



Development Authority OF THE **North Country**



**ANNUAL REPORT
2020 - 2021**

A Message From The Executive Director

The 2020-2021 fiscal year was time of significant change for the Development Authority: a change in leadership, a change in the way we work, a change in the way we interact with each other and with our customers. But the one thing that did not change – and did not even falter – was the service we provide to our partners. Despite the many challenges of last year, we continued to operate effectively and efficiently, fulfilling our mission to provide services to meet the needs of communities in Jefferson, Lewis and St. Lawrence counties.

It was also a year about connections: finding new ways to connect with each other; helping struggling businesses connect to resources to bridge difficult times; connecting families underserved by broadband with temporary wifi so children could do their schoolwork; linking communities through shared water and wastewater operation services; connecting the North Country to the future of broadband through detailed studies that will lay the foundation for improvement actions; strengthening the connection of the North Country to the environment through a sustainable expansion of the regional landfill and the addition of recycling initiatives; and connecting neighboring communities more closely to Fort Drum through a more thorough understanding of land use impacts. Some of these connections existed prior to the pandemic and have been enhanced over the last year, others were triggered by the pandemic and will continue to grow over the next year. All are beneficial to the North Country as we work in partnership to make this a great place to live, work and play.

Some connections changed. After an 11-year tenure leading the Authority, previous Executive Director Jim Wright retired in the spring of 2020, triggering an extensive search for new leadership. I was named the executive director in July, 2020. The Development Authority made great strides under Jim's leadership and he set the bar high. We thank him for his leadership and many achievements.

Governor Cuomo appointed a new member to our Board of Directors, retired teacher Nancy Henry from Watertown. The City of Watertown also reappointed Tom Hefferon to another four-year term on the Board. We welcome Nancy and thank Tom for his continued service.

Despite the challenges and the changes of the previous year, the Authority completed critical infrastructure projects and commenced others, and closed out the fiscal year on solid financial footing.

We look forward to working with North Country communities and businesses toward a brighter future as we emerge from the pandemic.

Carl E. Farone, Jr.
Executive Director

Policy and Direction

The Board of Directors sets the policy and strategic direction of the Development Authority and provides oversight through established policies for implementation by the Executive Director. All members serve in a voluntary capacity and are not paid for their service.

