NYS Consolidated Funding Application # 134870
Organization Name: Franklin County
Project Name: Franklin County MIP Application
City: **State:**

Created on
March 8, 2024 - 02:15 PM
Application finalized on
March 8, 2024 - 02:10 PM

Region

North Country

Questionnaire Questions & Answers

Standard Question

ConnectALL – Municipal Infrastructure Program (MIP)

Q_15017 Do you acknowledge that the project(s) you are proposing for grant funding will meet the minimum project requirements as stated in the RFA and any subsequently published updates?

Yes

Applicant Information

	Applicant
Name of the Primary Applicant Organization	Franklin County
Applicant Street Address	355 West Main Street
Applicant City	Malone
Applicant State	NY
Applicant ZIP Code (please use ZIP+4 if known)	12953-1827
Applicant organization website	https://www.franklincountyny.gov/

Q_14435 Is the applicant "Doing Business As" (DBA)?

No

Primary Contact Information

	Primary Contact
Primary Contact First Name	Donna
Primary Contact Last Name	Kissane

Primary Contact Title	County Manager
Primary Contact Telephone	518-481-1693
Primary Contact Email Address	Donna.Kissane@ franklincountyny.gov

Q_14736 What is the type of entity for the lead applicant?

Eligible Public Applicant

Q_14693 Please specify the Public entity type for the lead Applicant:

(This question is associated with your answer selection in question: Q_14736)

County

Q_14443 Select an applicant ID type from the list below that you normally use to identify your organization on application forms.

Employee Identification Number (EIN)

Q_14444 Based on your selection from the previous question, enter the associated ID number.

15-6000454

Q_14445 If you are a business, have you been certified as a New York State Minority or Women-owned Business Enterprise (MWBE)?

N/A

Q_14695 What is the expected infrastructure ownership structure?

Public

Q_14696 Based on your selection from the previous question, please specify the entity or entities and entity type that will ultimately own the proposed infrastructure.

Development Authority of the North Country

Q_14446 Please indicate if this application is submitted by a partnership or joint venture.

Yes

Q_14447 Please indicate the legal name(s) of any other organization(s) who are partners to this application or party to a joint venture.

(This question is associated with your answer selection in question: Q_14446)

Development Authority of the North Country

Q_14448 Partner Organization Street Address

(This question is associated with your answer selection in question: Q_14446)

317 Washington Street

Q_14449 Partner Organization City

(This question is associated with your answer selection in question: Q_14446)

Watertown

Q_14450 Partner Organization State

(This question is associated with your answer selection in question: Q_14446)

NY

Q_14451 Partner Organization ZIP (please use +4 if known)

(This question is associated with your answer selection in question: Q_14446)

13601-3744

Q_14452 Partner Organization Primary Contact First Name

(This question is associated with your answer selection in question: Q_14446)

David

Q_14453 Partner Organization Primary Contact Last Name

(This question is associated with your answer selection in question: Q_14446)

Wolf

Q_14454 Partner Organization Primary Contact Telephone Number (please include area code)

(This question is associated with your answer selection in question: Q_14446)

315-661-3283

Q_14455 Partner Organization Primary Contact Email Address

(This question is associated with your answer selection in question: Q_14446)

dwolf@ danc.org

Q_14582 Is there a third organization (including the Applicant) party to the partnership or joint venture?

(This question is associated with your answer selection in question: Q_14446)

No

Q_14456 Applicants that represent joint ventures or partnerships, please specify the roles and services provided through each party to the joint venture or partnership as well as how the partnership or joint venture is managed.

(This question is associated with your answer selection in question: Q_14446)

Franklin County is partnering with the Development Authority of the North Country (DANC) and SLICFiber Network Solutions (SLICFiber). If awarded this grant, Franklin County will distribute MIP funding to DANC to build a 35.8 mile extension to their open access middle mile network in the Towns of Chateaugay, Franklin and Harrietstown. SLICFiber will provide last mile connections off the middle mile network to 145 locations. DANC will serve as the project manager, overseeing all aspects of the project including, but not limited to; GIS services, address data, grant reporting requirements for NYS Empire State Development/ConnectALL Office and the National Telecommunications and Infrastructure Administration (NTIA) and providing monthly progress reports. DANC will work with all parties involved in the partnership to ensure that the project is completed on time and expenses are tracked.

