DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Financial Statements as of
March 31, 2022
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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INDEPENDENT AUDITOR'S REPORT

June 23, 2022

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

Report on the Audit of the Financial Statements
Opinion
We have audited the accompanying financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of March 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters
Report on Summarized Comparative Information
We have previously audited the Authority's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of contributions - pension plans, proportionate share of net pension liability (asset) and changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information (Continued)
We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of revenue, expenses and change in net position by department, the schedule of North Country Economic Development Fund activity, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue, expenses and change in net position by department, the schedule of North Country Economic Development Fund activity, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, 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

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

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

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

The Materials Management Facility provides an environmentally responsible solution for waste disposal in our region. The Authority continuously looks for innovative ways to efficiently operate the facility and maintain this asset for future generations. The Authority partnered with an energy company to create a gas-to-energy plant that converts methane, a by-product of waste, into electricity using four 1.6-megawatt generators. The electricity generated is equivalent to powering over 4,300 homes.

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

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

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

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

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the fiscal year ended March 31, 2022. 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, 2022, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by $162.8 Million. Of this amount, $2.7 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 $26.2 Million and $24.8 Million in 2022 and 2021, respectively.
- The Authority's total expenses (operating and non-operating) were $29.0 Million and $28.8 Million in 2022 and 2021, 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

	2022	2021	Change	% Change
Operating revenue	$ 27,110,570	$ 24,166,486	$ 2,944,084	12.2%
Operating expenses	(28,329,895)	(28,180,091)	149,804	0.5%
Operating loss	(1,219,325)	(4,013,605)	2,794,280	-69.6%
Non-operating revenue, net	(1,580,341)	21,584	(1,601,925)	-7421.8%
Change in net position	$ (2,799,666)	$ (3,992,021)	$ 1,192,355	29.9%

- Operating revenues increased $2.9 Million during 2022. The increase in revenues is primarily attributable to the following:
  - Customer Billings within Materials Management increased $777 Thousand due to an increase of 18,834 in actual tons.
  - Army Sewer Line revenue increased $929 Thousand due to higher sewer flows as the result of more rain during the year, as well as additional capital costs billed.
  - Grant revenue increased $1.4 Million due to new loans closed on in 2022 and the addition of the AWL Integrity grant.

- Operating expenses increased $149 Thousand during 2022. The increase in expenses is primarily attributable to the following:
  - Depreciation and amortization increased $1.2 Million as the result of significant additions to fixed assets in the current year, which included the new landfill.
  - Grant expense decreased $866 Thousand mainly due to a grant paid back to Jefferson County for a housing grant in 2021.

- The decrease in net non-operating revenue of $1.6 Million is primarily due to a decrease in interest income as interest rate yields have decreased on Authority held investments.

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.

	2022	2021	Change	% Change
Assets:				
Current assets	$ 10,110,783	$ 9,354,516	$ 756,267	8.1%
Loans receivable, net	30,027,297	33,436,063	(3,408,766)	-10.2%
Investments	16,965,130	28,935,376	(11,970,246)	-41.4%
Funds held by trustee	799,937	798,344	1,593	0.2%
Other postemployment benefit reserve fund	5,627,433	5,623,421	4,012	0.1%
Restricted assets	82,724,838	70,903,951	11,820,887	16.7%
Capital assets, net	80,951,826	83,774,241	(2,822,415)	-3.4%
Total assets	$ 227,207,244	$232,825,912	$ (5,618,668)	-2.4%
DEFERRED OUTFLOWS	$ 4,937,285	$ 4,173,658	$ 763,627	18.3%
Liabilities:				
Current liabilities	$ 4,020,555	$ 5,934,095	$ (1,913,540)	-32.2%
Other liabilities (long-term)	58,790,401	64,466,734	(5,676,333)	-8.8%
Total liabilities	$ 62,810,956	$ 70,400,829	$ (7,589,873)	-10.8%
DEFERRED INFLOWS	$ 6,548,972	$ 1,014,474	$ 5,534,498	545.6%
Net Position:				
Invested in capital assets, net of related debt	$ 60,948,685	$ 63,132,501	$ (2,183,816)	-3.5%
Restricted	79,327,533	67,322,582	12,004,951	17.8%
Unrestricted	22,508,383	35,129,184	(12,620,801)	-35.9%
Total net assets	$ 162,784,601	$ 165,584,267	$ (2,799,666)	-1.7%

- Loans receivable, net decreased $3.4 Million primarily due to two loans being paid off early.
- Current liabilities decreased $1.9 Million primarily due to a decrease in vendors payable of $1.1 Million and a decrease in the current portion of unearned revenue of $861 Thousand.
- Other liabilities decreased $5.7 Million due to a decrease in the net pension liability of $5.2 Million.
- Funds were moved from unrestricted(investments) to restricted in order to prepare for future costs associated with the new landfill.

