DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Basic Financial Statements,
Supplementary Information and
Independent Auditor's Report

March 31, 2024 and 2023

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 year ended March 31, 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, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements as of March 31, 2023 were audited by other auditors whose report dated June 22, 2023, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in notes 1(w) and 15 to the financial statements, the Authority adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 96 - "Subscription-Based Information Technology Arrangements," during the year ended March 31, 2024.

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

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

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 GASB 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The 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 27, 2024, 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 27, 2024

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Management's Discussion and Analysis

March 31, 2024 and 2023

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

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

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

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

The Authority's Telecommunications 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.

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

The 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 the obligations to the Authority's creditors (liabilities), 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, 2024 and 2023 with comparative information for the year ended March 31, 2022. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

FINANCIAL HIGHLIGHTS

- As of March 31, 2024 and 2023, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by $156,976,710 and $159,743,523, respectively. Of these amounts, $2,941,260 and $2,330,763, 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 $31,991,667 and $29,619,602 in 2024 and 2023, respectively.
- The Authority's total expenses (operating and nonoperating) were $34,758,480 and $32,659,764 in 2024 and 2023, respectively.

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:

	2024	Change	2023	Change	2022
Operating revenue	$ 27,472,984	(968,840)	28,441,824	1,331,254	27,110,570
Operating expenses	(32,612,793)	(1,408,441)	(31,204,352)	(2,880,626)	(28,323,726)
Operating loss	(5,139,809)	(2,377,281)	(2,762,528)	(1,549,372)	(1,213,156)
Nonoperating revenue (expense), net	2,372,996	2,650,630	(277,634)	1,309,792	(1,587,426)
Change in net position	$ (2,766,813)	273,349	(3,040,162)	(239,580)	(2,800,582)

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 2023, operating revenue increased $1,331,254 or 4.9%. The main increase was at the Materials Management Facility where revenue increased $1,571,281 or 16.9%. This was due to a combination of 29,580 additional tons received in 2023 versus 2022 and an increase in tip fees in order to fund facility reserves for future cell builds, cell closures and to replace equipment.

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.

In 2023, operating expenses increased $2,880,626 or 10.2% due to: depreciation and amortization increased $1,328,611, with the majority due to the depreciation for Materials Management cells 12 & 13 which began at the end of 2022 and will be fully depreciated by 2027; closure and post-closure costs increased $478,625 which was due to the increase in tons, the increase to tip fee reserve per ton and increase in interest received on closure/post-closure investments; and operating and maintenance increased by approximately $422,000 due to overall increased costs associated with inflation, additional fuel needed to operate two landfills, and an increase in offnet circuit leases associated with telecommunications.

The increase in 2024 in net nonoperating revenue, net of $2,650,630 is primarily due to an increase in investment income due to better interest rates and a reduction in market adjustments.

The increase in 2023 in net nonoperating revenue, net of $1,309,792 is primarily due to an increase in investment income due to better interest rates and a reduction in market adjustments.

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

	2024	Change	2023*	Change	2022*
Assets:					
Current assets	$ 10,734,306	(2,095,455)	12,829,761	2,718,978	10,110,783
Loans receivable, net of allowance for doubtful accounts	32,746,123	1,746,676	30,999,447	972,150	30,027,297
Investments	15,049,526	(849,075)	15,898,601	(1,066,529)	16,965,130
Funds held by trustee	885,208	47,365	837,843	37,906	799,937
OPEB reserve fund	5,854,814	102,903	5,751,911	124,478	5,627,433
Restricted assets	86,459,644	2,141,909	84,317,735	1,592,897	82,724,838
Net pension asset	-	(1,725,909)	1,725,909	1,725,909	-
Capital assets, net	89,180,345	12,022,725	77,157,620	(4,031,754)	81,189,374
Total assets	240,909,966	11,391,139	229,518,827	2,074,035	227,444,792
Deferred outflows of resources	3,692,448	(375,533)	4,067,981	(869,304)	4,937,285
Liabilities:					
Current liabilities	19,661,580	14,214,568	5,447,012	1,278,312	4,168,700
Noncurrent liabilities	65,659,219	5,297,204	60,362,015	1,481,295	58,880,720
Total liabilities	85,320,799	19,511,772	65,809,027	2,759,607	63,049,420
Deferred inflows of resources	2,304,905	(5,729,353)	8,034,258	1,485,286	6,548,972
Net position:					
Net investment in capital assets	54,557,987	(3,139,880)	57,697,867	(3,250,818)	60,948,685
Restricted	81,746,378	1,678,559	80,067,819	740,286	79,327,533
Unrestricted	20,672,345	(1,305,492)	21,977,837	(529,630)	22,507,467
Total net position	$ 156,976,710	(2,766,813)	159,743,523	(3,040,162)	162,783,685

*Restated for the implementation of GASB 96.

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.

<u>Summary of 2023 Changes</u>

Current assets increased $2,718,978 or 26.9% due to cash and cash equivalents increasing by $1,261,509 due to timing and Telecommunications accounts receivable increasing by $1,294,910 due to pending USAC payments and a pending customer business being sold.

Loans receivable, net increased $972,150 or 3.2% due to additional loans that were closed on in 2023.

Investments decreased $1,066,529 or 6.3% due to a transfer of $1 million for planned capital project spending at the Materials Management Facility.

Restricted assets increased $1,592,897 or 1.9% due to the increase to Materials Management reserves and the sale of the recycling transfer station in Harrisville, NY.

Net pension asset increased $1,725,909 or 100%. Each year the Authority complies with GASB Statement No. 68 requirements. 2022 reflected a net liability and in 2023 reflected a net asset.

Capital assets decreased $4,031,754 or 5.0% due to disposal of assets associated with the sale of the recycling transfer station in Harrisville and from the depreciation for cells 12 & 13 in the southern expansion, which began at the end of 2022 and will be fully depreciated by 2027.

Current liabilities increased $1,278,312 or 30.6% primarily as a result of an increase in accounts payable of $1,116,027, which is due to the timing of large capital project payments and the current year USAC service provider payables due.