Once the 35.8 mile extension is completed, DANC will own, operate and maintain the network and SLICFiber will oversee operations, maintenance, billing and customer service of last mile connections to homes and businesses.

Q_14766 Please provide brief description of the operating model, specifying whether and how the infrastructure will be used by one or more internet service providers and what will be required of those ISPs.

DANC will own, operate and maintain the fiber network being constructed with this grant and SLICFiber will be the Internet Service Provider (ISP). SLICFiber will be responsible for building the drops to the customer and installing the CPE. SLICFiber is also responsible for overseeing operations, maintenance, billing and customer service of last mile connections to homes and businesses. Each party will be responsible for any break fixes and/or outages on their respective networks. The GPON equipment will be housed in a DANC leased facility.

The operating model we are using is a revenue share model. DANC will construct a 144 fiber network and assign 36 fibers for SLICFiber’s/ISP use. We will jointly design the final network to assure terminals and splice locations are in the proper place to effectively service the customers. All fiber assignments will be maintained by both DANC and SLICFiber. The remaining strands will be used to serve businesses with Active Ethernet, provide cell backhaul, and be used as interoffice fiber as the network expands. DANC will receive 15% of the revenue generated by SLICFiber on this route.

In the event another ISP wishes to deliver service to the area DANC will provide pricing for another ISP to access customers. If they are Active Ethernet customers DANC will use typical middle mile wholesale pricing. If another ISP wishes to deliver residential service we plan to partition the GPON gear and allow access to some of the remaining fibers.

Q_14697 How many years has the Primary Applicant's organization been operating in New York?

150

Q_14458 Briefly describe the history of the Applicant or team as well as ownership and legal structure.

Franklin County is partnering with DANC Telecommunication's Division. DANC will own, operate and maintain the network. DANC operates as a revenue-based public benefit corporation, independent of state operational funding.

Following each individual is Years of Experience in Telecom (YE) and Years with DANC (YD).

David Wolf, Telecommunications Division Director 38 YE, 14 YD
MBA

Mark Borte, DANC Telecom Chief Technology Officer 26 YE, 17 YD
PMP certified, adjunct faculty of the year at Syracuse University.

Robert Durantini, Jr., Director of Outside Plan Engineering 40 YE, 21 YD
& Construction. Worked for Verizon, ECC Tech. PMP certified

Stephen Smithers, Director of Network Engineering 27 YE, 17 YD
CCIE certified

Tim Field, Director of Network Management and Security 23 YE, 17 YD
network engineering and operations. CCNA certified

Michelle Capone, Regional Development Director 23 YD
grant administration/management of federal/NYS grants

Q_14459 Briefly describe the Applicant's experience in broadband deployment in New York.

Franklin County is partnering with the Development Authority of the North Country (DANC) in the implementation of the middle and last mile infrastructure proposed in this application. DANC's network has connected more than 2, 000 miles of fiber network across the top of New York State. The Authority's Open Access Telecom Network (so named because it means any provider can use the network) completed its initial backbone construction in 2003. It is a carrier-class telecommunications network which connects the region to carrier collocation facilities in Syracuse, Albany and New York City. The network is comprised of approximately 2, 000 miles of fiber optic cable and 31 Central Offices (COs), which contain the electronic and optical equipment that power the network.

The DANC Telecom Division has managed multiple broadband projects including:

• $19 Million ARRA (Stimulus) Grant in 2011 and 2012. Successfully completed with no issues.

• $2.2 Million Telemedicine Pilot Program Grant in 2003

• $2.2 Million NY State ESD North Country Public Emergency Grant in 2015

• $250, 000 NBRC Grant to build to Corning in 2012

• $250, 000 NBRC Grant for broadband in Tupper Lake

• $2.3 Million ConnectALL Pilot Program Grant for Diana and Pitcairn

• In progress $14.5 Million NTIA Middle Mile Grant

• In Progress $3.1 Million NBRC Grant for broadband in Jefferson, Lewis, and St. Lawrence Counties

Q_14698 How does the Applicant or team plan to staff for the project?

Applicant or team already have the skilled resources required to staff the project

Q_14764 Does the primary applicant have experience in broadband deployment – planning, project managing, delivering and/or operating broadband infrastructure?