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, 2022, 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	1,209,525
Materials Management - tip fee stabilization, and landfill gas reserves	6,009,351
Economic development fund	5,360,595
Affordable housing	3,000,000
	$ 19,802,578

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

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

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

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

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

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

Summary of Operating Revenue

	2022	2021	Change	% Change
Service and usage revenue:				
Materials Management Facility	$ 9,303,739	$ 8,526,460	$ 777,279	9.1%
Water Quality operations	6,416,693	5,424,945	991,748	18.3%
Telecommunications Network	6,170,721	6,275,593	(104,872)	-1.7%
Housing and Economic Development	115,074	141,017	(25,943)	-18.4%
Engineering	1,086,412	1,151,971	(65,559)	-5.7%
Total service and usage revenue	23,092,639	21,519,986	1,572,653	7.3%
Grants from government sources	2,480,763	1,110,679	1,370,084	123.4%
Interest received from outstanding loans	516,853	478,172	38,681	8.1%
Miscellaneous operating revenue	1,020,315	1,057,649	(37,334)	-3.5%
Total operating revenue	$ 27,110,570	$ 24,166,486	$ 2,944,084	12.2%

- Materials Management Facility revenues increased $777 Thousand or 9.1%. The increase was the result of an increase in tonnage received at the facility from approximately 207,000 tons in 2021 to 226,000 tons in 2022.
- Water Quality operations revenue increased $992 Thousand due to an increase in customer billings attributed to additional projects, additional flows and additional capital costs billed.
- Grants from government sources increased $1.4 Million or 7.3%. The increase is due to new loans closed and the water quality integrity grant.

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:

	2022	2021	Change	% Change
Functional expenses:				
Materials Management facility	$ 11,869,352	$ 10,681,563	$ 1,187,789	11.1%
Water Quality	5,965,986	5,631,872	334,114	5.9%
Telecommunications Network	7,813,491	8,279,626	(466,135)	-5.6%
Housing and Economic Development	1,399,713	2,039,037	(639,324)	-31.4%
Engineering	1,086,583	1,195,679	(109,096)	-9.1%
Administration	194,770	352,314	(157,544)	-44.7%
Total functional expenses	$ 28,329,895	$ 28,180,091	$ 149,804	0.5%

- Materials Management Facility expenses increased $1.2 Million or 11.1%. The increase is mostly due to an increase in depreciation costs associated with the new landfill.
- Water Quality expenses increased $334 Thousand or 5.9% as a result of:
    1) $94 Thousand in salaries,
    2) $351 Thousand in sewage treatment expenses, and
    3) Offset by $202 Thousand decrease in fringe benefits related to the decrease in pension expense associated with NYSLRS liability.
- Telecommunications expenses decreased by $466 Thousand or 5.6% as a result of:
    1) $263 Thousand in pension expense mainly associated with NYSLRS Liability,
    2) $102 Thousand in legal fees and
    3) $105 Thousand in operation and maintenance fees.
- Housing and economic development expenses decreased $639 Thousand or 31.4% primarily as a result of a $1 million grant being paid back in 2021 and an increase in bad debt expense of $205 thousand due to a loan write-off in 2022.

Summary of Operating Expenses (Continued)

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

	2022	2021	Change	% Change
Operating expenses:				
Depreciation and amortization	$ 8,896,356	$ 7,732,197	$ 1,164,159	15.1%
Salaries and fringe benefits	8,752,283	9,809,043	(1,056,760)	-10.8%
Wastewater treatment	1,706,280	1,243,889	462,391	37.2%
Community benefits	967,077	823,177	143,900	17.5%
Water purchases	660,743	621,586	39,157	6.3%
Operating and maintenance	4,443,932	5,055,915	(611,983)	-12.1%
General and administrative	2,104,877	2,170,806	(65,929)	-3.0%
Closure and post-closure costs	798,347	723,478	74,869	10.3%
Total operating expenses	$ 28,329,895	$ 28,180,091	$ 149,804	0.5%

- Depreciation and amortization expenses increased by 15.1% to approximately $8.9 Million as several projects in Materials Management, Telecommunications and Water Quality operations were placed into service during the year.
- Salaries and fringe benefits decreased by $1.1 Million or 10.8% mainly due to the NYSLRS liability increase in 2021 which did not occur in 2022. The overall pension expense adjustment of $419 thousand in 2022 was allocated between the different departments, effecting benefit expense.
- Wastewater treatment expense increased by $462 Thousand or 37.2% primarily due to an increase in the number of gallons of wastewater treated by City of Watertown and the increase in treatment costs.
- Community benefits expense increased by $144 Thousand or 17.5% mainly related to the increase in tonnage received at the Materials Management Facility.
- Operating and maintenance expenses decreased $612 Thousand or 12.1% due mainly to a $866 Thousand reduction in grant expense due to the pay back of a $1 million grant offset by an increase in bad debt of $236 Thousand due to a loan write-off in Housing and Economic Development.
- Closure and post-closure costs increased by $75 Thousand or 10.3% related to the increase in tonnage.

Non-Operating Revenue (Expense)

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

	2022	2021	Change	% Change
Non-operating revenue (expense):				
Investment income	$ (953,096)	$ 599,600	$ (1,552,696)	-259.0%
Gain on sale of capital assets	13,500	81,466	(67,966)	-83.4%
Interest expense	(640,745)	(659,482)	18,737	-2.8%
Total	$ (1,580,341)	$ 21,584	$ (1,601,925)	-7421.8%

Non-Operating Revenue (Expense) (Continued)

- Investment income decreased $1.6 Million or 259.0% for two reasons:
  1) as interest rate yields have decreased on Authority held investments.
  2) GASB requires the Authority to book a market adjustment on certain held investments. In 2022, the market adjustment was a $1.5 million decrease in market value. The Authority would only recognize a loss if these held investments were cashed in prior to maturity. The Authority's practice is to hold investments to maturity.