Officers

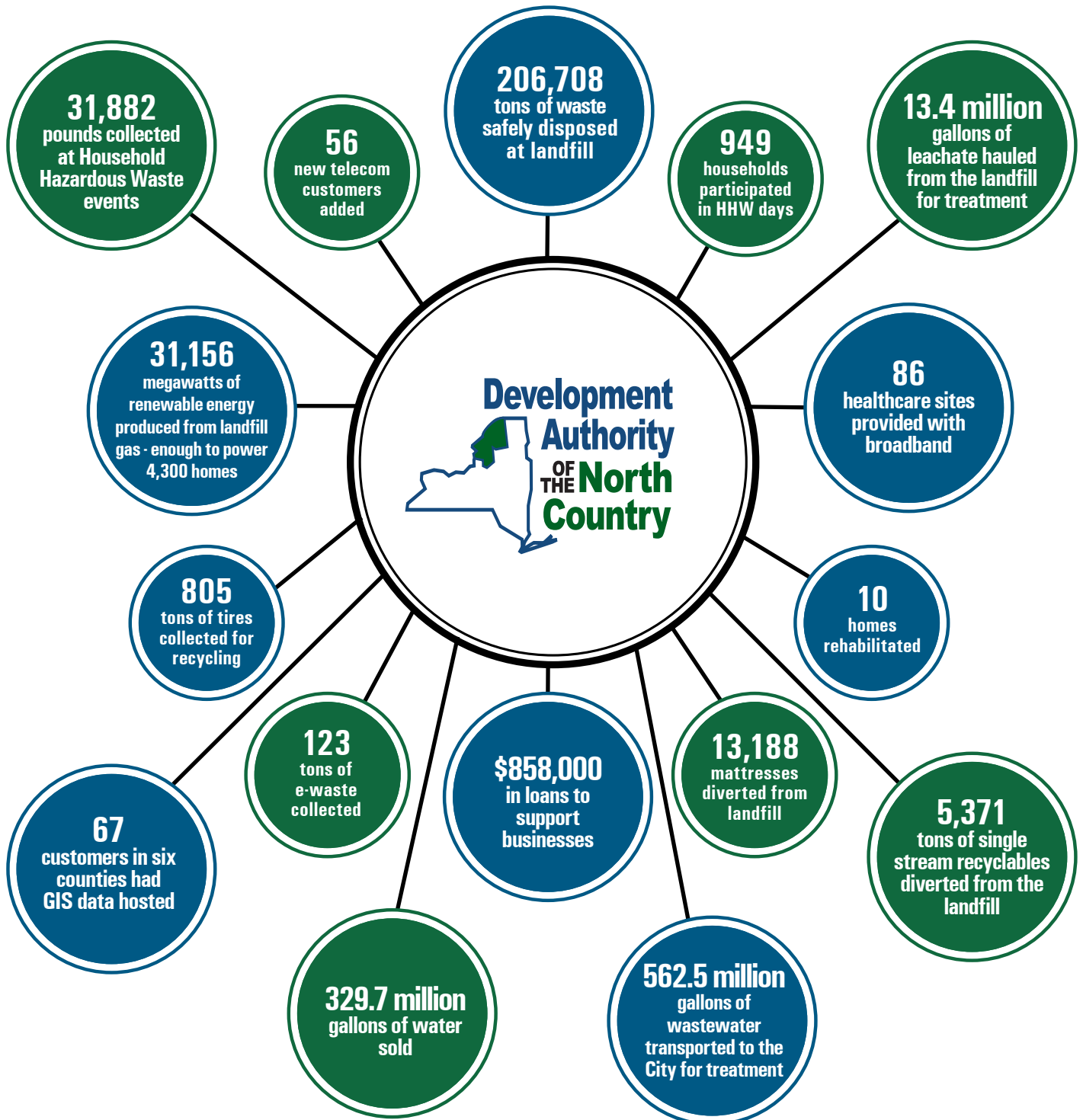
Frederick J. Carter, Sr., Chair	Appointed by St. Lawrence County
Margaret L. Murray, Vice Chair	Appointed by Jefferson County
Thomas H. Hefferon, Treasurer	Appointed by City of Watertown
Dennis Mastascusa, Secretary	Appointed by Lewis County
Alfred E. Calligaris	Appointed by Jefferson County
Mary Reidy Doheny	Appointed by Governor
Nancy C. Henry	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 S. McGrath	Appointed by Governor
Gary Turck	Appointed by Lewis County

Appointments

Nancy C. Henry was appointed to the Board by Governor Andrew Cuomo in February.

Thomas H. Hefferon was reappointed to the Board in September by the City of Watertown for a four-year term.

By The Numbers



Development Authority Overview

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, using 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, two materials management

facilities, 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.



Pandemic Response

Using our resources to assist our partners in any way we could became a priority for the Development Authority. Every division of the Authority was impacted by the pandemic in some way and responded accordingly to meet the needs of both our partners and our employees as we all navigated this strange new normal.

The Authority's utmost priority was taking the necessary steps to ensure that we could continue to provide our critical essential water, wastewater, telecommunications and materials management services to support our partner municipalities. That meant restructuring our organization to limit our employees' exposure so that we would always have healthy employees to keep these essential functions operating. Telecommuting for some employees, prohibiting in-person meetings, reducing numbers in lunchrooms and creating separation between employees became the standard for the workforce.

Information Technology was kept busy ensuring that all the employees working from home or remotely had the equipment and connections they needed to perform their jobs successfully and be productive from wherever they were working.

Both internal and external communications were critical at this time, to keep employees and customers informed about protocols required to keep everyone safe and our facilities operational. We modified our website to highlight business resources, and we increased employee communications about new policies and guidelines. We reached out to all municipalities in the tri-county area, reminding them about the Authority resources available to them.

The Regional Development Division worked with the North Country Alliance to create an Emergency Working Capital Loan Program to assist businesses that were struggling under the weight of the pandemic. The loan program provided working capital to small businesses, based on the number of employees, and loans closed one week after approval, getting assistance in the businesses' hands as quickly as possible at a critical

time. The Authority also made loan modifications to free up cash flow for its borrowers which enabled all the Authority's borrowers to stay current on their loans, despite the challenges they were facing.

Last spring the Telecommunications Division worked closely with BOCES and school districts to respond where we were able when students were suddenly forced into virtual learning and didn't have the tools required. Our Telecom team was able to install temporary wifi hotspots in public locations and work with local service providers to enable school-age children without broadband access to study virtually.



Broadband

County Broadband Studies



More than any other need, the pandemic amplified the urgency around expanding critical broadband infrastructure throughout the North Country.

