
2019-2020 ANNUAL REPORT

Development
Authority
OF THE North
Country



Message from the Chairman

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

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

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

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

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

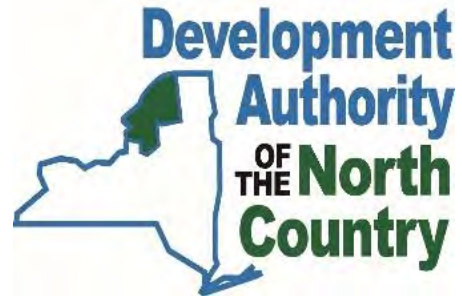
While the Board of Directors conducts a search for a new executive director, Carl Farone Jr., Deputy Executive Director and Chief Fiscal Officer, will lead the organization on an interim basis.

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

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

Development Authority of the North Country Profile

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



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

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

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

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

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

Annual Report 2019

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

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

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

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

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

Policy and Direction

Development Authority Board of Directors

Officers

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

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

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

Annual Planning Session

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

Administration



Carl Farone

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

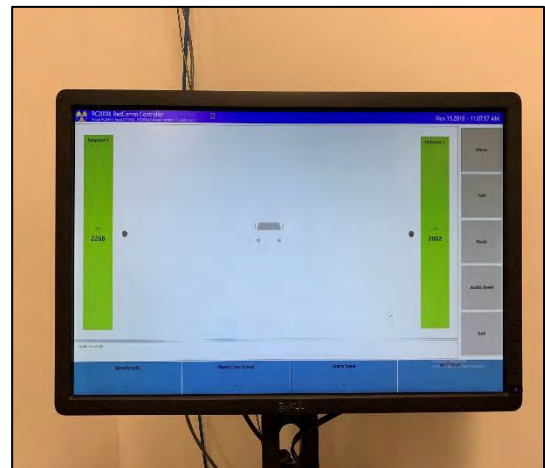
Materials Management



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



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



Waste Diversion



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



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



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



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



Regional Recycling Transfer Station

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



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



Business Development



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



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



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



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

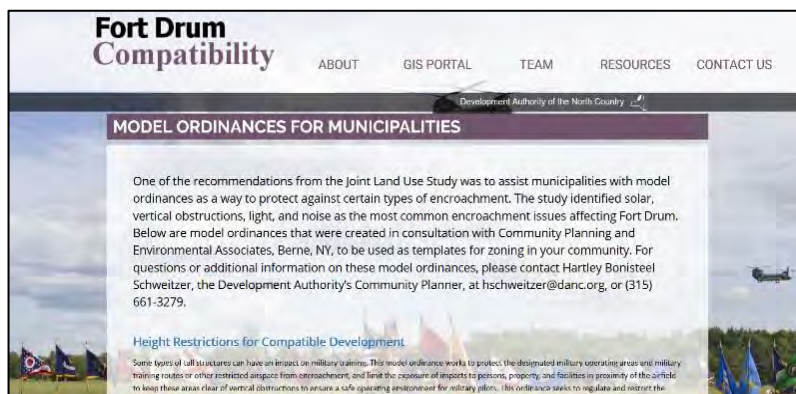
Community Projects



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



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



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

Community Projects



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



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



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



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

Community Housing

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



Before rehabilitation



After rehabilitation



HOME Program

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

In the Community



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



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



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



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



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

Building a Better Authority



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

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



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



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



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

Financials

Independent Financial Audit

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

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

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

Summary of Auditor's Results

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

Opinion

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

Financial Statements

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

Budget vs. Actual

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

Internal Control Environment

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

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

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

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

Investment Guidelines

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

Bond Issue

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

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

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

Credit Rating

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

Financial Data

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

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

Request for Information

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