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 $5,322,887. The Authority has a board designated investment account in the amount of $5,635,379 for other postemployment benefits.

Capital Assets

At the end of 2022, the Authority had $80,951,826 (net of accumulated depreciation) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications Network, Water Quality facilities, Engineering, equipment and vehicles. This amount represents a decrease of $2,822,415 or 3.4% over last year. The decrease is mainly due to the Southern Expansion at the 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, 2022, the Authority has the following revenue bond series outstanding:

Development Authority of the North Country Bond Series	Bonds Outstanding as of March 2022	Bonds Outstanding as of March 2021	Principal Due 2023
Series 2015	$ 7,005,000	$ 7,275,000	$ 275,000
Series 2019	10,230,000	10,480,000	260,000
Total	$ 17,235,000	$ 17,755,000	$ 535,000

In addition to the bonds, the Authority had loans payable as of March 31, 2022 as follows:

Loans, Contract and Capital Lease Payables	Outstanding as of March 2022	Outstanding as of March 2021	Principal Due 2023
Loans payable	$ 2,979,925	$ 3,093,246	$ 115,726

Credit Ratings

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

Request for Information

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF NET POSITION
MARCH 31, 2022
(With Comparative Totals for 2021)

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,749,003	$ 5,555,064
Accounts receivable, net	3,123,568	2,619,157
Accrued unbilled revenue	538,407	506,782
Interest receivable	104,035	113,990
Inventory	18,209	466
Prepaid expense and other current assets	577,561	559,057
Total current assets	10,110,783	9,354,516
Loans receivable, net	30,027,297	33,436,063
Investments	16,965,130	28,935,376
Funds held by trustee	799,937	798,344
Other postemployment benefits reserve fund	5,627,433	5,623,421
Restricted assets	82,724,838	70,903,951
Capital assets, net	80,951,826	83,774,241
Total assets	227,207,244	232,825,912
DEFERRED OUTFLOWS		
Other postemployment benefits	159,451	171,716
Pension	4,777,834	4,001,942
Total deferred outflows	4,937,285	4,173,658
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	1,463,209	2,577,443
Current portion of long-term liabilities	650,726	633,323
Accrued expenses	652,201	605,102
Interest payable	119,408	122,660
Current portion of unearned revenue	1,135,011	1,995,567
Total current liabilities	4,020,555	5,934,095
Economic development revolving loan fund	10,639,558	10,479,115
Unearned revenue, net of current portion	5,814,376	5,700,908
Long-term liabilities, net of current portion	42,336,467	48,286,711
Total liabilities	62,810,956	70,400,829
DEFERRED INFLOWS		
Other postemployment benefits	847,267	898,478
Pension	5,701,705	115,996
Total deferred outflows	6,548,972	1,014,474
NET POSITION		
Net investment in capital assets	60,948,685	63,132,501
Restricted	79,327,533	67,322,582
Unrestricted	22,508,383	35,129,184
Total net position	$ 162,784,601	$ 165,584,267

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, 2022
(With Comparative Totals for 2021)

	2022	2021
OPERATING REVENUE:		
Customer billings	$ 23,092,639	$ 21,519,986
Grant revenue	2,480,763	1,110,679
Loan interest income	516,853	478,172
Landfill gas to energy revenue	546,832	525,681
Other revenue	473,483	531,968
Total operating revenue	27,110,570	24,166,486
OPERATING EXPENSES:		
Depreciation and amortization	8,896,356	7,732,197
Salaries	6,381,596	6,223,254
Fringe benefits	2,370,687	3,585,789
Operation and maintenance	3,231,402	3,462,598
Wastewater treatment	1,706,280	1,243,889
Water purchases	660,743	621,586
Community benefits	967,077	823,177
Closure and post-closure costs	798,347	723,478
Grants	296,215	1,162,316
Office and administrative	469,196	427,718
Insurance	460,081	434,326
Automobile	345,983	322,998
Utilities	231,825	154,122
Materials and supplies	289,007	232,455
Professional fees	472,356	467,025
Computer	310,095	286,038
NYS administrative assessment	122,000	122,000
Repairs and maintenance	108,466	179,167
Bad debt expense (recovery)	212,183	(24,042)
Total operating expenses	28,329,895	28,180,091
Total operating loss	(1,219,325)	(4,013,605)
NON-OPERATING REVENUE (EXPENSE):		
Investment income	(953,096)	599,600
Gain on sale of capital assets	13,500	81,466
Interest expense	(640,745)	(659,482)
Total non-operating revenue (expense)	(1,580,341)	21,584
CHANGE IN NET POSITION	(2,799,666)	(3,992,021)
NET POSITION - beginning of year	165,584,267	169,576,288
NET POSITION - end of year	$ 162,784,601	$ 165,584,267

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, 2022
(With Comparative Totals for 2021)

