Authority staff have adopted a platoon from the 10th Mountain Division that is currently stationed in Romania. We will send cards and tokens of appreciation to them. L. Marr is heading this effort up.
- d. Lewis County Conference –
C. Farone reported that along with himself, M. Capone and M. Siver attended the Lewis County Economic Development Conference. C. Farone participated on a panel where he spoke about the Telecommunications team's collaborative efforts with the three county partners as well as the great work that Lewis County has been doing to help close the digital divide.
- e. Telecom NTIA Grant –
C. Farone reminded the Board that the Authority applied for a NTIA grant to support a \$24 million dollar project that NTIA would provide a 60% grant in partnership with National Grid to build out 344 miles of fiber. We are expecting to hear the results of the grant application in June.
- f. Army Water Line – Capital Project Update –
C. Farone stated that Marcellus Construction has been retained and is in the process of installing the temporary bypass. Photos of this process were shared during the meeting. This extensive project is nearing completion and they will begin installing the new waterline. We had not expected them to bury the temporary line, but from a liability perspective, they felt it was better to do so. They are also ahead of schedule on this \$13 million dollar project with costs to date of about \$3 million. We are closing on a bond anticipation note with EFC on June 1 for \$12.5 million. This project is progressing very well and we expect it to be completed this year from an operational perspective.
- g. Army Sewer Line – Capital Project Update –
C. Farone reported that the Authority hired EDR and they have almost completed the preliminary engineering for the project, which will require that we reline our sewer pipe from the Kanik Trail to the Warneck Pump Station. This project is estimated at \$10 - \$11 million dollars. We anticipate that the bid documents will be drafted in June and the award will be made in July. We anticipate this project to be completed this calendar year with clean-up work done next year.

- h. City of Watertown – Disinfection Byproducts –
C. Farone stated that the City of Watertown is currently working with their engineering firm. At this point in time they have a best cost estimate of \$50 million. It is positive that this is moving forward and the City is on track with completing the SEQRA review and the preliminary engineering so they can then apply for various grant funding opportunities in June. As stated in our contract, the Authority is responsible for 25% of the capital costs for the filtration due to an allocation of 25% capacity to Fort Drum. The City will likely bond over 30 or 40 years and the Authority would pay 25% of those payments. The contract also calls for a 20% markup.
- i. Warneck Conference Room Dedication – June 22nd
C. Farone announced that Jim and Carol Wright will both be attending the dedication of the conference room, and we hope that many of the Board members can attend in person.
- j. David Rohe -
C. Farone announced that D. Rohe, a Water Quality staff member, passed his 4A Wastewater License. He is also licensed for 1A, 1B water. This is the highest qualification in the business, giving him the highest rating for a municipal wastewater operator. Congratulations! This is very helpful to the Authority to have him on staff with this certification.

7. Finance Report – Chief Financial Officer

J. Staples reviewed the highlights to the fiscal year-end financial report. She further commented that the Audit Committee would be meeting with the external auditors on June 14th. At that time, the auditors will provide a full report of the fiscal year 2023 Audit Results. The auditors will again present at the June 22nd Board Meeting.

J. Staples noted that GASB 87, which changes the way we report leases, is not reflected in these numbers. The auditors have reviewed the report we provided them of potential leases and made a determination of which agreements need to comply with GASB 87. We expect to receive the results and make a final journal entry prior to the full audit report. The GASB 87 requirement had very little impact on our finances because only two leases qualified under GASB 87. The two leases are for office space at the State Office Building and the Canton Office. This should be an insignificant adjustment to our balance sheet of \$66,000.

J. Staples continued with the finance review beginning with customer billings, which came in at 1% below budget, due to engineering being 27%, or \$187,000, below budget because of staffing issues at funding agencies, backlogs, and process changes, which delayed projects. Grant revenue was over budget by \$1.2 million; of which \$943,000 were funds received by Telecom with \$720,000 being funds received from NYPA associated with the Connect All Project. J. Staples further commented that the Connect All Project was funded through state grants. Expenses are under budget by 7%, or just over \$1.6 million, with \$549,000 of that due to the GASB 68 year-end adjustment in association with pension. Another GL to be noted with large underspending was consulting, which was under by \$103,000. The majority of these underspent funds were set aside for a Telecom business study that did not move forward.

Interest income is improving as interest rates rose in FY23, resulting in the Authority realizing an additional \$478,000 over the budgeted amount. However, the market adjustment associated with the investments was noted as an \$807,000 loss. This is not a recognized loss unless we were to turn our investments in early and there are no plans to do so. This is considered an accounting entry only. Pension came in 5% below budget, and the GASB 68 adjustment to the pension is a decrease to expenses of \$549,000. This GASB adjustment is strictly an accounting entry because we participate in the NYS Retirement Pension Plan, which requires us to report a proportionate share of the state's overall pension liability and pension expense. We do not receive funds or pay funds for this and therefore, is strictly an accounting entry.

Materials Management waste volumes came in 9% over projection, due to an increase in non-beneficial sludge and contaminated soil. The non-beneficial sludge increase was from a project in Lowville, and the contaminated soil was from to a project in Jefferson County.

Host Community Benefits were over budget by 17% due to the higher actual tonnage than was projected. There was also \$56,000 in the Host Community Benefits that were associated with the Landfill Gas to Energy revenue share.

Upon a motion by E. Virkler, and seconded by D. Mastascusa, Financials ending March 31, 2023, were unanimously approved.

8. Governance –

- a. Resolution No. 2023-05-32, approving the Social Media Policy attached and incorporated in this Resolution.

C. Farone explained that this policy is new to the Authority, and felt necessary due to the rising use of social media. He emphasized that the purpose of this policy is not to infringe upon the employees freedom of speech. C. Farone read through the basic principles of the proposed policy.

Upon a motion by D. Mastascusa and seconded by T. Hefferon, Resolution No. 2023-05-32, Authorizing Social Media Policy, was unanimously approved.

9. Technical Services Summary Report –

- a. Jefferson / St. Lawrence County, Municipalities of Lewis County –

- I. Town of Gouverneur, Technical Services Agreement, Grant Writing for CDBG Application, Total Agreement Amount of \$3,500, 06/01/23 – 08/31/23, St. Lawrence County
- II. St. Lawrence County, Technical Services Agreement, Grant Writing for CDBG Application, Total Agreement Amount of \$3,500, 06/01/23 – 08/31/2023, St. Lawrence County

C. Tuttle stated that both agreements are continuations of services already being provided to these communities.

Upon a motion by A. MacKinnon, and seconded by T. Hefferon, Board Contract Summary Table items numbered I and II for the month of May were unanimously approved.

b. Lewis County –

III. Lewis County, Technical Services Agreement, Lewis County Planning and Community Development, Total Agreement Amount \$10,000, 06/01/2023 – 12/31/2023, St. Lawrence County.

C. Tuttle stated that this is also a continuation of current services with Lewis County.

Upon a motion by D. Mastascusa, and seconded by T. Hefferon, Board Contract Summary Table item numbered III for the month of May was approved. E. Virkler abstained.

10. Engineering –

a. Resolution No. 2023-05-33, approves the Technical Services Agreement by and between the Authority and the Village of Chateaugay, and further authorizes and directs the Executive Director to execute said Agreement.

B. McGrath asked where Chateaugay is located. C. Tuttle responded it is located in Franklin County, near Malone, where we currently provide services. This lead to Chateaugay contacts speaking with other engineers we are working with in Malone. Since Chateaugay has been struggling with treatment plant issues, we were recommended to them by their engineering firm.

B. McGrath asked for clarification that we did not approach them, they approached us. C. Tuttle confirmed this.

Upon a motion by T. Hefferon, and seconded by D. Mastascusa, Resolution No. 2023-05-33, approving Technical Services Agreement, Village of Chateaugay, Sewer Improvement Project, was unanimously approved.

b. Resolution No. 2023-05-34, approves the Technical Services Agreement by and between the Authority and the Town of Tupper Lake, and further authorizes and directs the Executive Director to execute said Agreement.

C. Tuttle stated that at the last Board meeting there was a resolution for a water system improvement project with Tupper Lake. She further stated these are existing water and sewer districts. Tupper Lake also has several unserved parcels that are contiguous with served parcels, and they are reviewing these projects to see if it makes sense to extend service to these new users as well as to address issues within their existing system.

Upon a motion by D. Mastascusa, and seconded by E. Virkler, Resolution No. 2023-05-34, approving Technical Services Agreement, Town of Tupper Lake, Sewer District No. 1 Improvement Project, was unanimously approved.

11. Materials Management –

- a. Resolution No. 2023-05-35, authorizes the Executive Director to implement said rules, applications, permits, and fees attached to and incorporated within this Resolution, effective May 25, 2023.

C. Tuttle reviewed the two main changes in detail within the Solid Waste Disposal Permit Requirements, Permit Application, and Landfill Site Rules policy attached to this resolution. The first change includes three additional holiday closures at the landfill. She stated that these dates have been discussed with our county partners, as well as with the private haulers who bring material to the landfill. With their approval, C. Tuttle is recommending we move forward with this change. The second notable change is regarding the posted speed limit for trucks as they cross the scale. The current posted speed limit is 5 mile per hour for safety reasons, and to allow for better radiation detection as the trucks pass through the equipment on their way into the facility. By adding this information to the policy, this information will match what is posted at the site.

Upon a motion by E. Virkler and seconded by A. MacKinnon, Resolution No. 2023-05-35, authorizing Operating Permit Rules and Requirements, Materials Management Facility, Revision, was unanimously approved.

- b. Resolution No. 2023-05-36, approves the Leachate Treatment Agreement, by and between the Authority and the City of Ogdensburg, and further authorizes and directs the Executive Director to execute said Agreement for a period of three years.

C. Tuttle stated this is a new agreement that has been approved by the City of Ogdensburg. She continued by providing information regarding the current leachate process and how this would be beneficial to the Authority to have another location for leachate disposal. This agreement is modelled after the existing agreement with the City of Watertown, but for only three years to test the process. C. Farone further stated that this agreement commits the Authority to bring a minimum of one tanker per week to ensure our haulers stay familiar with the route and the facility. This agreement provides the Authority with an additional option within the three county area.

Upon a motion by T. Hefferon and seconded by D. Mastascusa, Resolution No. 2023-05-36, approving Leachate Treatment Agreement, City of Ogdensburg, was unanimously approved.

12. Telecommunications –

- a. Resolution No. 2023-05-37, authorizes Carl E. Farone, Jr., Executive Director, the Authorized Official to make and sign a Catalyst Grant Program application to the Northern Border Regional Commission for a total project of \$3,537,599 of which \$2,830,079 is grant funded and \$707,520 is match. It is further resolved to authorize the Executive Director to execute all documents

necessary to the submission and execution of said grant, to include establishing a NBRC Catalyst Capital Project in the amount of \$3,537,599.

Upon a motion by T. Hefferon and seconded by D. Mastascusa, Resolution No. 2023-05-37, approving Northern Border Regional Commission, Catalyst Grant Program, Authorization, was approved. M. Murray and E. Virkler abstained.

- b. Resolution No. 2023-05-38, amending the FYE 2023 Telecommunications Division Capital Budget for Project 30683 (NYPA Fiber to the Premise), to increase the budget from \$1,900,000 to \$2,297,088, to be funded from Telecom Capital Reserves and reimbursed by the New York State Power Authority.

Upon a motion by E. Virkler and seconded by A. MacKinnon, Resolution No. 2023-05-38, approving Telecommunications Division, FY 2022-2023 Capital Project Budget Amendment No. 2, New York Power Authority Fiber to the Premise, was unanimously approved.

13. Water Quality –

- a. Resolution No. 2023-05-39, authorizes the Authority to determine that this project is a Type II Action and will not have a significant adverse impact on the environment, and therefore, no Environmental Impact Statement needs to be prepared and no further action is required with regard to SEQRA.

Upon a motion by D. Mastascusa and seconded by A. MacKinnon, Resolution No. 2023-05-39, approving Army Sewer Pipeline Rehabilitation Project, SEQRA Type II Action, No Significant Impact on the Environment, was unanimously approved.

- b. Resolution No. 2023-05-40, determines within Sections 1 – 9 of the resolution that the Authority has been vested with all the powers necessary and convenient to carry out the purposes and provisions of Title 29 of the Public Authorities Law. The Authority is to issue its bonds, notes or other evidences in an aggregate original principal amount not to exceed \$11,000,000. The Authority is authorized to undertake the rehabilitation of 16,650 linear feet of Army Sewer Line with cured-in-place pipe between the Warneck Pump Station and the Calcium Nature Trail entrance, and to issue, execute, sell and deliver its bonds, notes, or other evidences of obligations having a maturity not to exceed thirty years in an original aggregate amount not to exceed \$11,000,000. It is further resolved that the Chairperson, Vice Chairperson, and Executive Director are each authorized in the name of and on behalf of the Authority to negotiate, execute, deliver and/or approve any documents necessary to issue the obligations. The authorized representatives are further authorized to sell all or a portion of the obligation to the New York State Environmental Facilities Corporation in the form of one or more loan agreements. Each of the Authorized Representatives are authorized and directed to ensure all acts be completed to make all required payments pursuant to the Financing Documents, and to execute all documents, certificates and instruments in order to carry out the Financing Documents and completed transactions to complete the purposes of this Resolutions and

maintain compliance with all terms, covenants and provisions of the Financing Documents. The person executing the Financing Documents is authorized to agree to changes, insertions, omissions and modification as they may approve. This resolution shall constitute a declaration of the Authority's "official intent: to reimburse expenditures for the project. This resolution shall take effect immediately. This project is considered a Type II Action under the State Environmental Quality Review and requires no further action under SEQRA.

Upon a motion by E. Virkler and seconded by D. Mastascusa, Resolution No. 2023-05-40, approving Reconstruction Financing, Fort Drum Sewer Line, Issuance and Sale of Authority Bonds, Note(s) or other Obligations, was unanimously approved.

14. Executive Session for the purpose of discussion regarding the medical, financial, credit, or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, the Board moved into Executive Session at 11:37 AM.

Upon a motion by T. Hefferon, and seconded by D. Mastascusa, the Board moved out of Executive Session at 11:56 AM.

No action was taken during Executive Session.

15. Regional Development –

- a. Loan Report –

M. Capone reported that Eastern Resort Management and Johnson Newspaper are both 85 days past due. At this time, she is not concerned as she has been in contact with and should be receiving payments from both.

She also reported that S&J Properties in Watertown (Steve Bradley) has finished construction of their two properties, 170 Court Street and 152/154 Court Street. Both properties have beautiful upper floor apartments and received Restore NY Funding.

M. Capone also reported that through the Drum Country Initiative and in working with the partners, they have put together a flier for Micron. She offered to send a copy to anyone who would like to see one. She explained that Micron is currently a big discussion point within Central NY regarding the impacts it will have there and within the entire region. The flier is touting resources within Jefferson, Lewis and St. Lawrence Counties, and why vendors and workers should move to the region.

- b. Resolution No. 2023-05-41, accepts the Annual Report, waives the Annual Meeting of the Housing Development Fund Company by written consent, and effective May 25, 2023 the remaining directors of the HDFC shall continue in office until the next Annual Meeting.

M. Capone stated that the existing directors, T. Hefferon, D. Mastascusa, C. Farone, and M. Capone, would remain effective and continue in office until the next annual meeting.

Upon a motion by A. MacKinnon, and seconded by E. Virkler, Resolution No. 2023-05-41, approving Annual Report, Creek Wood Housing Development Fund Company, Inc., Waiving the Annual Meeting, Appointing Directors, was unanimously approved.

- c. Resolution No. 2023-05-42, accepts the Annual Report, waives the Annual Meeting of the Housing Development Fund Company by written consent, and effective May 25, 2023 the remaining directors of the HDFC shall continue in office until the next Annual Meeting.

Upon a motion by E. Virkler, and seconded by A. MacKinnon, Resolution No. 2023-05-42, approving Annual Report, Creek Wood II Housing Development Fund Company, Inc., Waiving the Annual Meeting, Appointing Directors, was unanimously approved.

- d. Resolution No. 2023-05-43, authorizing the transfer of \$500,000 from the Community Rental Housing Program to Affordable Rental Housing Program, and the transfer of \$1,050,000 from the Housing Loan Revolving Fund to the Development Authority of the North Country Economic Development Fund, and the transfer of \$3,000,000 from the Community Rental Housing Program to the Housing Revolving Loan Fund.

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, Resolution No. 2023-05-43, Authorizing Transfer of Loan Funds, was unanimously approved.

- e. Resolution No. 2023-05-44, approves a not to exceed revolving line-of-credit loan of \$700,000 from the Economic Development Loan Fund to the Village of Heuvelton at the terms and conditions outlined on the term Sheet attached to the resolution, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documentation to make the loan. This resolution 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 A. MacKinnon, and seconded by D. Mastascusa, Resolution No. 2023-05-44, approves Economic Development Fund, Village of Heuvelton, Loan, was unanimously approved.

- f. Resolution No. 2023-05-45, ratifies a loan in the amount of \$90,000 from the Regional Tourism Transformational Community Revolving Loan Fund to Fair Winds Rentals LLC at the terms and conditions outlined on the Term Sheet attached to the resolution, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documentation to make the loan. This resolution 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 D. Mastascusa, and seconded by E. Virkler, Resolution No. 2023-05-45, approves Regional Tourism Transformational Community Revolving Loan Fund, Town House Lodge HoldCo LLC, Loan Ratification, was unanimously approved.

- g. Resolution No. 2023-05-46, ratifies a loan in the amount of \$200,000 from the Regional Tourism Transformational Community Revolving Loan Fund to Town House Lodge HoldCo LLC at the terms and conditions outlined on the Term Sheet attached to the resolution, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documentation to make the loan. This resolution 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 D. Mastascusa, and seconded by A. MacKinnon, Resolution No. 2023-05-46, approves Regional Tourism Transformational Community Revolving Loan Fund, Town House Lodge, HoldCo LLC, Loan Ratification, was unanimously approved.

- h. Resolution No. 2023-05-47, ratifies a loan in the amount of \$200,000 from the Regional Tourism Transformational Community Revolving Loan Fund to Tupper Lake Hotel HoldCo LLC at the terms and conditions outlined on the Term Sheet attached to the resolution, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documentation to make the loan. This resolution 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 T. Hefferon, and seconded by D. Mastascusa, Resolution No. 2023-05-47, approves Regional Tourism Transformational Community Revolving Loan Fund, Tupper Lake Hotel HoldCo LLC, Loan Ratification, was unanimously approved.

16. Next Board Meeting Date – June 22, 2023

This meeting will be held at the Warneck Pump Station. Following the meeting, we will be celebrating with a luncheon to dedicate the conference room to Jim Wright. The hope is that everyone can attend, as it will be nice to finally extend our appreciation to Jim following his retirement.

17. Adjourn -

- a. Upon a motion by D. Mastascusa, and seconded by T. Hefferon, the meeting was adjourned at 12:09 PM.

Respectfully submitted,



Dennis Mastascusa
Board Secretary

PREPARED EXCLUSIVELY FOR:
**DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY**

REVIEW

FISCAL YEAR END MARCH 31, 2023

Cyril Mouaikel, AWM
Managing Director – Branch Director
Senior Portfolio Manager – Portfolio Focus

John Nuber, CFA®
Associate Vice President –
Senior Financial Associate



**Wealth
Management**

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Watertown NY 13601
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Development Authority of the North Country
April 1, 2022 - March 31, 2023
Fiscal year end - March 31, 2023
Portfolio Review

We have compiled the performance numbers for the fiscal year end March 31, 2023.

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 did not perform well in the fiscal year. Our portfolios are invested in mainly short to intermediate-term instruments, but the portfolio held up relatively well in a volatile environment. 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 \$1,008,033.86 or 1.12%. The Bank of NY Capital Improvement account generated net income of \$23,355.17 or 1.94% for the year. The total portfolio net income generated for the year was \$1,031,389.03 or 1.13%. The rise in interest rates has allowed us to extend the portfolio slightly, while matching DANC's necessary cash flow needs. This strategy is keeping up with the indices we compare to.

The market value adjustment for the Comerica accounts for the year was -\$1,863,550.47 or -2.08% and for the Bank of NY Capital Improvement account was \$0.00 or 0.00%. The portfolio total adjustment was -\$1,863,550.47 or -2.05%. The total return after the market value adjustment for the Comerica accounts was -\$855,516.61 or -0.95% and the total return for the Bank of NY Capital Improvement account was \$23,355.17 or 1.94%. The total portfolio return after market value adjustment for the year was -\$832,161.44 or -0.92%.

