

DEVELOPMENT AUTHORITY  
OF THE NORTH COUNTRY

Basic Financial Statements,  
Supplementary Information and  
Independent Auditor's Report  
March 31, 2025 and 2024



# DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
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), as of and for the years ended March 31, 2025 and 2024, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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 audits. 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.

#### Auditors' 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 auditors' 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 49 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or



historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits 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 other supplementary information 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 relates 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 GAAS. In our opinion, the other supplementary information 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 26, 2025, 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 Authority's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 26, 2025



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Management's Discussion and Analysis

March 31, 2025 and 2024

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 and Fort Drum.

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

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



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Management's Discussion and Analysis, Continued

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, New York 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. In 2025, the Authority was awarded funding through Empire State Development to establish the administrative framework to support Next Move New York (NMNY). This regional plan supports the education, training, credentialing and placement of Fort Drum transitioning soldiers and spouses.

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

The Statements of Revenue, Expenses and Changes 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 revenue 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 Statements 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 management's discussion and analysis of the Authority's financial position and activities. This overview is provided for the years ended March 31, 2025 and 2024 with comparative information for the year ended March 31, 2023. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

### FINANCIAL HIGHLIGHTS

- As of March 31, 2025 and 2024, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by \$164,254,360 and \$156,976,710, respectively. Of these amounts, \$2,032,649 and \$2,941,260, respectively, is unrestricted and undesignated and may be used to meet the Authority's ongoing obligations.
- The Authority's total revenue (operating and nonoperating) was \$46,491,433 and \$31,991,667 in 2025 and 2024, respectively.
- The Authority's total expenses (operating and nonoperating) were \$39,213,783 and \$34,758,480 in 2025 and 2024, respectively.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Management's Discussion and Analysis, Continued

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of three parts, management's discussion and analysis (this section) the basic financial statements and supplementary information. The Statements of Net Position and the Statements of Revenue, Expenses and Changes in Net Position, and footnotes provide both long-term and short-term information about the Authority's overall financial status.

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.

FINANCIAL ANALYSIS

A summary of the Authority's operations and changes in net position is shown below:

	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>
Operating revenue	\$ 39,446,702	11,973,718	27,472,984	(968,840)	28,441,824
Operating expenses	<u>(35,507,493)</u>	<u>(2,894,700)</u>	<u>(32,612,793)</u>	<u>(1,408,441)</u>	<u>(31,204,352)</u>
Operating income (loss)	3,939,209	9,079,018	(5,139,809)	(2,377,281)	(2,762,528)
Nonoperating revenue (expense), net	<u>3,338,441</u>	<u>965,445</u>	<u>2,372,996</u>	<u>2,650,630</u>	<u>(277,634)</u>
Change in net position	<u>\$ 7,277,650</u>	<u>10,044,463</u>	<u>(2,766,813)</u>	<u>273,349</u>	<u>(3,040,162)</u>

In 2025, operating revenue increased \$11,973,718 or 43.6%. The main increase was related to grant revenue, mostly in Water Quality Operations and Telecommunication Network, where grant revenue increased \$8,033,396. This was due to the receipt of an Environmental Facilities Corporation grant and National Telecommunications and Information Administration (NTIA) grant.

In 2024, operating revenue decreased \$968,840 or 3.4%. The main decrease was related to customer billings, mostly at Materials Management Facility, where revenue decreased \$771,346. This was due to a decrease in the number of tons received.

In 2025, operating expenses increased \$2,894,700 or 8.9%. The main increase was related to depreciation and amortization where expenses increased \$754,387. There was also an increase in payroll and related benefits of \$989,530 or 9.2%. The increase was due to seven additional positions being added, as well as a GASB Statement No. 68 adjustment of \$438,868.

In 2024, operating expenses increased \$1,408,441 or 4.5%. The increase was related to payroll taxes and fringe benefits where expenses increased \$1,474,824. The pension expense increased \$1,383,858, of which \$746,238 is associated with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 68. The pension is maintained by New York State and is actuarially determined. Most pension related costs can not be controlled by the Authority.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Management's Discussion and Analysis, Continued

The increase in 2025 and 2024 in net nonoperating revenue, net of \$965,445 and \$2,650,630, respectively, is primarily due to an increase in investment income.

A summary of the Authority's statements of net position is shown below:

	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>
Assets:					
Current assets	\$ 13,507,793	2,773,487	10,734,306	(2,095,455)	12,829,761
Loans receivable, net of allowance for doubtful accounts	35,230,858	2,484,735	32,746,123	1,746,676	30,999,447
Investments	12,571,342	(2,478,184)	15,049,526	(849,075)	15,898,601
Funds held by trustee	1,746,289	861,081	885,208	47,365	837,843
OPEB reserve fund	5,980,351	125,537	5,854,814	102,903	5,751,911
Restricted assets	88,844,892	2,385,248	86,459,644	2,141,909	84,317,735
Net pension asset	-	-	-	(1,725,909)	1,725,909
Capital assets, net	<u>95,179,000</u>	<u>5,998,655</u>	<u>89,180,345</u>	<u>12,022,725</u>	<u>77,157,620</u>
Total assets	<u>253,060,525</u>	<u>12,150,559</u>	<u>240,909,966</u>	<u>11,391,139</u>	<u>229,518,827</u>
Deferred outflows of resources	<u>5,659,198</u>	<u>1,966,750</u>	<u>3,692,448</u>	<u>(375,533)</u>	<u>4,067,981</u>
Liabilities:					
Current liabilities	14,509,955	(5,151,625)	19,661,580	14,214,568	5,447,012
Noncurrent liabilities	<u>75,703,946</u>	<u>10,044,727</u>	<u>65,659,219</u>	<u>5,297,204</u>	<u>60,362,015</u>
Total liabilities	<u>90,213,901</u>	<u>4,893,102</u>	<u>85,320,799</u>	<u>19,511,772</u>	<u>65,809,027</u>
Deferred inflows of resources	<u>4,251,462</u>	<u>1,946,557</u>	<u>2,304,905</u>	<u>(5,729,353)</u>	<u>8,034,258</u>
Net position:					
Net investment in capital assets	60,824,230	6,266,243	54,557,987	(3,139,880)	57,697,867
Restricted	85,166,410	3,420,032	81,746,378	1,678,559	80,067,819
Unrestricted	<u>18,263,720</u>	<u>(2,408,625)</u>	<u>20,672,345</u>	<u>(1,305,492)</u>	<u>21,977,837</u>
Total net position	<u>\$ 164,254,360</u>	<u>7,277,650</u>	<u>156,976,710</u>	<u>(2,766,813)</u>	<u>159,743,523</u>

Summary of 2025 Changes

Current assets increased \$2,773,487 mainly due to accounts receivable increasing, which is associated with the NTIA grant draws.

Loans receivable, net increased \$2,484,735 due to additional loans that were closed on in 2025.

Investments decreased \$2,478,184 as funds were spent on capital projects.

Restricted assets increased \$2,385,248 mainly due to the increase in tip fees being set aside for future projects, as well as a better rate of return on investments.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Management's Discussion and Analysis, Continued

Capital assets increased \$5,998,655 due to additions exceeding disposals and depreciation/amortization expense. In fiscal year ended 2025, the Authority completed the relining portion of the Army Sewer Line and had an additional \$5 million spent against the NTIA project.

Current liabilities decreased \$5,151,625 primarily as a result of turning the Army Water Line short-term note into a long-term bond through the New York State Environmental Facilities Corporation.

Noncurrent liabilities increased \$10,044,727 mainly from the issuance of a new bond associated with the Army Water Line.

#### Summary of 2024 Changes

Current assets decreased \$2,095,455 due to cash and equivalents and accounts receivable decreasing due to timing.

Loans receivable, net increased \$1,746,676 due to additional loans that were closed on in 2024.

Restricted assets increased \$2,141,909 mainly due to the increase in interest rates and the rate of return on investments.

Each year the Authority complies with GASB Statement No. 68 requirements. 2024 reflected a net liability and in 2023 reflected a net asset.

Capital assets increased \$12,022,725 due to additions exceeding disposals and depreciation/amortization expense. In fiscal year ended 2023 the Authority started a \$13 million project to replace a portion of the Army Water Line. In fiscal year ended 2024 the Authority commenced an \$11 million project to rehabilitate a portion of the Army Sewer Line.

Current liabilities increased \$14,214,568 primarily as a result of short-term financing from Community Bank and New York State Environmental Facilities Corporation associated with the Army Water Line and the Army Sewer Line projects.

Noncurrent liabilities increased \$5,297,204 mainly from the net pension liability discussed above.