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 27,536,136	$25,575,227
Receipts from grants	1,644,799	1,376,888
Cash payments to suppliers	(14,675,795)	(14,845,402)
Cash payments to employees	(6,334,497)	(6,116,299)
Net cash flow from operating activities	8,170,643	5,990,414
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(6,084,479)	(19,026,122)
Proceeds from sale of capital assets	24,038	160,545
Payments on long-term debt	(633,322)	(949,342)
Interest paid	(643,997)	(662,270)
Net cash flow from capital and related financing activities	(7,337,760)	(20,477,189)
CASH FLOW FROM INVESTING ACTIVITIES:		
Receipts of interest	553,736	913,361
Unrealized loss on investments	(1,496,877)	(249,043)
Net proceeds (purchases) of investments	11,970,246	(68,276)
Deposits into other postemployment benefit reserve fund	(4,012)	(144,338)
Net proceeds (purchases) of restricted assets	(11,660,444)	1,956,469
Change in funds held by trustee	(1,593)	12,014,276
Net cash flow from investing activities	(638,944)	14,422,449
NET CHANGE IN CASH AND CASH EQUIVALENTS	193,939	(64,326)
CASH AND CASH EQUIVALENTS - beginning of year	5,555,064	5,619,390
CASH AND CASH EQUIVALENTS - end of year	$ 5,749,003	$ 5,555,064
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating loss	$ (1,219,325)	$ (4,013,605)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation and amortization	8,896,356	7,732,197
Amortization of debt issuance costs	(55,277)	(55,277)
Bad debt expense	212,183	(24,042)
Change in deferred outflows of resources	(763,627)	(2,586,499)
Change in deferred inflows of resources	5,534,498	472,352
Landfill closure and post-closure care costs	(387,870)	(2,617,184)
Postemployment benefits expense	372,765	(483,082)
Change in:		
Accounts receivable	(716,594)	367,655
Accrued unbilled revenue	(31,625)	(3,995)
Loans receivable	3,408,766	2,243,786
Inventory	(17,743)	4,835
Prepaid expenses and other assets	(18,504)	17,443
Accounts payable and accrued expenses	(1,067,135)	738,735
Unearned revenue	(747,088)	257,502
Net pension liability	(5,229,137)	3,939,593
Net cash flow from operating activities	$ 8,170,643	$ 5,990,414

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

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

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

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

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, 2021, 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 consists primarily of amounts loaned to businesses in Northern New York in order to enhance economic development, create housing and encourage job creation and retention. Loans are stated at unpaid principal balances, less the allowance for loan losses. Loans are collateralized by related property, plant and equipment. Interest income is accrued on the unpaid balance. Interest rates charged to outstanding loans range from 0% to 6.25% and are due at various dates through August 2048.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on past collection experience and an analysis of outstanding amounts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged to the provision for loan losses. An allowance for loan losses of $351,932 was considered necessary at March 31, 2022.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses

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

Income Tax Status

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

Estimates

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

3. NET POSITION

Restricted Net Position

The Authority maintains the following in restricted net position as of March 31, 2022:

Community rental housing program	$ 13,143,286
Community development loan fund	9,787,359
Affordable housing program	22,469,242
Army water and sewer line reserves	1,800,000
Regional waterline operating and debt service reserves	442,508
Wetlands mitigation	318,673
Reserve for liner expansion and replacement	15,983,827
Reserve for open access telecommunication networks	6,839,012
Closure/post closure prefunding reserve	8,543,626
Total restricted net position	$ 79,327,533

3. NET POSITION (Continued)

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, 2022:

Board designated net position:	
Administrative reserve / supplemental insurance	$ 4,000,000
Infrastructure development	223,107
Capital reserves	1,209,525
Materials Management - tip fee stabilization,	
recycling and landfill gas reserves	6,009,351
Economic development fund	5,360,595
Affordable housing	3,000,000
Total board designated net position	19,802,578
Undesignated net position	2,705,805
Total unrestricted net position	$ 22,508,383

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 $833,666 in 2022.

4. CONTRACTUAL AGREEMENTS (Continued)

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 $546,832 in 2022, and are recorded separately on the accompanying Statement of Revenue, Expenses and Change in Net Position.

Water Agreement

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

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

Wastewater Agreement

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

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

Project Development Agreement

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

5. ACCOUNTS RECEIVABLE

Accounts receivable are due within one year and consisted of the following at March 31, 2022:

Materials Management Facility	$ 883,359
Water Quality	286,252
Telecommunications Network	1,385,354
Engineering	36,775
Other	601,121
	3,192,861
Less: Allowance for doubtful accounts	(69,293)
	$ 3,123,568

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, 2022:

Demand deposits	$ 5,210,321
Time deposits	538,682
	$ 5,749,003

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.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

All investments were fully secured at March 31, 2022. Total investments by type are as follows at March 31, 2022:

Money market	$ 4,400,006
United States Treasury obligations/Government agencies	4,633,331
Certificates of deposit	7,931,793
	$ 16,965,130

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, 2022:

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

Custodial Credit Risk - Deposits

At March 31, 2022, the carrying amounts of the Authority's cash and cash equivalents held in time deposit accounts was $5,749,003 and the amount of restricted assets held in time deposit accounts was $13,032,492 and was exposed to custodial credit risk as follows:

	Bank Balance	Carrying Amount
Cash and cash equivalents	$ 6,624,162	$ 5,749,003
Cash and cash equivalents - restricted	12,629,622	12,629,622
	$ 19,253,784	$ 18,378,625
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	19,175,552	
	$ 19,675,707	

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

7. RESTRICTED ASSETS

Restricted assets are held for the following purposes at March 31, 2022:

Landfill Closure and Post-Closure Care	$ 23,250,790
Telecommunications Network	8,995,968
Replacement and Liner at Materials Management Facility	15,806,010
Affordable Housing Program	14,102,469
North Country Economic Development	8,497,445
Community Rental Housing Program	4,859,351
Community Development Loan Fund	3,643,134
Army Water and Sewer Line	2,761,195
Regional Waterline Operating and Debt Service Reserves	489,803
Wetlands Mitigation	318,673
	$ 82,724,838

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, 2022.

Restricted assets consisted of the following at March 31, 2022:

Certificates of deposit	$ 39,065,939
United States Treasury obligations/Government agencies	26,183,412
Money market funds	17,387,633
Accrued interest receivable	87,854
	$ 82,724,838

8. LOANS RECEIVABLE

Loans receivable are summarized as follows at March 31, 2022:

Loans receivable:	
Affordable Housing Program	$ 9,645,846
Community Rental Housing Program	11,880,436
Community Development Loan Fund	6,565,644
North Country Economic Development Loan Fund	2,142,044
Development Authority Economic Development Loan Fund	145,259
	30,379,229
Less allowance for loan loss	(351,932)
Loans receivable, net	$ 30,027,297

8. LOANS RECEIVABLE (Continued)

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2022.

	Current	30 - 59 Days	60 - 89 Days	≥ 90 Days	Total Past Due	Non-accrual	Total Loans Receivable
Affordable Housing Program	$ 9,603,949	$ 41,897	$ -	$ -	$ 41,897	$ -	$ 9,645,846
Development Authority Economic Development Loan Fund	145,259	-	-	-	-	-	145,259
Community Rental Housing Program	11,880,436	-	-	-	-	-	11,880,436
Community Development loan fund	6,564,801	843	-	-	843	-	6,565,644
North Country Economic Development loan fund	2,142,044	-	-	-	-	-	2,142,044
Total	$ 30,336,489	$ 42,740	$ -	$ -	$ 42,740	$ -	$ 30,379,229

Activity in the allowance for loan losses is as follows for the year ended March 31, 2022:

Balance, beginning of year	$ 381,373
Loans charged off	(29,441)
Balance, end of year	$ 351,932

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, 2022.

	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	$30,379,229	$ -	$30,379,229	$ -	$ 351,932	$ 351,932

There were no impaired loans at March 31, 2022.

9. CAPITAL ASSETS

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

	Balance April 1, 2021	Additions	Transfers	Disposals	Balance March 31, 2022
Land	$ 1,706,699	$ -	$ -	$ -	$ 1,706,699
Construction-in-progress	22,741,933	6,074,671	(28,025,215)	-	791,389
Total non-depreciable assets	24,448,632	6,074,671	(28,025,215)	-	2,498,088
Construction:					
Materials Management Facility	82,087,542	9,806	22,873,833	(10,534)	104,960,647
Water Quality	40,533,779	-	1,541,003	-	42,074,782
Telecommunications network	45,936,608	-	1,320,295	-	47,256,903
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	10,242,376	-	207,339	-	10,449,715
Water Quality	2,501,180	-	-	-	2,501,180
Telecommunications network	19,869,902	-	2,082,745	-	21,952,647
Engineering	77,839	-	-	-	77,839
General and administrative	695,087	-	-	-	695,087
Vehicles:					
Materials Management Facility	35,854	-	-	-	35,854
Water Quality	56,470	-	-	-	56,470
General and administrative	1,048,589	-	-	(41,699)	1,006,890
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	-	30,119
Total at cost	203,369,651	9,806	28,025,215	(52,233)	231,352,439
Less: Accumulated depreciation for:					
Construction	(119,559,867)	(6,441,121)	-	-	(126,000,988)
Equipment	(23,699,888)	(2,272,496)	-	-	(25,972,384)
Vehicles	(709,006)	(182,741)	-	41,699	(850,048)
Leasehold improvements	(75,281)	-	-	-	(75,281)
Total accumulated depreciation	(144,044,042)	(8,896,358)	-	41,699	(152,898,701)
Total depreciable assets, net	59,325,609	(8,886,552)	28,025,215	(10,534)	78,453,738
Total capital assets, net	$ 83,774,241	$ (2,811,881)	$ -	$ (10,534)	$ 80,951,826

10. LONG-TERM LIABILITIES

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

	Beginning Balance	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance
Loans payable	$ 3,093,246	$ -	$ (113,321)	$ 115,726	$ 2,864,199
Bonds payable	19,062,584	-	(575,278)	535,000	17,952,306
Net pension liability - ERS	5,248,617	-	(5,229,137)	-	19,480
OPEB liability	4,950,122	372,765	-	-	5,322,887
Landfill liability	15,815,480	-	(387,870)	-	15,427,610
Due to U.S. Army	749,985	-	-	-	749,985
Total long-term liabilities	$ 48,920,034	$ 372,765	$ (6,305,606)	$ 650,726	$ 42,336,467