Successful broadband deployment in New York

Q_14751 For aerial construction of the proposed broadband deployment, what is the applicant teams' ability to mitigate cost and timeline risks as it relates to pole make-ready and licensing?

None of the above

Q_14467 Describe prior experience coordinating with permitting authorities, utility pole owners, and existing utilities.

The Development Authority has been operating a fiber network for over 20 years. DANC has pole licensing agreements in place with all pole owners in the North Country including all ILEC's, and utility providers including most municipal electric companies. DANC has internal outside plant engineers and professional engineers (PE's) that manage the pole licensing process and has a positive track record with the pole owners. More recently DANC has partnered on fiber builds with both NYSEG (Racquette Lake to Newcomb) and National Grid (NTIA grant) so organizational partnerships and relationships with key personnel are well established.

For permitting DANC uses a combination of internal PE's and external resources to obtain the permits. They have a positive relationship with the DOT Region 7 Engineer and work well with him. Additionally, DANC has worked closely with the APA on many projects and based on analysis, feel this project will be "Non-Jurisdictional."

Q_14700 For underground construction of the proposed broadband deployment, what is the applicant teams' ability to mitigate cost and timeline risks as it relates to pathway to receive expedited permitting for right-of-way (ROW)?

No underground work anticipated

Q_14468 Do you have experience managing state or federal grants or loans for broadband deployment?

Yes

Q_14469 Have any of your grants or loans for broadband deployment been suspended, paused, or rescinded at any time due to lack of performance or compliance with program rules or applicable law?

(This question is associated with your answer selection in question: Q_14468)

No

Q_14470 Briefly outline the Applicant's background in overseeing state or federal grants or loans for broadband deployment. If applicable, explain the circumstances that led to any grants or loans that faced suspension, pause, or rescission due to performance issues or non-compliance with program regulations or relevant laws.

(This question is associated with your answer selection in question: Q_14468)

Franklin County is partnering with the Development Authority of the North Country (DANC) in the implementation of the middle and last mile infrastructure proposed in this application. Franklin County has experience overseeing state and federal grants and will be working with DANC who has extensive experience in overseeing state and federal grants specifically for broadband deployment. Franklin County has never had a grant that faced suspension, pause, or recission.

Franklin County is in the final stages with the United States Department of Agriculture (USDA) in a ReConnect Project that was awarded in 2022 through Congressionally Directed Funding. Franklin County is currently working with USDA archaeologists to finalize NEPA and NHPA requirements.

The Development Authority has considerable experience managing federal and state grants and has never had a grant that faced suspension, pause, or recission. The DANC Telecom Division has managed multiple broadband grants including:

• $19 Million ARRA (Stimulus) Grant in 2011 and 2012. Successfully completed with no issues.

• $2.2 Million Telemedicine Pilot Program Grant in 203

• $2.2 Million NY State ESD North Country Public Emergency Grant in 2015

• $250, 000 NBRC Grant to build to Corning in 2012

• $250, 000 NBRC Grant for broadband in Tupper Lake

• $2.3 Million ConnectALL Pilot Program Grant for Diana and Pitcairn

• In progress $14.5 Million NTIA Middle Mile Grant

• In Progress $3.1 Million NBRC Grant for broadband in Jefferson, Lewis, and St. Lawrence Counties

---

Q_14473 Describe past record of responding to information requests to share data with the NYS Department of Public Service concerning broadband mapping initiatives, including the length of time taken to furnish the requested information.

In 2023, Franklin County identified broadband mapping discrepancies between the NYS DPS mapping and FCC mapping. From this, Franklin County analyzed Real Property Records for 1800 properties, identifying forests with no structures; barns and sheds; and structures without electricity. These were challenged in the FCC mapping, as they were accurately reflected in the New York PSC mapping.

Q_14701 Describe your current or past participation in the FCC's Affordable Connectivity Program (ACP) or other public subsidy programs.

Franklin County is an active participant in the FCC's Affordable Connectivity Program, as well as other public subsidy programs including but not limited to Social Security; Welfare and Temporary Assistance for Needy Families (TANF); Housing Assistance; the Home Energy Assistance Program (HEAP); the Supplemental Nutrition Assistance Program (SNAP); and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Franklin County Departments of Social Services, Veterans and Office for the Aging disseminate flyers, provide information, and assist residents in applying for these available public subsidy programs.