To better understand exactly where the unserved and underserved areas are and to provide the data needed to address the problem, the Authority worked with its three county partners to initiate broadband studies in each of the counties. These are two-pronged efforts, working in conjunction with a contractor, ECC Technologies.

The first part is an on-the-ground inventory of every line, cable and vertical structure where there is a broadband connection. The second part is a survey of as many businesses and residents of the county as possible to obtain information on their broadband access, affordability and needs. The data will be compiled and mapped, offering a much clearer picture of where the needs actually are.

Existing data are incomplete, outdated and often inaccurate. This effort will provide the Authority and the counties with the information needed to develop an action plan to address those needs, which will likely include pursuing grant opportunities with our county partners. It will definitely provide the Authority with data it needs to determine where our limited capital funds will be best spent on expanding to underserved areas.

Lewis County was the first partner to sign on to the project. Their study is complete, the county has formed

an ad-hoc committee to develop an action plan, and the county is already pursuing grant funds to expand broadband service, based on data gathered during the project. The Jefferson and St. Lawrence county projects will be completed in the spring of 2021.

Grassroots Effort in Tupper Lake

In partnership with the Town of Tupper Lake, the Authority was awarded a \$200,000 Northern Border



Regional Commission grant to enhance broadband services in the town. Recognizing the need for expanded broadband access long before the pandemic hit, the Town of Tupper Lake had formed a committee to strategize possible solutions, and approached the Authority about partnering on the grant opportunity. The grant will provide 5.5 miles of fiber-to-the-premise network to upgrade service in the downtown area of Tupper Lake and three wireless antennas to serve unserved residents in the Town of Tupper Lake.

Canadian Connection

As part of a project to update security facilities for the Thousand Islands Bridge Authority, the Development Authority completed a fiber connection to the Canadian border. The Authority is working to obtain connections to Canadian carriers, which will enable an alternate path between major Canadian cities and New York City.



Materials Management

Video Tour

Pandemic-related health and safety restrictions prevented the Authority from holding an open house at the Materials Management Facility in Rodman in 2020, however, a “virtual tour” was created and is available on the Authority’s website for the public to view any time. The video tour takes viewers through the entire process, from entering the facility, weighing trucks in, and emptying the trash, to how the landfill gas and leachate is collected and what happens to it.

The seven-minute video is narrated so the viewer understands what they are seeing at the Rodman facility. The video can be viewed at: <https://www.danc.org/materials-management>



Landfill Expansion

Work on the expansion of the landfill that serves the residents of Jefferson, Lewis and St. Lawrence counties continued throughout the year and is complete. The \$24 million project took place over three construction seasons and was built in two phases. The two new cells feature a double composite liner system, which includes two layers of material that create a six-foot-thick barrier between the bottom of the cell and the environment. The construction of new roadways, a storm water collection system, two leachate pump houses and a storage building were also part of the project. The new cells are ready to receive waste.



Materials Management

Leachate Storage

Leachate, the liquid produced by decomposing waste and precipitation passing through the waste, is pumped to holding tanks on the landfill site, where it is stored until it is transported to the City of Watertown's wastewater treatment facility. A new 1.1-million-gallon leachate holding tank was installed next to the existing tanks and will ensure ample storage space.



Regional Recycling Transfer Station

The Regional Recycling Transfer Station opened for business in April, 2020 and received, compacted and hauled 5,371 tons of single-stream recyclables to a Materials Recovery Facility in central New York. The RTS is achieving a compaction rate of about 50 percent.



Recycling Ads

Pre-production work and some filming was completed on four new recycling education advertisements which will be released later in 2021. The ads highlight the increased volume of packaging materials people are receiving due to increased online shopping, feature two roommates with opposite attitudes to recycling, and show a family struggling to learn to do the right thing with the help of the youngest child. The purpose of the ads is to drive people to www.northcountryrecycles.org to find more information on exactly what to recycle and how.



Building Better Communities

Zero Dock Street



Once a cheese plant, the building at 130 Canal Street in Carthage underwent substantial rehabilitation and opened in late 2020 as the restaurant and banquet facility known as Zero Dock Street. Authority staff provided construction project oversight and grant administration for

a Restore NY grant awarded to the Town of Wilna to help make the project a reality. The project also received a grant/loan through the Authority's North Country Redevelopment Grant/Loan Fund in the amount of \$300,000. The restaurant is located on the bank of the Black River.