	Long-Term Portion Beginning Balance	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance
Direct Borrowings:					
Unsecured loan payable to the State of New York in annual payments of $50,000 through March 2040. This loan does not bear interest.	$ 914,000	$ -	$ (50,000)	$ 50,000	$ 814,000
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.	977,669	-	(47,109)	49,229	881,331
Note payable to NYS Housing Trust Fund. Principal is due in full on December 31, 2038 and is only payable upon loan repayment from ultimate loan recipient. This note does not bear interest. Funds were used to make an economic development loan.	600,000	-	-	-	600,000
Unsecured note payable to the Village of Cape Vincent requiring quarterly payments ranging from $7,028 to $7,100, including interest at 2.0% through March 2049.	601,577	-	(16,212)	16,497	568,868
Loans payable	$ 3,093,246	$ -	$ (113,321)	$ 115,726	$ 2,864,199

10. LONG-TERM LIABILITIES (Continued)

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

	Beginning Balance	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance
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%.	$ 7,275,000	$ -	$ (270,000)	$ 275,000	$ 6,730,000
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%.	10,480,000	-	(250,000)	260,000	9,970,000
Unamortized bond (discount)/premium	1,307,584	-	(55,278)	-	1,252,306
Bonds payable	$ 19,062,584	$ -	$ (575,278)	$ 535,000	$ 17,952,306

Future Minimum Payments

The future minimum payments for the Authority's financing arrangements are as follows as of March 31, 2022:

	Principal	Interest	Total
2023	$ 650,726	$ 677,576	$ 1,328,302
2024	678,226	654,700	1,332,926
2025	696,109	630,587	1,326,696
2026	723,813	603,989	1,327,802
2027	751,625	575,909	1,327,534
2028 – 2032	4,225,903	2,425,482	6,651,385
2033 – 2037	4,965,581	1,586,725	6,552,306
2038 – 2042	5,450,049	705,668	6,155,717
2043 – 2047	2,018,280	106,698	2,124,978
2048 – 2049	54,611	1,643	56,254
	$ 20,214,923	$ 7,968,977	$ 28,183,900

Interest Paid

Interest paid on all financing arrangements during the years ended March 31, 2022 and March 31, 2021 were $643,997 and $662,270, respectively.

11. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Materials Management Facility (the Facility) landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs are incurred in phases as needed and post-closure care costs will be paid near or after the date that the landfill stops accepting waste. The Authority reports a portion of these closure and post-closure care costs as a liability in each period based on landfill capacity used as of the Statement of Net Position date. The $15,427,610 reported as landfill closure and post-closure care liability at March 31, 2022 represents the cumulative amount reported to date based on the use of 94% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated cost of closure and post-closure care of approximately $1,167,708 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 2055. The Authority expects to close the currently permitted landfill in 2025. 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, 2022, investments of $23,250,790 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 2022, tipping fees of approximately $417,200 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.

Liner

The build out of the Authority's first two cells of the new landfill has been completed. The new landfill consists of a total of nine cells. The remaining seven cells will be built over the next 40 years. A stand-alone liner reserve has been established which will set aside a portion of the tipping fees collected to meet future cell build outs. In 2022, tipping fees of approximately $287,500 were set aside for the liner reserve. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for the cell build outs, they are reclassified to capital assets.

Wetlands Mitigation

In 2015, the Authority established a wetlands mitigation account in order to fund the future expansion of the Facility. The Authority considers these to be restricted net assets as the Facility is required by law to mitigate the wetlands at the Facility in order to expand. The balance in this reserve was $318,673 at March 31, 2022.

11. MATERIALS MANAGEMENT FACILITY (Continued)

Investment Income

The Authority has set aside funds in order to meet the future financial obligations of the Facility including closure and post-closure costs, replacement, liner and debt repayments. Investment income on these funds is recorded as revenue/(loss) in the accompanying Statement of Revenue, Expenses and Change in Net Position and amounted to approximately $(616,100) in 2022.

12. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority entered into a lease agreement with the New York State Office of General Services (NYSOGS) for office space effective September 1, 2020 and expiring on August 31, 2023. Under the terms of the lease, monthly payments of $8,884 are required. Total rental expense charged to operations amounted to $151,722 during the year ended March 31, 2022.

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.

13. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

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

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

Contributions

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

13. PENSION PLAN (Continued)

2022	$890,000
2021	$797,000
2020	$767,000

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

At March 31, 2022, the Authority reported a liability of $19,480 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. 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.

The Authority's proportion measured at March 31, 2021 was 0.0195636% which was a decrease of 0.000257% from its proportion measured at March 31, 2020 of 0.0198206%.

For the year ended March 31, 2022, the Authority recognized pension expense of approximately $465,000.