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	2.19%	Community Rental	-0.60%
General Operating	1.16%	Affordable Rental	-1.55%
Water / Sewer	-0.10%	Revolving Loan	-1.80%
Closure Post Closure	-1.79%	Wetlands Mitigation	-1.49%
Economic Fund	0.21%	Liner	-1.76%
Open Access	0.01%	<u>Bank of NY Account:</u>	
OPEB	-2.95%	Capital Improvement	1.94%
TIP Fee	0.01%		
NCEDF	-1.06%		

For the same period the following benchmarks performed as follows:

3 month T Bill	2.50%
Barclays US Aggregate Government - Treasury	-4.51%
Barclays US Government/Credit	-4.81%

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, 2022 - March 31, 2023
Fiscal year end - March 31, 2023

March 2022 - Statement on Market Value	\$ 90,036,286.80	
April 2022 - Income	\$ 57,801.47	
May 2022 - Income	\$ 51,139.14	
June 2022 - Income	\$ 55,828.11	
July 2022 - Income	\$ 52,148.16	
August 2022 - Income	\$ 54,937.81	
September 2022 - Income	\$ 75,166.97	
October 2022 - Income	\$ 83,288.05	
November 2022 - Income	\$ 72,680.02	
December 2022 - Income	\$ 98,430.50	
January 2023 - Income	\$ 93,306.45	
February 2023 - Income	\$ 95,687.22	
March 2023 - Income	\$ 105,913.31	
Total Income April 2022 - March 2023	\$ 896,327.21	
March 31, 2022 - Accrued Income	\$ (110,393.42)	
March 31, 2023 - Accrued Income	\$ 222,100.07	
Change in Accrued Income	\$ 111,706.65	
Total Net Income for the Full Year	\$ 1,008,033.86	(or) 1.12% Total Net Income
Market Value Adjustment for the Full Year	\$ (1,863,550.47)	(or) -2.08% of Portfolio's Value
Total Return for the Full Year	\$ (855,516.61)	(or) -0.95% Total Return
Transfer of assets and cash in	\$ 2,252,317.43	
Transfer of assets and cash out	\$ (677,784.35)	
March 31, 2023 - Statement on Market Value	\$ 90,755,303.27	

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



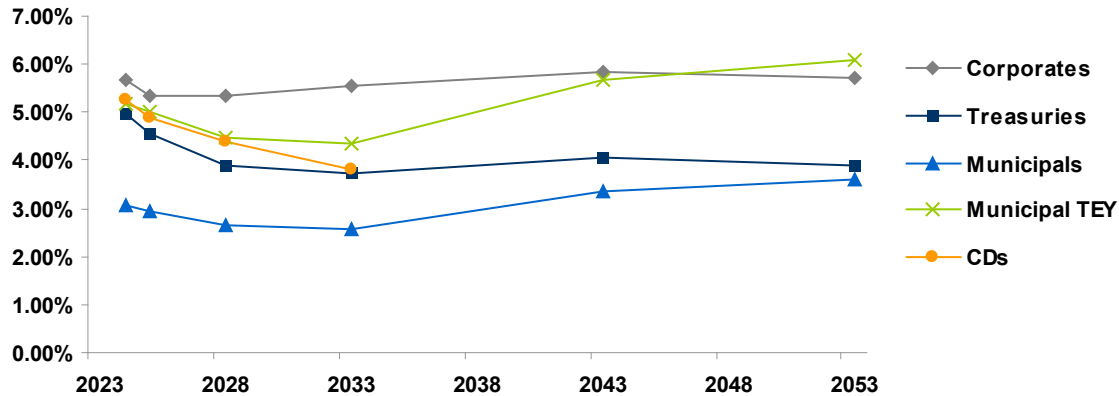
Wealth Management

Portfolio Advisory Group – U.S. Fixed Income Strategies

Indicated yields for selected securities

Monday, June 5, 2023

All indications are for round lots



	Treasuries	Agencies (non-call)	BBB+ Rated Industrial Corporates	AAA Municipals G.O.	TEY*	CDs Coupon	APY**	Mortgage Backed	Treasury Zeros Maturity	Yield
3 month	5.20%					5.20%	5.20%			
6 month	5.25%					5.25%	5.25%			
1 year	4.96%	4.62%	5.67%	3.06%	5.17%	5.25%	5.25%		6/15/24	4.96%
2 year	4.54%	3.97%	5.36%	2.96%	5.00%	4.90%			6/15/25	4.40%
5 year	3.89%	3.95%	5.36%	2.65%	4.48%	4.45%			6/15/28	3.92%
10 year	3.73%	4.01%	5.54%	2.57%	4.35%	3.80%			6/15/33	3.89%
15 year	-	4.16%	5.76%	3.16%	5.34%			4.79%	6/15/38	4.04%
20 year	4.07%		5.84%	3.36%	5.67%				6/15/43	4.22%
30 year	3.91%		5.72%	3.59%	6.07%			4.68%	6/15/53	3.81%

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.

*Tax-equivalent yield (TEY) is based on Federal tax exemption for taxpayers in the 37.0% bracket, plus the 3.8% Medicare surtax.

Cyril Mouaikel

Managing Director – Branch Director

Senior Portfolio Manager – Portfolio Manager

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 U.S. Fixed Income Strategies

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

Period Ending March 31, 2023

	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	2022	2021	2020	2019	2018	2017	2016	3 Yr	5 Yr	7 Yr	10 Yr
In percentages, based on U.S. dollars																			
Balanced																			
20% MSCI World (Net) 80% Bloomberg Barclays U.S Aggregate1	2.65	3.91	3.91	-5.05	0.99	2.52	2.77	2.98	-13.87	2.85	9.68	12.45	-1.63	7.09	3.71	3.00	13.22	21.09	34.13
40% MSCI World (Net) 60% Bloomberg Barclays U.S Aggregate1	2.76	4.86	4.86	-5.41	4.79	4.04	4.61	4.54	-14.82	7.37	11.62	16.21	-3.33	10.75	4.73	15.08	21.87	37.07	55.90
50% MSCI World (Net) 50% Bloomberg Barclays U.S Aggregate1	2.82	5.34	5.34	-5.62	6.71	4.76	5.50	5.30	-15.33	9.69	12.49	18.11	-4.19	12.62	5.23	21.50	26.18	45.50	67.58
60% MSCI World (Net) 40% Bloomberg Barclays U.S Aggregate1	2.87	5.82	5.82	-5.86	8.63	5.46	6.38	6.04	-15.85	12.04	13.31	20.01	-5.07	14.52	5.71	28.19	30.46	54.21	79.79
80% MSCI World (Net) 20% Bloomberg Barclays U.S Aggregate1	2.98	6.77	6.77	-6.40	12.50	6.79	8.09	7.48	-16.96	16.86	14.74	23.83	-6.87	18.40	6.63	42.39	38.87	72.43	105.73
Domestic fixed income																			
Bloomberg Barclays US Universal	2.35	2.93	2.93	-4.61	-2.02	1.05	1.24	1.62	-12.99	-1.10	7.58	9.29	-0.25	4.09	3.91	-5.95	5.35	8.99	17.40
Bloomberg Barclays US Aggregate	2.54	2.96	2.96	-4.78	-2.77	0.91	0.88	1.36	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	-8.09	4.61	6.33	14.51
Bloomberg Barclays US Intermediate Aggregate	2.15	2.39	2.39	-2.79	-1.96	1.00	0.83	1.22	-9.51	-1.29	5.60	6.67	0.92	2.27	1.97	-5.76	5.08	5.98	12.92
Bloomberg Barclays US Aggregate Government - Treasury	2.89	3.01	3.01	-4.51	-4.20	0.74	0.38	0.90	-12.46	-2.32	8.00	6.86	0.86	2.31	1.04	-12.09	3.74	2.68	9.39
Bloomberg Barclays US Aggregate Government	2.87	2.98	2.98	-4.42	-4.12	0.76	0.41	0.92	-12.32	-2.28	7.94	6.83	0.88	2.30	1.05	-11.87	3.84	2.90	9.54
Bloomberg Barclays US Government/Credit	2.82	3.17	3.17	-4.81	-2.63	1.16	1.10	1.50	-13.58	-1.75	8.93	9.71	-0.42	4.00	3.05	-7.69	5.92	7.97	16.01
Bloomberg Barclays US Intermediate Government/Credit	2.30	2.33	2.33	-1.66	-1.28	1.40	1.11	1.32	-8.23	-1.44	6.43	6.80	0.88	2.14	2.08	-3.80	7.18	8.01	14.05
Bloomberg Barclays US Aggregate Credit - Corporate - High Yield	1.07	3.57	3.57	-3.34	5.91	3.21	5.08	4.10	-11.19	5.28	7.11	14.32	-2.08	7.50	17.13	18.79	17.11	41.46	49.43
Bloomberg Barclays US Aggregate Credit	2.74	3.45	3.45	-5.31	-0.70	1.54	1.89	2.18	-15.26	-1.08	9.35	13.80	-2.11	6.18	5.63	-2.09	7.93	14.01	24.08
Bloomberg Barclays US Aggregate Credit - Corp. - Investment Grade	2.78	3.50	3.50	-5.55	-0.54	1.62	2.01	2.32	-15.76	-1.04	9.89	14.54	-2.51	6.42	6.11	-1.61	8.38	14.98	25.77
Bloomberg Barclays Municipal Bond	2.22	2.78	2.78	0.26	0.35	2.03	1.85	2.38	-8.53	1.52	5.21	7.54	1.28	5.45	0.25	1.05	10.59	13.71	26.55
Bloomberg Barclays Municipal Bond 3 Year	1.55	1.35	1.35	1.52	0.53	1.30	1.07	1.14	-3.39	0.40	2.97	3.67	1.76	1.56	0.08	1.60	6.67	7.72	12.01
Bloomberg Barclays Municipal Bond 7 Year	2.00	2.30	2.30	2.01	0.82	2.19	1.73	2.14	-5.97	0.36	5.11	6.74	1.66	4.49	-0.50	2.49	11.44	12.78	23.62
Bloomberg Barclays Municipal Bond 10 year	2.10	2.76	2.76	2.38	0.92	2.59	2.14	2.66	-6.57	0.96	5.62	7.70	1.41	5.83	-0.12	2.78	13.65	15.99	29.98
Bloomberg Barclays Municipal Bond 20 Year (17-22 Y)	2.50	3.22	3.22	-1.02	0.16	2.32	2.27	2.97	-11.02	2.53	6.19	9.29	1.08	7.47	0.49	0.49	12.17	17.02	33.99
BofA Merrill Lynch US Treasury Bill (3 M)	0.43	1.07	1.07	2.50	0.89	1.41	1.21	0.87	1.46	0.05	0.67	2.28	1.87	0.86	0.33	2.69	7.23	8.81	9.05
Citigroup US Inflation-Linked Securities	2.85	3.60	3.60	-6.59	1.85	3.07	2.55	1.58	-12.10	5.86	11.59	8.74	-1.49	3.34	4.82	5.66	16.33	19.25	16.97
BofA ML U.S. Convertible - All Convertibles/All Qualities	-0.66	3.75	3.75	-10.84	14.93	9.57	10.90	9.61	-18.71	6.34	46.22	23.15	0.15	13.70	10.43	51.82	57.95	106.31	150.41
BofA ML Fixed Rate Preferred Securities	-3.32	3.34	3.34	-5.39	1.91	1.88	2.76	3.65	-14.60	2.24	6.95	17.71	-4.34	10.58	2.32	5.83	9.74	20.99	43.07
S&P/LSTA U.S. Leveraged Loan 100	-0.26	2.94	2.94	2.42	6.50	3.37	4.25	3.31	-0.68	3.54	2.84	10.65	-0.62	3.31	10.88	20.78	18.04	33.79	38.45
Global and International fixed income																			
Bloomberg Barclays Global Aggregate	3.16	3.01	3.01	-8.07	-3.43	-1.34	-0.27	0.07	-16.25	-4.71	9.20	6.84	-1.20	7.39	2.09	-9.94	-6.51	-1.90	0.68
Bloomberg Barclays Global Aggregate x US	3.73	3.06	3.06	-10.72	-4.13	-3.17	-1.28	-0.99	-18.70	-7.05	10.11	5.09	-2.15	10.51	1.49	-11.88	-14.90	-8.64	-9.51
Bloomberg Barclays Global High Yield	0.92	3.15	3.15	-4.53	4.62	1.07	3.52	3.17	-12.71	0.99	7.03	12.56	-4.06	10.43	14.27	14.52	5.48	27.39	36.60
BofA Merrill Lynch Global Broad Market x US	4.06	3.00	3.00	-12.45	-5.73	-4.19	-2.02	-1.49	-21.12	-8.94	10.33	4.86	-2.20	10.37	1.69	-16.22	-19.29	-13.32	-13.94
Citigroup WGBI	3.78	3.51	3.51	-9.55	-5.29	-2.35	-1.06	-0.60	-18.26	-6.97	10.11	5.90	-0.84	7.49	1.60	-15.04	-11.21	-7.19	-5.82
Citigroup Non-USD WGBI	4.46	3.72	3.72	-12.96	-6.24	-4.34	-2.11	-1.53	-22.07	-9.68	10.78	5.32	-1.82	10.33	1.81	-17.57	-19.91	-13.89	-14.31
Alternatives																			
CPI for all Urban Consumers (CPI-U) **one month lag	0.37	0.89	0.89	5.99	5.06	3.87	3.42	2.62	6.44	7.19	1.32	2.31	2.00	2.13	2.05	16.45	20.89	26.93	29.50
Bloomberg Commodity Index	-0.21	-5.36	-5.36	-12.49	20.82	5.36	5.59	-1.72	16.09	27.11	-3.12	7.69	-11.25	1.70	11.77	76.38	29.83	46.38	-15.90
S&P GSCI	-1.07	-4.94	-4.94	-10.04	30.53	4.93	6.66	-3.84	25.99	40.35	-23.72	17.63	-13.82	5.77	11.37	122.37	27.19	57.01	-32.40
FTSE NAREIT Equity REITs	-2.54	2.68	2.68	-19.22	12.08	6.02	4.10	5.97	-24.37	43.24	-8.00	26.00	-4.62	5.23	8.52	40.78	33.97	32.49	78.63
FTSE NAREIT All REITs	-2.07	1.49	1.49	-19.78	10.31	5.66	4.78	6.09	-25.10	39.88	-5.86	28.07	-4.10	9.27	9.28	34.22	31.71	38.68	80.60
HFRX Global Hedge Fund	-1.19	0.00	0.00	-3.10	4.35	1.61	2.48	1.45	-4.41	3.65	6.81	8.62	-6.72	5.99	2.50	13.62	8.33	18.72	15.49
HFRX Equity Hedge	-0.14	0.80	0.80	-2.12	9.72	2.56	3.84	2.84	-3.18	12.14	4.60	10.71	-9.42	9.98	0.10	32.07	13.46	30.19	32.32
HFRX Event Driven	-1.57	-0.24	-0.24	-5.72	2.32	0.65	2.36	1.16	-7.27	0.48	8.89	9.96	-11.68	6.48	11.08	7.12	3.27	17.72	12.25
HFRX Absolute Return	-0.11	-0.20	-0.20	0.54	3.87	1.79	1.93	1.94	0.85	2.10	2.72	4.37	-0.49	3.39	0.31	12.06	9.30	14.34	21.22
HFRX Macro/CTA	-3.02	-2.50	-2.50	0.27	1.92	1.61	0.77	0.67	3.75	-0.83	4.29	4.84	-3.25	2.51	-2.93	5.87	8.32	5.52	6.96



THE BONADIO GROUP

CPAs, Consultants & More

Development Authority of the North Country

Board Meeting – June 22, 2023

Part A

Audit of the Financial Statements as of and for the year ended March 31, 2023

Board of Directors Summary

- The purpose of the meeting is to assist the Board in its governance responsibilities with respect to fiscal oversight.
- Pending your acceptance of these financial statements, we plan on issuing an unmodified (clean) opinion.
- In conjunction with the performance of our audit procedures, we did not identify any material weaknesses in internal controls.
- The books and records were maintained in a clear and orderly fashion that allowed us to complete our audit in an expeditious manner.

Required Communications

- The following new accounting policy was adopted during the year:
 - GASB Statement No. 87, *Leases*
- Significant estimates are reasonable and conservative. The financial statement disclosures are neutral and clear.
- We encountered no difficulties during the performance of our audits.
- We had no disagreements with management over a financial reporting or audit matter.
- We are pleased to report there were no corrected misstatements in connection with our current year audits.

Management Considerations

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

Current Accounting Developments

- GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
 - Effective Date: For fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
 - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).
 - PPP exists when a government (transferor) contracts with an operator to provide public service using assets that are owned by the transferor.
 - Operator has a noncancellable right to use an underlying PPP asset

Current Accounting Developments

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*.
 - Effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
 - Per the GASB website, a SBITA is defined as “a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.”
 - The standards for SBITAs are based on the lease standards implemented this year therefore there are similarities between the two standards.
 - Anticipate some changes to the current reporting.

Part B

Audit of the Schedule of Expenditures of Federal Awards and on Compliance as of and for the year ended March 31, 2023

Yellow Book/Uniform Guidance Audit

We anticipate issuing reports as follows:

- No material weaknesses related to the audit of the financial statements were reported.
- No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- No material weaknesses related to the audit of the major federal award program were reported.
- The Independent Auditor's Report on Compliance For Each Major Award Program and on Internal Control Over Compliance Required by the Uniform Guidance for the Authority expressed an unmodified opinion.
- There were no findings and questioned costs.

Part C

Agreed Upon Procedures and Investment Compliance for the year ended March 31, 2023

Audit Results for AUP and Investment Compliance

- Regional Waterline Agreed Upon Procedures
 - We performed procedures agreed upon with the Authority's management on the regional waterline.
 - No findings were noted in performing these procedures.
- Investment Compliance Report
 - We reviewed the Authority's compliance with its investment policy as well as the State Comptroller's Investment Guidelines for Public Authorities.
 - We found the Authority to be in compliance.

June 22, 2023

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, 2023. 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. The Authority changed accounting policies related to financial reporting guidance and reporting format by adopting the following Statement of the Government Accounting Standards Board (GASB) during the year ended March 31, 2023:

GASB Statement No. 87, *Leases*. Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

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.

- 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.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Findings (Continued)

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.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

3. *Difficulties Encountered in Performing the Audit*

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

We encountered no significant 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.

Significant Audit Findings (Continued)

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.

9. *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
Summary of Uncorrected Misstatements
March 31, 2023**

To reduce the other postemployment benefits liability for discrepancies noted in the actuarial report.

OPEB Liability	99,243	
Expense		99,243

Draft - Subject to Change

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Financial Statements As of
March 31, 2023**

**Together With Independent
Auditor's Report**

Draft - Subject to Change

Bonadio & Co., LLP
Certified Public Accountants

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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INDEPENDENT AUDITOR'S REPORT

June 22, 2023

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the year ended March 31, 2023, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management For the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management For the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities For the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Authority's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of contributions - pension plans, proportionate share of net pension liability (asset) and changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying schedule of revenue, expenses and change in net position by department, the schedule of North Country Economic Development Fund activity, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 revenue, expenses and change in net position by department, the schedule of North Country Economic Development Fund activity, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, 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, 2023

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, Lewis, 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 4,300 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'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 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 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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Management's Discussion and Analysis (Unaudited) March 31, 2023

The Statement of Revenue, Expenses and Change in Net Position, or the 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, 2023. 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.

Pages noted as unaudited do not include numbers adjusted for GASB 87 for FY22.