Noncurrent liabilities increased $1,481,295 or 2.5% due to increase in deferred revenue of $1,880,457 mainly from the addition of five large Telecommunications contracts for 2023.

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.

At March 31, 2024 and 2023, the Board of Directors designated the Authority's unrestricted net position for the following uses:

		2024	2023
Administrative reserve/supplemental insurance	$	4,000,000	4,000,000
Infrastructure development		223,107	223,107
Capital reserves		691,331	867,621
Materials management - tip fee stabilization and landfill gas reserves		4,463,685	6,241,367
Economic development fund		5,352,962	5,314,979
Affordable housing		3,000,000	3,000,000
	$	17,731,085	19,647,074

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.

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

	2024	Change	2023	Change	2022
Customer billings:					
Materials management facility	$ 10,103,674	(771,346)	10,875,020	1,571,281	9,303,739
Water quality operations	6,958,029	(443,342)	7,401,371	984,678	6,416,693
Telecommunications	6,569,418	309,255	6,260,163	89,442	6,170,721
Housing and economic development	219,997	(57,250)	277,247	162,173	115,074
Engineering	547,266	29,700	517,566	(568,846)	1,086,412
Total customer billings	24,398,384	(932,983)	25,331,367	2,238,728	23,092,639
Grant revenue	1,854,316	172,978	1,681,338	(799,425)	2,480,763
Loan interest income	458,660	12,859	445,801	(71,052)	516,853
Landfill gas to energy revenue	420,296	(152,255)	572,551	25,719	546,832
Miscellaneous	341,328	(69,439)	410,767	(62,716)	473,483
Total operating revenue	$ 27,472,984	(968,840)	28,441,824	1,331,254	27,110,570

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.

Summary of 2023 Changes

Materials Management Facility revenue increased $1,571,281 or 16.9% due to a combination of an additional 29,580 in tons received in 2023 and from an increase in tip fees that began in January 2022 in order to fund facility reserves for future cell builds, to replace equipment, and for cell closures.

Water Quality operations revenue increased $984,678 or 15.3% due to a dry summer and an added municipal water line that needed initial filling. The increase is also from the transfer of engineering contracts to water quality for management services.

Engineering operations revenue decreased $568,846 or 52.4% due to the transfer of management services contracts to water quality operations and the focus of large internal capital projects.

Housing and economic development revenue increased $162,173 or 140.9% due to additional contracts, especially in housing.

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:

	2024	Change	2023	Change	2022
Functional expenses:					
Administration	$ 376,424	144,099	232,325	37,555	194,770
Materials management facility	13,909,358	291,476	13,617,882	1,748,530	11,869,352
Water quality operations	7,797,748	887,365	6,910,383	944,397	5,965,986
Telecommunications	9,078,322	442,086	8,636,236	822,745	7,813,491
Housing and economic development	920,380	(382,356)	1,302,736	(96,977)	1,399,713
Engineering	530,561	25,771	504,790	(581,793)	1,086,583
Total functional expenses	$ 32,612,793	1,408,441	31,204,352	2,874,457	28,329,895

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.

Summary of 2023 Changes

Materials Management Facility expenses increased $1,748,530 or 14.7% due to an increase in fuel costs of $174,034 mainly from operating in two landfills at the Materials Management Facility at the same time, an increase of $478 thousand for required reserve funding for closure/post-closure care, and an increase in depreciation expense of $940 thousand, mainly from cells 12 & 13, which began at the end of 2022 and will end in 2027.

Water Quality operations expenses increased $944,397 or 15.8% as a result of an increase in water purchases of $212,906 from increased water use and an increase in salaries of $541,039, mainly from the move of Engineering employees in 2023 to water quality for management services contracts.

Telecommunications network expenses increased $822,745 or 10.5% because of an increase in depreciation expense of approximately $299,000, equipment maintenance contracts of $79,252, offset by circuit leases for $119,967, and overall increase in operation expense due to inflation.

Engineering expenses decreased $581,793 or 53.5% due to the move of management services contracts to water quality operations.

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

	2024	Change	2023	Change	2022
Operating expenses:					
Salaries and fringe benefits	$ 10,784,552	1,810,256	8,974,296	222,013	8,752,283
Operating and maintenance	3,819,002	97,616	3,721,386	489,984	3,231,402
Wastewater treatment	1,779,449	111,240	1,668,209	(38,071)	1,706,280
Water purchases	738,869	(134,780)	873,649	212,906	660,743
Community benefits	1,040,863	(128,996)	1,169,859	202,782	967,077
Closure and post-closure costs	1,266,768	(10,204)	1,276,972	478,625	798,347
General and administration	2,735,422	(395,960)	3,131,382	(186,025)	3,317,407
Depreciation and amortization	10,447,868	59,269	10,388,599	1,492,243	8,896,356
Total operating expenses	$ 32,612,793	1,408,441	31,204,352	2,874,457	28,329,895

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.

Summary of 2023 Changes

Salaries and wages expense increased $222,013 or 2.5% due to annual wage increases.

Operating and maintenance expense increased by $489,984 or 15.2% mainly due to inflation and additional telecommunications expenses associated with offnet circuit leases.

NONOPERATING REVENUE (EXPENSE)

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

	2024	Change	2023	Change	2022
Nonoperating revenue (expenses):					
Pass-through grant revenue	$ 1,189,576	376,919	812,657	(352,013)	1,164,670
Pass-through grant expense	(1,189,576)	(376,919)	(812,657)	352,013	(1,164,670)
Investment income	2,982,457	2,683,458	298,999	1,252,095	(953,096)
Gain on sale of capital assets	346,650	280,528	66,122	52,622	13,500
Debt issuance costs	(93,280)	(73,280)	(20,000)	(20,000)	-
Interest expense	(862,831)	(240,076)	(622,755)	25,075	(647,830)
Total	$ 2,372,996	2,650,630	(277,634)	1,309,792	(1,587,426)

Investment income increased in 2024 over 2023 by $2,683,458 as a result of an increase in interest rates and overall lower market adjustments.