At March 31, 2022, 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	$ 237,907	$ -
Changes in assumptions	3,581,791	67,554
Net difference between projected and actual earnings on pension plan investments	-	5,595,876
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	67,761	38,275
Contributions subsequent to measurement date	890,375	-
	$ 4,777,834	$ 5,701,705

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:

2022	$ (320,787)
2023	(107,158)
2024	(299,626)
2025	(1,086,675)
	$ (1,814,246)

13. PENSION PLAN (Continued)

The Authority recognized $890,375 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021, which will be recognized as a reduction of the net pension liability in the year ended March 31, 2023.

Actuarial Assumptions
The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuations used the following actuarial assumptions:

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2021 are summarized in the following table:

Asset type	Target allocations	Long-term expected real rate of return
Domestic equity	32%	4.05%
International equity	15%	6.30%
Private equity	10%	6.75%
Real estate	9%	4.95%
Opportunistic/Absolute Return Strategy	3%	4.50%
Credit	4%	3.63%
Real assets	3%	5.95%
Fixed income	23%	0.00%
Cash	1%	0.50%
	100%	

13. PENSION PLAN (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 5.9%, 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:

	2022		
	1% Decrease (4.9%)	Current assumption (5.9%)	1% Increase (6.9%)
Proportionate share of net pension asset (liability)	$ 5,406,965	$ (19,480)	$ (4,949,042)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021 were as follows:

	Pension Plan's fiduciary net position (dollars in thousands)	Authority's proportionate share of Plan's fiduciary assumption net position (dollars in thousands)	Authority's allocation percentage as determined by the Plan
Total pension liability	$ 220,680,157	$ 43,173	0.0195636%
Net position	(220,580,583)	(43,154)	0.0195636%
Net pension liability (asset)	$ 99,574	$ 19	0.0195636%
Fiduciary net position as a percentage of total pension liability	99.95%	99.95%	

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Active employees	59
Total participants	73

OPEB Liability

The Authority's total OPEB liability of $5,322,887 was determined by using an actuarial valuation as of March 31, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2021 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, 2021	$ 4,950,122
Service cost	259,524
Interest	187,290
Changes in actual and expected	-
Benefit payments	(74,049)
OPEB Liability as of March 31, 2022	$ 5,322,887

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:

	2022		
	1% Decrease (2.29%)	Discount Rate (3.29%)	1% Increase (4.29%)
OPEB Liability	$ 6,509,639	$ 5,322,887	$ 4,407,613

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:

	2022		
	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
OPEB Liability	$ 4,330,766	$ 5,322,887	$ 6,628,914

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

For the year ended March 31, 2022, the Authority recognized OPEB expense of $407,868. At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between actual and expected experience	$ -	$ 847,267
Changes of assumptions or other inputs	159,451	-
	$ 159,451	$ 847,267

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

2023	$ (38,946)
2024	(38,946)
2025	(38,946)
2026	(38,946)
2027	(38,946)
Thereafter	(493,086)
	$ (687,816)

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUE, EXPENSES AND CHANGE IN NET POSITION BY DEPARTMENT
FOR THE YEAR ENDED MARCH 31, 2022

	General and Administration	Solid Waste Management Facility	Water and Waste Water Operations	Telecommunications Network	Housing and Economic Development	Engineering	Total
OPERATING REVENUE:							
Customer billings	$ -	$ 9,303,739	$ 6,416,693	$ 6,170,721	$ 115,074	$ 1,086,412	$ 23,092,639
Grant revenue	3,953	43,947	843,988	-	1,588,875	-	2,480,763
Loan interest income	-	-	-	-	516,853	-	516,853
Other revenue	197,546	755,369	7,988	7,192	52,223	(3)	1,020,315
Total operating revenues	201,499	10,103,055	7,268,669	6,177,913	2,273,025	1,086,409	27,110,570
OPERATING EXPENSES:							
Depreciation and amortization	226,396	4,218,072	814,280	3,625,000	-	12,608	8,896,356
Salaries	1,182,947	1,680,412	1,283,597	1,273,739	315,670	645,231	6,381,596
Fringe benefits	319,740	750,163	556,055	367,020	118,487	259,222	2,370,687
Operation and maintenance	7,739	1,529,383	101,123	1,525,240	8,806	59,111	3,231,402
Wastewater treatment	-	337,254	1,369,026	-	-	-	1,706,280
Water purchases	-	-	660,743	-	-	-	660,743
Community benefits	-	833,666	-	-	133,411	-	967,077
Closure and post-closure costs	-	798,347	-	-	-	-	798,347
Grant	-	-	-	-	296,215	-	296,215
Office and administrative	211,048	76,654	63,453	57,823	7,975	52,243	469,196
Insurance	18,997	180,341	99,413	134,520	-	26,810	460,081
Bad debt	-	-	-	27,797	184,386	-	212,183
Automobile	396	15,852	218,374	96,470	-	14,891	345,983
Utilities	-	103,772	121,809	6,244	-	-	231,825
Materials and supplies	-	289,007	-	-	-	-	289,007
Professional fees	128,371	63,327	11,516	83,010	183,877	2,255	472,356
Computer	204,013	23,809	17,779	32,363	750	31,381	310,095
NYS administrative assessment	-	49,900	31,054	34,051	-	6,995	122,000
Repairs and maintenance	-	13,252	95,214	-	-	-	108,466
Engineering allocation	-	29,913	30,850	13,355	1,830	(75,948)	-
Administrative allocation	(2,104,877)	876,228	491,700	536,859	148,306	51,784	-
Total operating expenses	194,770	11,869,352	5,965,986	7,813,491	1,399,713	1,086,583	28,329,895
Total operating income (loss)	6,729	(1,766,297)	1,302,683	(1,635,578)	873,312	(174)	(1,219,325)
NON-OPERATING REVENUE (EXPENSE):							
Interest income	8,370	(616,126)	(36,299)	47,883	(356,924)	-	(953,096)
Gain on sale of capital assets, net	5,300	8,200	-	-	-	-	13,500
Interest expense	-	(583,939)	(56,806)	-	-	-	(640,745)
Total non-operating revenue (expense)	13,670	(1,191,865)	(93,105)	47,883	(356,924)	-	(1,580,341)
CHANGE IN NET POSITION	$ 20,399	$ (2,958,162)	$ 1,209,578	$ (1,587,695)	$ 516,388	$ (174)	$ (2,799,666)

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL INFORMATION
SCHEDULE OF NORTH COUNTRY ECONOMIC DEVELOPMENT FUND ACTIVITY
FOR THE YEAR ENDED MARCH 31, 2022

		Total
Fund balance - beginning of year	$	10,479,115
Loan interest income		73,740
Recovered bad debt income		57,322
Investment income		48,619
Mark to market adjustment		(7,858)
Investment fees		(3,380)
Consulting expense		(8,000)
Change in fund balance		160,443
Fund balance - end of year	$	10,639,558

Assets restricted for North Country Economic Development		
Investments	$	8,495,752
Loan interest receivable		1,762
Loans receivable		2,142,044
Total fund balance	$	10,639,558

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2022

	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	$ 259,524	$ 259,524	$ 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	187,290	187,290	169,281	169,281						
Changes of benefit terms	-	-	-	-						
Differences between expected and actual experience	-	(862,191)	-	(99,163)						
Changes in assumptions	-	-	-	208,511						
Benefit payments	(74,049)	(67,705)	(59,298)	(53,275)						
Total change in total OPEB liability	372,765	(483,082)	358,384	473,755						
Total OPEB liability - beginning	4,950,122	5,433,204	5,074,820	4,601,065						
Total OPEB liability - ending	$ 5,322,887	$ 4,950,122	$ 5,433,204	$ 5,074,820						
Covered-employee payroll	$ 4,081,382	$ 3,819,887	$ 4,287,573	$ 3,679,648						
Total OPEB liability as a percentage of covered-employee payroll	130.4%	129.6%	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:

	2022	2021	2020	2019	2018–2013
Discount rate	3.29%	3.29%	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 Authority did not obtain an actuarial valuation as of March 31, 2022 or March 31, 2020, and relied on the previous year's actuarial valuation, respectively, for those calculations.

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

The healthcare 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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2022

	Last 10 Fiscal Years									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.0195636%	0.0198206%	0.0184752%	0.0177834%	0.0175474%	0.0168838%	0.0167435%	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.		
Proportionate share of the net pension liability (asset)	$ 19,480	$ 5,248,617	$ 1,309,024	$ 573,949	$ 1,648,794	$ 2,709,904	$ 565,635			
Covered-employee payroll	$ 5,847,483	$ 5,642,812	$ 5,462,255	$ 4,970,504	$ 4,620,918	$ 4,355,501	$ 4,052,840			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.33%	93.01%	23.96%	11.55%	35.68%	62.22%	13.96%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%			

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2022

	Last 10 Fiscal Years									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 890,375	$ 796,667	$ 766,847	$ 714,456	$ 683,563	$ 659,418	$ 601,067			
Contributions in relation to the contractually required contribution	890,375	796,667	766,847	714,456	683,563	659,418	601,067			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
Covered-employee payroll	$ 5,847,483	$ 5,642,812	$ 5,462,255	$ 4,970,504	$ 4,620,918	$ 4,355,501	$ 4,052,840			
Contributions as a percentage of covered-employee payroll	15.23%	14.12%	14.04%	14.37%	14.79%	15.14%	14.83%			

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

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 23, 2022

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, 2022, 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 23, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

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

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

June 23, 2022

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Development Authority of the North Country's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2022. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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(Continued)

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

Auditor's Responsibilities for the Audit of Compliance (Continued)

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

(Continued)

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

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

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

Bonadio & Co., LLP

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2022

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing 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	$ 1,109,642	$ 1,144,642
Passed through Village of Massena:				
Community Development Block Grant	14.228	711HO329-16	9,467	9,467
Passed through Town of Gouverneur:				
Community Development Block Grant	14.228	464HR324-19	45,561	52,101
Total Community Development Block Grants			55,028	61,568
Total U.S. Department of Housing and Urban Development:			1,164,670	1,206,210
U.S. DEPARTMENT OF DEFENSE:				
Direct:				
Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation	12.003	HQ00052010028	N/A	1,007,470
Total expenditures of federal awards				$ 2,213,680

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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022

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 reported 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 Program and 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 Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation, Assistance Listing #12.003.

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.