Financial Highlights

- As of March 31, 2023, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by \$159.7 Million. Of this amount, \$2.3 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 \$28.8 Million and \$26.2 Million in 2023 and 2022, respectively.
- The Authority's total expenses (operating and non-operating) were \$31.8 Million and \$29.0 Million in 2023 and 2022, 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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Management's Discussion and Analysis (Unaudited) March 31, 2023

Summary of Operations and Change in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Operating revenue	\$ 28,441,824	\$ 27,110,570	\$ 1,331,254	4.9%
Operating expenses	<u>(31,204,352)</u>	<u>(28,323,726)</u>	<u>2,880,626</u>	10.2%
Operating loss	(2,762,528)	(1,213,156)	(1,549,372)	127.7%
Non-operating revenue, net	<u>(277,634)</u>	<u>(1,587,426)</u>	<u>1,309,792</u>	82.5%
Change in net position	<u>\$ (3,040,162)</u>	<u>\$ (2,800,582)</u>	<u>\$ (239,580)</u>	8.6%

- Operating revenues increased \$1.3 Million or 4.9%. The main increase was at the Materials Management Facility where revenue increased \$1.6 million or 16.9%. This was due to a combination of 29,580 additional tons received in FY2023 versus FY2022 and an increase in tip fees in order to fund facility reserves for future cell builds, cell closures and to replace equipment.
- Operating expenses increased \$2.9 Million or 10.2% due to:
 - Depreciation and amortization increased \$1.4 Million, with the majority due to the depreciation for Materials Management cells 12&13 which began at the end of FY22 and will be fully depreciated by FY27.
 - Closure and post closure costs increased \$479 Thousand. This was due to the increase in tons, the increase to tip fee reserve per ton and increase in interest received on closure/post closure investments.
 - Operating and maintenance increased \$422 Thousand due to overall increased costs associated with inflation, additional fuel needed to operate two landfills, and an increase in offnet circuit leases associated with Telecommunications.
- The increase in net non-operating revenue of \$1.3 Million is primarily due to an increase in investment income due to better interest rates and a reduction in market adjustments.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Management's Discussion and Analysis (Unaudited)
March 31, 2023**

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>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 12,829,761	\$ 10,110,783	\$ 2,718,978	26.9%
Loans receivable, net	30,999,447	30,027,297	972,150	3.2%
Investments	15,898,601	16,965,130	(1,066,529)	-6.3%
Funds held by trustee	837,843	799,937	37,906	4.7%
Other postemployment benefit reserve fund	5,751,911	5,627,433	124,478	2.2%
Restricted assets	84,317,735	82,724,838	1,592,897	1.9%
Net pension asset	1,725,909	-	1,725,909	100.0%
Capital assets, net	<u>77,111,360</u>	<u>81,108,008</u>	<u>(3,996,648)</u>	-4.9%
Total assets	<u>\$ 229,472,567</u>	<u>\$ 227,363,426</u>	<u>\$ 2,109,141</u>	0.9%
DEFERRED OUTFLOWS	<u>\$ 4,067,981</u>	<u>\$ 4,937,285</u>	<u>\$ (869,304)</u>	-17.6%
Liabilities:				
Current liabilities	5,356,630	4,133,594	1,223,036	29.6%
Other liabilities (long-term)	<u>60,406,137</u>	<u>58,834,460</u>	<u>1,571,677</u>	2.7%
Total liabilities	<u>\$ 65,762,767</u>	<u>\$ 62,968,054</u>	<u>\$ 2,794,713</u>	4.4%
DEFERRED INFLOWS	<u>\$ 8,034,258</u>	<u>\$ 6,548,972</u>	<u>\$ 1,485,286</u>	22.7%
Net Position:				
Invested in capital assets, net of related debt	57,697,867	60,948,685	(3,250,818)	-5.3%
Restricted	80,067,819	79,327,533	740,286	0.9%
Unrestricted	<u>21,977,837</u>	<u>22,507,467</u>	<u>(529,630)</u>	-2.4%
Total net assets	<u>\$ 159,743,523</u>	<u>\$ 162,783,685</u>	<u>\$ (3,040,162)</u>	-1.9%

- Current assets increased \$2.7 Million or 26.9% due to cash and cash Equivalents increasing by \$1.3 Million due to timing and Telecommunications Accounts Receivable increasing by \$1.3 Million due to pending USAC payments and a pending customer business being sold.
- Loans receivable, net increased \$972 Thousand or 3.2% due to additional loans that were closed on in FY23.
- Investments decreased \$1.1 Million or 6.3% due to a transfer of \$1 Million for planned capital project spending at the Materials Management Facility.
- Restricted assets increased \$1.6 Million or 1.9% due to the increase to Materials Management Reserves and the sale of the recycling transfer station in Harrisville, NY.
- Net pension assets increased \$1.7 Million or 100%. Each year the Authority complies with GASB 68 requirements. FY22 reflected a net liability and in FY23 reflected a net asset.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Management's Discussion and Analysis (Unaudited)

March 31, 2023

- Capital Assets decreased \$4 Million or 4.9% due to disposal of assets associated with the sale of the recycling transfer station in Harrisville and from the depreciation for cells 12&13 in the southern expansion, which began at the end of FY22 and will be fully depreciated by FY27.
- Current liabilities increased \$1.2 Million or 29.6% primarily as a result of an increase in accounts payable of \$1.1 Million, which is due to the timing of large capital project payments and the current year USAC service provider payables due.
- Other liabilities increased \$1.6 Million or 2.7% due to increase in deferred revenue of \$1.8 Million mainly from the addition of five large Telecommunications contracts for FY23.

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, 2023, 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	867,621
Materials Management - tip fee stabilization and landfill gas reserves	6,241,367
Economic development fund	5,314,979
Affordable housing	<u>3,000,000</u>
	<u>\$ 19,647,074</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, post-closure care, and new cell construction.

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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Management's Discussion and Analysis (Unaudited)
March 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Service and usage revenue:				
Materials Management				
Facility	\$10,875,020	\$9,303,739	\$1,571,281	16.9%
Water Quality operations	7,401,371	6,416,693	984,678	15.3%
Telecommunications Network	6,260,163	6,170,721	89,442	1.4%
Housing and Economic Development	277,247	115,074	162,173	140.9%
Engineering	<u>517,566</u>	<u>1,086,412</u>	<u>(568,846)</u>	-52.4%
Total service and usage revenue	25,331,367	23,092,639	2,238,728	9.7%
Grants from government sources	1,681,338	2,480,763	(799,425)	-32.2%
Interest received from outstanding loans	445,801	516,853	(71,052)	-13.7%
Landfill gas to energy revenue	572,551	546,832	25,719	4.7%
Miscellaneous operating revenue	<u>410,767</u>	<u>473,483</u>	<u>(62,716)</u>	-13.2%
Total operating revenue	<u>\$ 28,441,824</u>	<u>\$ 27,110,570</u>	<u>\$ 1,331,254</u>	4.9%

- Materials Management Facility revenues increased \$1.57 Million or 16.9% due to a combination of an additional 29,580 in tons received in FY 23 and from an increase in tip fees that began in Jan 2022 in order to fund facility reserves for future cell builds, to replace equipment, and for cell closures.
- Water Quality operations revenues increased \$985 Thousand or 15.3% due to a dry summer and an added Municipal water line that needed initial filling. The increase is also from the transfer of Engineering contracts to Water Quality for management services.
- Engineering operations revenues decreased \$569 Thousand or 52.4% due to the transfer of management services contracts to Water Quality operations and the focus of large internal capital projects.
- Housing and Economic Development revenues increased \$162 Thousand or 140.9% due to additional contracts, especially in housing.

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>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Functional expenses:				
Materials Management facility	\$13,617,882	\$11,869,352	\$1,748,530	14.7%
Water Quality	6,910,383	5,965,986	944,397	15.8%
Telecommunications Network	8,636,236	7,813,491	822,745	10.5%
Housing and Economic Development	1,302,736	1,399,713	(96,977)	-6.9%
Engineering	504,790	1,086,583	(581,793)	-53.5%
Administration	<u>232,325</u>	<u>194,770</u>	<u>37,555</u>	19.3%
Total functional expenses	<u>\$ 31,204,352</u>	<u>\$ 28,329,895</u>	<u>\$ 2,874,457</u>	10.1%

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Management's Discussion and Analysis (Unaudited)

March 31, 2023

- Materials Management Facility expenses increased \$1.7 Million or 14.7% due to an increase in fuel costs of \$175 Thousand mainly from operating in two landfills at the Materials Management Facility at the same time, an increase of \$478 Thousand for required reserve funding for closure/post closure care, and an increase in depreciation expense of \$940 Thousand, mainly from cells 12&13, which began at the end of FY22 and will end in FY27.
- Water Quality expenses increased \$944 Thousand or 15.8% as a result of an increase in water purchases of \$212 Thousand from increased water use and an increase in salaries of \$541 Thousand, mainly from the move of Engineering employees in FY23 to Water Quality for management services contracts.
- Telecommunications expenses increased \$823 Thousand or 10.5% because of an increase in depreciation expense of \$299 Thousand, equipment maintenance contracts of \$80 Thousand, offnet circuit leases for \$119 Thousand, and overall increase in operation expense due to inflation.
- Engineering expenses decreased \$582 Thousand or 53.5% due to the move of management services contracts to Water Quality operations.

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Operating expenses:				
Depreciation and amortization	\$10,323,899	\$8,896,356	\$1,427,543	16.0%
Salaries and fringe benefits	8,974,296	8,752,283	222,013	2.5%
Wastewater treatment	1,668,209	1,706,280	(38,071)	-2.2%
Community benefits	1,169,859	967,077	202,782	21.0%
Water purchases	873,649	660,743	212,906	32.2%
Operating and maintenance	4,865,834	4,443,932	421,902	9.5%
General and administrative	2,051,634	2,104,877	(53,243)	-2.5%
Closure and post-closure costs	<u>1,276,972</u>	<u>798,347</u>	<u>478,625</u>	60.0%
Total operating expenses	<u>\$ 31,204,352</u>	<u>\$ 28,329,895</u>	<u>\$ 2,874,457</u>	10.1%

- Salaries and wages expense increased \$222 Thousand or 2.5% due to annual wage increases.
- Operating and maintenance expense increased by \$422 Thousand or 9.5% mainly due to inflation and additional Telecommunications expenses associated with offnet circuit leases.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Management's Discussion and Analysis (Unaudited) March 31, 2023

Non-Operating Revenue (Expense)

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Non-operating revenue (expense):				
Investment income	\$298,999	(\$953,096)	\$1,252,095	131.4%
Gain on sale of capital assets	66,122	13,500	52,622	389.8%
Bond Issuance Costs	(20,000)	-	(20,000)	-100.0%
Interest expense	(622,755)	(647,830)	25,075	-3.9%
Total	<u>\$ (277,634)</u>	<u>\$ (1,587,426)</u>	<u>\$ 1,309,792</u>	82.5%

- Investment income increased \$1.3 Million or \$131.4% as a result of an increase in interest rates and overall lower market adjustments.

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 \$4,462,715. The Authority has a board designated investment account in the amount of \$5,766,268 for other postemployment benefits.

Capital Assets

At the end of 2023, the Authority had \$77,111,360 (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 a decrease of \$3,996,648 or 4.9% over last year. The decrease is mainly due to depreciation of cells of the Southern Expansion at the Material Management Facility. The detail of capital asset activity and balances for the various categories is included in the notes to the financial

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Management's Discussion and Analysis (Unaudited) March 31, 2023

Long-Term Debt Administration

As of March 31, 2023, the Authority has the following revenue bond series outstanding:

Development Authority of the North Country Bond Series	Bonds	Bonds	Principal Due
	Outstanding as of March 2023	Outstanding as of March 2022	2024
Series 2015	\$ 6,730,000	\$ 7,005,000	\$ 285,000
Series 2019	9,970,000	10,230,000	275,000
Total	<u>\$ 16,700,000</u>	<u>\$ 17,235,000</u>	<u>\$ 560,000</u>

In addition to the bonds, the Authority had loans payable as of March 31, 2023 as follows:

Loans, Contract and Capital Lease Payables	Loans	Loans	Principal Due
	Outstanding as of March 2023	Outstanding as of March 2022	2024
Loans payable	<u>\$ 2,864,198</u>	<u>\$ 2,979,925</u>	<u>\$ 118,226</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

March 31, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,010,512	\$ 5,749,003
Accounts receivable, net	4,382,833	3,123,568
Accrued unbilled revenue	605,762	538,407
Interest receivable	189,069	104,035
Inventory	16,280	18,209
Prepaid expense and other current assets	<u>625,305</u>	<u>577,561</u>
Total current assets	12,829,761	10,110,783
Loans receivable, net	30,999,447	30,027,297
Investments	15,898,601	16,965,130
Funds held by trustee	837,843	799,937
Other postemployment benefits reserve fund	5,751,911	5,627,433
Restricted assets	84,317,735	82,724,838
Net pension asset	1,725,909	-
Capital assets, non-depreciable	4,964,496	2,498,088
Capital assets, net of accumulated depreciation/amortization	<u>72,146,864</u>	<u>78,609,920</u>
Total assets	<u>229,472,567</u>	<u>227,363,426</u>
DEFERRED OUTFLOWS		
Other postemployment benefits	234,811	159,451
Pension	<u>3,833,170</u>	<u>4,777,834</u>
Total deferred outflows	<u>4,067,981</u>	<u>4,937,285</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	2,579,390	1,463,209
Current portion of long-term liabilities	733,207	763,335
Accrued expenses	695,735	652,201
Interest payable	115,634	119,838
Current portion of unearned revenue	<u>1,232,664</u>	<u>1,135,011</u>
Total current liabilities	5,356,630	4,133,594
Economic development revolving loan fund	10,800,488	10,639,558
Unearned revenue, net of current portion	7,597,180	5,814,376
Long-term liabilities, net of current portion	<u>42,008,469</u>	<u>42,380,526</u>
Total liabilities	<u>65,762,767</u>	<u>62,968,054</u>
DEFERRED INFLOWS		
Other postemployment benefits	2,081,166	847,267
Pension	<u>5,953,092</u>	<u>5,701,705</u>
Total deferred outflows	<u>8,034,258</u>	<u>6,548,972</u>
NET POSITION		
Net investment in capital assets	57,697,867	60,948,685
Restricted	80,067,819	79,327,533
Unrestricted	<u>21,977,837</u>	<u>22,507,467</u>
Total net position	<u>\$ 159,743,523</u>	<u>\$ 162,783,685</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, 2023
(With Comparative Totals for 2022)**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE:		
Customer billings	\$ 25,331,367	23,092,639
Grant revenue	1,681,338	2,480,763
Loan interest income	445,801	516,853
Landfill gas to energy revenue	572,551	546,832
Other revenue	<u>410,767</u>	<u>473,483</u>
Total operating revenue	<u>28,441,824</u>	<u>27,110,570</u>
OPERATING EXPENSES:		
Depreciation and amortization	10,323,899	9,024,880
Salaries	6,877,883	6,381,596
Fringe benefits	2,096,413	2,370,687
Operation and maintenance	3,721,386	3,231,402
Wastewater treatment	1,668,209	1,706,280
Water purchases	873,649	660,743
Community benefits	1,169,859	967,077
Closure and post-closure costs	1,276,972	798,347
Grants	507,985	296,215
Office and administrative	375,126	334,503
Insurance	544,932	460,081
Automobile	338,215	345,983
Utilities	223,650	231,825
Materials and supplies	322,197	289,007
Professional fees	187,952	472,356
Computer	291,440	310,095
NYS administrative assessment	122,000	122,000
Repairs and maintenance	206,199	108,466
Bad debt expense (recovery)	<u>76,386</u>	<u>212,183</u>
Total operating expenses	<u>31,204,352</u>	<u>28,323,726</u>
Total operating loss	<u>(2,762,528)</u>	<u>(1,213,156)</u>
NON-OPERATING REVENUE (EXPENSE):		
Investment income	298,999	(953,096)
Gain on sale of capital assets	66,122	13,500
Bond issuance costs	(20,000)	-
Interest expense	<u>(622,755)</u>	<u>(647,830)</u>
Total non-operating revenue (expense)	<u>(277,634)</u>	<u>(1,587,426)</u>
CHANGE IN NET POSITION	(3,040,162)	(2,800,582)
NET POSITION - beginning of year	<u>162,783,685</u>	<u>165,584,267</u>
NET POSITION - end of year	<u>\$ 159,743,523</u>	<u>\$ 162,783,685</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, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 26,191,151	\$27,536,136
Receipts from grants	1,777,083	1,644,799
Cash payments to suppliers	(11,909,302)	(14,541,102)
Cash payments to employees	(6,834,349)	(6,334,497)
Net cash flow from operating activities	<u>9,224,583</u>	<u>8,305,336</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(7,045,126)	(6,084,479)
Proceeds from sale of capital assets	816,953	24,038
Payments on long-term debt	(774,085)	(761,360)
Interest paid	(646,959)	(650,652)
Net cash flow from capital and related financing activities	<u>(7,649,217)</u>	<u>(7,472,453)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Receipts of interest	1,020,672	553,736
Unrealized loss on investments	(806,707)	(1,496,877)
Net proceeds (purchases) of investments	1,066,529	11,970,246
Deposits into other postemployment benefit reserve fund	(124,478)	(4,012)
Net proceeds (purchases) of restricted assets	(1,431,967)	(11,660,444)
Change in funds held by trustee	(37,906)	(1,593)
Net cash flow from investing activities	<u>(313,857)</u>	<u>(638,944)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,261,509	193,939
CASH AND CASH EQUIVALENTS - beginning of year	<u>5,749,003</u>	<u>5,555,064</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 7,010,512</u>	<u>\$ 5,749,003</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING		
Operating loss	\$ (2,762,528)	\$ (1,213,156)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation and amortization	10,323,899	9,024,880
Amortization of debt issuance costs	(55,277)	(55,277)
Bad debt expense	76,386	212,183
Change in deferred outflows of resources	869,304	(763,627)
Change in deferred inflows of resources	1,485,286	5,534,498
Landfill closure and post-closure care costs	1,273,873	(387,870)
Postemployment benefits expense	(860,172)	372,765
Change in:		
Accounts receivable	(1,335,651)	(716,594)
Accrued unbilled revenue	(67,355)	(31,625)
Loans receivable	(972,150)	3,408,766
Inventory	1,929	(17,743)
Prepaid expenses and other assets	(47,744)	(18,504)
Accounts payable and accrued expenses	1,159,715	(1,067,135)
Unearned revenue	1,880,457	(747,088)
Net pension asset	(1,725,909)	-
Net pension liability	(19,480)	(5,229,137)
Net cash flow from operating activities	<u>\$ 9,224,583</u>	<u>\$ 8,305,336</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements March 31, 2023

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. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. 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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements March 31, 2023

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, 2022, from which the summarized information was derived.

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 consists 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 \$357,780 was considered necessary at March 31, 2023.

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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements

March 31, 2023

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.

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. The Authority is pursuing legal and trustee advice regarding the legality of establishing a separate trust for those funds based on other NYS Authority established OPEB trust funds.

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 to fifty 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.

Capital assets also include lease assets with a term greater than one year. The Authority does not implement a capitalization threshold for leased assets. Lease assets are amortized on a straight-line basis over the term of the lease.

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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements

March 31, 2023

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 is 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.

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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Notes to Basic Financial Statements
March 31, 2023**

3. NET POSITION

Restricted Net Position

The Authority maintains the following in restricted net position as of March 31, 2023:

Community rental housing program	\$13,162,260
Community development loan fund	9,702,563
Affordable housing program	22,360,403
Army water and sewer line reserves	1,800,000
Regional waterline operating and debt service reserves	404,885
Wetlands mitigation	321,895
Reserve for liner expansion and replacement	17,015,518
Reserve for open access telecommunication networks	6,950,831
Closure/post closure prefunding reserve	<u>8,349,464</u>
Total restricted net position	<u>\$80,067,819</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, 2023:

Board designated net position:	
Administrative reserve / supplemental insurance	\$ 4,000,000
Infrastructure development	223,107
Capital reserves	867,621
Materials Management - tip fee stabilization and landfill gas reserves	6,241,367
Economic development fund	5,314,979
Affordable housing	<u>3,000,000</u>
Total board designated net position	19,647,074
Undesignated net position	<u>2,330,763</u>
Total unrestricted net position	<u>\$21,977,837</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements March 31, 2023

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 \$1,021,625 in 2023.

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 \$572,551 in 2023, and are recorded separately 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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements

March 31, 2023

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.

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, 2023:

Materials Management Facility	\$ 849,217
Water Quality	522,478
Telecommunications Network	2,748,326
Engineering	12,302
Other	<u>387,926</u>
	4,520,249
Less: Allowance for doubtful accounts	<u>(137,416)</u>
	<u>\$4,382,833</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements March 31, 2023

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, 2023:

Demand deposits	\$6,242,814
Time deposits	<u>767,698</u>
	<u>\$7,010,512</u>

Custodial Credit Risk

Custodial credit risk for cash deposits, cash equivalents, money market funds, or investments 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, 2023. Total investments by type are as follows at March 31, 2023:

Money market	\$ 3,503,350
United States Treasury obligations/Government agencies	5,773,881
Certificates of deposit	<u>6,621,370</u>
	<u>\$15,898,601</u>

In addition, investments included in footnote 7 related to restricted assets and other postemployment benefits reserve fund were fully secured.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Notes to Basic Financial Statements
March 31, 2023**

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, 2023:

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

Custodial Credit Risk - Deposits

At March 31, 2023, the Authority had the following deposits that were exposed to custodial credit risk:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	\$ 8,060,770	\$ 7,010,512
Other deposits included in restricted assets or investments	<u>12,165,948</u>	<u>12,165,948</u>
	<u>\$20,226,718</u>	<u>\$19,176,460</u>
Covered by FDIC insurance	500,155	
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name	<u>\$20,460,344</u>	
	<u>\$20,960,499</u>	

Collateral is required for time deposits and certificates of deposit at 102% 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.