Carnegie Bay Marina



A \$240,000 loan from the North Country Transformational Tourism Loan Fund assisted with extensive renovations to this Alexandria Bay marina, which were completed in 2020. The improvements also made the facility more resilient to changes in water

levels which have been impacting St. Lawrence River shoreline businesses in recent years.

Bridging State Grants

When an organization is awarded a state grant, it is usually on a reimbursement basis and it is often difficult for these organizations to get bank financing to fill the gap and allow their projects to begin before they receive their state funds. The Authority uses its Economic Development Fund to provide bridge financing to organizations in



these situations, to help move projects forward. One such beneficiary was the Jefferson County Historical Society. The historical society received funding through the Downtown Revitalization Initiative and Consolidated Funding Application process to make improvements to its

facility, but the grants are disbursed on a reimbursement basis. The Authority partnered with the Watertown Local Development Corporation to provide a line of credit of up to \$130,000 to assist with predevelopment costs associated with these grants. As the grant funds are received by the historical society, it repays the loan.

Shared Services - Water Quality

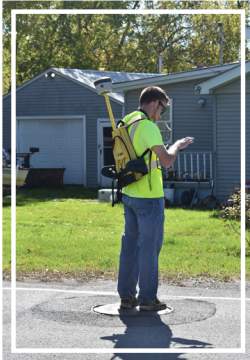
When operators retire or change jobs, municipalities can find themselves without a certified or licensed operator to run their water or wastewater treatment plant. This is a critical function. These are the people that make sure clean water is available to residents and that wastewater is properly treated to ensure regulatory compliance and environmental protection. Under the shared services model, the Authority provides properly certified/licensed operators that can be shared among municipalities, saving taxpayer funds for everyone involved. The Authority provides this service – at the request of the municipality - for both large and small communities. New contracts were awarded to the Authority last year for these services by the Village of Castorland and the Thousand Islands Bridge Authority.

Water Treatment Improvements

Disinfection By Products (DBPs) are created when organic matter breaks down over time due to its reaction with chlorine in the water supply. The Authority has been working with communities to determine methods of eliminating or decreasing DBPs in the water supply. The Authority installed a DBP removal system in a tank at one of the pump stations along the Army Water Line. This new system effectively removed 67.7 percent of the DBPs from the water during the summer months.

Building Better Communities

Managing Infrastructure



The Authority completed a regional GIS (Geographic Information Systems) project for the villages of Gouverneur, Rensselaer Falls and Philadelphia and the Town of Madrid. Funded with a New York State Archives Grant, staff mapped water and sewer lines and other infrastructure for these communities. Mapping

of infrastructure makes it easier for municipalities to find pipes and valves that are underground when repair, replacement or maintenance is needed, and ensures that critical assets are located in an electronic database, accessible to many.

Asset Management Plans

Municipalities are responsible for providing essential services (drinking water, plowing) for their residents, and protecting municipally-owned lands like parks, recreational trails and beaches. In order to provide safe, reliable public services, municipalities need to plan for the repair and replacement of critical assets (water lines, plows) as they reach the end of their useful lives. An Asset Management Plan is a comprehensive document that includes an inventory of assets and key information necessary for financial planning such as the useful life of the asset, its age and the cost to replace it. Asset Management Plans are tools that municipal boards can use as part of their budget process to determine appropriate rates, fund operating reserves, and budget for capital projects and equipment replacements, and avoid significant tax or rate increases due to emergency repairs or replacements. The Authority helped prepare Asset Management Plans for the Town of Morristown, Village of Cape Vincent, Village of Clayton, Town of Lisbon, the Route 3 Sewer Board and the Carthage/West Carthage Joint Water Pollution Control Facility.

Technical Support for Capital Projects

When undertaking a significant capital project, sometimes municipalities seek assistance with the more technical



aspects of the project. Not every municipality can afford to have technical resources on staff. Under the shared services model, Authority staff with engineering and technical expertise can function as a technical resource for those communities, when requested. In 2020, Authority staff provided technical support services for water or sewer improvement projects in the Village of Alexandria Bay, Village of Clayton, Village of Heuvelton, Village of Potsdam, Village of Tupper Lake, City

of Ogdensburg and towns of Clifton and Fine. These multi-year projects total approximately \$106 million in investment in North Country infrastructure that will help support existing and future economic development.

Improving North Country Housing

Authority staff developed and implemented a strategy for assisting municipal partners with the administration and delivery of housing grants, which improve the quality of housing stock for communities and residents. In the past, Authority staff has provided these services to communities including the City of Ogdensburg, the villages of Tupper Lake and Massena and the towns of Wilna and Gouverneur, but now this focused plan allows the Authority to quickly and effectively respond when requested.

The Authority responded to a Statement of Interest request issued by St. Lawrence County to assist with the administration and delivery of its countywide housing programs and was selected by the county to provide these services. Staff wrote housing grant requests for the Village of Massena and the Town of Gouverneur. A Village of Tupper Lake grant request for an owner-occupied rehabilitation program was awarded \$400,000 based on an application written by the Authority on behalf of the village.

Community Partner – Fort Drum

Land Use Planning Tool

The Authority has continued to expand and enhance the Fort Drum Compatibility IMA (Internet Mapping Application) portal. This portal assists land use planners in understanding how a development project might impact Fort Drum, its mission, or activities. Funded by a federal grant from the Office of Local Defense Community Cooperation, Authority staff are creating a query tool that will help local officials, developers, and planners to identify potential encroachment issues relating to development and Fort Drum. The Query Tool will provide users with information relating to their specific site and information that they need to know in order to develop the site. This tool should be available for use later in 2021.

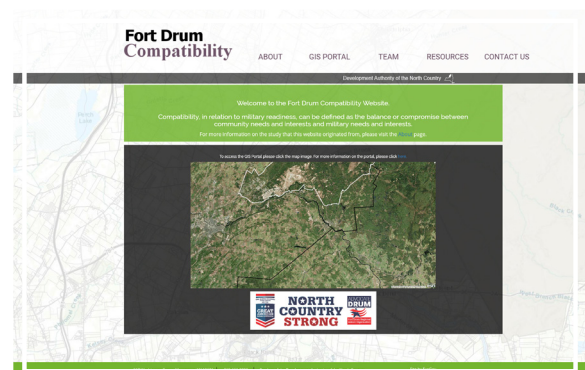
Energy Project Siting

Authority staff supported Fort Drum in navigating the newly enacted New York Article 23 process, which replaces the previous process for siting large scale renewable energy projects. Article 23 was adopted as part of the FYE 2021 state budget. Because of the large number of proposed renewable energy projects in the Fort Drum region and their potential impact, this is

a critical issue for the post. Staff notified Fort Drum of the change and worked with them to ensure that they were recognized by the new Office of Renewable Energy Siting. Through the Authority's efforts, Fort Drum is recognized and will be consulted as part of the Office of Renewable Energy Siting's review of energy projects around the installation. Authority staff continues to work with Fort Drum staff to review proposed solar and wind projects around Fort Drum.

Compatibility Committee

The Fort Drum Compatibility Committee, comprised of planning officials from the three counties and the City of Watertown, organizational representatives, Fort Drum Garrison and local elected officials, continued to meet virtually during the pandemic. These meetings, orchestrated by Authority staff, provide an important link between Fort Drum and the planning organizations that surround the installation, and the opportunity to freely discuss projects and issues.



Financials

Financial Audit

The Authority's annual independent audit of fiscal year ending 2021 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).

Financials

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, 2021, 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.

Financials

Bonds Outstanding

As of Fiscal Year Ending March 31, 2021, the following bonds were outstanding.

Bond Issue	Balance 3/31/21	Maturity
Series 2019 SWMF Revenue Bonds	\$10,480,000	2044
Series 2015 SWMF Revenue Bonds	\$ 7,275,000	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."

STATEMENT OF NET POSITION	FYE 2021	FYE 2020
Total Assets	\$232,825,912	\$238,036,833
Deferred Outflows	\$4,173,658	\$1,587,159
TOTAL ASSETS & DEFERRED OUTFLOWS	\$236,999,570	\$239,623,992
Total Liabilities	\$70,400,829	\$69,505,582
Deferred Inflows	\$1,014,474	\$542,122
Total Net Assets	\$165,584,267	\$169,576,288
TOTAL LIABILITIES, DEFERRED INFLOW & NET ASSETS	\$236,999,570	\$239,623,992

CHANGE IN NET POSITION	FYE 2021	FYE 2020
Total Operating Revenue	\$24,166,486	\$26,277,512
Total Operating Expense	\$28,180,091	\$27,628,491
NON-Operating Revenue (Expense)	\$21,584	\$2,136,895
CHANGE IN NET POSITION	(\$3,992,021)	\$785,916

Request for Information

The Authority's Audited Financial Statements for the Fiscal Year Ending March 31, 2021 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.