Franklin County constituents have been introduced to the Affordable Connectivity Program (ACP) through flyer distribution and postings, as well as being informed by county caseworkers and community outreach persons. According to Universal Service Administrative Co., in 2023, a total of 46, 690 Franklin County subscribers took advantage of the Affordable Connectivity Program with a total of 871 devices claimed. Service support claimed was $1, 607, 610 and device support claimed was $85, 347 for a total claimed support of $1, 692, 957.

In 2023 and in the project area zip codes of 12920, 12983, 13775, and 13846; there was a total of 8336 subscribers and 130 claimed devices. Total claimed support for these towns (Chateaugay, Franklin and Harrietstown) was $259, 868 with 95% of that support being for service.

SLICFiber, the ISP partner for this project, is an active participant in the FCC's Affordable Connectivity Program and offers subscribers the opportunity to directly apply on the company's website.

Q_14702 Is the applicant team local to the proposed broadband deployment region in the New York State?

Yes

Approach and Scope of Services

Q_14703 Describe the broadband infrastructure project and the specific geography and locations it would service (the Project Area(s))?

Franklin County, with a population of approximately 46, 373 in July of 2022 and is ranked 51 out of 62 counties in New York State, while having the fourth-largest square mileage. Those without access to high-speed broadband countywide are approximately 27% and within certain towns, those without access exceed 50%.

The proposed Project Area is a total 35.8 miles of new fiber optic cable through the towns of Chateaugay, Franklin and a small portion in Brighton (1 mile) and Harrietstown (1.75 miles). For the purposes of this grant application, the Project Area is defined as one-quarter of a mile from the designed route. Along the 35.8-mile route, the Project Area includes 145 unserved and 1, 461 addresses that are served by coaxial cable. With the extension of the DANC network, these addresses would have access to fiber optic internet service with the capability to deliver symmetrical, multi-gigabit internet speeds.

The Town of Chateaugay, with a population of approximately 800, is in the northeastern corner of Franklin County along the US/Canada border. The Town of Chateaugay has 137 unserved addresses, primarily in the southwestern portion of town. This project would serve 48 addresses in the Town of Chateaugay. This is a 35% increase in accessibility for currently unserved addresses.

The Town of Franklin, with a population of approximately 1, 145, is in the southeastern portion of Franklin County. Most of the roads are without broadband infrastructure. With 218 unserved addresses, the Town of Franklin has the highest amount of unserved in Franklin County. This project would serve 90 addresses in the town of Franklin, a 41% increase in accessibility for currently unserved addresses.

Q_14704 What are the wealth and income demographics for the proposed Project Area(s)?

Predominantly low-income non-investment area

Q_14705 Provide a list of the existing Internet Service Provider(s) in the Project Area(s) along with their advertised range of speed (download and upload) in Mbps and any other services offered.

Frontier

DSL 0-30 Mbps; $49.99

Mohawk Networks

Fiber 25-1000 Mbps; $59.99 - $99.99

SLICFiber

Fiber 200-1000 Mbps; $71.85 - $108.85

Spectrum

Cable 300-500 Mbps; $49.00

T-Mobile Home Internet:

Fixed Wireless 115 Mbps; $50.00 - $55.00

Verizon

DSL 15 Mbps; $40.00 - $74.99

Internet speeds, pricing and coverage areas shown are from Broadband Now, which is based on FCC data as well as information supplied by ISPs. Pricing and ISPs are current as of November, 2023.

Q_14706 Describe any patterns of non-investment or past challenges preventing Internet Service Provider(s) to provider services in the Project Area(s).

The main challenge for this project area has been the extremely high cost for the deployment of infrastructure. The project area is in the Adirondack Park, which is very rural and with rough terrain. Mountains and lakes make installing buried cable and aerial construction extremely challenging. Many homes in the project area are widely dispersed, frequently with only 2-4 homes per mile. There is also the added issue of needing to ensure that any construction meets the regulations put in place by the Adirondack Park Association. Some existing poles in the project area are substandard and unusable. Pole licensing fees and fees from the Department of Transportation add to the hurdles for buildout. Many ISPs have stated that if they were to somehow manage the high costs of buildout to these areas, their ROI would be negative.