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**Notes to Basic Financial Statements
March 31, 2023**

7. RESTRICTED ASSETS AND OTHER POSTEMPLOYMENT BENEFITS RESERVE FUND

Restricted assets are held for the following purposes at March 31, 2023:

Landfill Closure and Post-Closure Care	\$23,823,844
Telecommunications Network	9,630,003
Replacement and Liner at Materials Management Facility	16,924,755
Affordable Housing Program	14,155,631
North Country Economic Development	8,149,364
Community Rental Housing Program	4,834,800
Community Development Loan Fund	3,228,146
Army Water and Sewer Line	2,750,327
Regional Waterline Operating and Debt Service Reserves	498,970
Wetlands Mitigation	<u>321,895</u>
	<u>\$84,317,735</u>

For restricted assets and other postemployment benefits reserve fund, 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, 2023.

Restricted assets consisted of the following at March 31, 2023:

Certificates of deposit	\$35,429,435
United States Treasury obligations/Government agencies	27,985,629
Money market funds	20,743,018
Accrued interest receivable	<u>159,653</u>
	<u>\$84,317,735</u>

Other postemployment benefits reserve fund consisted of the following at March 31, 2023:

Certificates of deposit	\$ 4,634,486
United States Treasury obligations/Government agencies	990,802
Money market funds	<u>126,623</u>
	<u>\$ 5,751,911</u>

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**Notes to Basic Financial Statements
March 31, 2023**

8. LOANS RECEIVABLE

Loans receivable are summarized as follows at March 31, 2023:

Loans receivable:	
Affordable Housing Program	\$ 9,491,621
Community Rental Housing Program	11,930,197
Community Development Loan Fund	7,039,185
North Country Economic Development Loan Fund	2,645,524
Development Authority Economic Development Loan Fund	<u>250,700</u>
	31,357,227
Less allowance for loan loss	<u>(357,780)</u>
Loans receivable, net	<u>\$30,999,447</u>

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2023.

	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	> 90 Days	Total Past Due	Total Loans Receivable
Affordable Housing Program	\$ 9,449,701	\$ 41,883	\$ 37	\$ -	\$ -	\$ 41,920	\$ 9,491,621
Development Authority Economic Development Loan Fund	250,700	-	-	-	-	-	250,700
Community Rental Housing Program	11,924,764	-	-	5,433	-	5,433	11,930,197
Community Development Loan Fund	7,033,410	4,417	1,358	-	-	5,775	7,039,185
North Country Economic Development Loan Fund	2,640,066	5,458	-	-	-	5,458	2,645,524
Total	<u>\$31,298,641</u>	<u>\$ 51,758</u>	<u>\$ 1,395</u>	<u>\$ 5,433</u>	<u>\$ -</u>	<u>\$ 58,586</u>	<u>\$31,357,227</u>

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Notes to Basic Financial Statements

March 31, 2023

Activity in the allowance for loan losses is as follows for the year ended March 31, 2023:

Balance, beginning of year	351,932
Additional Allowance for Doubtful Accounts	<u>5,848</u>
Balance, end of year	<u>357,780</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, 2023.

	Ending Loan Balance			Allowance for Loan Losses		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Loans Individually Evaluated for Impairment	Loans Collectively Evaluated for Impairment	Total
Commercial loans	<u>\$ 31,357,227</u>	<u>\$ -</u>	<u>\$ 31,357,227</u>	<u>\$ -</u>	<u>\$ 357,780</u>	<u>\$ 357,780</u>

There were no impaired loans at March 31, 2023.

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**Notes to Basic Financial Statements
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9. CAPITAL ASSETS

Capital asset and lease activity for the year ended March 31, 2023 was as follows:

	Balance				Balance March
	April 1, 2022	Additions	Transfers	Disposals	31, 2023
Land	\$ 1,706,699	\$ -	\$ -	\$ (86,475)	\$ 1,620,224
Construction-in-progress	791,389	6,965,269	(4,412,386)	-	3,344,272
Total non-depreciable assets	2,498,088	6,965,269	(4,412,386)	(86,475)	4,964,496
Construction:					
Materials Management Facility	104,960,647	-	480,927	(609,705)	104,831,869
Water Quality	42,074,782	-	24,861	-	42,099,643
Telecommunications network	47,256,903	-	1,891,561	-	49,148,464
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	10,449,715	70,106	1,210,545	(879,385)	10,850,981
Water Quality	2,501,180	-	-	-	2,501,180
Telecommunications network	21,952,647	-	464,036	-	22,416,683
Engineering	77,839	-	-	-	77,839
General and administrative	695,087	9,751	-	(21,818)	683,020
Vehicles:					
Materials Management Facility	35,854	-	-	(35,854)	-
Water Quality	56,470	-	-	-	56,470
General and administrative	1,006,890	-	340,456	(144,661)	1,202,685
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	(2,973)	27,146
Total at cost	231,352,439	79,857	4,412,386	(1,694,396)	234,150,286
Less: Accumulated depreciation for:					
Construction	(126,000,988)	(7,599,331)	-	173,199	(133,427,120)
Equipment	(25,972,384)	(2,438,476)	-	717,998	(27,692,862)
Vehicles	(850,048)	(193,112)	-	165,464	(877,696)
Leasehold improvements	(75,281)	-	-	2,973	(72,308)
Total accumulated depreciation	(152,898,701)	(10,230,919)	-	1,059,634	(162,069,986)
Right-to-use Leased Assets, being amortized:					
Buildings	284,706	32,956	-	(36,682)	280,980
Total Right-to-use Leased Assets, being amortized	284,706	32,956	-	(36,682)	280,980

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**Notes to Basic Financial Statements
March 31, 2023**

Less accumulated amortization for:					
Buildings	(128,524)	(122,574)	-	36,682	(214,416)
Total accumulated amortization	(128,524)	(122,574)	-	36,682	(214,416)
Total depreciable/amortized assets, net	78,609,920	(10,240,680)	4,412,386	(634,762)	72,146,864
Total capital assets, net	81,108,008	(3,275,411)	-	(721,237)	77,111,360

Capital asset and lease activity for the year ended March 31, 2022 was as follows:

	Balance April 1, 2021, as restated	Additions	Transfers	Disposals	Balance March 31, 2022
Land	\$ 1,706,699	\$ -	\$ -	\$ -	\$ 1,706,699
Construction-in-progress	22,741,933	6,074,671	(28,025,215)	-	791,389
Total non-depreciable assets	24,448,632	6,074,671	(28,025,215)	-	2,498,088
Construction:					
Materials Management Facility	82,087,542	9,806	22,873,833	(10,534)	104,960,647
Water Quality	40,533,779	-	1,541,003	-	42,074,782
Telecommunications network	45,936,608	-	1,320,295	-	47,256,903
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	10,242,376	-	207,339	-	10,449,715
Water Quality	2,501,180	-	-	-	2,501,180
Telecommunications network	19,869,902	-	2,082,745	-	21,952,647
Engineering	77,839	-	-	-	77,839
General and administrative	695,087	-	-	-	695,087
Vehicles:					
Materials Management Facility	35,854	-	-	-	35,854
Water Quality	56,470	-	-	-	56,470
General and administrative	1,048,589	-	-	(41,699)	1,006,890
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	-	30,119
Total at cost	203,369,651	9,806	28,025,215	(52,233)	231,352,439

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**Notes to Basic Financial Statements
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Less: Accumulated depreciation for:					
Construction	(119,559,867)	(6,441,121)	-	-	(126,000,988)
Equipment	(23,699,888)	(2,272,496)	-	-	(25,972,384)
Vehicles	(709,006)	(182,741)	-	41,699	(850,048)
Leasehold improvements	(75,281)	-	-	-	(75,281)
Total accumulated depreciation	(144,044,042)	(8,896,358)	-	41,699	(152,898,701)
Right-to-use Leased Assets, being amortized:					
Buildings	284,706	-	-	-	284,706
Total Right-to-use Leased Assets, being amortized	284,706	-	-	-	284,706
Less accumulated amortization for:					
Buildings	-	(128,524)	-	-	(128,524)
Total accumulated amortization	-	(128,524)	-	-	(128,524)
Total depreciable/amortized assets, net	59,610,315	(9,015,076)	28,025,215	(10,534)	78,609,920
Total capital assets, net	84,058,947	(2,940,405)	-	(10,534)	81,108,008

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**Notes to Basic Financial Statements
March 31, 2023**

10. LONG-TERM LIABILITIES

Long-term liability activity for the year ended March 31, 2023 was as follows:

	Balance as of April 1, 2022	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2023
Loans payable	\$ 2,979,925	\$ -	\$ (115,727)	\$ 118,226	\$ 2,745,972
Bonds payable	17,235,000	-	(535,000)	560,000	16,140,000
Premium on bonds	1,252,306	-	(55,277)	-	1,197,029
Net pension liability - ERS	19,480	-	(19,480)	-	-
OPEB liability	5,322,887	-	(860,172)	-	4,462,715
Lease liability	156,668	32,956	(123,358)	54,981	11,285
Landfill liability	15,427,610	1,273,873	-	-	16,701,483
Due to U.S. Army	749,985	-	-	-	749,985
Total long-term liabilities	\$43,143,861	\$ 1,306,829	\$ (1,709,014)	\$ 733,207	\$42,008,469

Long-term liability activity for the year ended March 31, 2022 was as follows:

	Balance as of April 1, 2021, as restated	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2022
Loans payable	\$ 3,093,246	\$ -	\$ (113,321)	\$ 115,726	\$ 2,864,199
Bonds payable	17,755,000	-	(520,000)	535,000	16,700,000
Premium on bonds	1,307,584	-	(55,278)	-	1,252,306
Net pension liability (asset) - ERS	5,248,617	-	(5,229,137)	-	19,480
OPEB liability	4,950,122	372,765	-	-	5,322,887
Lease liability	284,706	-	(128,038)	112,609	44,059
Landfill liability	15,815,480	-	(387,870)	-	15,427,610
Due to U.S. Army	749,985	-	-	-	749,985
Total long-term liabilities	\$49,204,740	\$ 372,765	\$ (6,433,644)	\$ 763,335	\$42,380,526

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**Notes to Basic Financial Statements
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Long-term debt revenue loan activity for the year ended March 31, 2023 was as follows:

	Balance as of April 1, 2022	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2023
Loans payable					
Direct Borrowings:					
Unsecured loan payable to the State of New York in annual payments of \$50,000 through March 2040. This loan does not bear interest.	\$ 864,000	\$ -	\$ (50,000)	\$ 50,000	\$ 764,000
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.	930,560	-	(49,230)	51,444	\$ 829,886
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
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.	585,365	-	(16,497)	16,782	552,086
Loans payable	\$2,979,925	\$ -	\$ (115,727)	\$ 118,226	\$2,745,972

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**Notes to Basic Financial Statements
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Long-term debt revenue bond activity for the year ended March 31, 2023 was as follows:

	Balance as of April 1, 2022	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2023
Bonds payable					
Series 2015 bonds maturing in annual amounts ranging from \$225,000 to \$490,000 through 2039 bearing interest ranging from 2.00% to 3.75%.	\$ 7,005,000	\$ -	\$ (275,000)	\$ 285,000	\$ 6,445,000
Series 2019 bonds maturing in annual amounts ranging from \$240,000 to \$650,000 through 2044 bearing interest ranging from 3.25% to 5.00%.	<u>10,230,000</u>	<u>-</u>	<u>(260,000)</u>	<u>275,000</u>	<u>9,695,000</u>
Bonds payable	<u>\$17,235,000</u>	<u>\$ -</u>	<u>\$ (535,000)</u>	<u>\$ 560,000</u>	<u>\$16,140,000</u>

Future Minimum Payments

The future minimum payments for the Authority's financing arrangements are as follows as of March 31, 2023:

	Principal	Interest	Total
2024	\$ 678,226	\$ 654,700	\$ 1,332,926
2025	696,109	630,587	1,326,696
2026	723,813	603,989	1,327,802
2027	751,625	575,909	1,327,534
2028	784,552	546,983	1,331,535
2029 – 2033	4,382,997	2,266,855	6,649,852
2034 – 2038	5,051,121	1,408,798	6,459,919
2039 – 2043	5,057,609	550,409	5,608,018
2044 – 2048	1,410,555	52,620	1,463,175
2049 – 2050	<u>27,591</u>	<u>552</u>	<u>28,143</u>
	<u>\$19,564,198</u>	<u>\$ 7,291,402</u>	<u>\$26,855,600</u>

Interest Paid

Interest paid on all financing arrangements during the years ended March 31, 2023 and March 31, 2022 were \$646,959 and \$643,997, respectively.

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Notes to Basic Financial Statements March 31, 2023

11. 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 Authority has \$25,050,947 set aside for landfill closure and post-closure care liability at March 31, 2023, which represents the cumulative amount reported to date based on the use of 39% of the estimated capacity of both landfills. The Authority will recognize the remaining estimated cost of closure and post-closure care of approximately \$72.5 million as the remaining estimated capacity of both landfills are filled. Costs are estimated based on what it would cost to perform all closure and post-closure care through 2072. The Authority expects to close the currently permitted landfill in 2026 but has increased the landfill capacity by adding the new Southern Expansion landfill on the existing landfill site. The landfill expansion project opened in June of 2022 and adds an estimated additional 11 million tons of available space for waste placement and increases the estimated landfill life by 50 years. 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, 2023, investments of \$23,823,844 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 2023, tipping fees of \$1,277,380 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.

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Notes to Basic Financial Statements

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Liner

The new landfill consists of a total of nine cells. The build out of the first two cells has been completed. The remaining seven cells will be built over the next 39 years. A stand-alone liner reserve has been established which will set aside a portion of the tipping fees collected to meet future cell build outs. In 2023, tipping fees of \$1,532,855 were set aside for the liner reserve. 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 the cell build outs, 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 \$321,895 at March 31, 2023.

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, liner 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 \$9,948 in 2023.

12. 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 September 1, 2020 and expiring on August 31, 2023. Under the terms of the lease, monthly payments of \$8,884 are required. Total rental expense charged to operations amounted to \$133,472 during the year ended March 31, 2023.

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.

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**Notes to Basic Financial Statements
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13. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

The Authority participates in the New York State and Local Employees' 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% 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:

2023	\$ 663,000
2022	\$ 890,000
2021	\$ 797,000

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**Notes to Basic Financial Statements
March 31, 2023**

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

At March 31, 2023, the Authority reported an asset of \$1,725,909 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The Authority's proportion of the net pension asset 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.

The Authority's proportion measured at March 31, 2022 was 0.0211131% which was an increase of 0.0015495% from its proportion measured at March 31, 2021 of 0.0195636%.

For the year ended March 31, 2023, the Authority recognized pension expense of \$106,496.

At March 31, 2023, 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	\$ 130,705	\$ 169,532
Changes in assumptions	2,880,349	48,603
Net difference between projected and actual earnings on pension plan investments	-	5,651,629
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	158,987	83,328
Contributions subsequent to measurement date	<u>663,129</u>	<u>-</u>
	<u>\$3,833,170</u>	<u>\$5,953,092</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:

2023	\$ (409,318)
2024	(616,501)
2025	(1,464,723)
2026	<u>(292,509)</u>
	<u>\$ (2,783,051)</u>

The Authority recognized \$663,129 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022, which will be recognized in the year ended March 31, 2024.

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**Notes to Basic Financial Statements
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Actuarial Assumptions

The total pension liability measured at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.4% indexed by service
Investment rate of return	5.9% compounded annually, net of investment expenses, including inflation
Projected cost of living adjustments	1.4% compounded annually
Decremments	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries' Scale MP-2020

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	3.30%
International equity	15%	5.85%
Private equity	10%	6.50%
Real estate	9%	5.00%
Opportunistic/Absolute Return Strategy	3%	4.10%
Credit	4%	3.78%
Real assets	3%	5.80%
Fixed income	23%	0.00%
Cash	1%	-1.00%
	<u>100%</u>	

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Notes to Basic Financial Statements
March 31, 2023**

	2023		
	1% Decrease (4.9%)	Current assumption (5.9%)	1% Increase (6.9%)
Proportionate share of net pension liability (asset)	<u>4,442,471</u>	<u>(1,725,909)</u>	<u>(6,885,462)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset of the employers as of March 31, 2022 were as follows:

	Pension Plan's Fiduciary Net Position (Dollars in Thousands)	Authority's Proportionate Share of Plan's Fiduciary Assumption Net Position (Dollars in Thousands)	Authority's Allocation Percentage As Determined By the Plan
Total pension liability	\$ 223,874,888	\$ 47,267	0.0211131%
Net position	<u>(232,049,473)</u>	<u>(48,993)</u>	0.0211131%
Net pension liability (asset)	<u>(8,174,585)</u>	<u>(1,726)</u>	0.0211131%
Fiduciary net position as a percentage of total pension liability	103.65%	103.65%	

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently	18
Active employees	<u>63</u>
Total participants	<u>81</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Notes to Basic Financial Statements
March 31, 2023**

OPEB Liability

The Authority's total OPEB liability of \$4,462,715 was determined by using an actuarial valuation as of March 31, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2023 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	4.75%
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, 2022	\$5,322,887
Service cost	275,575
Interest	184,189
Difference between changes in actual and expected	92,006
Changes in assumptions	(1,349,365)
Benefit payments	<u>(62,577)</u>
OPEB Liability as of March 31, 2023	<u>\$4,462,715</u>

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:

	2023		
	Decrease (3.75%)	Rate (4.75%)	1% Increase (5.75%)
OPEB Liability	<u>\$5,333,521</u>	<u>\$4,462,715</u>	<u>\$3,776,189</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Notes to Basic Financial Statements
March 31, 2023**

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:

	2023		
	1%		
	Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
OPEB Liability	<u>\$3,724,997</u>	<u>\$4,462,715</u>	<u>\$5,406,871</u>

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

For the year ended March 31, 2023, the Authority recognized OPEB expense of \$360,944. At March 31, 2023, 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
Difference between actual and expected experience	\$ 87,625	\$ 796,056
Changes of assumptions or other inputs	<u>147,186</u>	<u>1,285,110</u>
	<u>\$ 234,811</u>	<u>\$2,081,166</u>

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

2024	\$ (98,820)
2025	(98,820)
2026	(98,820)
2027	(98,820)
2028	(98,820)
Thereafter	<u>(1,352,255)</u>
	<u>\$ (1,846,355)</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Notes to Basic Financial Statements
March 31, 2023**

15. LEASES

The Authority leases office space from various buildings. The leases contain renewal options. Lease agreements are summarized as follows:

Description	Inception Date	Term (in months)	Interest Rate/Discount Rate	Total Initial Lease Liability
NYS OGS State Office Building	4/1/2021	29	3.29%	\$ 248,024
Canton Office	6/1/2022	36	3.29%	\$ 32,956
Washington Street "HSBC Building"	4/1/2021	17	3.29%	\$ 36,682

Activity of lease liabilities for the year ended March 31, 2022 is summarized as follows:

Balance As of April 1, 2021, As Restated	Additions	Subtractions	Ending Balance As of March 31, 2022	Amount Due Within One Year
\$ 284,706	\$ -	\$ (128,038)	\$ 156,668	\$ 112,609

Annual requirements to amortize long-term obligations and related interest for the year ended March 31, 2022 are as follows:

	Principal	Interest	Total
2023	\$ 112,609	\$ 3,364	\$ 115,973
2024	44,059	363	44,422
Total	\$ 156,668	\$ 3,727	\$ 160,395

Activity of lease liabilities for the year ended March 31, 2023 is summarized as follows:

Balance As of April 1, 2022	Additions	Subtractions	Ending Balance As of March 31, 2023	Amount Due Within One Year
\$ 156,668	\$ 32,956	\$ (123,358)	\$ 66,266	\$ 54,981

Annual requirements to amortize long-term obligations and related interest for the year ended March 31, 2023 are as follows:

	Principal	Interest	Total
2024	\$ 54,981	\$ 961	\$ 55,942
2025	11,285	234	11,519
Total	\$ 66,266	\$ 1,195	\$ 67,461

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Basic Financial Statements
March 31, 2023

16. RESTATEMENT

Change in Accounting Principle

During the year ended March 31, 2023, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the Authority's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. These changes were incorporated in the Authority's financial statements and had no effect on the beginning net position, as the net book value of the leased asset equaled the amount of the lease liability.