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 position also include funds available to pay for ongoing and future construction of replacements and/or additions to this infrastructure.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Management's Discussion and Analysis, Continued

At March 31, 2025 and 2024, the Board of Directors designated the Authority's unrestricted net position for the following uses:

	<u>2025</u>	<u>2024</u>
Administrative reserve/supplemental insurance	\$ 4,000,000	4,000,000
Infrastructure development	223,107	223,107
Capital reserves	239,120	691,331
Materials management - tip fee stabilization and landfill gas reserves	3,263,230	4,463,685
Economic development fund	5,505,614	5,352,962
Affordable housing	<u>3,000,000</u>	<u>3,000,000</u>
	\$ <u>16,231,071</u>	<u>17,731,085</u>

REVENUE

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

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

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

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

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

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



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Management's Discussion and Analysis, Continued

A summary of the Authority's operating revenue is shown below:

	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>
Customer billings:					
Materials management facility	\$ 11,112,841	1,009,167	10,103,674	(771,346)	10,875,020
Water quality operations	8,702,534	1,744,505	6,958,029	(443,342)	7,401,371
Telecommunications	6,467,869	(101,549)	6,569,418	309,255	6,260,163
Housing and economic development	248,536	28,539	219,997	(57,250)	277,247
Engineering	<u>665,630</u>	<u>118,364</u>	<u>547,266</u>	<u>29,700</u>	<u>517,566</u>
Total customer billings	27,197,410	2,799,026	24,398,384	(932,983)	25,331,367
Grant revenue	9,851,491	7,997,175	1,854,316	172,978	1,681,338
Loan interest income	504,725	46,065	458,660	12,859	445,801
Landfill gas to energy revenue	591,560	171,264	420,296	(152,255)	572,551
Carbon credits	866,068	866,068	-	-	-
Miscellaneous	<u>435,448</u>	<u>94,120</u>	<u>341,328</u>	<u>(69,439)</u>	<u>410,767</u>
Total operating revenue	<u>\$ 39,446,702</u>	<u>11,973,718</u>	<u>27,472,984</u>	<u>(968,840)</u>	<u>28,441,824</u>

Summary of 2025 Changes

Materials Management Facility revenue increased \$1,009,167 due to an increase in the number of tons received.

Water Quality operations revenue increased \$1,744,505 mainly due to increased rates associated with financing the Army Water Line and Army Sewer Line capital projects.

Grant revenue increased \$7,997,175 due to the receipt of a \$5 million New York State Water Infrastructure Improvement Act (WIIA) grant from the Environmental Facilities Corporation and the NTIA grant draws.

The Authority has qualified for a Green House Gas (GHG) reduction project which yields carbon credits from the collection of methane at the landfill. 2021 and 2022 carbon credits were sold in 2025 yielding revenue in the amount of \$866,068.

Summary of 2024 Changes

Materials Management Facility revenue decreased \$771,346 due to a decrease in the number of tons received.

Water Quality operations revenue decreased \$443,342 mainly due to less water and sewer usage.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Management's Discussion and Analysis, Continued

#### 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: Administration, Materials Management Facility, Water Quality Operations, Telecommunications Network, Housing and Economic Development and Engineering.

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

	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>
Functional expenses:					
Administration	\$ 427,241	50,817	376,424	144,099	232,325
Materials management facility	14,860,566	951,208	13,909,358	291,476	13,617,882
Water quality operations	9,048,048	1,250,300	7,797,748	887,365	6,910,383
Telecommunications	9,424,273	345,951	9,078,322	442,086	8,636,236
Housing and economic development	1,078,700	158,320	920,380	(382,356)	1,302,736
Engineering	668,665	138,104	530,561	25,771	504,790
Total functional expenses	<u>\$ 35,507,493</u>	<u>2,894,700</u>	<u>32,612,793</u>	<u>1,408,441</u>	<u>31,204,352</u>

#### Summary of 2025 Changes

Water Quality operations expenses increased \$1,250,300 as a result of an increase in depreciation and amortization expense of \$323,362, mainly related to the Army Water Line capitalization, and salary and fringe benefits of \$371,086, mainly related to four additional employees. Also, sewer treatment and water purchases increased \$149,331 and \$189,494, respectively.

Materials Management Facility expenses increased \$951,208 as a result of an increase in depreciation and amortization expense of \$395,496 and closure and post-closure costs of \$521,790.

#### Summary of 2024 Changes

Water Quality operations expenses increased \$887,365 as a result of an increase in pension expense of \$394,004 (\$212,135 associated with the GASB 68 adjustment) and salary and fringe benefits.

Telecommunications expenses increased \$442,086 as a result of an increase in pension expense of \$293,873 (\$159,057 associated with the GASB 68 adjustment) and offnet circuit lease of \$161,518.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Management's Discussion and Analysis, Continued

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

	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>
Operating expenses:					
Salaries and fringe benefits	\$ 11,774,082	989,530	10,784,552	1,810,256	8,974,296
Operating and maintenance	3,311,245	(507,757)	3,819,002	97,616	3,721,386
Wastewater treatment	1,864,235	84,786	1,779,449	111,240	1,668,209
Water purchases	928,362	189,493	738,869	(134,780)	873,649
Community benefits	1,168,682	127,819	1,040,863	(128,996)	1,169,859
Closure and post-closure costs	1,788,558	521,790	1,266,768	(10,204)	1,276,972
General and administration	3,470,074	734,652	2,735,422	(395,960)	3,131,382
Depreciation and amortization	<u>11,202,255</u>	<u>754,387</u>	<u>10,447,868</u>	<u>59,269</u>	<u>10,388,599</u>
Total operating expenses	<u>\$ 35,507,493</u>	<u>2,894,700</u>	<u>32,612,793</u>	<u>1,408,441</u>	<u>31,204,352</u>

#### Summary of 2025 Changes

Salaries and fringe benefits increased \$989,530 mainly due to seven additional positions being added, as well as a GASB Statement No. 68 adjustment of \$438,868. General and administration expenses increased \$734,652, associated with the allowance for bad debt (increase in accounts receivable) by \$169,543, professional fees (carbon credit expense) by \$148,490 and automobile expense (for additional trucks) by \$112,827. Depreciation and amortization increased mainly due to the Army Water Line phase 1 replacement project.

#### Summary of 2024 Changes

Salaries and fringe benefits increased \$1,810,256 mainly due to the GASB 68 pension expense adjustment and annual wage increases.

#### NONOPERATING REVENUE (EXPENSE)

The Authority's nonoperating revenue (expense) is composed of the following:

	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>
Nonoperating revenue (expenses):					
Pass-through grant revenue	\$ 2,291,673	1,102,097	1,189,576	376,919	812,657
Pass-through grant expense	(2,291,673)	(1,102,097)	(1,189,576)	(376,919)	(812,657)
Investment income	4,116,710	1,134,253	2,982,457	2,683,458	298,999
Gain on sale of capital assets	636,348	289,698	346,650	280,528	66,122
Debt issuance costs	(111,970)	(18,690)	(93,280)	(73,280)	(20,000)
Interest expense	<u>(1,302,647)</u>	<u>(439,816)</u>	<u>(862,831)</u>	<u>(240,076)</u>	<u>(622,755)</u>
Total	<u>\$ 3,338,441</u>	<u>965,445</u>	<u>2,372,996</u>	<u>2,650,630</u>	<u>(277,634)</u>

Investment income increased in 2025 over 2024 by \$1,134,253 as a result of an increase in interest rates.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Management's Discussion and Analysis, Continued

#### 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. In 2025 and 2024, the Authority has recorded a liability for other postemployment benefits in the amount of \$6,729,158 and \$4,728,237, respectively. In 2025 and 2024, the Authority has a board designated investment account in the amount of \$5,980,351 and \$5,854,814, respectively, for other postemployment benefits. The change in the liability from 2024 to 2025 was offset by the change in the deferred inflows of resources and deferred outflows of resources.

#### CAPITAL ASSETS

At the end of 2025 and 2024, the Authority had \$95,179,000 and \$89,180,345 (net of accumulated depreciation and amortization) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications, Water Quality Facilities, equipment and vehicles. The 2025 increase over 2024 of \$5,998,655 is mainly associated with the Army Sewer and Army Water Line projects as well as the NTIA project. The detail of capital asset activity and balances for the various categories is included in the notes to the financial statements.

#### LONG-TERM DEBT ADMINISTRATION

As of March 31, 2025 and 2024, the Authority has the following revenue bond series outstanding:

<u>Bond Series</u>	Bonds outstanding as of March 31, 2025	Bonds outstanding as of March 31, 2024	Principal due 2026
Series 2015	\$ 6,155,000	6,445,000	300,000
Series 2019	9,410,000	9,695,000	300,000
Series 2025	<u>7,386,411</u>	<u>-</u>	<u>541,374</u>
Total	\$ <u>22,951,411</u>	<u>16,140,000</u>	<u>1,141,374</u>

In addition to the bonds, the Authority had loans payable as of March 31, 2025 and 2024 as follows:

<u>Loans Payable</u>	Loans outstanding as of March 2025	Loans outstanding as of March 2024	Principal due 2026
Loans payable	\$ <u>10,020,188</u>	<u>17,076,310</u>	<u>7,519,138</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Management's Discussion and Analysis, Continued

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 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 intended to provide a general overview of the Authority's financial position and to illustrate the Authority's accountability for the revenue it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer at Dulles State Office Building, 317 Washington Street, Watertown, New York 13601.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Statements of Net Position  
March 31, 2025 and 2024