For the proposed Project Area(s), please provide the numbers of broadband serviceable locations (unserved, underserved, & served locations).

Note: Total is auto-populated after saving & moving to next page.

Broadband Serviceable Locations

	Number of Locations
Unserved Locations	145
Underserved Locations	0
Served Locations	1461
Total	1,606

For the proposed Project Area(s), please provide the numbers of broadband serviceable locations (residential, business, & community anchor institutions).

Note: Total is auto-populated after saving & moving to next page.

Broadband Serviceable Locations Type

	Number of Locations
Residential Locations	155
Business Locations	35
Community Anchor Institutions	16
Total	206

For the proposed Project Area(s), please provide the total miles of new fiber construction being proposed (aerial fiber construction, underground fiber construction, & drop fiber (aerial and underground) for the last-mile).

Note: Total is auto-populated after saving & moving to next page.

Miles of New Fiber Construction Proposed

	Total Miles
Aerial Fiber Construction	36
Underground Fiber Construction	0
Drop Fiber (Aerial & Underground) For the Last-Mile	0

Total	36

For the proposed Project Area(s), please provide the financial details (MIP grant requested, available or earmarked public funds, & available private funds). The "Total" should represent the Total Project Cost.

Note: Total is auto-populated after saving & moving to next page.

Financial Details

	Total Dollars
MIP Grant Requested	$2,140,544
Available or Earmarked Public Funds	$0
Available Private Funds	$0
Total	2,140,544

Q_14707 Briefly provide the information about the available or earmarked public funds and/or the available private funds.

No public or private funds are contemplated as part of this grant.

Q_14708 Describe Applicant or teams' access to capital to address any potential debt or operating revenue shortfalls.

The Telecom Division of the Development Authority currently has a $4.5 million reserve fund as well as income from monthly operations that will be used to cash flow the project in the event there are any cash shortfalls.

Q_14709 Describe the methodology and any assumptions made to determine the cost estimates.

DANC Outside Plant Engineers have driven the routes proposed as part of this project and estimated the make ready and construction costs. They used their experience doing make ready as well as DANC's unit-based master contract for estimating the costs. For fiber pricing, DANC used recent quotes for 144 cable to estimate fiber costs. Finally, CO equipment, drop and CPE costs were provided by SLIC Network solutions based on their experience doing this for over 15, 000 customers. Licensing and project management fees are also based off DANC's estimates from doing similar projects.

Q_14710 What is the projected take-rate % in the first five years of broadband service?

65

Q_14711 What is the take-rate % to break-even the Operations and Maintenance (O&M) expenses?

30

Q_14712 Describe efforts that will be made by the Applicant or team to keep costs reasonable and competitive.

The primary reason DANC will be able to keep costs reasonable and competitive is because this project is an extension DANC's existing network. DANC does not contemplate having to hire additional permanent staff to manage the network. Additionally, SLICFiber also operates in this area and has technicians that already service customers near this new build. The ISP already has personnel, equipment, network monitoring, and customer service people in place. These supports will be able to manage this project without adding considerable cost. Finally, the underlying service provider will only be paying 15% of their revenue for the fiber and core electronics which will help keep the cost down for them.

Q_14753 Please describe the revenue sharing model between the Applicant and partner(s), including but not limited to the Internet Service Provider (ISP).

The DANC Franklin County East Project assumes a revenue share between the service provider, SLIC Network Solutions to DANC. SLIC will share 15% of the customer revenue with the Development Authority.

Q_14713 For any proposed public-private partnership, what is the minimum duration in years of shared public ownership?

10

Q_14714 For any proposed acquisitions as a part of the project (e.g. fiber leases), describe the age and remaining useful life of the infrastructure.

This project will be 100% new fiber. We will be interconnecting the fiber to a network that has been in place for 10 years, however, no IRU or lease of existing fiber is contemplated for this project.

Q_14715 Within how many months of the project kick-off are the first connections expected?

16

Q_14716 Within how many months of the project kick-off will the project complete?

18

Q_14717 Describe the work that has been done to date in developing the project and explain why this grant is necessary to advance the Applicant's project to implementation.

Prior to this project, