DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

Bonadio & Co., LLP
Certified Public Accountants

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 26, 2020

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

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

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

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

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

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

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

(Continued)

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bonadio & Co., LLP

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Highlights

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

Overview of the Financial Statements

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

Financial Statements

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

Budget vs. Actual

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

Summary of Operations and Change in Net Position

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

- Operating revenues increased $122 Thousand during 2020. The increase in revenues are primarily attributable to the following:
  - Customer billings within Telecom increased $473 Thousand, primarily for the installation and leasing of dark fiber and customer billings within the Engineering Division increased $213 Thousand due to additional services provided to municipal customers. The increase was offset by a decrease in customer billings of $750 Thousand within Materials Management as there was an overall decrease in tonnage; specifically contaminated soil.
  - Grant revenue increased $162 Thousand as the Authority disbursed NYS Grant funds that were received.

- Operating expenses increased $965 Thousand during 2020. The increase in expenses are primarily attributable to the following:
  - Bad debt expense increased $618 Thousand as the Board established an allowance for doubtful accounts as a percentage of receivables; from 1 – 5%.
  - Salaries and related fringe benefits expense increased $416 Thousand mainly due to prior year staff vacancies being filled, additional staff authorized and merit increases.

- The increase in net non-operating revenue of $67 Thousand is primarily due to investment income increases of approximately $425 Thousand as interest rate yields have increased on Authority held investments. The increase was offset by $128 Thousand in bond issuance costs and an increase in interest expense of $195 Thousand with the issuance of Series 2019 SWMF Bonds to support the expansion at the Materials Management Facility.

Financial Position Summary

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

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

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

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

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

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

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

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

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

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

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

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

Summary of Operating Revenue

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

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

Summary of Operating Expenses

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

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

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

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

Summary of Operating Expenses (Continued)

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

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

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

Non-Operating Revenue (Expense)

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

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

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

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

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

Long-Term Debt Administration
As of March 31, 2020, the Authority has the following revenue bond series outstanding:

Development Authority of the North Country Bond Series	Bonds Outstanding as of March 2020	Bonds Outstanding as of March 2019	Principal Due 2021
Series 2010C	$ -	$ 395,000	$ -
Series 2015	7,540,000	7,800,000	265,000
Series 2019	10,720,000	-	240,000
Total	$ 18,294,000	$ 8,195,000	$ 505,000

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

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

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Totals for 2019)

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

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
(With Comparative Totals for 2019)

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

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- Restricted - This component of net position consists of amounts that have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted - This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted." Unrestricted net position may be designated for specific purposes by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Accounts Receivable

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

Accrued Unbilled Revenues

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

Loans Receivable

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

Allowance for Loan Losses

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

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

Investments

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

Funds Held by Trustee

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. NET POSITION

Restricted Net Position

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

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

Unrestricted

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

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

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

4. CONTRACTUAL AGREEMENTS

Materials Management Agreement

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

Host Community Agreement

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

Gas-to-Energy Plant Agreement

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

Water Agreement

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

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

4. CONTRACTUAL AGREEMENTS (Continued)

Wastewater Agreement

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

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

Project Development Agreement

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

5. ACCOUNTS RECEIVABLE

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

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

Demand deposits	$ 12,197,344
Time deposits	1,014,327
	$ 13,211,671

Custodial Credit Risk

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

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

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Fair Value

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

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

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

Custodial Credit Risk - Deposits

At March 31, 2020, the carrying amounts of the Authority's cash and cash equivalents held in time deposit accounts was $5,619,390 and the amount of restricted assets held in time deposit accounts was 11,655,255 and was exposed to custodial credit risk as follows:

	Bank Balance	Carrying Amount
Cash and cash equivalents	$ 6,005,607	$ 5,619,390
Cash and cash equivalents	11,655,255	11,655,255
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	17,747,197	
	$ 18,247,352	

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

7. RESTRICTED ASSETS

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

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

7. RESTRICTED ASSETS (Continued)

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

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

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

8. LOANS RECEIVABLE

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

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

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

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

8. LOANS RECEIVABLE (continued)

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

Balance, beginning of year	$	192,737
Loans charged off		-
Allowance provisions		209,436
Balance, end of year	$	402,173

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

	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	$36,082,022	$ -	$36,082,022	$	$ 402,173	$ 402,173

There were no impaired loans at March 31, 2020.

9. CAPITAL ASSETS

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

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

10. FINANCING ARRANGEMENTS

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

	Long Term Portion Beginning Balance	Increases	Decreases	Due Within One Year	Long Term Portion Ending Balance
Series 1998 / 2010C revenue refunding bonds maturing in annual amounts ranging from $340,000 to $395,000 through 2020 bearing interest ranging from 2.28% to 3.38%.	395,000		(395,000)		
Series 2015 bonds maturing in annual amounts ranging from $225,000 to $490,000 through 2041 bearing interest ranging from 2.00% to 4.50%.	7,800,000	-	(260,000)	(265,000)	7,275,000
Series 2019 bonds maturing in annual amounts ranging from $240,000 to $650,000 through 2044 bearing interest ranging from 4.00% to 5.00%.	-	10,720,000	-	(240,000)	10,480,000
Unamortized bond (discount)/premium	(65,613)	1,459,428	(30,954)	-	1,362,861
Long-term revenue bond liabilities	$ 8,129,387	$ 12,179,428	$ (290,954)	$ (505,000)	$ 19,117,861

10. FINANCING ARRANGEMENTS (Continued)

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

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

10. FINANCING ARRANGEMENTS (Continued)

Future Minimum Payments

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

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

Interest Paid

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

11. COMMITMENTS AND CONTINGENCIES

Commitments

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

Contingencies

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

12. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

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

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

Replacement

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

Wetlands Mitigation

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

Investment Income

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

13. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

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

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

Contributions

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

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

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

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

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

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

13. PENSION PLAN (Continued)

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

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

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

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

2020	$ 273,349
2021	(254,098)
2022	(19,677)
2023	182,133
	$ 181,707

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

13. PENSION PLAN (Continued)

Actuarial Assumptions

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

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

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

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

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

13. PENSION PLAN (Continued)

Discount Rate

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

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

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

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

Pension Plan Fiduciary Net Position

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

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

14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	7
Active employees	64
Total participants	71

OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

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

Changes in the OPEB Liability

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

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

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

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

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

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

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

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

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

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

2020	$ 6,432
2021	6,432
2022	6,432
2023	6,432
2024	6,432
Thereafter	64,324
	$ 96,484

15. SUBSEQUENT EVENTS

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

Subsequent events have been evaluated through June 26, 2020, which is the date the financial statements were available to be issued.

Schedule I

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

	Total
Funds held for others - beginning of year	$ 10,266,884
Loan interest income	86,912
Miscellaneous income	507
Investment income	141,043
Mark to market adjustment	11,829
Legal	-
Investment fees	(3,459)
Consulting expense	(8,000)
Bad debt expense	(83,691)
Change in fund	145,141
Funds held for others - end of year	$ 10,412,025

Assets held for North Country Economic Development	
Investments	$ 7,379,179
Loan interest receivable	6,523
Loans receivable	3,026,323
Funds held for others	$ 10,412,025

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

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:

	2020	2019	
Discount rate	3.29%	3.29%	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

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

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

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:
- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

Schedule IV

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

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

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

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

The accompanying notes are an integral part of these schedules.

Bonadio & Co., LLP
Certified Public Accountants

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 26, 2020

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 26, 2020.

Internal Control Over Financial Reporting

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

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

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

June 26, 2020

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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(Continued)

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

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

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

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

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

Bonadio & Co., LLP

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

General

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

Basis of Accounting

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

Indirect and Matching Costs

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the Development Authority of the North Country (the Authority) are prepared in accordance with GAAP.

2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported with *Government Auditing Standards*, were disclosed during the audit.

4. No material weaknesses or significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.

5. The auditor's report expresses an unmodified opinion on compliance for the major federal award program for the Authority.

6. There were no audit findings relative to the major federal award program for the Authority that are required to be reported in accordance with 2 CFR Section 200.516 (a).

7. The program tested as a major program was Home Investment Partnerships Program, CFDA #14.239.

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Authority was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

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

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.