	<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:			
Cash and equivalents	\$	4,266,533	6,067,643
Accounts receivable, net		7,428,007	3,208,621
Accrued unbilled revenue		773,297	612,707
Interest receivable		112,668	85,986
Inventory		14,430	18,462
Prepaid expenses		912,858	740,887
Total current assets		<u>13,507,793</u>	<u>10,734,306</u>
Noncurrent assets:			
Loans receivable, net		35,230,858	32,746,123
Investments		12,571,342	15,049,526
Funds held by trustee		1,746,289	885,208
Other postemployment benefits reserve fund		5,980,351	5,854,814
Restricted assets		88,844,892	86,459,644
Capital assets, nondepreciable		10,748,271	7,992,523
Capital assets, net of accumulated depreciation/amortization		<u>84,430,729</u>	<u>81,187,822</u>
Total noncurrent assets		<u>239,552,732</u>	<u>230,175,660</u>
Total assets		<u>253,060,525</u>	<u>240,909,966</u>
	<u>Deferred Outflows of Resources</u>		
Pension		3,316,970	3,494,419
OPEB		<u>2,342,228</u>	<u>198,029</u>
Total deferred outflows of resources		<u>5,659,198</u>	<u>3,692,448</u>
	<u>Liabilities</u>		
Current liabilities:			
Accounts payable		4,006,903	2,889,093
Accrued expenses		941,902	764,351
Interest payable		138,368	264,775
Unearned revenue		531,059	542,240
Bonds payable, including premiums		1,196,651	630,277
Loans payable		7,519,138	14,451,447
Leases payable		155,700	108,242
Subscriptions payable		<u>20,234</u>	<u>11,155</u>
Total current liabilities		<u>14,509,955</u>	<u>19,661,580</u>
Noncurrent liabilities:			
Economic development revolving loan fund		11,415,450	11,087,083
Unearned revenue, excluding current portion		8,491,337	7,381,106
Bonds payable, including premiums, excluding current portion		22,841,235	16,651,475
Loans payable, excluding current portion		2,501,050	2,624,863
Leases payable, excluding current portion		43,199	144,899
Subscriptions payable, excluding current portion		77,563	-
Due to U.S. Army		749,985	749,985
Landfill liability		19,691,609	17,926,451
Total OPEB liability		6,729,158	4,728,237
Net pension liability - ERS - proportionate share		<u>3,163,360</u>	<u>4,365,120</u>
Total noncurrent liabilities		<u>75,703,946</u>	<u>65,659,219</u>
Total liabilities		<u>90,213,901</u>	<u>85,320,799</u>
	<u>Deferred Inflows of Resources</u>		
Pension		1,732,729	269,550
OPEB		<u>2,518,733</u>	<u>2,035,355</u>
Total deferred inflows of resources		<u>4,251,462</u>	<u>2,304,905</u>
	<u>Net Position</u>		
Net investment in capital assets		60,824,230	54,557,987
Restricted		85,166,410	81,746,378
Unrestricted		<u>18,263,720</u>	<u>20,672,345</u>
Total net position	\$	<u>164,254,360</u>	<u>156,976,710</u>

See accompanying notes to financial statements.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Statements of Revenue, Expenses and Changes in Net Position  
Years ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenue:		
Customer billings	\$ 27,197,410	24,398,384
Grant revenue	9,851,491	1,854,316
Loan interest income	504,725	458,660
Landfill gas to energy revenue	591,560	420,296
Bad debt recovery	-	49,707
Carbon credits	866,068	-
Other revenue	<u>435,448</u>	<u>291,621</u>
Total operating revenue	<u>39,446,702</u>	<u>27,472,984</u>
Operating expenses:		
Salaries and wages	7,860,162	7,213,315
Payroll taxes and fringe benefits	3,913,920	3,571,237
Operation and maintenance	3,311,245	3,819,002
Wastewater treatment	1,864,235	1,779,449
Water purchases	928,362	738,869
Community benefits	1,168,682	1,040,863
Closure and post-closure costs	1,788,558	1,266,768
Office and administrative	470,426	400,277
Insurance	684,726	599,899
Automobile	531,821	418,995
Utilities	227,547	179,230
Materials and supplies	312,662	318,454
Professional fees	353,072	204,582
Computer	372,301	310,815
NYS administrative assessment	122,000	122,000
Repairs and maintenance	204,095	159,289
Depreciation and amortization	11,202,255	10,447,868
Bad debt	<u>191,424</u>	<u>21,881</u>
Total operating expenses	<u>35,507,493</u>	<u>32,612,793</u>
Operating income (loss)	<u>3,939,209</u>	<u>(5,139,809)</u>
Nonoperating revenue (expense):		
Pass-through grant revenue	2,291,673	1,189,576
Pass-through grant expense	(2,291,673)	(1,189,576)
Investment income	4,116,710	2,982,457
Gain on sale of capital assets	636,348	346,650
Debt issuance costs	(111,970)	(93,280)
Interest expense	<u>(1,302,647)</u>	<u>(862,831)</u>
Total nonoperating revenue (expense)	<u>3,338,441</u>	<u>2,372,996</u>
Change in net position	7,277,650	(2,766,813)
Net position at beginning of year	<u>156,976,710</u>	<u>159,743,523</u>
Net position at end of year	<u><u>\$ 164,254,360</u></u>	<u><u>156,976,710</u></u>

See accompanying notes to financial statements.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Statements of Cash Flows  
Years ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Receipts from customers	\$ 23,829,550	24,132,761
Receipts from grants	9,851,491	1,854,316
Cash payments to suppliers	(9,816,127)	(9,963,466)
Cash payments to employees	<u>(10,817,563)</u>	<u>(9,713,205)</u>
Net cash provided by operating activities	<u>13,047,351</u>	<u>6,310,406</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(17,269,372)	(22,515,717)
Proceeds from sale of capital assets	704,810	391,774
Issuance of bonds payable	7,386,411	-
Repayments of bonds payable	(575,000)	(560,000)
Amortization of bonds payable	(55,277)	(55,277)
Issuance of loans payable	3,713,461	14,330,338
Repayments of loans payable	(10,769,583)	(118,226)
Issuance of leases payable	54,000	303,068
Repayments of leases payable	(108,242)	(116,193)
Issuance of subscriptions payable	101,168	-
Repayments of subscriptions payable	(14,526)	(35,105)
Debt issuance costs	(111,970)	(93,280)
Interest paid	<u>(1,429,054)</u>	<u>(713,690)</u>
Net cash used in capital and related financing activities	<u>(18,373,174)</u>	<u>(9,182,308)</u>
Cash flows from investing activities:		
Interest revenue	4,090,028	3,085,540
Net proceeds (purchases) of investments	2,478,184	849,075
Deposits into other postemployment benefits reserve fund	(125,537)	(102,903)
Net proceeds (purchases) of restricted assets	(2,385,248)	(2,141,909)
Change in funds held by trustee	<u>(532,714)</u>	<u>239,230</u>
Net cash provided by investing activities	<u>3,524,713</u>	<u>1,929,033</u>
Net change in cash and equivalents	(1,801,110)	(942,869)
Cash and equivalents at beginning of year	<u>6,067,643</u>	<u>7,010,512</u>
Cash and equivalents at end of year	<u><u>\$ 4,266,533</u></u>	<u><u>6,067,643</u></u>

(Continued)

See accompanying notes to financial statements.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Statements of Cash Flows, Continued

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 3,939,209	(5,139,809)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	11,075,420	10,300,085
Amortization expense	126,835	147,783
Bad debt expense	191,424	21,881
Bad debt recovery	-	(49,707)
Changes in:		
Accounts receivable	(4,410,810)	1,202,038
Accrued unbilled revenue	(160,590)	(6,945)
Inventory	4,032	(2,182)
Prepaid expenses	(171,971)	(115,582)
Loans receivable	(2,484,735)	(1,746,676)
Deferred outflows of resources	(1,966,750)	375,533
Accounts payable	1,117,810	309,703
Accrued expenses	177,551	68,616
Unearned revenue	1,099,050	(906,498)
Landfill liability	1,765,158	1,224,968
Total OPEB liability	2,000,921	265,522
Net pension liability - proportionate share - ERS	(1,201,760)	6,091,029
Deferred inflows of resources	<u>1,946,557</u>	<u>(5,729,353)</u>
Net cash provided by operating activities	<u>\$ 13,047,351</u>	<u>6,310,406</u>

See accompanying notes to financial statements.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements

March 31, 2025 and 2024

#### (1) Summary of Significant Accounting Policies

The financial statements of the Development Authority of the North Country (the Authority) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies used by the Authority are as follows:

##### (a) Nature of Activities

The Authority is a public benefit corporation organized under the Public Authorities Law of the State of New York (the State). The Authority was created to provide infrastructure services and economic development in Jefferson, Lewis and St. Lawrence Counties (the Counties). 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.

##### (b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with GAAP.

##### (c) Basis of Presentation

GASB requires the classification of net position into three categories defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization, 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 capital-related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position - This component of net position consists of amounts which have external constraints placed on its 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 net position - This component consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Unrestricted net position may be designated for specific purposes by actions by the Board of Directors or may otherwise be limited by contractual agreements with outside parties.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (d) Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### (e) Cash, Cash Equivalents and Investments

For purposes of presenting the statements of cash flows, the Authority considers all highly liquid short-term investments with an original maturity of three months or less from date of purchase to be cash or cash equivalents.

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the assets or liabilities; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Authority assess the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (f) 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.

##### (g) Accrued Unbilled Revenue

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

##### (h) 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 December 2054.

##### (i) 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 \$406,339 and \$377,364 was considered necessary at March 31, 2025 and 2024, respectively.

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.

##### (j) Capital Assets

Capital assets are recorded at cost or at fair market value in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of revenue, expenses and changes in net position. Depreciation is calculated on a straight-line basis ranging from 3 - 50 years, which is the estimated useful life of the assets.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (k) Funds Held by Trustees

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.

##### (l) 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, the 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 statements of net position.

##### (m) 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. The unamortized bond premium associated with the Series 2025 bonds is recognized as interest revenue on a straight-line basis over the term of the related debt.

##### (n) Deferred Outflows and Inflows of Resources

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 (expense) until then. The Authority has two items that qualify for reporting in this category. The first item is related to the pension and represents the effect of the net change in the Authority's proportion of the collective net pension asset/liability and difference during the measurement period between the Authority's contributions and its proportionate share of total contributions to the pension system not included in pension expense as well as the Authority's contributions to the pension system subsequent to the measurement date. The second item is related to OPEB and relates to differences between expected and actual experience, changes in assumptions as well as the Authority's contributions subsequent to the measurement date.

Deferred inflows of resources represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category. The first is related to the pension and represents the effect of the net change in the Authority's proportion of the collective net pension asset/liability and difference during the measurement periods between the Authority's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The second item is related to OPEB and relates to differences between expected and actual experience and changes in assumptions.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (o) 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.

##### (p) 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 Statements of Net Position date and the current estimated costs for closure and post-closure care.

##### (q) Other Postemployment Benefits

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

##### (r) 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.

##### (s) Operating and Nonoperating Revenue and Expenses

Operating revenue consists of sales of services performed and other related revenue. The Authority defines nonoperating revenue as interest earnings on investment assets and realized/unrealized gains or losses on sales of investments. Nonoperating 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.

##### (t) Income Tax

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.

##### (u) Subsequent Events

The Authority has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

The Authority entered into a lease on April 1, 2025. This agreement matures on April 1, 2035 and has a total principal due of \$235,872.

##### (v) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(2) Net Position

(a) Restricted Net Position

The Authority maintains the following in restricted net position as of March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Community rental housing program	\$ 13,403,693	13,369,120
Community development loan fund	10,345,059	10,175,163
Affordable housing program	23,291,136	22,661,333
Army water and sewer line reserves	1,800,000	1,800,000
Regional waterline operating and debt service reserves	403,329	377,190
Wetlands mitigation	332,909	325,943
Reserve for liner expansion and replacement	22,707,317	20,344,738
Reserve for open access telecommunication networks	4,864,905	4,506,053
Closure/post-closure prefunding reserve	<u>8,018,062</u>	<u>8,186,838</u>
Total restricted net position	<u>\$ 85,166,410</u>	<u>81,746,378</u>

(b) Unrestricted Net Position

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Board designated net position:		
Administrative reserve/supplemental insurance	\$ 4,000,000	4,000,000
Infrastructure development	223,107	223,107
Capital reserves	239,120	691,331
Materials management - tip fee stabilization and landfill gas reserves	3,263,230	4,463,685
Economic development fund	5,505,614	5,352,962
Affordable housing	<u>3,000,000</u>	<u>3,000,000</u>
Total Board designated net position	16,231,071	17,731,085
Undesignated net position	<u>2,032,649</u>	<u>2,941,260</u>
Total unrestricted net position	<u>\$ 18,263,720</u>	<u>20,672,345</u>



# DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

## Notes to Financial Statements, Continued

### (3) Cash and Equivalents

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Demand deposits	\$ 3,217,498	4,887,694
Time deposits	<u>1,049,035</u>	<u>1,179,949</u>
	\$ <u>4,266,533</u>	<u>6,067,643</u>

### Custodial Credit Risk

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

All investments were fully secured at March 31, 2025 and 2024. Total non-restricted investments by type are as follows at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Certificates of deposit	\$ 3,804,972	6,348,750
United States Treasury obligations/government agencies	6,415,769	4,636,891
Money market	2,273,983	4,012,539
Accrued interest receivable	<u>76,618</u>	<u>51,346</u>
	\$ <u>12,571,342</u>	<u>15,049,526</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(3) Cash and Equivalents, Continued

Custodial Credit Risk - Deposits

At March 31, 2025 and 2024, the Authority had the following deposits that were exposed to custodial credit risk:

	<u>2025</u>	
	<u>Book Balance</u>	<u>Bank Balance</u>
Cash and equivalents	\$ 4,266,533	4,952,123
Other deposits included in restricted assets and investments	<u>10,161,134</u>	<u>10,161,134</u>
	<u>\$ 14,427,667</u>	<u>15,113,257</u>
Covered by FDIC insurance		\$ 500,155
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name		<u>15,814,904</u>
		<u>\$ 16,315,059</u>

	<u>2024</u>	
	<u>Book Balance</u>	<u>Bank Balance</u>
Cash and equivalents	\$ 6,067,643	6,270,659
Other deposits included in restricted assets and investments	<u>11,062,311</u>	<u>11,062,311</u>
	<u>\$ 17,129,954</u>	<u>17,332,970</u>
Covered by FDIC insurance		\$ 500,155
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name		<u>18,081,190</u>
		<u>\$ 18,581,345</u>

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



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(4) Restricted Assets and Other Postemployment Benefits Reserve Fund

Restricted assets are held for the following purposes at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Landfill closure and post-closure care	\$ 26,748,751	25,134,084
Telecommunications network	8,517,528	9,158,676
Replacement and liner at materials management facility	22,494,241	20,207,728
Affordable housing program	14,755,557	16,400,250
North Country economic development	8,432,024	7,814,842
Community rental housing program	1,778,266	1,601,977
Community development loan fund	2,504,800	2,491,108
Army water and sewer line	2,861,124	2,803,191
Regional waterline operating and debt service reserves	419,693	521,845
Wetlands mitigation	<u>332,908</u>	<u>325,943</u>
	<u>\$ 88,844,892</u>	<u>86,459,644</u>

For restricted assets and other postemployment benefits reserve fund, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than \$25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured. All restricted assets were fully secured at March 31, 2025 and 2024.

Restricted assets consisted of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Certificates of deposit	\$ 26,154,106	37,052,941
United States Treasury obligations/government agencies	34,806,045	32,538,094
Money market	27,553,430	16,589,329
Accrued interest receivable	<u>331,311</u>	<u>279,280</u>
	<u>\$ 88,844,892</u>	<u>86,459,644</u>

Other postemployment benefits reserve fund consisted of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Certificates of deposit	\$ 4,580,259	4,828,259
United States Treasury obligations/government agencies	1,263,435	1,010,253
Money market	121,661	6,036
Accrued interest receivable	<u>14,996</u>	<u>10,266</u>
	<u>\$ 5,980,351</u>	<u>5,854,814</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(5) Accounts Receivable

Accounts receivable are due within one year and consisted of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Materials management facility	\$ 1,378,202	970,417
Water quality	1,031,338	352,312
Telecommunications network	4,999,723	1,750,744
Engineering	127,162	91,702
Other	<u>141,568</u>	<u>130,983</u>
	7,677,993	3,296,158
Less allowance for doubtful accounts	<u>(249,986)</u>	<u>(87,537)</u>
Total accounts receivable, net	\$ <u>7,428,007</u>	<u>3,208,621</u>

(6) Loans Receivable

Loans receivable are summarized as follows at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Affordable Housing Program	\$ 12,328,139	10,040,181
Community Rental Housing Program	11,746,552	11,879,806
Community Development Loan Fund	7,962,913	7,872,201
North Country Economic Loan Fund	2,966,863	3,259,876
Development Authority Economic Development Loan Fund	<u>632,730</u>	<u>71,423</u>
	35,637,197	33,123,487
Less allowance for loan loss	<u>(406,339)</u>	<u>(377,364)</u>
Loans receivable, net	\$ <u>35,230,858</u>	<u>32,746,123</u>

Activity in the allowance for loan losses is as follows for the years ended March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 377,364	357,780
Additional allowance for doubtful accounts	<u>28,975</u>	<u>19,584</u>
Balance at end of year	\$ <u>406,339</u>	<u>377,364</u>

There were no impaired loans at March 31, 2025 and 2024.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(7) Capital Assets

Capital asset and lease activity for the years ended March 31, 2025 and 2024 was as follows:

	Balance at <u>April 1, 2024</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	Balance at <u>March 31, 2025</u>
Nondepreciable assets:					
Land	\$ 1,620,224	-	-	-	1,620,224
Construction in progress	<u>6,372,299</u>	<u>17,114,203</u>	<u>(14,358,455)</u>	<u>-</u>	<u>9,128,047</u>
Total nondepreciable assets	<u>7,992,523</u>	<u>17,114,203</u>	<u>(14,358,455)</u>	<u>-</u>	<u>10,748,271</u>
Depreciable assets:					
Construction	210,310,942	-	10,299,802	(117,669)	220,493,075
Equipment	38,536,426	-	3,533,668	(4,253,245)	37,816,849
Vehicles	1,695,058	-	524,985	(427,591)	1,792,452
Leasehold improvements	72,308	-	-	-	72,308
Right-to-use buildings	336,024	54,000	-	-	390,024
Right-to-use subscriptions	<u>145,785</u>	<u>101,169</u>	<u>-</u>	<u>(145,785)</u>	<u>101,169</u>
Total depreciable assets	<u>251,096,543</u>	<u>155,169</u>	<u>14,358,455</u>	<u>(4,944,290)</u>	<u>260,665,877</u>
Accumulated depreciation and amortization:					
Construction	(139,202,133)	(7,833,350)	-	106,545	(146,928,938)
Equipment	(29,406,591)	(2,987,475)	-	4,196,971	(28,197,095)
Vehicles	(1,013,989)	(254,595)	-	426,527	(842,057)
Leasehold improvements	(72,308)	-	-	-	(72,308)
Right-to-use buildings	(79,070)	(112,308)	-	-	(191,378)
Right-to-use subscriptions	<u>(134,630)</u>	<u>(14,527)</u>	<u>-</u>	<u>145,785</u>	<u>(3,372)</u>
Total accumulated depreciation and amortization	<u>(169,908,721)</u>	<u>(11,202,255)</u>	<u>-</u>	<u>4,875,828</u>	<u>(176,235,148)</u>
Total capital assets being depreciated and amortized, net	<u>81,187,822</u>	<u>(11,047,086)</u>	<u>14,358,455</u>	<u>(68,462)</u>	<u>84,430,729</u>
Capital assets, net	<u>\$ 89,180,345</u>	<u>6,067,117</u>	<u>-</u>	<u>(68,462)</u>	<u>95,179,000</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(7) Capital Assets, Continued

	Balance at April 1, 2023	Additions	Transfers	Disposals	Balance at March 31, 2024
Nondepreciable assets:					
Land	\$ 1,620,224	-	-	-	1,620,224
Construction in progress	3,344,272	22,212,649	(19,184,622)	-	6,372,299
Total nondepreciable assets	4,964,496	22,212,649	(19,184,622)	-	7,992,523
Depreciable assets:					
Construction	196,289,120	-	15,901,234	(1,879,412)	210,310,942
Equipment	36,529,703	-	2,745,164	(738,441)	38,536,426
Vehicles	1,259,155	-	538,224	(102,321)	1,695,058
Leasehold improvements	72,308	-	-	-	72,308
Right-to-use buildings	280,980	303,068	-	(248,024)	336,024
Right-to-use subscriptions	145,785	-	-	-	145,785
Total depreciable assets	234,577,051	303,068	19,184,622	(2,968,198)	251,096,543
Accumulated depreciation and amortization:					
Construction	(133,427,120)	(7,654,425)	-	1,879,412	(139,202,133)
Equipment	(27,692,862)	(2,434,291)	-	720,562	(29,406,591)
Vehicles	(877,696)	(211,369)	-	75,076	(1,013,989)
Leasehold improvements	(72,308)	-	-	-	(72,308)
Right-to-use buildings	(214,416)	(112,678)	-	248,024	(79,070)
Right-to-use subscriptions	(99,525)	(35,105)	-	-	(134,630)
Total accumulated depreciation and amortization	(162,383,927)	(10,447,868)	-	2,923,074	(169,908,721)
Total capital assets being depreciated and amortized, net	72,193,124	(10,144,800)	19,184,622	(45,124)	81,187,822
Capital assets, net	\$ 77,157,620	12,067,849	-	(45,124)	89,180,345

(8) Right-to-Use Assets

(a) Leases

The Authority leases three buildings. At March 31, 2025 and 2024, the Authority has a net right-to-use asset for buildings of \$198,646 and \$256,954, respectively, as well as leases payable of \$198,899 and \$253,141, respectively. The right-to-use asset is being amortized on the straight-line method throughout the life of the leases. The following is the amortization schedule of the leases payable:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 155,700	6,720	162,420
2027	43,199	1,976	45,175
	\$ 198,899	8,696	207,595



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(8) Right-to-Use Assets, Continued

(b) Subscriptions

The Authority has one subscription arrangement that qualifies under GASB 96. At March 31, 2025 and 2024, the Authority has a net right-to-use asset for subscriptions as well as subscriptions payable for subscriptions of \$97,797 and \$11,155, respectively. No interest component has been recognized as the interest portion would be immaterial. The following is the amortization schedule of the subscription payable:

<u>Year ending</u>	<u>Principal</u>
2026	\$ 20,234
2027	20,234
2028	20,234
2029	20,234
2030	<u>16,861</u>
	\$ <u>97,797</u>

(9) Long-Term Liabilities

Long-term liability activity for the years ended March 31, 2025 and 2024 was as follows:

	<u>Balance at</u> <u>April 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>March 31, 2025</u>	<u>Due within</u> <u>one year</u>
Loans payable	\$ 17,076,310	3,713,461	10,769,583	10,020,188	7,519,138
Bonds payable	16,140,000	7,386,411	575,000	22,951,411	1,141,374
Premium on bonds	1,141,752	-	55,277	1,086,475	55,277
Net pension liability - ERS	4,365,120	-	1,201,760	3,163,360	-
Total OPEB liability	4,728,237	2,000,921	-	6,729,158	-
Lease liability	253,141	54,000	108,242	198,899	155,700
Subscription liability	11,155	101,169	14,527	97,797	20,234
Landfill liability	17,926,451	1,765,158	-	19,691,609	-
Due to U.S. Army	<u>749,985</u>	<u>-</u>	<u>-</u>	<u>749,985</u>	<u>-</u>
Total long-term liabilities	<u>\$ 62,392,151</u>	<u>15,021,120</u>	<u>12,724,389</u>	<u>64,688,882</u>	<u>8,891,723</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(9) Long-Term Liabilities, Continued

	<u>Balance at April 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at March 31, 2025</u>	<u>Due within one year</u>
Loans payable:					
Unsecured loan payable to the State of New York in annual payments of \$50,000 through March 2040. This loan does not bear interest.	\$ 764,000	-	50,000	714,000	50,000
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.	829,886	-	53,758	776,128	56,178
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.	552,086	13,731	17,351	548,466	31,366
Unsecured note payable to Community Bank. The loan is short-term and due during fiscal year 2026, including interest at 6.62%.	3,681,864	3,699,730	-	7,381,594	7,381,594
Unsecured note payable to the New York State Environmental Facilities Corporation. The loan is short-term and due during fiscal year 2025, including interest at 3.2%.	<u>10,648,474</u>	<u>-</u>	<u>10,648,474</u>	<u>-</u>	<u>-</u>
Total loans payable	<u>\$ 17,076,310</u>	<u>3,713,461</u>	<u>10,769,583</u>	<u>10,020,188</u>	<u>7,519,138</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(9) Long-Term Liabilities, Continued

	Balance at <u>April 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>March 31, 2025</u>	Due within <u>one year</u>
Bonds payable:					
Series 2015 bonds maturing in annual amounts ranging from \$225,000 to \$490,000 through 2039 bearing interest ranging from 2.00% to 3.75%.	\$ 6,445,000	-	290,000	6,155,000	300,000
Series 2019 bonds maturing in annual amounts ranging from \$240,000 to \$650,000 through 2044 bearing interest ranging from 3.25% to 5.00%.	9,695,000	-	285,000	9,410,000	300,000
Series 2025 bonds maturing in annual amounts ranging from \$541,374 to \$912,036 through 2035 bearing interest ranging from 4.55% to 5.10%.	-	7,386,411	-	7,386,411	541,374
Total bonds payable	<u>\$ 16,140,000</u>	<u>7,386,411</u>	<u>575,000</u>	<u>22,951,411</u>	<u>1,141,374</u>

	Balance at <u>April 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>March 31, 2024</u>	Due within <u>one year</u>
Loans payable	\$ 2,864,198	14,330,338	118,226	17,076,310	14,451,447
Bonds payable	16,700,000	-	560,000	16,140,000	575,000
Premium on bonds	1,197,029	-	55,277	1,141,752	55,277
Net pension (asset) liability - ERS	(1,725,909)	6,091,029	-	4,365,120	-
Total OPEB liability	4,462,715	265,522	-	4,728,237	-
Lease liability	66,266	303,068	116,193	253,141	108,242
Subscription liability	46,260	-	35,105	11,155	11,155
Landfill liability	16,701,483	1,224,968	-	17,926,451	-
Due to U.S. Army	749,985	-	-	749,985	-
Total long-term liabilities	<u>\$ 41,062,027</u>	<u>22,214,925</u>	<u>884,801</u>	<u>62,392,151</u>	<u>15,201,121</u>

	Balance at <u>April 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>March 31, 2024</u>	Due within <u>one year</u>
Loans payable:					
Unsecured loan payable to the State of New York in annual payments of \$50,000 through March 2040. This loan does not bear interest.	\$ 814,000	-	50,000	764,000	50,000
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.	881,330	-	51,444	829,886	53,759



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(9) Long-Term Liabilities, Continued

	<u>Balance at April 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at March 31, 2024</u>	<u>Due within one year</u>
Loans payable, Continued:					
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.	568,868	-	16,782	552,086	17,350
Unsecured note payable to Community Bank. The loan is short-term and due during fiscal year 2026, including interest at 6.62%. A long-term debt will be secured.	-	3,681,864	-	3,681,864	3,681,864
Unsecured note payable to the New York State Environmental Facilities Corporation. The loan is short-term and due during fiscal year 2025, including interest at 3.2%. A long-term debt will be secured.	-	10,648,474	-	10,648,474	10,648,474
Total loans payable	<u>\$ 2,864,198</u>	<u>14,330,338</u>	<u>118,226</u>	<u>17,076,310</u>	<u>14,451,447</u>
	<u>Balance at April 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at March 31, 2024</u>	<u>Due within one year</u>
Bonds payable:					
Series 2015 bonds maturing in annual amounts ranging from \$225,000 to \$490,000 through 2039 bearing interest ranging from 2.00% to 3.75%.	\$ 6,730,000	-	285,000	6,445,000	290,000
Series 2019 bonds maturing in annual amounts ranging from \$240,000 to \$650,000 through 2044 bearing interest ranging from 3.25% to 5.00%.	9,970,000	-	275,000	9,695,000	285,000
Total bonds payable	<u>\$ 16,700,000</u>	<u>-</u>	<u>560,000</u>	<u>16,140,000</u>	<u>575,000</u>



# DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

## Notes to Financial Statements, Continued

### (9) Long-Term Liabilities, Continued

Future minimum payments for the Authority's loans payable are as follows as of March 31, 2025:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 7,519,138	45,621	7,564,759
2027	126,625	42,740	169,365
2028	129,552	39,740	169,292
2029	132,882	36,615	169,497
2030	136,051	33,354	169,405
2031 - 2035	733,969	112,880	846,849
2036 - 2040	411,296	33,715	445,011
2041 - 2045	123,160	18,238	141,398
2046 - 2049	<u>707,515</u>	<u>5,421</u>	<u>712,936</u>
	\$ <u>10,020,188</u>	<u>368,324</u>	<u>10,388,512</u>

There is one loan with a balance of \$7,381,594 included in the 2025 loan payments above. This loan is expected to become long-term loan. Until the long-term loan is secured, this loan is considered short-term.

Interest paid on loans payable during the years ended March 31, 2025 and 2024 was \$417,142 and \$315,123, respectively.

Future minimum payments for the Authority's bonds payable are as follows as of March 31, 2025:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,141,374	909,524	2,050,898
2027	1,250,668	851,690	2,102,358
2028	1,324,795	796,001	2,120,796
2029	1,365,200	737,618	2,102,818
2030	1,427,402	676,249	2,103,651
2031 - 2035	8,121,972	2,365,993	10,487,965
2036 - 2040	4,780,000	1,019,256	5,799,256
2041	<u>3,540,000</u>	<u>263,500</u>	<u>3,803,500</u>
	\$ <u>22,951,411</u>	<u>7,619,831</u>	<u>30,571,242</u>

Interest paid on bonds payable during the years ended March 31, 2025 and 2024 was \$873,808 and \$544,835, respectively.

The Authority also has a line of credit payable in the amount of \$3,636,938 to Community Bank, N.A. The letter of credit was required to be secured on behalf of a National Telecommunications and Information Administration grant received by the Telecommunications Division in fiscal year 2024. The funds are available to the National Institute of Standards and Technology if certain requirements of the grant are not fulfilled. No funds have been drawn against the letter of credit in fiscal years 2025 and 2024. The Authority does not anticipate any funds being drawn from the letter of credit for the life of the grant.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements, Continued

#### (10) Materials Management Facility

##### (a) 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 Statements of Net Position dates. The Authority has set aside for landfill closure and post-closure care liability \$26,748,751 and \$25,134,084 at March 31, 2025 and 2024, respectively, and which is reported under restricted assets, which represents the cumulative amount reported to date based on the use of 50% and 49%, as of March 31, 2025 and 2024, respectively, of the estimated capacity of both landfills. The Authority will recognize the remaining estimated cost of closure and post-closure care as the remaining estimated capacity of both landfills are filled. Costs are estimated based on what it would cost to perform all closure and post-closure care through 2072. The Authority expects to close the originally permitted landfill in 2026 but has increased the landfill capacity by adding the new Southern Expansion landfill on the existing landfill site. The landfill expansion project opened in June of 2022 and adds an estimated additional 11 million tons of available space for waste placement and increases the estimated landfill life by 50 years. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Authority is required by State and Federal laws and regulations to make annual contributions to finance closure and post-closure care. The Authority is in compliance with these requirements. The Authority expects that future inflation costs will be paid from interest earnings on the annual contributions to the restricted asset account. 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.

##### (b) 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 position as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2025 and 2024, tipping fees of \$1,554,512 and \$1,283,893, respectively, were set aside for replacement. These charges have been recorded as revenue in the accompanying Statements of Revenue, Expenses and Changes 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.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements, Continued

#### (10) Materials Management Facility, Continued

##### (c) Liner

The new landfill consists of a total of nine cells. The build out of the first two cells has been completed. The remaining seven cells will be built over the next 37 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 2025 and 2024, tipping fees of \$2,220,731 and \$1,711,858, respectively, were set aside for the liner reserve. These charges have been recorded as revenue in the accompanying Statements of Revenue, Expenses and Changes 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.

##### (d) 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 position as the Facility is required by law to mitigate the wetlands at the Facility in order to expand. The balance in this reserve was \$332,909 and \$325,943 at March 31, 2025 and 2024, respectively.

##### (e) 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 in the accompanying Statements of Revenue, Expenses and Changes in Net Position and amounted to \$2,159,940 and \$1,412,455 in 2025 and 2024, respectively.

#### (11) Pension Plan

##### (a) Plan Descriptions and Benefits Provided

###### Employees' Retirement System

The Authority participates in the New York State and Local Employee Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides 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), which was established to hold all net position and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public 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 Authority also participates in the Public Employees Group Life Insurance Plan (GLIP), which provides death benefits in



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(11) Pension Plan, Continued

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System, Continued

the form of life insurance. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://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, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 6% percent of their salary for their entire length of service. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At March 31, 2025 and 2024, the Authority reported the following for its proportionate share of the System. The net pension System was measured as of March 31, 2024 and 2023, respectively. The total pension liability used to calculate the net pension System was determined by an actuarial valuation. The Authority's proportionate share of the net pension System was based on a projection of the Authority's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Authority.

	<u>2024</u>	<u>2023</u>
Measurement date	3/31/2024	3/31/2023
Net pension liability	\$ 3,163,360	4,365,120
Authority's proportion of the System's net pension liability	0.0214843%	0.0203559%
Changes in proportionate share from prior year	0.0011284	(0.0007572)

For the years ended March 31, 2025 and 2024, the Authority recognized pension expense of \$1,388,947 and \$1,545,783, respectively, for the System in the Statements of Revenue, Expenses and Changes in Net Position.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(11) Pension Plan, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

At March 31, 2025 and 2024, the Authority's reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>2025</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,018,916	86,257
Changes of assumptions	1,195,995	-
Net difference between projected and actual investment earnings on pension plan investments	-	1,545,284
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	145,592	101,188
Authority's contributions subsequent to the measurement date	<u>956,467</u>	<u>-</u>
Total	\$ <u>3,316,970</u>	<u>1,732,729</u>
	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 464,919	122,589
Changes of assumptions	2,119,984	23,430
Net difference between projected and actual investment earnings on pension plan investments	-	25,645
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	105,236	97,886
Authority's contributions subsequent to the measurement date	<u>804,280</u>	<u>-</u>
Total	\$ <u>3,494,419</u>	<u>269,550</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(11) Pension Plan, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

Authority contributions subsequent to the measurement date will be recognized as a change of the net pension System in the year ending March 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

<u>Year ending</u>	
2026	\$ (575,943)
2027	616,762
2028	914,758
2029	(327,803)
	\$ <u>627,774</u>

(c) Actuarial Assumptions

The total pension liability at March 31, 2025 was determined using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2023. Economic assumptions used in the April 1, 2023 actuarial valuation include:

Actuarial valuation date	April 1, 2023
Measurement date	March 31, 2024
Inflation	2.9%
Salary increases	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost-of-living adjustments	1.5%

To set the long-term rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates at return (expected return, net of investment expenses and inflation) 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.



# DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

## Notes to Financial Statements, Continued

### (11) Pension Plan, Continued

#### (c) Actuarial Assumptions, Continued

Demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic equity	32%	4.00%
International equity	15%	6.65%
Private equity	10%	7.25%
Real estate	9%	4.60%
Opportunistic/ARS portfolio	3 %	5.25%
Credit	4%	5.40%
Real assets	3%	5.79%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.25%
	<u>100%</u>	

\*The real rate of return is net of the long-term inflation assumption of 2.9%.

#### (d) 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 determined. Based upon those assumptions, the System'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.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Financial Statements, Continued

(11) Pension Plan, Continued

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

The following presents the Authority's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower 4.9% or 1-percentage point higher 6.9% than the current rate:

		2025		
		1% Decrease <u>4.9%</u>	Current Assumption <u>5.9%</u>	1% Increase <u>6.9%</u>
Employer's proportionate share of the net pension asset (liability)	\$	<u>9,945,927</u>	<u>(3,163,360)</u>	<u>(2,501,490)</u>
		2024		
		1% Decrease <u>4.9%</u>	Current Assumption <u>5.9%</u>	1% Increase <u>6.9%</u>
Employer's proportionate share of the net pension asset (liability)	\$	<u>(10,458,622)</u>	<u>(4,365,120)</u>	<u>801,916</u>

(f) Pension Plan Fiduciary Net Position

The components of the collective net pension liability of all participating employers as of March 31, 2024, were as follows:

		(Dollars in Millions)	
		<u>2025</u>	<u>2024</u>
Employers' total pension liability	\$	<u>(240,697)</u>	<u>(232,627)</u>
Fiduciary net position		<u>225,973</u>	<u>211,183</u>
Employers' net pension liability	\$	<u>(14,724)</u>	<u>(21,444)</u>
Ratio of fiduciary net position to the Employers' total pension liability		93.88%	90.78%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Retirement contributions as of March 31, 2025 and 2024 represent the projected employer contribution for the period of April 1, 2024 through March 31, 2025 and through April 1, 2023 through March 31, 2024, respectively, based on paid employee wages multiplied by the employer's contribution rate, by tier. Retirement contributions paid to the System for the years ended March 31, 2025 and 2024 were \$949,638 and \$798,538, respectively.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(12) Other Postemployment Benefits

(a) Plan Description and Benefits

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 standalone financial report since there are no assets accumulated in a trust that meet the criteria in GASB 75, paragraph 4.

(b) Employees Covered By Benefit Terms

At March 31, 2025 and 2024, the following employees were covered by the benefit terms:

	<u>2025</u>	<u>2024</u>
Inactive members	20	18
Active members	<u>96</u>	<u>63</u>
	<u>116</u>	<u>81</u>

(c) Total OPEB Liability

The Authority's total OPEB liability of \$6,729,158 and \$4,728,237 was measured as of December 31, 2024 and March 31, 2024, respectively, and was determined by an actuarial valuation as of February 11, 2025 and March 31, 2023, respectively.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the February 11, 2025 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	3.30%
Discount rate	4.16%
Healthcare cost trend rates	5.30% declining to an ultimate rate of 3.71%
Mortality rates	Pub-2010 Public Retirement Plans Mortality Tables



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Notes to Financial Statements, Continued

(12) Other Postemployment Benefits, Continued

(e) Changes in the Total OPEB Liability

	<u>2025</u>	<u>2024</u>
Total OPEB liability at beginning of year	\$ <u>4,728,237</u>	<u>4,462,715</u>
Changes for the year:		
Service cost	108,768	279,878
Interest	223,681	184,189
Differences between expected and actual experience	(505,284)	(52,703)
Changes in assumptions or other inputs	2,301,677	(50,843)
Benefit payments	<u>(127,921)</u>	<u>(94,999)</u>
Total changes	<u>2,000,921</u>	<u>265,522</u>
Total OPEB liability at end of year	\$ <u>6,729,158</u>	<u>4,728,237</u>

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Authority's total OPEB liability calculated using the current discount rate, 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:

	<u>2025</u>		
	<u>1%</u>	<u>Discount</u>	<u>1%</u>
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
Total OPEB liability	\$ <u>7,900,808</u>	<u>6,729,158</u>	<u>5,798,572</u>

  

	<u>2024</u>		
	<u>1%</u>	<u>Discount</u>	<u>1%</u>
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
Total OPEB liability	\$ <u>5,333,521</u>	<u>4,728,237</u>	<u>3,776,189</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Authority's total OPEB liability calculated using the current healthcare cost trend rates, 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 rates:

	<u>2025</u>		
	<u>1%</u>	<u>Healthcare</u>	<u>1%</u>
	<u>Decrease</u>	<u>Cost Trend</u>	<u>Increase</u>
	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
Total OPEB liability	\$ <u>5,718,797</u>	<u>6,729,158</u>	<u>8,015,042</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(12) Other Postemployment Benefits, Continued

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates, Continued

	2024		
	1%	Healthcare Cost Trend	1%
	<u>Decrease</u>	<u>Rates</u>	<u>Increase</u>
Total OPEB liability	\$ <u>3,724,997</u>	<u>4,728,237</u>	<u>5,406,871</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended March 31, 2025 and 2024, the Authority recognized OPEB expense of \$392,006 and \$256,493, respectively. At March 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,244	1,251,877
Changes of assumptions or other inputs	2,227,355	1,266,856
Authority's contributions subsequent to the measurement date	<u>31,629</u>	<u>-</u>
Total	\$ <u>2,342,228</u>	<u>2,518,733</u>

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	773,191
Changes of assumptions or other inputs	<u>198,029</u>	<u>1,262,164</u>
Total	\$ <u>198,029</u>	<u>2,035,355</u>



# DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

## Notes to Financial Statements, Continued

### (12) Other Postemployment Benefits, Continued

#### (h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

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

<u>Year ending</u>	
2026	\$ 59,557
2027	59,557
2028	59,557
2029	59,557
2030	59,557
Thereafter	(505,919)
	\$ (208,134)

### (13) Contractual Agreements

#### (a) Materials Management Agreement

The Authority entered into an agreement with the City of Watertown (the City) and Jefferson, Lewis and St. Lawrence Counties (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 revenue 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.

#### (b) Host Community Agreement

In 1993, the Authority entered into an agreement with the Town of Rodman, New York (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 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 were \$961,156 and \$857,054 in 2025 and 2024, respectively.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Financial Statements, Continued

#### (13) Contractual Agreements, Continued

##### (c) Gas-to-Energy Plant Agreement

In 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 \$591,560 and \$420,296 in 2025 and 2024, respectively, and are recorded separately on the accompanying Statements of Revenue, Expenses and Changes in Net Position.

##### (d) Water Agreement

The Authority and the United States Army (the Army) entered into a water supply agreement in 1990. The City of Watertown 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.

##### (e) Wastewater Agreement

The Authority and the Army entered into a wastewater service agreement in 1986. The City of Watertown 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.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Notes to Financial Statements, Continued

(13) Contractual Agreements, Continued

(f) 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.

(14) 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.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Required Supplementary Information  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Year ended March 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:							
Service cost	\$ 108,768	279,878	275,575	259,524	259,524	248,401	248,401
Interest	223,681	184,189	184,189	187,290	187,290	169,281	169,281
Differences between expected and actual experience	(505,284)	(52,703)	92,006	-	(862,191)	-	(99,163)
Changes in assumptions or other inputs	2,301,677	(50,843)	(1,349,365)	-	-	-	208,511
Benefit payments	<u>(127,921)</u>	<u>(94,999)</u>	<u>(62,577)</u>	<u>(74,049)</u>	<u>(67,705)</u>	<u>(59,298)</u>	<u>(53,275)</u>
Net change in total OPEB liability	2,000,921	265,522	(860,172)	372,765	(483,082)	358,384	473,755
Total OPEB liability - beginning	<u>4,728,237</u>	<u>4,462,715</u>	<u>5,322,887</u>	<u>4,950,122</u>	<u>5,433,204</u>	<u>5,074,820</u>	<u>4,601,065</u>
Total OPEB liability - ending	<u>\$ 6,729,158</u>	<u>4,728,237</u>	<u>4,462,715</u>	<u>5,322,887</u>	<u>4,950,122</u>	<u>5,433,204</u>	<u>5,074,820</u>
Covered payroll	\$ 6,025,709	4,585,487	4,585,487	4,081,382	3,819,887	4,287,573	3,679,648
Total OPEB liability as a percentage of covered payroll	111.67%	103.11%	97.32%	130.42%	129.59%	126.72%	137.92%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rates used:

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
4.16%	4.75%	4.75%	3.29%	3.29%	3.29%	3.29%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years for which information is available. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Required Supplementary Information  
Schedule of the Authority's Proportionate Share of the Net Pension Asset/Liability  
Year ended March 31, 2025

	NYSERS Pension Plan									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension asset/liability	0.0214843%	0.0203559%	0.0211131%	0.0195636%	0.0198206%	0.0178475%	0.0177834%	0.0175474%	0.0168838%	0.0167435%
Authority's proportionate share of the net pension asset (liability)	\$ (3,163,360)	(4,365,120)	1,725,909	(19,480)	(5,248,617)	(1,309,024)	(573,949)	(1,648,794)	(2,709,904)	(565,635)
Authority's covered payroll	\$ 6,664,122	6,397,012	5,970,353	5,847,483	5,642,812	5,462,255	4,970,504	4,620,918	4,355,501	4,052,840
Authority's proportionate share of the net pension asset/liability as a percentage of its covered payroll	47.47%	68.24%	28.91%	0.33%	93.01%	23.96%	11.55%	35.68%	62.22%	13.96%
Plan fiduciary net position as a percentage of the total pension asset/liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Required Supplementary Information  
Schedule of the Authority's Pension Contributions  
Year ended March 31, 2025

NYSERS Pension Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 949,638	798,538	663,129	890,375	796,667	766,847	714,456	683,563	659,418	601,067
Contributions in relation to the contractually required contributions	<u>949,638</u>	<u>798,538</u>	<u>663,129</u>	<u>890,375</u>	<u>796,667</u>	<u>766,847</u>	<u>714,456</u>	<u>683,563</u>	<u>659,418</u>	<u>601,067</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered payroll	\$ 6,664,122	6,397,012	5,970,353	5,847,483	5,642,812	5,462,255	4,970,504	4,620,918	4,355,501	4,052,840
Contributions as a percentage of covered payroll	14.25%	12.48%	11.11%	15.23%	14.12%	14.04%	14.37%	14.79%	15.14%	14.83%



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Other Supplementary Information  
Schedule of Revenue, Expenses and Changes in Net Position by Department  
Year ended March 31, 2025

	General and <u>Administration</u>	Solid Waste Management <u>Facility</u>	Water Quality <u>Operations</u>	Telecommunication <u>Network</u>	Housing and Economic <u>Development</u>	<u>Engineering</u>	<u>Total</u>
Operating revenue:							
Customer billings	\$ -	11,112,841	8,702,534	6,467,869	248,536	665,630	27,197,410
Grant revenue	-	240,265	5,000,000	4,425,118	186,108	-	9,851,491
Loan interest income	-	-	-	-	504,725	-	504,725
Landfill gas to energy revenue	-	591,560	-	-	-	-	591,560
Carbon credits	-	866,068	-	-	-	-	866,068
Other revenue	<u>307,200</u>	<u>10,772</u>	<u>5,463</u>	<u>8,318</u>	<u>103,695</u>	<u>-</u>	<u>435,448</u>
Total operating revenue	<u>307,200</u>	<u>12,821,506</u>	<u>13,707,997</u>	<u>10,901,305</u>	<u>1,043,064</u>	<u>665,630</u>	<u>39,446,702</u>
Operating expenses:							
Salaries and wages	1,405,310	1,771,381	2,348,063	1,649,976	341,324	344,108	7,860,162
Payroll taxes and fringe benefits	632,074	975,765	1,236,432	738,095	171,540	160,014	3,913,920
Operation and maintenance	4,361	1,100,020	143,958	1,925,872	53,200	83,834	3,311,245
Wastewater treatment	-	511,711	1,352,524	-	-	-	1,864,235
Water purchases	-	-	928,362	-	-	-	928,362
Community benefits	-	961,156	-	-	207,526	-	1,168,682
Closure and post-closure costs	-	1,788,558	-	-	-	-	1,788,558
Office and administrative	126,086	121,835	119,604	34,399	34,254	34,248	470,426
Insurance	20,589	275,675	178,816	194,701	-	14,945	684,726
Automobile	970	25,092	388,924	86,524	1,802	28,509	531,821
Utilities	-	87,805	134,112	5,630	-	-	227,547
Materials and supplies	-	312,662	-	-	-	-	312,662
Professional fees	109,872	171,320	1,340	27,327	43,213	-	353,072
Computer	238,162	18,276	33,352	12,884	21,238	48,389	372,301
NYS administrative assessment	-	52,792	36,578	29,203	-	3,427	122,000
Repairs and maintenance	-	7,593	196,502	-	-	-	204,095
Depreciation and amortization	447,912	5,592,500	1,258,129	3,901,065	2,649	-	11,202,255
Bad debt	-	-	-	162,449	28,975	-	191,424
Water quality/engineering allocation	-	49,387	32,428	20,131	112	(102,058)	-
Administrative allocation	<u>(2,558,095)</u>	<u>1,037,038</u>	<u>658,924</u>	<u>636,017</u>	<u>172,867</u>	<u>53,249</u>	<u>-</u>
Total operating expenses	<u>427,241</u>	<u>14,860,566</u>	<u>9,048,048</u>	<u>9,424,273</u>	<u>1,078,700</u>	<u>668,665</u>	<u>35,507,493</u>
Operating income (loss)	<u>(120,041)</u>	<u>(2,039,060)</u>	<u>4,659,949</u>	<u>1,477,032</u>	<u>(35,636)</u>	<u>(3,035)</u>	<u>3,939,209</u>
Nonoperating revenue (expense):							
Pass-through grant revenue	2,291,673	-	-	-	-	-	2,291,673
Pass-through grant expense	(2,291,673)	-	-	-	-	-	(2,291,673)
Investment income	368,598	2,159,940	130,601	463,374	994,197	-	4,116,710
Gain (loss) on sale of capital assets	151,100	526,210	(11,298)	(29,664)	-	-	636,348
Debt issuance costs	-	-	(111,970)	-	-	-	(111,970)
Interest expense	<u>(11,697)</u>	<u>(522,543)</u>	<u>(768,407)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,302,647)</u>
Total nonoperating revenue (expense)	<u>508,001</u>	<u>2,163,607</u>	<u>(761,074)</u>	<u>433,710</u>	<u>994,197</u>	<u>-</u>	<u>3,338,441</u>
Change in net position	<u>\$ 387,960</u>	<u>124,547</u>	<u>3,898,875</u>	<u>1,910,742</u>	<u>958,561</u>	<u>(3,035)</u>	<u>7,277,650</u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Other Supplementary Information  
Schedule of North Country Economic Development Fund Activity  
Year ended March 31, 2025

Liability at beginning of year	\$ 11,087,083
Loan interest income	120,060
Investment interest income	218,956
Investment banking fees	(2,649)
Consulting fees	<u>(8,000)</u>
Change in liability	<u>328,367</u>
Liability at end of year	<u><u>\$ 11,415,450</u></u>
Assets restricted for North Country Economic Development:	
Investments	8,432,024
Loan interest receivable	16,562
Loans receivable	<u>2,966,864</u>
Total assets/liability	<u><u>\$ 11,415,450</u></u>



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Schedule of Expenditures of Federal Awards  
Year ended March 31, 2025

<u>Federal Agency/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Commerce - Million Mile (Broadband) Grant Program - Direct Recipient	11.033	N/A	<u>\$ 4,478,851</u>	<u>4,478,851</u>
U.S. Department of Housing and Urban Development:				
Passed through Jefferson County - Home Investment Partnerships Program	14.239	M19-DC360512	854,400	819,400
Passed through Jefferson County - Home Investment Partnerships Program - American Rescue Plan Act - COVID-19	14.239	M19-DC360512	<u>642,893</u>	<u>591,351</u>
Total Home Investment Partnerships Program			<u>1,497,293</u>	<u>1,410,751</u>
Passed through St. Lawrence County - Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR309-21	282,015	234,777
Passed through Town of Gouverneur - Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	464HR122-20	<u>233,065</u>	<u>193,385</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>515,080</u>	<u>428,162</u>
Total U.S. Department of Housing and Urban Development			<u>2,012,373</u>	<u>1,838,913</u>
Northern Border Regional Commission - direct recipient	90.601	NA	<u>235,200</u>	<u>9,339</u>
Total Expenditures of Federal Awards			<u>\$ 6,726,424</u>	<u>6,327,103</u>

See accompanying notes to schedule of expenditures of federal awards.



## DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

### Notes to Schedule of Expenditures of Federal Awards

March 31, 2025

#### (1) Basis of Presentation

The schedule of expenditures of federal awards (the schedule) 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.

#### (2) Basis of Accounting

The accompanying schedule 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.

#### (3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The de minimis election allows the Authority to allocate 10% of indirect costs to grants with periods ending on or before September 30, 2024 and 15% of indirect costs to grants with periods after September 30, 2024. The Authority does not use the de minimis election.

#### (4) Matching Costs

Matching costs such as, the Authority's share of certain program costs, are not included in the Schedule.



INDEPENDENT AUDITORS' 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

The Board of Directors  
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), as of and for the year ended March 31, 2025, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 26, 2025.

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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



### 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 26, 2025



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

The Board of Directors  
Development Authority of the North Country:

**Report on Compliance for Each Major Federal Program**

**Opinion on Each 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, 2025. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2025.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Auditors' 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 for 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.

## Auditors' Responsibility 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. 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 GAAS, 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 the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

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

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 26, 2025



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Schedule of Findings and Questioned Costs

Year ended March 31, 2025

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?

\_\_\_\_\_ Yes   x   No

2. Significant deficiency(ies) identified?

\_\_\_\_\_ Yes   x   None reported

3. Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes   x   No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified?

\_\_\_\_\_ Yes   x   No

5. Significant deficiency(ies) identified?

\_\_\_\_\_ Yes   x   None reported

Type of auditors' report issued on compliance for the major program:

Unmodified

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

\_\_\_\_\_ Yes   x   No

7. The Authority's major program audited was:

Name of Federal Program

Middle Mile (Broadband) Grant Program

Assistance Listing  
Number

11.033

8. Dollar threshold used to distinguish between Type A and Type B programs.

\$750,000

9. Auditee qualified as low-risk auditee?

  x   Yes \_\_\_\_\_ No

Part II - FINANCIAL STATEMENTS FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
Status of Prior Year Audit Findings  
Year ended March 31, 2025

There were no audit findings in the prior year financial statements (March 31, 2024).