	<u>Net Position</u>
Balance at March 31, 2021, as previously reported	\$ 165,584,267
Adjustments:	
Net book value leased asset	284,706
Lease liability	<u>(284,706)</u>
Balance at April 1, 2021, as restated	<u>\$165,584,267</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Supplementary Information
 Schedule of Revenue, Expenses and Change in Net Position By Department
 For the Year Ended March 31, 2023

	General and Administration	Solid Waste Management Facility	Water and Waste Water Operations	Telecommunication Network	Housing and Economic Development	Engineering	Total
OPERATING REVENUE:							
Customer billings	\$ -	\$ 10,875,020	\$ 7,401,371	\$ 6,260,163	\$ 277,247	\$ 517,566	\$ 25,331,367
Grant revenue	8,945	172,232	179,430	942,645	378,086	-	1,681,338
Loan interest income	-	-	-	-	445,801	-	445,801
Landfill gas to energy revenue	-	572,551	-	-	-	-	572,551
Other revenue	151,310	206,738	4,392	9,883	38,444	-	410,767
Total operating revenues	160,255	11,826,541	7,585,193	7,212,691	1,139,578	517,566	28,441,824
OPERATING EXPENSES:							
Depreciation and amortization	316,661	5,157,996	917,373	3,923,526	-	8,343	10,323,899
Salaries	1,281,413	1,728,711	1,824,640	1,456,958	316,326	269,835	6,877,883
Fringe benefits	290,089	623,060	644,883	342,539	94,795	101,047	2,096,413
Operation and maintenance	8,612	1,601,985	94,436	1,918,549	25,863	71,941	3,721,386
Wastewater treatment	-	464,612	1,203,597	-	-	-	1,668,209
Water purchases	-	-	873,649	-	-	-	873,649
Community benefits	-	1,021,625	-	-	148,234	-	1,169,859
Closure and post-closure costs	-	1,276,972	-	-	-	-	1,276,972
Grant	-	-	-	-	507,985	-	507,985
Office and administrative	99,496	86,975	101,943	54,538	7,678	24,496	375,126
Insurance	18,432	224,919	129,939	156,016	-	15,626	544,932
Bad debt	-	-	-	70,142	5,848	396	76,386
Automobile	6,092	9,145	224,383	83,694	-	14,901	338,215
Utilities	-	82,370	135,438	5,842	-	-	223,650
Materials and supplies	-	322,197	-	-	-	-	322,197
Professional fees	76,760	40,341	3,654	18,158	49,039	-	187,952
Computer	186,404	14,616	26,600	29,998	750	33,072	291,440
NYS administrative assessment	-	47,887	34,138	33,417	-	6,558	122,000
Repairs and maintenance	-	13,273	192,926	-	-	-	206,199
Engineering allocation	-	32,426	39,093	13,861	1,630	(87,010)	-
Administrative allocation	(2,051,634)	868,772	463,691	528,998	144,588	45,585	-
Total operating expenses	232,325	13,617,882	6,910,383	8,636,236	1,302,736	504,790	31,204,352
Total operating income (loss)	(72,070)	(1,791,341)	674,810	(1,423,545)	(163,158)	12,776	(2,762,528)
NON-OPERATING REVENUE (EXPENSE):							
Investment income	148,748	9,948	23,073	137,112	(19,882)	-	298,999
Gain on sale of capital assets, net	36,211	29,911	-	-	-	-	66,122
Bond issuance costs	-	-	(20,000)	-	-	-	(20,000)
Interest expense	(3,827)	(564,821)	(54,107)	-	-	-	(622,755)
Total non-operating revenue (expense)	181,132	(524,962)	(51,034)	137,112	(19,882)	-	(277,634)
CHANGE IN NET POSITION	\$ 109,062	\$ (2,316,303)	\$ 623,776	\$ (1,286,433)	\$ (183,040)	\$ 12,776	\$ (3,040,162)

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Supplementary Information
 Schedule of North Country Economic Development Fund Activity
 For the Year Ended March 31, 2023

	<u>Total</u>
Fund balance - beginning of year	\$ 10,639,558
Loan interest income	76,133
Recovered bad debt income	2,100
Investment interest income	93,134
Mark to market adjustment	830
Investment banking fees	(3,267)
Consulting expense	<u>(8,000)</u>
Change in fund balance	<u>160,930</u>
Fund balance - end of year	<u>\$ 10,800,488</u>
Assets restricted for North Country Economic Development	
Investments	\$ 8,149,364
Loan interest receivable	5,600
Loans receivable	<u>2,645,524</u>
Total fund balance	<u>\$ 10,800,488</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Required Supplementary Information
 Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
 For the Year Ended March 31, 2023

	Last 10 Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$ 275,575	\$ 259,524	\$ 259,524	\$ 248,401	\$ 248,401					
Interest	184,189	187,290	187,290	169,281	169,281					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience	92,006	-	(862,191)	-	(99,163)					
Changes in assumptions	(1,349,365)	-	-	-	208,511					
Benefit payments	(62,577)	(74,049)	(67,705)	(59,298)	(53,275)					
Total change in total OPEB liability	(860,172)	372,765	(483,082)	358,384	473,755					
Total OPEB liability - beginning	5,322,887	4,950,122	5,433,204	5,074,820	4,601,065					
Total OPEB liability - ending	\$ 4,462,715	\$ 5,322,887	\$ 4,950,122	\$ 5,433,204	\$ 5,074,820					
Covered-employee payroll	\$ 4,585,487	\$ 4,081,382	\$ 3,819,887	\$ 4,287,573	\$ 3,679,648					
Total OPEB liability as a percentage of covered-employee payroll	97.3%	130.4%	129.6%	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.

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:

	2023	2022	2021	2020	2019
Discount rate	4.75%	3.29%	3.29%	3.29%	3.29%

The Authority did not obtain an actuarial valuation as of March 31, 2022 or March 31, 2020, and relied on the previous year's actuarial valuation, respectively, for those calculations.

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 cost trend 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

Required Supplementary Information
 Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
 For the Year Ended March 31, 2023

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0211131%	0.0195636%	0.0198206%	0.0184752%	0.0177834%	0.0175474%	0.0168838%	0.0167435%		
Proportionate share of the net pension liability (asset)	\$ (1,725,909)	\$ 19,480	\$ 5,248,617	\$ 1,309,024	\$ 573,949	\$ 1,648,794	\$ 2,709,904	\$ 565,635		
Covered-employee payroll	\$ 5,970,353	\$ 5,847,483	\$ 5,642,812	\$ 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	-28.91%	0.33%	93.01%	23.96%	11.55%	35.68%	62.22%	13.96%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	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.

Draft - Subject to Change

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Required Supplementary Information
Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended March 31, 2023**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 663,129	\$ 890,375	\$ 796,667	\$ 766,847	\$ 714,456	\$ 683,563	\$ 659,418	\$ 601,067		
Contributions in relation to the contractually required contribution	<u>663,129</u>	<u>890,375</u>	<u>796,667</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered-employee payroll	\$ 5,970,353	\$ 5,847,483	\$ 5,642,812	\$ 5,462,255	\$ 4,970,504	\$ 4,620,918	\$ 4,355,501	\$ 4,052,840		
Contributions as a percentage of covered-employee payroll	11.11%	15.23%	14.12%	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 22, 2023

To the Board of Directors of
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, 2023 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 22, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

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Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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 PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

June 22, 2023

Directors of
Development Authority of the North Country

Report on Compliance for Major Federal Program
Opinion on Major Federal Program

We have audited the Development Authority of the North Country's (the Authority) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2023.

Basis for Opinion on Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management For Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

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Auditor's Responsibilities For the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023**

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing 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	\$ 517,626	\$ 552,626
Passed through St. Lawrence County:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR309-21	150,126	193,269
Passed through Town of Gouverneur:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	464HR122-20	144,905	175,400
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>295,031</u>	<u>368,669</u>
Total U.S. Department of Housing and Urban Development:			812,657	921,295
U.S. DEPARTMENT OF DEFENSE:				
Direct:				
Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation	12.003	HQ00052210013	N/A	179,430
Total expenditures of federal awards				<u>\$ 1,100,725</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, 2023**

Part I Summary of Auditor's Results

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes None reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major programs:

<u>AL Number</u>	<u>Program Title</u>
14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

The Authority was considered a low-risk auditee for the year ended March 31, 2023.

Part II Financial Statement Findings

There were no financial statement findings reported.

Part III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs that were required to be reported under the Uniform Guidance.

**DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY**

**Communication of Matters Related to Internal
Control Over Financial Reporting
June 22, 2023**

Draft - Subject to Change

June 22, 2023

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

In planning and performing our audit of the financial statements of the governmental activities of the Development Authority of the North Country (the Authority) as of and for the year ended March 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the 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.

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Syracuse, NY
June 22, 2023

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

COMMUNICATIONS OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING JUNE 22, 2023

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 22, 2023

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

We have performed the procedures enumerated below on the Regional Waterline Capital and Operating Reserve Funding Analysis of the Development Authority of the North Country (the Authority) for the year ended March 31, 2023. The Authority's management is responsible for the Regional Waterline Capital and Operating Reserve Funding Analysis.

The Authority's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Regional Waterline Capital and Operating Reserve Funding Analysis. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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, 2023 as attached in Exhibit I.

We noted no exceptions as a result of this procedure. See Exhibit I.

2. We recalculated the revenue (billings) recognized in the Regional Waterline Capital and Operating Reserve Funding Analysis in total. For the capital component, we compared 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 published by the Authority.

We noted no exceptions as a result of this procedure.

3. For six customers on the Regional Waterline, we obtained the quarterly billings for the period April 2022 through March 2023. We then traced the water flows charged to the customer on the related billing document to the water flow logs. We also recalculated 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 haphazardly selected a sample of 20 expenses charged to the Regional Waterline and obtained the related invoices to determine whether the expense was an expense of the Regional Waterline. Our sample represented \$59,668 of expenses.

We noted no exceptions as a result of this procedure.

5. We inspected the principal payments made on the Regional Waterline debt for the year ending March 31, 2023 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 inspected the interest payments made on the Regional Waterline debt for the year ending March 31, 2023 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. We reconciled Regional Waterline capital costs to the fixed asset records of the Authority.

We noted no exceptions as a result of this procedure.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Regional Waterline Capital and Operating Reserve Funding Analysis. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 those specified parties.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

REGIONAL WATERLINE - CAPITAL AND OPERATING RESERVE FUNDING
FOR THE YEAR ENDED MARCH 31, 2023

	<u>Capital</u>	<u>Operating</u>	<u>Total</u>
Reserves Held - March 31, 2022	\$ 238,878	\$ 62,625	\$ 301,503
Billings FYE 2023	275,812	100,733	376,545
Interest Income and miscellaneous income	9,167	-	9,167
Expenses	(140,118)	(125,533)	(265,651)
Interest Expense	(54,107)	-	(54,107)
Principal Payment	(78,716)	-	(78,716)
Capital Costs	(24,861)	-	(24,861)
Change In Reserves	(12,823)	(24,800)	(37,623)
Transfer to Offset Losses	(24,800)	24,800	-
Net Change in Reserve	(37,623)	-	(37,623)
Reserves Held - March 31, 2023	\$ 201,255	\$ 62,625	\$ 263,880

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

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

June 22, 2023

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States, the financial statements of the Development Authority of the North Country's (a New York State Public Benefit Corporation) (the Authority), which comprise the statement of net position as of March 31, 2023, and the related statements of revenue, expenses and change in net position and cash flows for the year ended, and have issued our report thereon dated June 22, 2023.

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Authority is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of the Authority's compliance with its own investment policies as well as the State Comptroller's Investment Guidelines for Public Authorities. However, providing opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the Authority's own investment policies as well as applicable laws, regulations, and the State Comptroller's Investment Guidelines. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above referenced requirements, insofar as they relate to accounting matters.

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

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Board Resolution No. 2023-06-48
June 22, 2023

**APPROVING AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT,
AGREED UPON PROCEDURES, AND REPORT ON INVESTMENTS
FOR FISCAL YEAR ENDING MARCH 31, 2023**

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, 2023, 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, 2023 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, 2023.



Board Resolution No. 2023-06-49
June 22, 2023

**APPROVING THE ASSESSMENT OF THE EFFECTIVENESS
OF INTERNAL CONTROLS OF THE DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY FOR FISCAL YEAR 2023**

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 2023 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 2023.

Assessment of the Effectiveness of Internal Controls – FY 2023

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 into 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 Comptroller.
- 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, 2023.

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. 2023-06-50
June 22, 2023

**APPROVING ANNUAL BOND SALES REPORT
FOR FISCAL YEAR ENDING MARCH 31, 2023**

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, 2023, 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 approves the Annual Bond Sales Report for the fiscal year ending March 31, 2023, attached hereto and incorporated in this Resolution.

**Development Authority of the North Country
Annual Bond Sales Report
Fiscal Year Ended March 31, 2023**

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>
No Debt Issued	NA	NA	NA	NA	NA	NA	NA

Outstanding Bonds as of March 31, 2023

<u>Bond Issue</u>	<u>Balance @ 3/31/23</u>	<u>Maturity</u>
Series 2019 SWMF Revenue Bonds	\$ 9,970,000	2044
Series 2015 SWMF Revenue Bonds	\$ 6,730,000	2040

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2023

	<u>YTD ACTUAL</u>	<u>3/31/2023 Total</u>
STATEMENT OF NET POSITION		
ASSETS		
Cash and Cash Equivalents	\$5,134,860.85	\$7,010,511.59
Accounts Receivable	5,003,499.71	4,382,832.12
Unbilled Revenue	361,447.97	605,761.13
Interest Receivable	183,786.02	188,912.79
Loans Receivable, net	30,908,041.73	31,012,696.12
Inventory	16,280.29	16,280.29
Prepaid Expense	478,970.33	538,195.29
Investments	15,666,500.82	15,615,005.87
Funds Held In Trust	939,471.26	837,843.15
OPEB Reserve Fund	5,767,433.05	5,766,267.74
Restricted Assets	84,868,290.78	84,587,130.01
Leased Property	29,925.00	30,756.25
Operating Lease ROU Assets, Net	66,564.62	66,564.62
Capital Assets, net	77,115,470.00	77,044,799.06
Total Assets	226,540,542.43	227,703,556.03
DEFERRED OUTFLOWS OF RESOURCES		
Pension	3,833,170.00	3,833,170.00
OPEB	234,811.00	234,811.00
Total Deferred Outflows of Resources	4,067,981.00	4,067,981.00
TOTAL ASSETS PLUS DEFERRED OUTFLOWS	230,608,523.43	231,771,537.03
LIABILITIES		
Accounts Payable	516,646.15	1,617,628.12
Grants & Passthroughs Payable	771,572.65	775,496.99
Community Benefits Payable	70,410.34	186,265.41
Interest Payable	165,738.12	115,633.30
Accrued Expenses	646,850.99	608,636.83
OPEB Liability	4,506,570.77	4,462,715.00
Net Pension Liability	(1,725,909.00)	(1,725,909.00)
Unearned Income	8,815,081.57	8,829,844.30
Lease Obligation	29,925.00	30,756.25
Current Portion of Operating Lease Liability	66,266.94	66,266.94
Funds Held for Others	10,800,487.71	10,800,487.71
Due to US ARMY	749,985.00	749,985.00
Landfill Closure & Post Closure	16,796,905.13	16,701,482.53
Long-term Liabilities	20,769,871.09	20,774,477.53
Total Liabilities	62,980,402.46	63,993,766.91
DEFERRED INFLOWS OF RESOURCES		
Pension	5,953,092.00	5,953,092.00
OPEB	2,081,166.00	2,081,166.00
Total Deferred Inflows of Resources	8,034,258.00	8,034,258.00
TOTAL LIABILITIES PLUS DEFERRED INFLOWS	71,014,660.46	72,028,024.91
NET POSITION		
Invested In Capital Assets, Net	57,759,599.12	57,684,321.74
Restricted for:		
Community Rental Housing Program	13,176,993.17	13,162,260.08
Community Development Loan Fund	9,716,353.27	9,702,562.68
Affordable Housing Program	22,387,783.68	22,360,402.54
Army Water & Sewer	1,800,000.00	1,800,000.00
Regional Waterline	404,884.96	404,884.96
Reserve For Liner	11,992,320.22	11,832,162.81
Reserve for Replacement	5,307,756.67	5,183,354.81
Reserve For Wetland Mitigation	322,210.25	321,895.21
OATN Reserve	6,973,218.13	6,950,830.37
Landfill Closure & Post Closure Prefunding	8,336,018.82	8,349,464.01
Total Restricted	80,417,539.17	80,067,817.47
Board Designated for:		
Infrastructure Development	223,107.42	223,107.42
Capital Reserve	812,140.24	867,620.93
Tip Fee Stabilization	4,840,273.58	4,836,637.74
Landfill Gas Reserve	1,387,489.60	1,404,728.55
Economic Development Fund	5,325,614.96	5,314,978.75
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	19,588,625.80	19,647,073.39
Undesignated	1,828,098.88	2,344,299.52
Total Net Position	159,593,862.97	159,743,512.12
Total Liabilities, Deferred Outflows & Net Position	230,608,523.43	231,771,537.03

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2023

	<u>YTD ACTUAL</u>	<u>3/31/2023 Total</u>
<u>CHANGE IN NET POSITION</u>		
OPERATING REVENUE:		
Customer Billings	2,098,949.60	25,331,367.41
Waste Diversion Revenue	0.00	188,880.93
Grant Revenue	(97,218.76)	1,676,857.09
Loan Interest Income	29,279.34	445,800.97
Other Income	56,462.55	798,915.41
Total Operating Revenue	2,087,472.73	28,441,821.81
OPERATING EXPENSES		
Depreciation & Amortization	838,454.41	10,452,423.06
Salaries	515,034.83	6,789,324.40
Fringe Benefits	230,023.25	2,057,501.53
Operation & Maintenance	280,318.48	3,114,059.64
Recycling Transfer Station	0.00	157,506.23
Waste Diversion	5,978.00	595,701.94
Wastewater Treatment	169,873.87	1,668,210.07
Closure & Post Closure Costs	95,422.60	1,276,972.24
Community Benefits	70,410.34	1,169,859.08
Water Purchases	75,662.01	872,949.42
Office & Administration	29,820.20	249,388.86
Insurance	49,283.33	544,933.51
Utilities	6,396.33	215,967.28
Bad Debt Expense	(2,158.75)	76,385.67
Materials & Supplies	125.00	320,415.78
Professional Fees	15,349.64	187,949.73
Repairs & Maintenance	8,468.56	204,848.26
Automobile	23,653.66	333,271.03
Computer Expenses	68,492.57	291,441.22
Grants	0.00	507,984.90
NYS Administrative Assessment	0.00	122,000.00
Total Operating Expenses	2,480,608.33	31,209,093.85
Total Operating Income	(393,135.60)	(2,767,272.04)
NON-OPERATING REVENUE (EXPENSE)		
Interest Income	228,334.83	299,001.20
Gain on Sale of Fixed Assets	60,650.00	66,122.66
Interest Expense	(45,498.38)	(618,927.95)
Bond Issuance Costs	0.00	(20,000.00)
Total Non-Operating Expense, Net	243,486.45	(273,804.09)
CHANGE IN NET ASSETS	(149,649.15)	(3,041,076.13)

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2023

	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	\$5,134,860.85									\$5,134,860.85
Accounts Receivable	(609.82)	1,161,191.16	2,598,226.46	656,387.43	297,341.67	89,528.29	94,033.54	35,497.70	71,903.28	5,003,499.71
Unbilled Revenue				74,132.70	14,657.39	30,040.09	135,542.57	34,326.05	72,749.17	361,447.97
Interest Receivable	9,002.64	33,161.69	38,897.04						102,724.65	183,786.02
Loans Receivable, net									30,908,041.73	30,908,041.73
Inventory		16,280.29								16,280.29
Prepaid Expense	463,702.73		15,267.60							478,970.33
Investments	3,000,021.56	6,632,477.67	2,004,370.19						4,029,631.40	15,666,500.82
Funds Held In Trust		939,471.26								939,471.26
OPEB Reserve Fund	5,767,433.05									5,767,433.05
Restricted Assets		41,410,327.13	9,652,390.66	1,783,913.17	973,043.55	500,322.57			30,548,293.70	84,868,290.78
Leased Property									29,925.00	29,925.00
Operating Lease ROU Assets, Net	66,564.62							6,952.55		66,564.62
Capital Assets, net	471,784.69	43,173,584.46	23,122,359.05	3,254,115.52	4,298,065.91	2,788,607.82				77,115,470.00
Total Assets	14,912,760.32	93,366,493.66	37,431,511.00	5,768,548.82	5,583,108.52	3,408,498.77	229,576.11	76,776.30	65,763,268.93	226,540,542.43
DEFERRED OUTFLOWS OF RESOURCES										
Pension	3,833,170.00									3,833,170.00
OPEB	234,811.00									234,811.00
Total Deferred Outflows of Resources	4,067,981.00									4,067,981.00
TOTAL ASSETS PLUS DEFERRED...	18,980,741.32	93,366,493.66	37,431,511.00	5,768,548.82	5,583,108.52	3,408,498.77	229,576.11	76,776.30	65,763,268.93	230,608,523.43
LIABILITIES										
Accounts Payable	77,578.67	78,135.15	50,111.85	190,336.36	87,706.68	32,559.60		217.84		516,646.15
Grants & Passthroughs Payable		(327.25)	791,006.14						(19,106.24)	771,572.65
Community Benefits Payable		70,410.34								70,410.34
Interest Payable	120.80	165,617.32								165,738.12
Accrued Expenses	368,287.15	76,019.84	112,791.34	27,910.57	27,910.57			33,931.52		646,850.99
OPEB Liability	4,506,570.77									4,506,570.77
Net Pension Liability	(1,725,909.00)									(1,725,909.00)
Unearned Income	10,065.29		8,159,016.28						646,000.00	8,815,081.57
Lease Obligation									29,925.00	29,925.00
Current Portion of Operating Lease Lia...	66,266.94									66,266.94
Funds Held for Others				749,985.00					10,800,487.71	10,800,487.71
Due to US ARMY										749,985.00
Landfill Closure & Post Closure		16,796,905.13								16,796,905.13
Long-term Liabilities	814,000.00	17,892,422.76				1,463,448.33			600,000.00	20,769,871.09
Internal: Due To/Due From	1,191,212.51	(1,033,432.29)	836,452.35	(1,497,986.65)	743,214.18	(59,441.15)	(375,613.51)	45,657.56		149,937.00
Total Liabilities	5,308,193.13	34,045,751.00	9,949,377.96	(529,754.72)	858,831.43	1,436,566.78	(375,613.51)	79,806.92	12,207,243.47	62,980,402.46
DEFERRED INFLOWS OF RESOURCES										
Pension	5,953,092.00									5,953,092.00
OPEB	2,081,166.00									2,081,166.00
Total Deferred Inflows of Resources	8,034,258.00									8,034,258.00
TOTAL LIABILITIES PLUS DEFERR...	13,342,451.13	34,045,751.00	9,949,377.96	(529,754.72)	858,831.43	1,436,566.78	(375,613.51)	79,806.92	12,207,243.47	71,014,660.46
NET POSITION										
Invested in Capital Assets, Net	471,784.69	25,281,161.91	23,122,359.05	3,254,115.52	4,298,065.91	1,325,159.49		6,952.55		57,759,599.12
Restricted for:										
Community Rental Housing Program									13,176,993.17	13,176,993.17
Community Development Loan Fund									9,716,353.27	9,716,353.27
Affordable Housing Program									22,387,783.68	22,387,783.68
Army Water & Sewer				900,000.00	900,000.00					1,800,000.00
Regional Waterline						404,884.96				404,884.96
Reserve For Liner		11,992,320.22								11,992,320.22
Reserve for Replacement		5,307,756.67								5,307,756.67
Reserve For Wetland Mitigation		322,210.25								322,210.25
OATN Reserve			6,973,218.13							6,973,218.13
Landfill Closure & Post Closure Prefund...		8,336,018.82								8,336,018.82
Total Restricted		25,958,305.96	6,973,218.13	900,000.00	900,000.00	404,884.96			45,281,130.12	80,417,539.17
Board Designated for:										
Infrastructure Development				223,107.42						223,107.42
Capital Reserve		538,575.73		273,564.51						812,140.24
Tip Fee Stabilization		4,840,273.58								4,840,273.58
Landfill Gas Reserve		1,387,489.60								1,387,489.60
Economic Development Fund									5,325,614.96	5,325,614.96
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	6,766,338.91		496,671.93					8,325,614.96	19,588,625.80
Undesignated	1,166,505.50	1,314,935.88	(2,613,444.14)	1,647,516.09	(473,788.82)	241,887.54	605,189.62	(9,983.17)	(50,719.62)	1,828,098.88
Total Net Position	5,638,290.19	59,320,742.66	27,482,133.04	6,298,303.54	4,724,277.09	1,971,931.99	605,189.62	(3,030.62)	53,556,025.46	159,593,862.97
Total Liabilities, Deferred Outflows...	18,980,741.32	93,366,493.66	37,431,511.00	5,768,548.82	5,583,108.52	3,408,498.77	229,576.11	76,776.30	65,763,268.93	230,608,523.43

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2023

	ADMIN	MATERIALS MGMT	TELECOM	ARMY SEWER	ARMY WATER	REGIONAL WATER	WQ CONTRACTS	ENGINEERING	REGIONAL DEVELOPMENT	TOTAL
CHANGE IN NET POSITION										
OPERATING REVENUE:										
Customer Billings		832,550.69	540,296.81	304,997.26	198,655.56	30,040.09	139,890.03	34,561.01	17,958.15	2,098,949.60
Grant Revenue			(120,446.74)						23,227.98	(97,218.76)
Loan Interest Income									29,279.34	29,279.34
Other Income	17,400.01	36,399.18	2,361.12	300.83					1.41	56,462.55
Total Operating Revenue	17,400.01	868,949.87	422,211.19	305,298.09	198,655.56	30,040.09	139,890.03	34,561.01	70,466.88	2,087,472.73
OPERATING EXPENSES										
Depreciation & Amortization	16,997.81	422,536.95	322,041.58	27,439.78	34,867.76	13,875.28		695.25		838,454.41
Salaries	96,748.77	135,008.97	110,007.75	33,957.68	23,178.92	3,518.94	81,827.22	3,766.39	27,020.19	515,034.83
Fringe Benefits	48,643.45	60,782.46	37,129.98	18,438.26	13,705.29	1,068.64	32,957.43	6,356.90	10,940.84	230,023.25
Operation & Maintenance	2,241.12	29,701.66	242,443.09	355.18			139.30	5,438.13		280,318.48
Waste Diversion		5,978.00								5,978.00
Wastewater Treatment		54,166.67		115,707.20						169,873.87
Closure & Post Closure Costs		95,422.60								95,422.60
Community Benefits		70,410.34								70,410.34
Water Purchases					68,087.69	7,574.32				75,662.01
Office & Administration	22,166.97	974.66	1,519.52	2,732.53			111.35	1,650.10	665.07	29,820.20
Insurance	1,608.33	20,125.00	14,916.67	4,400.00	3,225.00	516.67	3,108.33	1,383.33		49,283.33
Utilities		5,121.37	29.04			1,245.92				6,396.33
Bad Debt Expense			(667.56)							(2,158.75)
Materials & Supplies		125.00							(1,491.19)	125.00
Professional Fees	158.00		7,091.64						8,100.00	15,349.64
Repairs & Maintenance		478.28		647.09	510.00	6,833.19				8,468.56
Automobile	23.67	1,441.67	5,666.04	15,224.92				1,297.36		23,653.66
Computer Expenses	42,155.16		111.28					26,226.13		68,492.57
Admin Allocation	(204,657.73)	84,339.45	51,532.82	30,146.08	15,574.46	1,432.60	3,294.99	4,379.68	13,957.65	
Engineering Allocation		13,822.39	5,589.67	3,631.17	3,149.96	143.83	886.95	(27,362.20)	138.23	
Water Quality Allocation				(16,424.39)	5,293.08	517.15	10,614.16			
Total Operating Expenses	26,085.55	1,000,435.47	797,411.52	236,255.50	167,592.16	36,726.54	132,939.73	23,831.07	59,330.79	2,480,608.33
Total Operating Income	(8,685.54)	(131,485.60)	(375,200.33)	69,042.59	31,063.40	(6,686.45)	6,950.30	10,729.94	11,136.09	(393,135.60)
NON-OPERATING REVENUE (EX...										
Interest Income	18,580.98	94,646.76	28,338.32	4,016.55	2,190.84	1,352.74			79,208.64	228,334.83
Gain on Sale of Fixed Assets	40,400.00	20,250.00								60,650.00
Interest Expense		(45,498.38)								(45,498.38)
Total Non-Operating Expense, Net	58,980.98	69,398.38	28,338.32	4,016.55	2,190.84	1,352.74			79,208.64	243,486.45
CHANGE IN NET ASSETS	50,295.44	(62,087.22)	(346,862.01)	73,059.14	33,254.24	(5,333.71)	6,950.30	10,729.94	90,344.73	(149,649.15)

**Summary of All Units
Change In Net Position
For the One Month Ending Sunday, April 30, 2023**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$26,138,400.00	\$2,178,202.00	\$2,098,949.60	(\$79,252.40)
	Grant Revenue	1,906,278.00	158,857.00	(97,218.76)	(256,075.76)
	Loan Interest Income	518,760.00	43,231.00	29,279.34	(13,951.66)
	Other Income	786,266.00	65,522.00	56,462.55	(9,059.45)
	Total Operating Revenue	29,349,704.00	2,445,812.00	2,087,472.73	(358,339.27)
OPERATING EXPENSES					
	Depreciation & Amortization	12,225,200.00	1,018,767.00	838,454.41	(180,312.59)
	Salaries	7,191,047.00	599,259.00	515,034.83	(84,224.17)
	Fringe Benefits	3,186,532.00	265,547.33	230,023.25	(35,524.08)
	Operation & Maintenance	3,604,014.00	300,338.33	280,318.48	(20,019.85)
	Waste Diversion	437,980.00	36,498.00	5,978.00	(30,520.00)
	Wastewater Treatment	2,038,486.00	169,874.00	169,873.87	(0.13)
	Closure & Post Closure Costs	1,460,136.00	121,678.00	95,422.60	(26,255.40)
	Water Purchases	940,049.00	78,338.00	75,662.01	(2,675.99)
	Community Benefits	1,212,757.18	85,745.02	70,410.34	(15,334.68)
	Office & Administration	556,461.82	46,379.32	29,820.20	(16,559.12)
	Insurance	591,400.00	49,283.00	49,283.33	0.33
	Utilities	216,000.00	18,000.00	6,396.33	(11,603.67)
	Bad Debt Expense	0.00	0.00	(2,158.75)	(2,158.75)
	Materials & Supplies	327,000.00	27,249.00	125.00	(27,124.00)
	Professional Fees	371,052.00	30,923.00	15,349.64	(15,573.36)
	Repairs & Maintenance	171,500.00	14,292.00	8,468.56	(5,823.44)
	Automobile	395,230.00	32,936.00	23,653.66	(9,282.34)
	Computer Expenses	376,334.00	31,361.00	68,492.57	37,131.57
	Grants	154,000.00	12,833.00	0.00	(12,833.00)
	NYS Administrative Assessment	125,050.00	10,421.00	0.00	(10,421.00)
	Contingency	85,000.00	7,083.00	0.00	(7,083.00)
	Total Operating Expenses	35,665,229.00	2,956,805.00	2,480,608.33	(476,196.67)
	Total Operating Income	(6,315,525.00)	(510,993.00)	(393,135.60)	117,857.40
NON-OPERATING REVENUE...					
	Interest Income	1,914,392.00	159,532.00	228,334.83	68,802.83
	Gain on Sale of Fixed Assets	224,000.00	18,667.00	60,650.00	41,983.00
	Interest Expense	(1,053,965.00)	(87,830.00)	(45,498.38)	42,331.62
	Total Non-Operating Expe...	1,084,427.00	90,369.00	243,486.45	153,117.45
	CHANGE IN NET POSITION	(5,231,098.00)	(420,624.00)	(149,649.15)	270,974.85

Administration
Change In Net Position
For the One Month Ending Sunday, April 30, 2023

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Other Income	\$191,100.00	\$15,925.00	\$17,400.01	\$1,475.01
	Total Operating Revenue	191,100.00	15,925.00	17,400.01	1,475.01
OPERATING EXPENSES					
	Depreciation & Amortization	285,800.00	23,817.00	16,997.81	(6,819.19)
	Salaries	1,318,952.00	109,912.00	96,748.77	(13,163.23)
	Fringe Benefits	627,885.00	52,323.00	48,643.45	(3,679.55)
	Operation & Maintenance	7,870.00	656.00	2,241.12	1,585.12
	Office & Administration	227,468.00	18,958.00	22,166.97	3,208.97
	Insurance	19,300.00	1,608.00	1,608.33	0.33
	Professional Fees	93,305.00	7,776.00	158.00	(7,618.00)
	Automobile	2,130.00	178.00	23.67	(154.33)
	Computer Expenses	255,686.00	21,307.00	42,155.16	20,848.16
	Admin Allocation	(2,405,187.00)	(200,433.00)	(204,657.73)	(4,224.73)
	Contingency	30,000.00	2,500.00	0.00	(2,500.00)
	Total Operating Expenses	463,209.00	38,602.00	26,085.55	(12,516.45)
	Total Operating Income	(272,109.00)	(22,677.00)	(8,685.54)	13,991.46
NON-OPERATING REVENUE...					
	Interest Income	228,580.00	19,048.00	18,580.98	(467.02)
	Gain on Sale of Fixed Assets	104,000.00	8,667.00	40,400.00	31,733.00
	Total Non-Operating Expe...	332,580.00	27,715.00	58,980.98	31,265.98
	CHANGE IN NET POSITION	60,471.00	5,038.00	50,295.44	45,257.44

Materials Management
Change In Net Position
For the One Month Ending Sunday, April 30, 2023

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$11,296,725.00	\$941,394.00	\$832,550.69	(\$108,843.31)
	Grant Revenue	97,975.00	8,165.00	0.00	(8,165.00)
	Other Income	550,884.00	45,907.00	36,399.18	(9,507.82)
	Total Operating Revenue	11,945,584.00	995,466.00	868,949.87	(126,516.13)
OPERATING EXPENSES					
	Depreciation & Amortization	5,819,000.00	484,917.00	422,536.95	(62,380.05)
	Salaries	1,736,654.00	144,721.00	135,008.97	(9,712.03)
	Fringe Benefits	816,419.00	68,035.00	60,782.46	(7,252.54)
	Operation & Maintenance	1,132,320.00	94,361.66	29,701.66	(64,660.00)
	Waste Diversion	437,980.00	36,498.00	5,978.00	(30,520.00)
	Wastewater Treatment	650,000.00	54,167.00	54,166.67	(0.33)
	Closure & Post Closure Costs	1,460,136.00	121,678.00	95,422.60	(26,255.40)
	Community Benefits	1,028,948.00	85,745.00	70,410.34	(15,334.66)
	Office & Administration	100,099.00	8,342.33	974.66	(7,367.67)
	Insurance	241,500.00	20,125.00	20,125.00	0.00
	Utilities	90,000.00	7,500.00	5,121.37	(2,378.63)
	Materials & Supplies	327,000.00	27,249.00	125.00	(27,124.00)
	Professional Fees	68,400.00	5,700.00	0.00	(5,700.00)
	Repairs & Maintenance	15,000.00	1,250.00	478.28	(771.72)
	Automobile	17,300.00	1,442.00	1,441.67	(0.33)
	Computer Expenses	16,790.00	1,399.00	0.00	(1,399.00)
	Admin Allocation	991,199.00	82,600.00	84,339.45	1,739.45
	Engineering Allocation	45,483.00	3,790.00	13,822.39	10,032.39
	NYS Administrative Assessment	54,539.00	4,545.00	0.00	(4,545.00)
	Contingency	30,000.00	2,500.00	0.00	(2,500.00)
	Total Operating Expenses	15,078,767.00	1,256,564.99	1,000,435.47	(256,129.52)
	Total Operating Income	(3,133,183.00)	(261,098.99)	(131,485.60)	129,613.39
NON-OPERATING REVENUE...					
	Interest Income	841,856.00	70,155.00	94,646.76	24,491.76
	Gain on Sale of Fixed Assets	120,000.00	10,000.00	20,250.00	10,250.00
	Interest Expense	(603,663.00)	(50,305.00)	(45,498.38)	4,806.62
	Total Non-Operating Expe...	358,193.00	29,850.00	69,398.38	39,548.38
	CHANGE IN NET POSITION	(2,774,990.00)	(231,248.99)	(62,087.22)	169,161.77

Telecommunications
Change In Net Position
For the One Month Ending Sunday, April 30, 2023

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$6,249,057.00	\$520,755.00	\$540,296.81	\$19,541.81
	Grant Revenue	1,306,303.00	108,859.00	(120,446.74)	(229,305.74)
	Other Income	12,000.00	1,000.00	2,361.12	1,361.12
	Total Operating Revenue	7,567,360.00	630,614.00	422,211.19	(208,402.81)
OPERATING EXPENSES					
	Depreciation & Amortization	4,734,400.00	394,533.00	322,041.58	(72,491.42)
	Salaries	1,516,770.00	126,398.00	110,007.75	(16,390.25)
	Fringe Benefits	507,591.00	42,300.00	37,129.98	(5,170.02)
	Operation & Maintenance	2,166,774.00	180,565.67	242,443.09	61,877.42
	Office & Administration	58,031.00	4,837.33	1,519.52	(3,317.81)
	Insurance	179,000.00	14,917.00	14,916.67	(0.33)
	Utilities	6,000.00	500.00	29.04	(470.96)
	Bad Debt Expense	0.00	0.00	(667.56)	(667.56)
	Professional Fees	104,689.00	8,724.00	7,091.64	(1,632.36)
	Automobile	74,000.00	6,167.00	5,666.04	(500.96)
	Computer Expenses	32,214.00	2,685.00	111.28	(2,573.72)
	Admin Allocation	605,606.00	50,467.00	51,532.82	1,065.82
	Engineering Allocation	12,690.00	1,058.00	5,589.67	4,531.67
	NYS Administrative Assessment	30,901.00	2,575.00	0.00	(2,575.00)
	Contingency	25,000.00	2,083.00	0.00	(2,083.00)
	Total Operating Expenses	10,053,666.00	837,810.00	797,411.52	(40,398.48)
	Total Operating Income	(2,486,306.00)	(207,196.00)	(375,200.33)	(168,004.33)
NON-OPERATING REVENUE...					
	Interest Income	262,856.00	21,905.00	28,338.32	6,433.32
	Total Non-Operating Expe...	262,856.00	21,905.00	28,338.32	6,433.32
	CHANGE IN NET POSITION	(2,223,450.00)	(185,291.00)	(346,862.01)	(161,571.01)

Water Quality
Change In Net Position
For the One Month Ending Sunday, April 30, 2023

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$7,579,284.00	\$631,608.00	\$673,582.94	\$41,974.94
	Other Income	3,610.00	301.00	300.83	(0.17)
	Total Operating Revenue	7,582,894.00	631,909.00	673,883.77	41,974.77
OPERATING EXPENSES					
	Depreciation & Amortization	1,377,600.00	114,800.00	76,182.82	(38,617.18)
	Salaries	1,922,253.00	160,191.00	142,482.76	(17,708.24)
	Fringe Benefits	951,046.00	79,254.33	66,169.62	(13,084.71)
	Operation & Maintenance	143,300.00	11,942.00	494.48	(11,447.52)
	Wastewater Treatment	1,388,486.00	115,707.00	115,707.20	0.20
	Water Purchases	940,049.00	78,338.00	75,662.01	(2,675.99)
	Office & Administration	124,150.00	10,344.67	2,843.88	(7,500.79)
	Insurance	135,000.00	11,250.00	11,250.00	0.00
	Utilities	120,000.00	10,000.00	1,245.92	(8,754.08)
	Professional Fees	6,392.00	533.00	0.00	(533.00)
	Repairs & Maintenance	156,500.00	13,042.00	7,990.28	(5,051.72)
	Automobile	280,300.00	23,358.00	15,224.92	(8,133.08)
	Computer Expenses	26,700.00	2,225.00	0.00	(2,225.00)
	Admin Allocation	592,662.00	49,389.00	50,448.13	1,059.13
	Engineering Allocation	42,413.00	3,534.00	7,811.91	4,277.91
	NYS Administrative Assessment	36,215.00	3,018.00	0.00	(3,018.00)
	Total Operating Expenses	8,243,066.00	686,926.00	573,513.93	(113,412.07)
	Total Operating Income	(660,172.00)	(55,017.00)	100,369.84	155,386.84
NON-OPERATING REVENUE...					
	Interest Income	63,700.00	5,308.00	7,560.13	2,252.13
	Interest Expense	(450,302.00)	(37,525.00)	0.00	37,525.00
	Total Non-Operating Expe...	(386,602.00)	(32,217.00)	7,560.13	39,777.13
	CHANGE IN NET POSITION	(1,046,774.00)	(87,234.00)	107,929.97	195,163.97