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 2024 and 2023, the Authority has recorded a liability for other postemployment benefits in the amount of $4,728,237 and $4,462,715, respectively. In 2024 and 2023, the Authority has a board designated investment account in the amount of $5,854,814 and $5,751,911, respectively, for other postemployment benefits.

CAPITAL ASSETS

At the end of 2024 and 2023, the Authority had $89,180,345 and $77,157,620 (net of accumulated depreciation and amortization) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications, Water Quality Facilities, Engineering, equipment and vehicles. The 2024 increase over 2023 of $12,022,725 is mainly associated with the Army Sewer and Army Water Line projects. 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, 2024 and 2023, the Authority has the following revenue bond series outstanding:

Bond Series		Bonds outstanding as of March 31, 2024	Bonds outstanding as of March 31, 2023	Principal due 2025
Series 2015	$	6,445,000	6,730,000	290,000
Series 2019		9,695,000	9,970,000	285,000
Total	$	16,140,000	16,700,000	575,000

In addition to the bonds, the Authority had loans payable as of March 31, 2024 and 2023 as follows:

Loans Payable		Loans outstanding as of March 2024	Loans outstanding as of March 2023	Principal due 2025
Loans payable	$	17,076,310	2,864,198	14,451,447

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, 2024 and 2023

Assets	2024	2023 (As restated)
Current assets:		
Cash and equivalents	$ 6,067,643	7,010,512
Accounts receivable, net	3,208,621	4,382,833
Accrued unbilled revenue	612,707	605,762
Interest receivable	85,986	189,069
Inventory	18,462	16,280
Prepaid expenses	740,887	625,305
Total current assets	10,734,306	12,829,761
Noncurrent assets:		
Loans receivable, net	32,746,123	30,999,447
Investments	15,049,526	15,898,601
Funds held by trustee	885,208	837,843
Other postemployment benefits reserve fund	5,854,814	5,751,911
Restricted assets	86,459,644	84,317,735
Net pension asset - ERS - proportionate share	-	1,725,909
Capital assets, nondepreciable	7,992,523	4,964,496
Capital assets, net of accumulated depreciation/amortization	81,187,822	72,193,124
Total noncurrent assets	230,175,660	216,689,066
Total assets	240,909,966	229,518,827
Deferred Outflows of Resources		
Pension	3,494,419	3,833,170
OPEB	198,029	234,811
Total deferred outflows of resources	3,692,448	4,067,981
Liabilities		
Current liabilities:		
Accounts payable	2,889,093	2,579,390
Accrued expenses	764,351	695,735
Interest payable	264,775	115,634
Unearned revenue	542,240	1,232,664
Bonds payable, including premiums	630,277	615,277
Loans payable	14,451,447	118,226
Leases payable	108,242	54,981
Subscriptions payable	11,155	35,105
Total current liabilities	19,661,580	5,447,012
Noncurrent liabilities:		
Economic development revolving loan fund	11,087,083	10,800,488
Unearned revenue, excluding current portion	7,381,106	7,597,180
Bonds payable, including premiums, excluding current portion	16,651,475	17,281,752
Loans payable, excluding current portion	2,624,863	2,745,972
Leases payable, excluding current portion	144,899	11,285
Subscriptions payable, excluding current portion	-	11,155
Due to U.S. Army	749,985	749,985
Landfill liability	17,926,451	16,701,483
Total OPEB liability	4,728,237	4,462,715
Net pension liability - ERS - proportionate share	4,365,120	-
Total noncurrent liabilities	65,659,219	60,362,015
Total liabilities	85,320,799	65,809,027
Deferred Inflows of Resources		
Pension	269,550	5,953,092
OPEB	2,035,355	2,081,166
Total deferred inflows of resources	2,304,905	8,034,258
Net Position		
Net investment in capital assets	54,557,987	57,697,867
Restricted	81,746,378	80,067,819
Unrestricted	20,672,345	21,977,837
Total net position	$ 156,976,710	159,743,523

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, 2024 and 2023

	2024	2023 (As restated)
Operating revenue:		
Customer billings	$ 24,398,384	25,331,367
Grant revenue	1,854,316	1,681,338
Loan interest income	458,660	445,801
Landfill gas to energy revenue	420,296	572,551
Bad debt recovery	49,707	-
Other revenue	291,621	410,767
Total operating revenue	27,472,984	28,441,824
Operating expenses:		
Salaries and wages	7,213,315	6,877,883
Payroll taxes and fringe benefits	3,571,237	2,096,413
Operation and maintenance	3,819,002	3,721,386
Wastewater treatment	1,779,449	1,668,209
Water purchases	738,869	873,649
Community benefits	1,040,863	1,169,859
Closure and post-closure costs	1,266,768	1,276,972
Grants	-	507,985
Office and administrative	400,277	375,126
Insurance	599,899	544,932
Automobile	418,995	338,215
Utilities	179,230	223,650
Materials and supplies	318,454	322,197
Professional fees	204,582	187,952
Computer	310,815	226,740
NYS administrative assessment	122,000	122,000
Repairs and maintenance	159,289	206,199
Depreciation and amortization	10,447,868	10,388,599
Bad debt	21,881	76,386
Total operating expenses	32,612,793	31,204,352
Operating loss	(5,139,809)	(2,762,528)
Nonoperating revenue (expense):		
Pass-through grant revenue	1,189,576	812,657
Pass-through grant expense	(1,189,576)	(812,657)
Investment income	2,982,457	298,999
Gain on sale of capital assets	346,650	66,122
Debt issuance costs	(93,280)	(20,000)
Interest expense	(862,831)	(622,755)
Total nonoperating revenue (expense)	2,372,996	(277,634)
Change in net position	(2,766,813)	(3,040,162)
Net position at beginning of year	159,743,523	162,783,685
Net position at end of year	$ 156,976,710	159,743,523

See accompanying notes to financial statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
Statements of Cash Flows
Years ended March 31, 2024 and 2023

	2024	2023 (As restated)
Cash flows from operating activities:		
Receipts from customers	$ 24,132,761	26,191,151
Receipts from grants	1,854,316	1,777,083
Cash payments to suppliers	(9,963,466)	(11,789,325)
Cash payments to employees	(9,713,205)	(6,834,349)
Net cash provided by operating activities	6,310,406	9,344,560
Cash flows from capital and related financing activities:		
Purchase of capital assets	(22,515,717)	(7,078,082)
Proceeds from sale of capital assets	391,774	787,359
Repayments of bonds payable	(560,000)	(535,000)
Amortization of bonds payable	(55,277)	(55,277)
Issuance of loans payable	14,330,338	-
Repayments of loans payable	(118,226)	(115,727)
Issuance of leases payable	303,068	32,956
Repayments of leases payable	(116,193)	(123,358)
Repayments of subscriptions payable	(35,105)	(35,106)
Debt issuance costs	(93,280)	(20,000)
Interest paid	(713,690)	(626,959)
Net cash used in capital and related financing activities	(9,182,308)	(7,769,194)
Cash flows from investing activities:		
Interest revenue	3,085,540	213,965
Net proceeds (purchases) of investments	849,075	1,066,529
Deposits into other postemployment benefits reserve fund	(102,903)	(124,478)
Net proceeds (purchases) of restricted assets	(2,141,909)	(1,431,967)
Change in funds held by trustee	239,230	(37,906)
Net cash provided by (used in) investing activities	1,929,033	(313,857)
Net change in cash and equivalents	(942,869)	1,261,509
Cash and equivalents at beginning of year	7,010,512	5,749,003
Cash and equivalents at end of year	$ 6,067,643	7,010,512

(Continued)

See accompanying notes to financial statements.

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

		2024	2023 (As restated)
Cash flows from operating activities:			
Operating loss	$	(5,139,809)	(2,762,528)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense		10,300,085	10,230,919
Amortization expense		147,783	157,680
Bad debt expense		21,881	76,386
Bad debt recovery		(49,707)	-
Changes in:			
Accounts receivable		1,202,038	(1,335,651)
Accrued unbilled revenue		(6,945)	(67,355)
Inventory		(2,182)	1,929
Prepaid expenses		(115,582)	(47,744)
Loans receivable		(1,746,676)	(972,150)
Deferred outflows of resources		375,533	869,304
Accounts payable		309,703	1,159,715
Accrued expenses		68,616	-
Unearned revenue		(906,498)	1,880,457
Landfill liability		1,224,968	1,273,873
Total OPEB liability		265,522	(879,652)
Net pension asset/liability - proportionate share - ERS		6,091,029	(1,725,909)
Deferred inflows of resources		(5,729,353)	1,485,286
Net cash provided by operating activities	$	6,310,406	9,344,560

See accompanying notes to financial statements.

(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.

(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.

(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.

(1) Summary of Significant Accounting Policies, Continued

(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 August 2048.

(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 $377,364 and $357,780 was considered necessary at March 31, 2024 and 2023, 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.

(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.

(1) Summary of Significant Accounting Policies, Continued

(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.

(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.

(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.

(1) Summary of Significant Accounting Policies, Continued

(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 subscription-based information technology arrangement on April 1, 2024. This agreement matures on April 1, 2029 and has a total principal due of $101,169.

(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. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

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.

(w) Subscription-Based Information Technology Arrangements

During the year ended March 31, 2024, the Authority adopted provisions of GASB Statement No 96 - "Subscription-Based Information Technology Arrangements." The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements by governments. See note 15 to the financial statements for the impact of the implementation on the financial statements.

(1) Summary of Significant Accounting Policies, Continued

(x) Reclassifications

Reclassifications have been made to certain 2023 balances in order to conform them to the 2024 presentation.

(2) Net Position

(a) Restricted Net Position

The Authority maintains the following in restricted net position as of March 31, 2024 and 2023:

	2024	2023
Community rental housing program	$ 13,369,120	13,162,260
Community development loan fund	10,175,163	9,702,563
Affordable housing program	22,661,333	22,360,403
Army water and sewer line reserves	1,800,000	1,800,000
Regional waterline operating and debt service reserves	377,190	404,885
Wetlands mitigation	325,943	321,895
Reserve for liner expansion and replacement	20,344,738	17,015,518
Reserve for open access telecommunication networks	4,506,053	6,950,831
Closure/post-closure prefunding reserve	8,186,838	8,349,464
Total restricted net position	$ 81,746,378	80,067,819

(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, 2024 and 2023:

	2024	2023
Board designated net position:		
Administrative reserve/supplemental insurance	$ 4,000,000	4,000,000
Infrastructure development	223,107	223,107
Capital reserves	691,331	867,621
Materials management - tip fee stabilization and landfill gas reserves	4,463,685	6,241,367
Economic development fund	5,352,962	5,314,979
Affordable housing	3,000,000	3,000,000
Total Board designated net position	17,731,085	19,647,074
Undesignated net position	2,941,260	2,330,763
Total unrestricted net position	$ 20,672,345	21,977,837

(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, 2024 and 2023:

	2024	2023
Demand deposits	$ 4,887,694	6,242,814
Time deposits	1,179,949	767,698
	$ 6,067,643	7,010,512

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.

(3) Cash and Equivalents, Continued

Custodial Credit Risk, Continued

All investments were fully secured at March 31, 2024 and 2023. Total non-restricted investments by type are as follows at March 31, 2024 and 2023:

	2024	2023
Certificates of deposit	$ 6,348,750	6,621,370
United States Treasury obligations/government agencies	4,636,891	5,773,881
Money market	4,012,539	3,503,350
Accrued interest receivable	51,346	-
	$ 15,049,526	15,898,601

Custodial Credit Risk - Deposits

At March 31, 2024 and 2023, the Authority had the following deposits that were exposed to custodial credit risk:

	2024	
	Book Balance	Bank Balance
Cash and equivalents	$ 6,067,643	6,270,659
Other deposits included in restricted assets and investments	11,062,311	11,062,311
	$ 17,129,954	17,332,970
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		16,832,815
		$ 17,332,970

	2023	
	Book Balance	Bank Balance
Cash and equivalents	$ 7,010,512	8,060,770
Other deposits included in restricted assets and investments	12,165,948	12,165,948
	$ 19,176,460	20,226,718
Covered by FDIC insurance		$ 500,155
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name		19,726,563
		$ 20,226,718

(3) Cash and Equivalents, Continued

Custodial Credit Risk - Deposits, Continued

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.

(4) Restricted Assets and Other Postemployment Benefits Reserve Fund

Restricted assets are held for the following purposes at March 31, 2024 and 2023:

	2024	2023
Landfill closure and post-closure care	$ 25,134,084	23,823,844
Telecommunications network	9,158,676	9,630,003
Replacement and liner at materials management facility	20,207,728	16,924,755
Affordable housing program	16,400,250	14,155,631
North Country economic development	7,814,842	8,149,364
Community rental housing program	1,601,977	4,834,800
Community development loan fund	2,491,108	3,228,146
Army water and sewer line	2,803,191	2,750,327
Regional waterline operating and debt service reserves	521,845	498,970
Wetlands mitigation	325,943	321,895
	$ 86,459,644	84,317,735

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, 2024 and 2023.

Restricted assets consisted of the following at March 31, 2024 and 2023:

	2024	2023
Certificates of deposit	$ 37,052,941	35,429,435
United States Treasury obligations/government agencies	32,538,094	27,985,629
Money market	16,589,329	20,743,018
Accrued interest receivable	279,280	159,653
	$ 86,459,644	84,317,735

(4) Restricted Assets and Other Postemployment Benefits Reserve Fund, Continued

Other postemployment benefits reserve fund consisted of the following at March 31, 2024 and 2023:

	2024	2023
Certificates of deposit	$ 4,828,259	4,634,486
United States Treasury obligations/government agencies	1,010,253	990,802
Money market	6,036	126,623
Accrued interest receivable	10,266	-
	$ 5,854,814	5,751,911

(5) Accounts Receivable

Accounts receivable are due within one year and consisted of the following at March 31, 2024 and 2023:

	2024	2023
Materials management facility	$ 970,417	849,217
Water quality	352,312	522,478
Telecommunications network	1,750,744	2,748,326
Engineering	91,702	12,302
Other	130,983	387,926
	3,296,158	4,520,249
Less allowance for doubtful accounts	(87,537)	(137,416)
Total accounts receivable, net	$ 3,208,621	4,382,833

(6) Loans Receivable

Loans receivable are summarized as follows at March 31, 2024 and 2023:

	2024	2023
Affordable Housing Program	$ 10,040,181	9,491,621
Community Rental Housing Program	11,879,806	11,930,197
Community Development Loan Fund	7,872,201	7,039,185
North Country Economic Loan Fund	3,259,876	2,645,524
Development Authority Economic Development Loan Fund	71,423	250,700
	33,123,487	31,357,227
Less allowance for loan loss	(377,364)	(357,780)
Loans receivable, net	$ 32,746,123	30,999,447

(6) Loans Receivable, Continued

Activity in the allowance for loan losses is as follows for the years ended March 31, 2024 and 2023:

		2024	2023
Balance at beginning of year	$	357,780	351,932
Additional allowance for doubtful accounts		19,584	5,848
Balance at end of year	$	377,364	357,780

There were no impaired loans at March 31, 2024 and 2023.

(7) Capital Assets

Capital asset and lease activity for the years ended March 31, 2024 and 2023 was as follows:

	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

(7) Capital Assets, Continued

	Balance at April 1, 2022*	Additions*	Transfers*	Disposals*	Balance at March 31, 2023*
Nondepreciable assets:					
Land	$ 1,706,699	-	-	(86,475)	1,620,224
Construction in progress	791,389	6,965,269	(4,412,386)	-	3,344,272
Total nondepreciable assets	2,498,088	6,965,269	(4,412,386)	(86,475)	4,964,496
Depreciable assets:					
Construction	194,501,476	-	2,397,349	(609,705)	196,289,120
Equipment	35,676,468	79,857	1,674,581	(901,203)	36,529,703
Vehicles	1,099,214	-	340,456	(180,515)	1,259,155
Leasehold improvements	75,281	-	-	(2,973)	72,308
Right-to-use buildings	284,706	32,956	-	(36,682)	280,980
Right-to-use subscriptions	145,785	-	-	-	145,785
Total depreciable assets	231,782,930	112,813	4,412,386	(1,731,078)	234,577,051
Accumulated depreciation and amortization:					
Construction	(126,000,988)	(7,599,331)	-	173,199	(133,427,120)
Equipment	(25,972,384)	(2,438,476)	-	717,998	(27,692,862)
Vehicles	(850,048)	(193,112)	-	165,464	(877,696)
Leasehold improvements	(75,281)	-	-	2,973	(72,308)
Right-to-use buildings	(128,524)	(122,574)	-	36,682	(214,416)
Right-to-use subscriptions	(64,419)	(35,106)	-	-	(99,525)
Total accumulated depreciation and amortization	(153,091,644)	(10,388,599)	-	1,096,316	(162,383,927)
Total capital assets being depreciated and amortized, net	78,691,286	(10,275,786)	4,412,386	(634,762)	72,193,124
Capital assets, net	$ 81,189,374	(3,310,517)	-	(721,237)	77,157,620

*Restated for the implementation of GASB 96.

(8) Right-to-Use Assets

(a) Leases

The Authority leases two buildings. At March 31, 2024 and 2023, the Authority has a net right-to-use asset for buildings of $256,954 and $66,564, respectively, as well as leases payable of $253,141 and $66,266, 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:

Year ending	Principal	Interest	Total
2025	$ 108,242	11,697	119,939
2026	101,700	6,720	108,420
2027	43,199	1,976	45,175
	$ 253,141	20,393	273,534

(8) Right-to-Use Assets, Continued

(b) Subscriptions

The Authority has two subscription arrangements that qualify under GASB 96. At March 31, 2024 and 2023, the Authority has a net right-to-use asset for subscriptions as well as subscriptions payable for subscriptions of $11,155 and $46,260, respectively. The $11,155 is due during the year ending March 31, 2025. No interest component has been recognized as the interest portion would be immaterial.

(9) Long-Term Liabilities

Long-term liability activity for the years ended March 31, 2024 and 2023 was as follows:

	Balance at April 1, 2023	Increases	Decreases	Balance at March 31, 2024	Due within one year
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	-
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	$ 41,062,027	22,214,925	884,801	62,392,151	15,201,121

	Balance at April 1, 2023	Increases	Decreases	Balance at March 31, 2024	Due within one year
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
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	-

(9) Long-Term Liabilities, Continued

	Balance at April 1, 2023	Increases	Decreases	Balance at March 31, 2024	Due within one year
Loans payable, continued:					
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 2025, 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	$ 2,864,198	14,330,338	118,226	17,076,310	14,451,447

	Balance at April 1, 2023	Increases	Decreases	Balance at March 31, 2024	Due within one year
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	$ 16,700,000	-	560,000	16,140,000	575,000

(9) Long-Term Liabilities, Continued

	Balance at April 1, 2022*	Increases*	Decreases*	Balance at March 31, 2023*	Due within one year*
Loans payable	$ 2,979,925	-	(115,727)	2,864,198	118,226
Bonds payable	17,235,000	-	(535,000)	16,700,000	560,000
Premium on bonds	1,252,306	-	(55,277)	1,197,029	55,277
Net pension (asset) liability - ERS	19,480	-	(1,745,389)	(1,725,909)	-
OPEB liability	5,322,887	-	(860,172)	4,462,715	-
Lease liability	156,668	32,956	(123,358)	66,266	54,981
Subscription liability	81,366	-	(35,106)	46,260	35,105
Landfill liability	15,427,610	1,273,873	-	16,701,483	-
Due to U.S. Army	749,985	-	-	749,985	-
Total long-term liabilities	$ 43,225,227	1,306,829	(3,470,029)	41,062,027	823,589

* Restated for implementation of GASB 96.

	Balance at April 1, 2022	Increases	Decreases	Balance at March 31, 2023	Due within one year
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.	$ 864,000	-	50,000	814,000	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.	930,560	-	49,230	881,330	51,444
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.	585,365	-	16,497	568,868	16,782
Total loans payable	$ 2,979,925	-	115,727	2,864,198	118,226

(9) Long-Term Liabilities, Continued

	Balance at April 1, 2022	Increases	Decreases	Balance at March 31, 2023	Due within one year
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%.	$ 7,005,000	-	275,000	6,730,000	285,000
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%.	10,230,000	-	260,000	9,970,000	275,000
Total bonds payable	$ 17,235,000	-	535,000	16,700,000	560,000

Future minimum payments for the Authority's loans payable are as follows as of March 31, 2024:

Year ending	Principal	Interest	Total
2025	$ 14,451,447	48,387	14,499,834
2026	123,813	45,621	169,434
2027	126,625	42,740	169,365
2028	129,552	39,740	169,292
2029	132,882	36,615	169,497
2030 - 2034	715,486	131,352	846,838
2035 - 2039	528,506	43,518	572,024
2040 - 2044	134,884	20,656	155,540
2045 - 2049	733,115	8,084	741,199
	$ 17,076,310	416,713	17,493,023

There are two loans totaling $14,330,338 included in the 2025 loan payments above. These are expected to become long-term loans. Until the long-term loans are secured, these are considered short-term.

Interest paid on loans payable during the years ended March 31, 2024 and 2023 were $315,123 and $54,107, respectively.

(9) Long-Term Liabilities, Continued

Future minimum payments for the Authority's bonds payable are as follows as of March 31, 2024:

Year ending		Principal	Interest	Total
2025	$	575,000	582,200	1,157,200
2026		600,000	558,369	1,158,369
2027		625,000	533,169	1,158,169
2028		655,000	507,244	1,162,244
2029		680,000	480,369	1,160,369
2030 - 2034		3,830,000	1,972,381	5,802,381
2035 - 2039		4,610,000	1,187,416	5,797,416
2040 - 2044		3,915,000	388,281	4,303,281
2045		650,000	10,563	660,563
	$	16,140,000	6,219,992	22,359,992

Interest paid on bonds payable during the years ended March 31, 2024 and 2023 were $544,835 and $564,821, respectively.

The Authority also has a line of credit payable in the amount of $3,636,980 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 year 2024. The Authority does not anticipate any funds being drawn from the letter of credit for the life of the grant.

(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 $25,134,084 and $23,823,844 at March 31, 2024 and 2023, respectively, and which is reported under restricted assets, which represents the cumulative amount reported to date based on the use of 49% and 39%, as of March 31, 2024 and 2023, 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 currently permitted landfill in 2026 but has

(10) Materials Management Facility, Continued

(a) Landfill Closure and Post-Closure Care Costs, Continued

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 assets as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2024 and 2023, tipping fees of $1,283,893 and $1,277,380, 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.

(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 38 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 2024 and 2023, tipping fees of $1,711,858 and $1,532,855, 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 $325,943 and $321,895 at March 31, 2024 and 2023, respectively.

(10) Materials Management Facility, Continued

(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 $1,412,455 and $9,948 in 2024 and 2023, 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. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3.0 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 6.0 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 Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At March 31, 2024 and 2023, the Authority reported the following asset/(liability) for its proportionate share of the net pension liability for the System. The net pension asset/(liability) was measured as of March 31, 2023 and 2022, respectively. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Authority's proportionate share of the net pension asset/(liability) 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.

(11) Pension Plan, Continued

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

	2023	2022
Measurement date	3/31/2023	3/31/2022
Net pension asset (liability)	$ (4,365,120)	1,725,909
Authority's proportion of the System's net pension asset/liability	0.0203559%	0.0211131%
Changes in proportionate share from prior year	(0.0007572)	0.0015495

For the years ended March 31, 2024 and 2023, the Authority recognized pension expense of $1,545,783 and $106,496, respectively, for the System in the Statements of Revenue, Expenses and Changes in Net Position. At March 31, 2024 and 2023, the Authority's reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
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	804,280	-
Total	$ 3,494,419	269,550

(11) Pension Plan, Continued

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

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 130,705	169,532
Changes of assumptions	2,880,349	48,603
Net difference between projected and actual investment earnings on pension plan investments	-	5,651,629
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	158,987	83,328
Authority's contributions subsequent to the measurement date	663,129	-
Total	$ 3,833,170	5,953,092

Authority contributions subsequent to the March 31, 2023 measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2025. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ending	
2025	$ 583,316
2026	(235,012)
2027	895,400
2028	1,176,885
	$ 2,420,589

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

(11) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Investment rate of return (net of investment expense, including inflation)	5.9%
Salary scale	4.4%
Inflation rate	2.9%
Cost-of-living adjustments	1.5%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - April 1, 2020.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
	100.00%	

*The real rate of return is net of the long-term inflation assumption of 2.5%.

(11) Pension Plan, Continued

(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 the 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.

(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:

	2024		
	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
Employer's proportionate share of the net pension asset (liability)	$(10,548,622)	(4,365,120)	801,916

	2023		
	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
Employer's proportionate share of the net pension asset (liability)	$ (4,442,471)	1,725,909	6,885,462

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	2024	2023
Measurement date	3/31/2023	3/31/2022
Employers' total pension liability	$ (232,627)	(223,875)
Plan fiduciary net position	211,183	232,050
Employers' net pension liability	$ (21,444)	8,175
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	103.65%

(11) Pension Plan, Continued

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of March 31, 2024 and 2023 represent the projected employer contribution for the period of April 1, 2023 through March 21, 2024 and through April 1, 2022 through March 31, 2023, 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, 2024 and 2023 was $798,538 and $663,000, respectively.

(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, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Inactive members	18	18
Active members	63	63
	81	81

(c) Total OPEB Liability

The Authority's total OPEB liability of $4,728,237 and $4,462,715 was measured as of March 31, 2024 and 2023, respectively, and was determined by an actuarial valuation as of March 31, 2023.

(d) Actuarial Assumptions and Other Inputs

Management of the Authority performed update procedures and did not use an actuary to update the March 31, 2023. The Authority has less than 100 employees, and therefore, is allowed to perform this alternative method in accordance with GASB 75.

The total OPEB liability in the March 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

(12) Other Postemployment Benefits, Continued

(d) Actuarial Assumptions and Other Inputs, Continued

Salary increase rate	3.00%
Discount rate	4.75%
Healthcare cost trend rates	5.00%
Mortality rates	RP-2014 Mortality table with separate rates for males and females and for active and retirees

(e) Changes in the Total OPEB Liability

	2024	2023
Total OPEB liability at beginning of year	$ 4,462,715	5,322,887
Changes for the year:		
Service cost	279,878	275,575
Interest	184,189	184,189
Differences between expected and actual experience	(52,703)	92,006
Changes in assumptions or other inputs	(50,843)	(1,349,365)
Benefit payments	(94,999)	(62,577)
Total changes	265,522	(860,172)
Total OPEB liability at end of year	$ 4,728,237	4,462,715

(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:

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

	2023		
	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	$ 5,333,521	4,462,715	3,776,189

The sensitivity tables assumed the same changes for 2024 as it did for 2023 as the update used the alternative method. Changes are assumed to be immaterial.

(12) Other Postemployment Benefits, Continued

(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:

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

	2023		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 3,724,997	4,462,715	5,406,871

The sensitivity tables assumed the same changes for 2024 as it did for 2023 as the update used the alternative method. Changes are assumed to be immaterial.

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

For the years ended March 31, 2024 and 2023, the Authority recognized OPEB expense of $256,493 and $360,944, respectively. At March 31, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

(12) Other Postemployment Benefits, Continued

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

		2023	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	87,625	796,056
Changes of assumptions or other inputs		147,186	1,285,110
Total	$	234,811	2,081,166

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

Year ending		
2025	$	(103,546)
2026		(103,546)
2027		(103,546)
2028		(103,546)
2029		(103,546)
Thereafter		(1,319,596)
	$	(1,837,326)

(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.

(13) Contractual Agreements, Continued

(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 $857,054 and $1,021,625 in 2024 and 2023, respectively.

(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 $420,296 and $572,551 in 2024 and 2023, 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.

(13) Contractual Agreements, Continued

(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.

(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.

(15) Subscription-Based Information Technology Arrangements

For the year ended March 31, 2024, the Authority implemented GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” The implementation of this Statement resulted in reporting certain activities related to the long-term impact of the Authority’s subscription-based information technology arrangements. The implementation resulted in the restatement of balances of the Authority for the year ended March 31, 2023. The March 31, 2023 balances were restated as follows:

(15) Subscription-Based Information Technology Arrangements, Continued

		2023, As Previously Stated	Restatement	2023, As Restated
Right-to-use assets subscriptions	$	-	145,785	145,785
Accumulated amortization	$	-	(99,525)	(99,525)
Subscription payable	$	-	(46,260)	(46,260)

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Year ended March 31, 2024

	2024	2023	2022	2021	2020	2019
Total OPEB liability:						
Service cost	$ 279,878	275,575	259,524	259,524	248,401	248,401
Interest	184,189	184,189	187,290	187,290	169,281	169,281
Differences between expected and actual experience	(52,703)	92,006	-	(862,191)	-	(99,163)
Changes in assumptions or other inputs	(50,843)	(1,349,365)	-	-	-	208,511
Benefit payments	(94,999)	(62,577)	(74,049)	(67,705)	(59,298)	(53,275)
Net change in total OPEB liability	265,522	(860,172)	372,765	(483,082)	358,384	473,755
Total OPEB liability - beginning	4,462,715	5,322,887	4,950,122	5,433,204	5,074,820	4,601,065
Total OPEB liability - ending	$ 4,728,237	4,462,715	5,322,887	4,950,122	5,433,204	5,074,820
Covered payroll	$ 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	103.11%	97.32%	130.42%	129.59%	126.72%	137.92%

Notes to schedule:
The Authority did not obtain an actuarial valuation as of March 31, 2024, 2022 or March 31, 2020, and relied on the previous year's actuarial valuation, respectively, for those calculations.

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

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

To pay related benefits:
- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the Plan administrator and Plan members.

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:

2024	2032	2022	2021	2020	2019
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, 2024

NYSERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension asset/liability	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)	$ (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	$ 6,397,012	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	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	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

* 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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
Required Supplementary Information
Schedule of the Authority's Pension Contributions
Year ended March 31, 2024

NYSERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 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	798,538	663,129	890,375	796,667	766,847	714,456	683,563	659,418	601,067
Contributions deficiency (excess)	$ -	-	-	-	-	-	-	-	-
Authority's covered payroll	$ 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	12.48%	11.11%	15.23%	14.12%	14.04%	14.37%	14.79%	15.14%	14.83%

* 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.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
Other Supplementary Information
Schedule of Revenue, Expenses and Changes in Net Position by Department
Year ended March 31, 2024

	General and Administration	Solid Waste Management Facility	Water Quality Operations	Telecommunication Network	Housing and Economic Development	Engineering	Total
Operating revenue:							
Customer billings	$ -	10,103,674	6,958,029	6,569,418	219,997	547,266	24,398,384
Grant revenue	-	-	-	1,391,722	462,594	-	1,854,316
Loan interest income	-	-	-	-	458,660	-	458,660
Landfill gas to energy revenue	-	420,296	-	-	-	-	420,296
Bad debt recovery	-	-	-	47,410	2,297	-	49,707
Other revenue	228,243	6,075	5,408	9,990	41,905	-	291,621
Total operating revenue	228,243	10,530,045	6,963,437	8,018,540	1,185,453	547,266	27,472,984
Operating expenses:							
Salaries and wages	1,325,412	1,716,837	2,066,983	1,512,088	318,758	273,237	7,213,315
Payroll taxes and fringe benefits	511,482	939,037	1,146,426	666,449	174,054	133,789	3,571,237
Operation and maintenance	6,051	1,496,641	240,218	2,004,947	19,030	52,115	3,819,002
Wastewater treatment	-	576,256	1,203,193	-	-	-	1,779,449
Water purchases	-	-	738,869	-	-	-	738,869
Community benefits	-	857,054	-	-	183,809	-	1,040,863
Closure and post-closure costs	-	1,266,768	-	-	-	-	1,266,768
Office and administrative	101,982	90,713	120,940	51,626	7,865	27,151	400,277
Insurance	19,569	246,991	140,710	176,259	-	16,370	599,899
Automobile	1,922	17,400	308,716	73,881	-	17,076	418,995
Utilities	-	63,788	110,448	4,994	-	-	179,230
Materials and supplies	-	318,454	-	-	-	-	318,454
Professional fees	87,268	71,546	1,426	11,429	32,913	-	204,582
Computer	183,997	13,827	31,828	36,222	778	44,163	310,815
NYS administrative assessment	-	51,262	36,335	31,001	-	3,402	122,000
Repairs and maintenance	-	11,868	147,421	-	-	-	159,289
Depreciation and amortization	393,422	5,197,004	934,767	3,915,027	-	7,648	10,447,868
Bad debt	-	-	-	-	21,881	-	21,881
Water quality/Engineering allocation	15	43,066	34,158	17,051	408	(94,698)	-
Administrative allocation	(2,254,696)	930,846	535,310	577,348	160,884	50,308	-
Total operating expenses	376,424	13,909,358	7,797,748	9,078,322	920,380	530,561	32,612,793
Operating income (loss)	(148,181)	(3,379,313)	(834,311)	(1,059,782)	265,073	16,705	(5,139,809)
Nonoperating revenue (expense):							
Pass-through grant revenue	1,189,576	-	-	-	-	-	1,189,576
Pass-through grant expense	(1,189,576)	-	-	-	-	-	(1,189,576)
Investment income	338,124	1,412,455	100,454	387,656	743,768	-	2,982,457
Gain on sale of capital assets	83,106	262,772	772	-	-	-	346,650
Debt issuance costs	-	-	(93,280)	-	-	-	(93,280)
Interest expense	(2,873)	(544,835)	(315,123)	-	-	-	(862,831)
Total nonoperating revenue (expense)	418,357	1,130,392	(307,177)	387,656	743,768	-	2,372,996
Change in net position	$ 270,176	(2,248,921)	(1,141,488)	(672,126)	1,008,841	16,705	(2,766,813)

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
Other Supplementary Information
Schedule of North Country Economic Development Fund Activity
Year ended March 31, 2024

Liability at beginning of year	$ 10,800,488
Loan interest income	122,281
Investment interest income	168,103
Mark to market adjustment	7,029
Investment banking fees	(2,818)
Consulting fees	(8,000)
Change in liability	286,595
Liability at end of year	$ 11,087,083
Assets restricted for North Country Economic Development:	
Investments	7,814,842
Loan interest receivable	12,365
Loans receivable	3,259,876
Total assets/liability	$ 11,087,083

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
Schedule of Expenditures of Federal Awards
Year ended March 31, 2024

Federal Agency/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development:				
Passed through Jefferson County - Home Investment Partnerships Program	14.239	M19-DC360512	$ 696,409	645,642
Passed through St. Lawrence County - Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR309-21	417,539	337,503
Passed through Town of Gouverneur - Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	464HR122-20	208,588	175,770
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			626,127	513,273
Total U.S. Department of Housing and Urban Development			1,322,536	1,158,915
Northern Border Regional Commission - direct recipient	90.601	NA	68,997	30,661
Total Expenditures of Federal Awards			$ 1,391,533	1,189,576

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, 2024

(1) Basis of Presentation

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

(2) Basis of Accounting

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

(3) Indirect Costs

The Authority does not use the 10% de minimis indirect cost rate. Indirect costs may be included in the reported expenses to the extent that they are included in the Federal financial reports used as a source for the data presented.

(4) Matching Costs

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

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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, 2024, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 27, 2024.

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 27, 2024

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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, 2024. 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, 2024.

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 judgement 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 27, 2024

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Schedule of Findings and Questioned Costs

Year ended March 31, 2024

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	Assistance Listing Number
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228

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, 2024

There were no audit findings in the prior year financial statements (March 31, 2023).