**Army Sewer
Change In Net Position
For the One Month Ending Sunday, April 30, 2023**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$3,301,270.00	\$275,106.00	\$304,997.26	\$29,891.26
	Other Income	3,610.00	301.00	300.83	(0.17)
	Total Operating Revenue	3,304,880.00	275,407.00	305,298.09	29,891.09
OPERATING EXPENSES					
	Depreciation & Amortization	581,900.00	48,492.00	27,439.78	(21,052.22)
	Salaries	478,629.00	39,886.00	33,957.68	(5,928.32)
	Fringe Benefits	237,301.00	19,775.33	18,438.26	(1,337.07)
	Operation & Maintenance	77,000.00	6,416.00	355.18	(6,060.82)
	Wastewater Treatment	1,388,486.00	115,707.00	115,707.20	0.20
	Water Purchases	4,500.00	375.00	0.00	(375.00)
	Office & Administration	107,100.00	8,923.67	2,732.53	(6,191.14)
	Insurance	52,800.00	4,400.00	4,400.00	0.00
	Utilities	65,000.00	5,417.00	0.00	(5,417.00)
	Professional Fees	4,151.00	346.00	0.00	(346.00)
	Repairs & Maintenance	85,000.00	7,083.00	647.09	(6,435.91)
	Automobile	280,300.00	23,358.00	15,224.92	(8,133.08)
	Computer Expenses	26,700.00	2,225.00	0.00	(2,225.00)
	Admin Allocation	354,175.00	29,515.00	30,146.08	631.08
	Engineering Allocation	14,729.00	1,227.00	3,631.17	2,404.17
	Water Quality Allocation	(272,319.00)	(22,694.00)	(16,424.39)	6,269.61
	NYS Administrative Assessment	15,728.00	1,311.00	0.00	(1,311.00)
	Total Operating Expenses	3,501,180.00	291,763.00	236,255.50	(55,507.50)
	Total Operating Income	(196,300.00)	(16,356.00)	69,042.59	85,398.59
NON-OPERATING REVENUE...					
	Interest Income	30,900.00	2,575.00	4,016.55	1,441.55
	Interest Expense	(173,500.00)	(14,458.00)	0.00	14,458.00
	Total Non-Operating Expe...	(142,600.00)	(11,883.00)	4,016.55	15,899.55
	CHANGE IN NET POSITION	(338,900.00)	(28,239.00)	73,059.14	101,298.14

**Army Water Line
Change In Net Position
For the One Month Ending Sunday, April 30, 2023**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$2,136,477.00	\$178,040.00	\$198,655.56	\$20,615.56
	Total Operating Revenue	2,136,477.00	178,040.00	198,655.56	20,615.56
OPERATING EXPENSES					
	Depreciation & Amortization	626,300.00	52,192.00	34,867.76	(17,324.24)
	Salaries	456,735.00	38,062.00	23,178.92	(14,883.08)
	Fringe Benefits	220,272.00	18,356.00	13,705.29	(4,650.71)
	Operation & Maintenance	10,000.00	834.00	0.00	(834.00)
	Water Purchases	817,052.00	68,088.00	68,087.69	(0.31)
	Office & Administration	13,800.00	1,150.00	0.00	(1,150.00)
	Insurance	38,700.00	3,225.00	3,225.00	0.00
	Utilities	25,000.00	2,083.00	0.00	(2,083.00)
	Professional Fees	1,741.00	145.00	0.00	(145.00)
	Repairs & Maintenance	39,000.00	3,250.00	510.00	(2,740.00)
	Admin Allocation	183,063.00	15,255.00	15,574.46	319.46
	Engineering Allocation	14,117.00	1,176.00	3,149.96	1,973.96
	Water Quality Allocation	97,424.00	8,119.00	5,293.08	(2,825.92)
	NYS Administrative Assessment	10,973.00	914.00	0.00	(914.00)
	Total Operating Expenses	2,554,177.00	212,849.00	167,592.16	(45,256.84)
	Total Operating Income	(417,700.00)	(34,809.00)	31,063.40	65,872.40
NON-OPERATING REVENUE...					
	Interest Income	16,900.00	1,408.00	2,190.84	782.84
	Interest Expense	(225,500.00)	(18,792.00)	0.00	18,792.00
	Total Non-Operating Expe...	(208,600.00)	(17,384.00)	2,190.84	19,574.84
	CHANGE IN NET POSITION	(626,300.00)	(52,193.00)	33,254.24	85,447.24

**Regional Water Line
Change In Net Position
For the One Month Ending Sunday, April 30, 2023**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$389,627.00	\$32,469.00	\$30,040.09	(\$2,428.91)
	Total Operating Revenue	389,627.00	32,469.00	30,040.09	(2,428.91)
OPERATING EXPENSES					
	Depreciation & Amortization	169,400.00	14,116.00	13,875.28	(240.72)
	Salaries	34,638.00	2,887.00	3,518.94	631.94
	Fringe Benefits	16,608.00	1,385.00	1,068.64	(316.36)
	Operation & Maintenance	6,300.00	525.00	0.00	(525.00)
	Water Purchases	118,497.00	9,875.00	7,574.32	(2,300.68)
	Office & Administration	250.00	21.00	0.00	(21.00)
	Insurance	6,200.00	517.00	516.67	(0.33)
	Utilities	30,000.00	2,500.00	1,245.92	(1,254.08)
	Professional Fees	500.00	42.00	0.00	(42.00)
	Repairs & Maintenance	32,500.00	2,709.00	6,833.19	4,124.19
	Admin Allocation	16,798.00	1,400.00	1,432.60	32.60
	Engineering Allocation	2,492.00	208.00	143.83	(64.17)
	Water Quality Allocation	6,201.00	517.00	517.15	0.15
	NYS Administrative Assessment	1,765.00	147.00	0.00	(147.00)
	Total Operating Expenses	442,149.00	36,849.00	36,726.54	(122.46)
	Total Operating Income	(52,522.00)	(4,380.00)	(6,686.45)	(2,306.45)
NON-OPERATING REVENUE...					
	Interest Income	15,900.00	1,325.00	1,352.74	27.74
	Interest Expense	(51,302.00)	(4,275.00)	0.00	4,275.00
	Total Non-Operating Expe...	(35,402.00)	(2,950.00)	1,352.74	4,302.74
	CHANGE IN NET POSITION	(87,924.00)	(7,330.00)	(5,333.71)	1,996.29

**Water Sewer Contracts
Change In Net Position
For the One Month Ending Sunday, April 30, 2023**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$1,751,910.00	\$145,993.00	\$139,890.03	(\$6,102.97)
	Total Operating Revenue	1,751,910.00	145,993.00	139,890.03	(6,102.97)
OPERATING EXPENSES					
	Salaries	952,251.00	79,356.00	81,827.22	2,471.22
	Fringe Benefits	476,865.00	39,738.00	32,957.43	(6,780.57)
	Operation & Maintenance	50,000.00	4,167.00	139.30	(4,027.70)
	Office & Administration	3,000.00	250.00	111.35	(138.65)
	Insurance	37,300.00	3,108.00	3,108.33	0.33
	Admin Allocation	38,626.00	3,219.00	3,294.99	75.99
	Engineering Allocation	11,075.00	923.00	886.95	(36.05)
	Water Quality Allocation	168,694.00	14,058.00	10,614.16	(3,443.84)
	NYS Administrative Assessment	7,749.00	646.00	0.00	(646.00)
	Total Operating Expenses	1,745,560.00	145,465.00	132,939.73	(12,525.27)
	Total Operating Income	6,350.00	528.00	6,950.30	6,422.30
NON-OPERATING REVENUE...					
	CHANGE IN NET POSITION	6,350.00	528.00	6,950.30	6,422.30

Engineering
Change In Net Position
For the One Month Ending Sunday, April 30, 2023

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$734,055.00	\$61,171.00	\$34,561.01	(\$26,609.99)
	Total Operating Revenue	734,055.00	61,171.00	34,561.01	(26,609.99)
OPERATING EXPENSES					
	Depreciation & Amortization	8,400.00	700.00	695.25	(4.75)
	Salaries	367,950.00	30,663.00	3,766.39	(26,896.61)
	Fringe Benefits	148,805.00	12,401.00	6,356.90	(6,044.10)
	Operation & Maintenance	138,750.00	11,563.00	5,438.13	(6,124.87)
	Office & Administration	28,389.00	2,367.00	1,650.10	(716.90)
	Insurance	16,600.00	1,383.00	1,383.33	0.33
	Professional Fees	1,000.00	83.00	0.00	(83.00)
	Automobile	21,500.00	1,791.00	1,297.36	(493.64)
	Computer Expenses	44,194.00	3,682.00	26,226.13	22,544.13
	Admin Allocation	51,386.00	4,282.00	4,379.68	97.68
	Engineering Allocation	(101,133.00)	(8,428.00)	(27,362.20)	(18,934.20)
	NYS Administrative Assessment	3,395.00	283.00	0.00	(283.00)
	Total Operating Expenses	729,236.00	60,770.00	23,831.07	(36,938.93)
	Total Operating Income	4,819.00	401.00	10,729.94	10,328.94
NON-OPERATING REVENUE...					
CHANGE IN NET POSITION		4,819.00	401.00	10,729.94	10,328.94

**Regional Development
Change In Net Position
For the One Month Ending Sunday, April 30, 2023**

GL	Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:					
	Customer Billings	\$279,279.00	\$23,274.00	\$17,958.15	(\$5,315.85)
	Grant Revenue	502,000.00	41,833.00	23,227.98	(18,605.02)
	Loan Interest Income	518,760.00	43,231.00	29,279.34	(13,951.66)
	Other Income	28,672.00	2,389.00	1.41	(2,387.59)
	Total Operating Revenue	1,328,711.00	110,727.00	70,466.88	(40,260.12)
OPERATING EXPENSES					
	Salaries	328,468.00	27,374.00	27,020.19	(353.81)
	Fringe Benefits	134,786.00	11,234.00	10,940.84	(293.16)
	Operation & Maintenance	15,000.00	1,250.00	0.00	(1,250.00)
	Community Benefits	183,809.18	0.02	0.00	(0.02)
	Office & Administration	18,324.82	1,529.99	665.07	(864.92)
	Bad Debt Expense	0.00	0.00	(1,491.19)	(1,491.19)
	Professional Fees	97,266.00	8,107.00	8,100.00	(7.00)
	Computer Expenses	750.00	63.00	0.00	(63.00)
	Grants	154,000.00	12,833.00	0.00	(12,833.00)
	Admin Allocation	164,334.00	13,695.00	13,957.65	262.65
	Engineering Allocation	547.00	46.00	138.23	92.23
	Total Operating Expenses	1,097,285.00	76,132.01	59,330.79	(16,801.22)
	Total Operating Income	231,426.00	34,594.99	11,136.09	(23,458.90)
NON-OPERATING REVENUE...					
	Interest Income	517,400.00	43,116.00	79,208.64	36,092.64
	Total Non-Operating Expe...	517,400.00	43,116.00	79,208.64	36,092.64
	CHANGE IN NET POSITION	748,826.00	77,710.99	90,344.73	12,633.74



Board Resolution No. 2023-06-51
June 22, 2023

APPROVING MODIFICATIONS TO ASSET MANAGEMENT POLICY

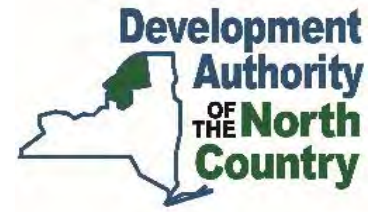
Whereas, the Development Authority of the North Country operates according to Board policies that are adopted and/or amended by the Board of Directors, as appropriate, and

Whereas, the Asset Management Policy of the Development Authority of the North Country is posted on the Development Authority's website, and

Whereas, Executive Management has recommended making modifications as reflected in the attached Asset Management Policy.

Now, therefore be it

RESOLVED, that the Development Authority of the North Country does hereby approve the Asset Management Policy, attached hereto and incorporated in this Resolution.



Subject: Asset Management Policy
Adopted: June 22, 2023
Resolution: 2023-06-51

ASSET MANAGEMENT POLICY

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SECTION 1.0 INTRODUCTION

The Development Authority of the North Country (Authority) possesses assets to enable the delivery of services to their customers. These services include materials management, water quality, telecommunications, engineering and regional development. These assets are critical for the protection of public health, the environment and economic stability of the region. The Authority also possesses other 'corporate infrastructure' assets which are utilized by the organization to administer, manage and support the services provided by the Authority to municipal customers. As a NYS Public Authority, the Authority has a fiscal responsibility to properly manage our assets while providing the best service within the surrounding communities in which we serve.

Asset Management is a broad term that encompasses all the various actions that the Authority undertakes to ensure that its assets are efficiently planned, delivered, managed and reviewed in a cost effective, sustainable manner. Asset Management is a core activity of the Authority and every employee is either directly or indirectly involved in the management of the Authority's assets.

This policy is issued by the Board of Directors. Development of procedures and implementation of the policy is the responsibility of the Executive Director, ~~and the Director of Information Systems Technology.~~

SECTION 2.0 PURPOSE

This policy sets the vision, outlines the fundamental principles and assigns general responsibilities for how the Authority will manage its assets. It will also serve as an aid in the development of asset management and budget planning.

SECTION 3.0 VISION

The Authority's vision for asset management is to meet our stakeholder and customer needs by managing our assets in a cost effective, sustainable, and transparent manner while sharing a culture of knowledge internally and externally in order to reduce duplication of effort within the Authority and across the sectors in which we serve.

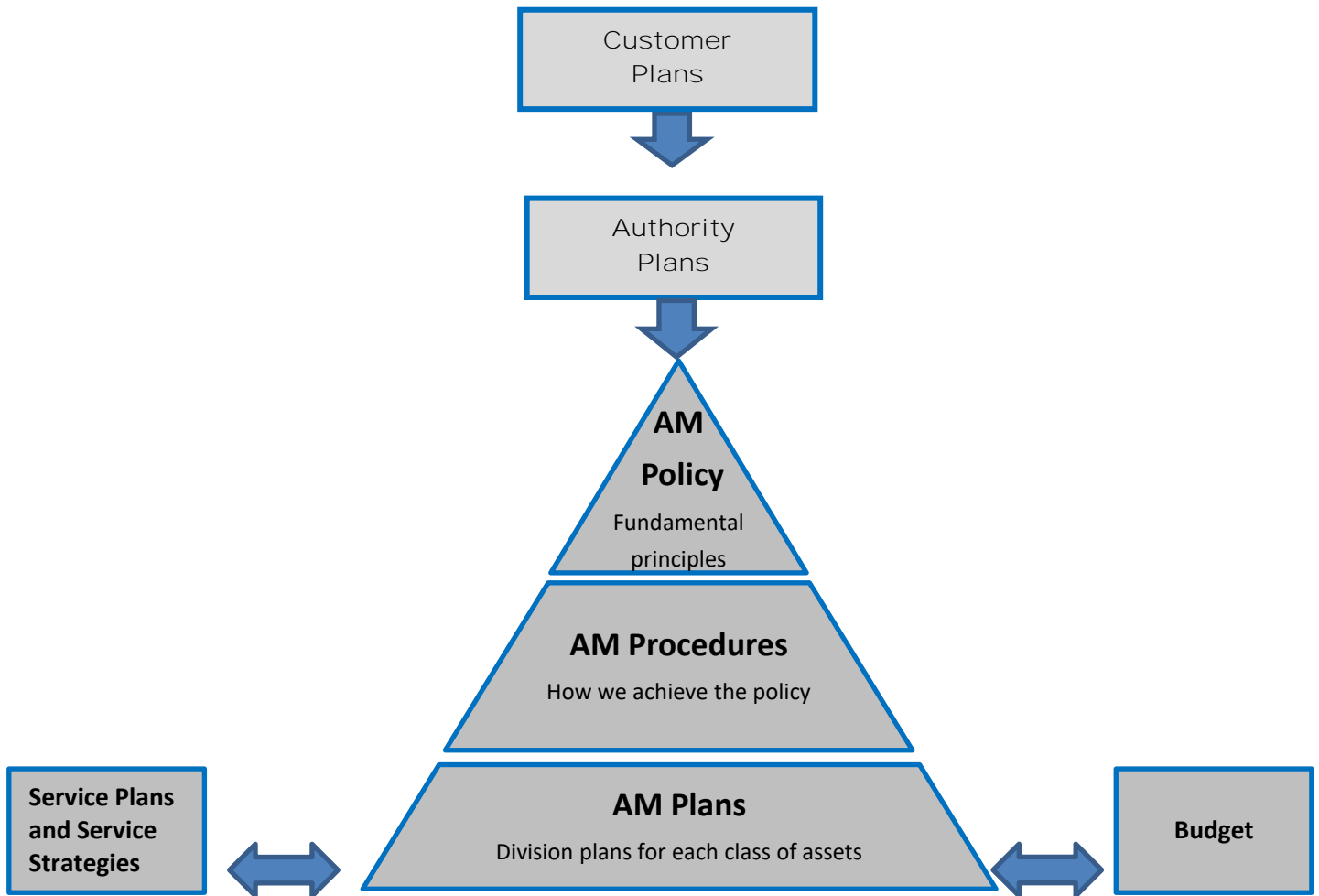
SECTION 4.0 SCOPE

This policy applies to the acquisition, operation, use, maintenance and rehabilitation of Authority owned assets. The disposal of assets is covered under the Disposition of Real Property Policy.

SECTION 5.0 ASSET MANAGEMENT FRAMEWORK

The framework below represents the relationship between the various elements of the asset management process and shall be used as a guide in understanding the relationship between the overall Authority Plans and the Asset Management Plans.

Asset Management (AM) Framework



SECTION 6.0 POLICY PRINCIPLES

6.1 ASSETS

When assets are planned, acquired, renewed, upgraded or divested/decommissioned, customer needs shall be considered.

6.2 AUTHORITY ASSET MANAGEMENT

The Authority's Asset Management activities will be based on applicable policies, plans and strategies of the Authority while understanding the service needs of the customer and the availability of resources.

6.3 OWNERSHIP RISK

Risk associated with the ownership and operation of the Authority's assets should be understood, with plans in place to address and respond to the elimination or mitigation of those risks, as part of the asset management activities.

6.4 LONG TERM SUSTAINABILITY

The Authority will own and operate assets in a manner that ensures long-term sustainability while providing a safe and healthy environment.

SECTION 7.0 ASSET OPERATION AND MAINTENANCE

7.1 LIFE CYCLE

The Authority will ensure that the optimum life cycle is achieved by properly maintaining assets.

7.2 PLANNED MAINTENANCE REGIMES

The Authority shall have planned maintenance regimens in place to ensure assets meet their design lives in the most cost effective manner.

7.3 MAINTENANCE PLAN DESIGN

Maintenance plans will be designed using the best available analysis techniques, as appropriate, and shall incorporate a cost/benefit approach.

7.4 INFORMATION CAPTURE

Information shall be captured within the Authority's information systems to assist in the analysis of current and future asset management activities.

7.5 MAXIMIZE ASSETS

The Authority will act to maximize the utilization/capacity of its assets where appropriate.

7.6 USAGE

The Authority will ensure that assets are used in a manner deemed proper.

SECTION 8.0 FINANCIAL RESPONSIBILITIES

8.1 CAPITALIZE ASSETS

The Authority will capitalize assets over \$10,000 with a useful life of over one year.

8.2 VALUE

Assets will be valued in accordance with accepted accounting principles.

8.3 EFFECTIVE ECONOMIC LIVES

Effective economic lives will be assigned to each asset grouping with the written down and/or depreciated value determined based on accepted accounting principles.

8.4 INSURANCE

The appropriate level of insurance will be maintained for the Authority assets.

SECTION 9.0 INVENTORY CONTROL

9.1 SOFTWARE SYSTEM

The Authority will maintain an asset software system that will contain assets by division with a value over ~~\$1,000~~500 at a minimum. For high-risk inventory items such as tools, vehicle parts and office equipment, Executive Management will establish lower dollar thresholds as required. Information contained in the software will include a picture of the asset (where applicable), area which it primarily resides, a description of the item, approximate date of purchase, approximate price and/or appraised value (if known). The life expectancy will ~~should~~ be based on the category of the asset and previous knowledge of like items. Adjustments to the life expectancy

~~should will~~ be made as necessary, but at a minimum be reviewed ~~periodically annually~~ for accuracy. Any pertinent information pertaining to the asset ~~should will~~ be housed in the asset software system or other appropriate systems decided upon by the Authority.

9.2 COMPLIANCE

The Compliance Officer or designee shall track the capital assets of the Authority for accuracy and usefulness by performing audits.

9.3 DIVISION MANAGERS AS DIVISION CUSTODIANS

Division Directors, are designated as division custodians that may appoint someone to act on behalf of them to ensure control over the divisions assets. The Division Director or their designee(s) will ensure assets are recorded, maintained, used and accounted for in the proper manner.

9.4 ACCURACY AND COMPLETENESS

To maintain the accuracy and completeness of assets, Division Directors or their designee(s) shall conduct periodic inventory counts. The results of these counts shall be compared to detailed inventory records. Appropriate adjustments should be made and a list of such adjustments submitted to the Comptroller.

9.5 ASSET MARKING

The Division Directors will determine what assets need markings, tags and/or identification numbers in order to properly identify the asset as Authority owned. Such identification methods will be used to deter theft, add protection and/or quickly identify the asset.

9.6 RESTRICT ACCESS

The Authority may restrict access to assets in order to establish individual or group accountability. Only those employees with a functional need will be provided access.

SECTION 10.0 RISK MANAGEMENT AND PLANNING

10.1 STAFF

Staff directly responsible for activities associated with the management of assets shall take appropriate measures to ensure risk assessment practices are applied. This includes risks pertaining to the Authority's information systems housing asset information.

10.2 DIVISION DIRECTORS

Division Directors will periodically assess their overall asset risks and determine the most appropriate strategies to manage these risks.

10.3 ASSET MANAGEMENT PLAN DEVELOPMENT

An Asset Management Plan will be developed by considering risks, lifecycles, strategies, customer needs and safety and environmental responsibilities.

10.4 LONG TERM FINANCIAL NEEDS

Asset Management Plans will be used as input when determining short and long-term financial needs.

SECTION 11.0 RECORD OF REVISION

Revision Date	Resolution #
June 21, 2018	2018-06-90
June 22, 2023	2023-06-51



**Board Resolution No. 2023-06-52
June 22, 2023**

**AUTHORIZING THE WRITE-OFF OF CERTAIN ACCOUNTS
RECEIVABLE AS BAD DEBTS**

Whereas, the Development Authority of the North Country (“Authority”) reviews its receivables using Generally Accepted Accounting Principal guidelines to determine the collectability of all accounts on the Authority’s Statement of Net Position, and

Whereas, based on such review, the following accounts receivable has been deemed uncollectable and recommended for write-off by Management:

PetaWatt Properties, LLC	\$2,469.00
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RESOLVED, the Authority authorizes the write-off of the above identified receivable and further directs the Chief Financial Officer to make adjustments to the Authority’s financial statements to reflect this transaction.



Board Resolution No. 2023-06-53
June 22, 2023

**MATERIALS MANAGEMENT DIVISION
CAPITAL PROJECT BUDGET AMENDMENT
EQUIPMENT REPLACEMENT**

Whereas, pursuant to **Resolution No. 2022-02-10** the Development Authority of the North Country established an \$85,000 capital project budget for the replacement of a 2009 Service Truck (Project 20199), and

Whereas, due to supply chain issues, a Service Truck meeting the Authority's specifications could not be located, and

Whereas, the initial project budget was established based on the procurement of a comparable model through New York State Centralized Contracts, and

Whereas, given that no vehicles meeting the Authority's specifications can be located the Authority researched available truck bodies that could be customized to include the service boxes and required crane attachment, and

Whereas, the additional cost of the customization is estimated to be \$89,000, and

Whereas, pursuant to **Resolution No. 2023-02-08** the Development Authority of the North Country established a \$688,600 capital project budget for the replacement of a 2015 Hydraulic Excavator (Project 20207), and

Whereas, this procurement will be less than estimated due to the inclusion of additional contingency in the initial project budget and receiving a \$90,000 trade-in for the existing equipment that was not anticipated, and

Whereas, the additional increase in the project budget for the replacement of the Service Truck (Project 20199) will be offset by the decrease in the capital project budget for the replacement of the Hydraulic Excavator (Project 20207).

Now, therefore be it

RESOLVED, that the Development Authority of the North Country does hereby amend the Materials Management Division Capital Budget for a Service Truck (Project 20199) to increase the budget from \$85,000 to \$174,000, and

BE IT FURTHER RESOLVED, that the Development Authority of the North Country does hereby amend the Materials Management Division Capital Budget for a Hydraulic Excavator (Project 20207) to decrease the budget from \$688,600 to \$599,600.



Board Resolution No. 2023-06-54
June 22, 2023

WATER QUALITY DIVISION
REGIONAL WATER LINE
FY 2023-2024 OPERATING BUDGET AMENDMENT

Whereas, the Development Authority of the North Country adopted an Operating Budget for the Regional Water Line for FYE 2024 pursuant to **Resolution No. 2023-02-11**, and

Whereas, the budget authorized expenditures of \$20,000 for pipeline maintenance, and

Whereas, on April 30, 2023 a water main break was discovered in the Town of Lyme Water District 1. The break was repaired by the Town of Lyme Highway Department. The Town was unable to reconnect a hydrant and this required the Authority to hire an external contractor to move the hydrant, and reset the thrust block, and

Whereas, the total cost of the repairs was \$14,155, and

Whereas, additional pipeline repair work will likely be necessary throughout the remaining fiscal year, and

Whereas, the capital reserve balance for the Regional Water Line was \$201,256 as of April 30, 2023, and

Whereas, the additional expenses for pipeline maintenance will be paid from Regional Waterline Reserves; as customer rates will not be adjusted until April 1, 2024.

Now, therefore be it

RESOLVED, that the Development Authority of the North Country hereby amends the FY 2023-2024 Regional Water Line Budget as follows:

	<u>Current Budget</u>	<u>Amended Budget</u>
Pipeline Maintenance	\$ 20,000	\$ 34,155

BE IT FURTHER RESOLVED, that such additional expenditures be funded from Regional Waterline Reserves.



Board Resolution No. 2023-06-55
June 22, 2023

**REGIONAL TOURISM TRANSFORMATIONAL COMMUNITY
REVOLVING LOAN FUND
PSR HOLDINGS FOUR LLC
LOAN RATIFICATION**

Whereas, **Resolution No. 2013-08-12** establishes the Regional Tourism Transformational Community Revolving Loan Fund, and

Whereas, the Regional Loan Review Committee has the authorization to commit loans of up to \$250,000 with the Authority Board ratifying the loan at its next meeting, and

Whereas, the Regional Loan Review Committee met June 9, 2023 to review an application from PSR Holdings Four, LLC requesting \$110,800.00 from the Regional Tourism Transformational Community Revolving Loan Fund in order to make improvements to a RV campground located at 42 Bridge Road, Crown Point, NY (Essex County), and

Whereas, the Regional Loan Committee felt that the improvements to the facility meet the objectives of the Fund, and

Whereas, the Regional Loan Review Committee approves a commitment of \$110,800 from the Regional Tourism Transformational Community Revolving Loan Fund at the terms and conditions attached.

Now, therefore be it

RESOLVED, Development Authority of the North Country does hereby ratify a loan in the amount of \$110,800 from the Regional Tourism Transformational Community Revolving Loan Fund to PSR Holdings Fours LLC at the terms and conditions outlined on the attached Term Sheet, and further authorizes the Executive Director or the Chief Financial Officer to execute all documents necessary to make the loan, and further be it

RESOLVED, this is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

TERM SHEET

Borrower:	PSR Holdings Four LLC
Loan Fund:	Regional Tourism Transformational Community Revolving Loan Fund [Empire State Development Funds]
Amount:	\$110,800.00
Loan Term:	20 years
Loan Rate:	1%
Loan Payment:	6 months interest-only, monthly principal and interest to term out loan over 234 months
Collateral:	<p>First mortgage and assignment of rents and leases on 42 Bridge Road, Crown Point, NY 12928;</p> <p>1st lien on all machinery and equipment, furniture and fixtures, inventory, accounts receivable, and general intangibles of PSR Holdings Four LLC relating to Laku Campground.</p>
Conditions:	<ul style="list-style-type: none">• Cash equity of a minimum of \$166,200 has been committed to project.• Labor peace does not apply as it will have less than 15 FTE.• Personal Guaranty of Todd Drake; corporate guaranty of Tri City Holdings Incorporated.• All required permits and approvals, if any additional needed.• Copies of invoices, and cancelled checks or bank statements.• Essex County real property records already demonstrate an acceptable LTV.

TRANSFORMATIONAL TOURISM FUND

Borrower: PSR Holdings Four, LLC d/b/a Laku RV Campground

Project Location: 42 Bridge Road, Crown Point, NY 12928 (parcel #107.4-2-2.00)

Borrower Address: 3382 Lakeshore Drive, Lake George, NY 12845

Ownership: Tri City Holdings Incorporated-100% (Todd Drake 100% shareholder)

Loan Amount: \$110,800.00

Term: 20 years

Rate: 1%

Payments: 6 months interest-only, Monthly principal and interest thereafter to amortize over remaining 234 months

Guarantor: Todd Drake, Tri City Holdings Inc.

Use of Funds: Improvements

Collateral: First mortgage and assignment of leases and rents.

Jobs: Existing: 2 FTE
Years 1-3: 1.75 FTE

Total Project Costs

<i>Sources of Funds</i>		<i>Uses of Funds</i>	
Tourism Loan Fund	\$110,800.00	Septic Installation	\$ 262,000.00
Cash Equity	<u>\$166,200.00</u>	Contingency	<u>\$ 15,000.00</u>
Total	<u>\$277,000.00</u>	Total	<u>\$ 277,000.00</u>

Cash equity-Cash contributed by applicant

Description of Project

Mr. Todd Drake with Tri City Holdings Inc. is requesting \$110,800 from the Tourism fund to install septic to 75 sites at the RV campground in Crown Point. PSR Holdings Four, LLC owns the real estate and will be the borrower. Tri City Holdings Inc. is the guarantor.

Laku RV Campground is a 75-site RV campground situated near the south west shores of Lake Champlain, near the Vermont border at 42 Bridge Rd, Crown Point, NY. The 11 acre site has been operated as a campground for over 50 years. The park offers electric and water hook-ups for camping purposes on each site, however, over time the demand for direct sewer line hook up for RV campers

has become the industry standard. To be competitive and to draw campers to New York's Adirondack and Champlain Valley Regions, the park must be upgraded to provide "full hook up" sites that include electricity, water and sewer, while utilizing septic methods that meet modern environmental standards.

As the site is in the Champlain water shed and just a few hundred feet from its shores, this initiative brings with it an aspect of environmental stewardship that combines with sustainable tourism for the area. PSR Holdings Four, LLC, wholly owned by Todd Drake, principal, is a family-run hospitality real estate company specializing in "mom and pop" style traditional Adirondack family vacation properties. They presently own and operate 3 campgrounds and 3 small motel/cabin seasonal properties within Warren & Essex counties.

Mr. Drake's investment and working procedure is to purchase and improve properties, which he has done with strong results at his other acquisitions. At Laku, he identified an opportunity to improve a well-known but long neglected park which was part of an estate. The previous owner passed away at an advanced age, and had operated the park for over 30 years. During that time, the appearance and functionality of the park declined due to deferred maintenance and lack of improvement over the years. Since Mr. Drake purchased the facility in 2021, he has upgraded the park's electrical and water systems, working with NYS Department of Health to effect positive change. He has also cleaned up the grounds, improved drainage and prepared for the sewer infrastructure improvement project now underway by removing older campers and clearing space for the installation.

Mr. Drake's experience in operating other RV campgrounds shows that this park is and has been significantly under-utilized. Nearby parks in the region have new site rental rates at 2.5 times the current rate at Laku RV. Comparable parks in the area have little or no available space and charge at least 50% more. Maple RV to the south and the two Port Henry-owned RV parks to the north are full with long waiting lists. Laku stands to capture a large portion of those waiting for sites at these parks once improvements have been completed. Just over the border in Vermont, camping is dominated by large KOA style parks that carry a high price and offer no vacancy. Overall, camping in the Adirondack Park operates at approximately 98% occupancy each summer, varying year to year.

Presently, and partially by design, Laku is operating at less than 50% capacity, since, the construction season, unfortunately, coincides with the operating/camping season. Once the improvements are in place, the park will be re-marketed to a broader market of visitors and at a higher price point. Mr. Drake intends to stabilize at full occupancy by 2025, utilizing all 75 sites for seasonal and transitional use, with an ultimate operation of approximately 55/45 ratio (seasonal to transitional) respectively. At present, he has little to offer travelers until improvements are in place. His income is dependent upon a ratio of approximately 85/15 percent of business, respectively. The sewer installation will triple the capability to offer transitional campsites.

Justification for Tourism Funds

RV campgrounds play an integral role in the health of the local economy. The Crown Point/Port Henry area suffers from a lack of outside investment. The area has not seen the resurgent investment from down state or out of state home buyers, and little in the way of business. Camping brings a wide variety of visitors into the area with available cash for use at local vendors, retailers, farms, and activity destinations. While expensive second homes provide strong tax base benefits, it is well known that many of the owners of these properties spend little time in the area and rarely buy locally. Campers, both seasonal and transitional, take advantage of a very affordable way to make the area their home for a few days or months, and spend their free cash there, rather than at home, on local

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goods and services, generating healthy businesses and sales tax revenue. RV camping provides an inclusive opportunity for the Adirondack/Champlain experience by lowering the cost and barriers to entry as compared with second home ownership or hotel costs. Site rentals at \$40 per night are a fraction of the cost for hotels and cabin accommodations, while seasonal camping at \$1,500 for the season equates to just \$59 per night. The target market draws from a professional, working class and low-income customer base. The campgrounds, in serving their needs, employ local labor and engage local vendors for services. Visiting campers often advocate for the region and send their friends and family there. Mr. Drake has found a best marketing approach through word-of-mouth referral of friends and family who fall in love with the area, the campground or both. When the sewer installation project is complete, he will be continuing to improve amenities, such as the pavilion and game room, play areas, basketball court, and new outdoor game areas for kids and families.

Project

The project kicked off on May 9, 2023, and is underway. This is not unusual as the construction season has started and, if approved, the Tourism funds will not be available until likely August. Mr. Drake has already paid out \$48,000 toward materials, labor and machinery in advance payments. The financing available from the Tourism fund will allow Mr. Drake to continue to make much needed improvements to the facility while freeing up cash to be used in other projects at the site. Assisting with the overall operating costs for the park while allowing the park to grow will bring hundreds of additional visitors to the area each year.

The project involves excavating and installing septic piping from all 75 campsites to a total of 9 septic tanks; setting each of the 9 septic and pump tanks for all systems; installing a total of 9 mound leach systems and connecting piping to pumps located in the pump tank. A quote dated 4/17/2023 was provided by Bentley Property Maintenance.

Financial Review

Income Statement-Laku Campground Only

	Actual 2021	Actual 2022	Projected 2023	Projected 2024
Sales	43,800	49,920	40,076	84,000
Gross Profit	43,800	49,920	40,076	84,000
Expenses	33,624	26,325	25,073	33,339
Other Income/(Exp)	0	0	0	0
Net Operating Income/(Loss)	10,176	26,325	15,003	50,661
Cash for Debt Service	10,176	26,325	15,003	50,661
Tourism Fund	6,330	6,330	6,330	6,330
Total Debt	6,330	6,330	6,330	6,330
Debt Service Coverage	1.61	4.16	2.37	7.9

Tourism Fund-\$527.50/mo

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- The 2021 and 2022 information was provided by the applicant. The 2023 and 2024 information was internally prepared.
- The 2023 income is lower as they have cleared sites for installation of the septic and will likely not lease those sites until 2024.
- The website shows seasonal special offer through March 1, 2023 of \$1,350; \$1,500 standard seasonal rate plus metered electricity usage; \$275 weekly rate. Electricity and water provided to sites, RVs must empty water at the septic dump station.
- Based on an average of \$1500 per site, it would appear that conservatively, 29 sites were rented in 2021, and 33 in 2022. He is projecting to rent around 27 sites in 2023, 56 in 2024, and all 75 in 2025.
- As stated above, Mr. Drake intends to stabilize at full occupancy by 2025, utilizing all 75 sites for seasonal and transitional use, with an ultimate operation of approximately 55/45 ratio (seasonal to transitional) respectively. At present, he has little to offer travelers until improvements are in place. His income is dependent upon a ratio of approximately 85/15 percent of business, respectively. The sewer installation will triple the capability to offer transitional campsites.
- Primary expenses are real estate taxes, \$3,543, property insurance, \$3,770, maintenance and repairs, approx. \$5,000 annually, and office and admin wages, approx. \$5,000 annually. There is no other debt on this property.

Laku Campgrounds Only

	At Closing
Assets	
Current	0
Fixed	521,938
Other	0
Total Assets	521,938
Liabilities	
Current	2,580
Long Term	108,220
Other	0
Total Liabilities	110,800
Equity	411,138
Total Liabilities & Equity	521,938

- Balance sheet provided by Applicant. Fixed assets reflect real estate and improvements.
- Current portion of long term debt is the new Tourism loan. There is no other long-term debt other than the new Tourism loan.
- The Applicant has contributed a significant amount of equity to the project.

Tri City Holdings Incorporated

	2020	2021
Sales	169,495	527,910
Gross Profit	169,495	518,863
Expenses	100,021	634,566
Other Income/(Exp)	0	(23,576)
Net Income (Loss) before Taxes	69,474	(139,279)

- 2020 and 2021 information from IRS Form 1120-S. As mentioned, Tri City Holdings Incorporated owns PSR Holdings Four, LLC. PSR Holdings Four, LLC is reported on the tax return for Tri City Holding Incorporated. The tax returns for 2022 have not been filed yet.
- The primary business activities for Tri City Holdings are real estate rental and rental property. Depreciation was \$309,308 in 2021. The taxes are reported on a cash basis.

Tri City Holdings Incorporated

	2020	2021
Assets		
Current	335,205	447,299
Fixed	3,383,717	4,185,292
Other	47,329	41,701
Total Assets	3,766,251	4,674,292
Liabilities		
Current	164,837	179,444
Long Term	2,725,881	2,965,107
Other	220,236	267,396
Total Liabilities	3,110,954	3,411,947
Equity	655,297	1,262,345
Total Liabilities & Equity	3,766,251	4,674,292

Working Capital	170,368	267,855
Current Assets	2.03	2.49
Debt to Equity	4.75	2.7

- Tax returns for 2022 have not been filed; on extension.
- Cash totaled \$218,080 in 2020, and \$287,438 in 2021.
- Fixed assets include several residential rental real estate, as well as other holdings.
- Loans from shareholders increased from \$34,837 in 2020 to \$40,480 in 2021.
- Long term debt increased by \$239,226 in 2021.
- Equity injection of \$895,589 in 2021. Coincides with cash purchase of Laku Campground. There was an investment of \$882,244 into PRS Holdings Four LLC in 2021.

Personal Credit:

Todd reports assets of \$36,835,300 and liabilities of \$13,232,470. Primary assets in real estate of \$36,063,500, automobiles and recreational vehicles, \$94,000, and other business assets, \$600,000. Real estate is held under LLCs: Philip Street Realty, LLC, PSR Holdings Five LLC, Tri City Holdings, Black Rock Holdings, Schroon Realty LLC, PSR Holdings One, Ampersand Resort LLC, Cornerstone Building, C&W Development and PSR Holdings Four. Todd lists four properties in his own name totaling \$1,760,000. Primary liabilities are notes payable to SBA, \$317,000, and mortgages, \$12,915,470. His schedule K-1 for 2021 showed ordinary business loss of \$139,279 against net rental real estate income of \$223,185. Todd has a TransUnion credit score of 829. He has no derogatory comments on record. He lists open balances of \$1,261,934, of which \$42,134 is in revolving, and \$1,219,800 is in mortgage credit.

The Logic Score for Tri City Holdings Inc. is a high risk score of 55, with a warning business failure assessment. There are no days beyond terms reported, either currently, or historically. It has no trade lines present. There are no derogatory public records, collection accounts, or pending lawsuits. It has a total of 11 UCC filings, and no OFAC records were found. The Logic Score is influenced by the absence of days beyond terms, the lack of trade lines, the numbers of years having conducted business, and no corporate linkage information found.

The Logic Score for PSR Holdings Four, LLC, is also a high risk score of 55, with a warning business failure assessment. There are no days beyond terms reported, either currently, or historically, it has no trade lines present. There are no derogatory public records, collection accounts, or pending lawsuits. The company was incorporated in 2010 in New York, for profit, but status inactive, which could simply mean that an annual corporate report was not filed with the state of New York. Checking the DOS website, the company's status is active and reports are current. It has no UCC filings, and no OFAC records were found. As in Tri City Holdings, Inc., the Logic Score is influenced by the absence of days beyond terms, lack of trade lines, and no corporate linkage information found.

Collateral:

- First mortgage on real estate located at 42 Bridge Road, Crown Point, NY 12928 (parcel #107.4-2-2.00);
- Assignment of Leases and Rents

	<u>Cost</u>	<u>Discount</u>
Real Property (70%)	\$214,458	\$150,121
Collateral Available	\$214,458	\$150,121
Tourism Fund	\$110,800	\$150,121
Total Debt	\$110,800	\$110,800
Loan to Value	52%	74%

Total parcel is 11.70 acres and has a (tentative 2023) full market value of \$214,458 per Essex County real property records. The value provided by the Essex County real property records is sufficient documentation to show a 1:1 loan-to-value.

Contingencies:

- Cash equity has been committed to the project
- Essex County real property records already demonstrate an acceptable LTV
- All required permits and approvals, if any additional are needed
- Labor Peace does not apply as it is has less than 15 FTE employees
- Personal guaranty of Todd Drake and Tri City Holdings Incorporated
- Copies of invoices, and cancelled checks or bank statements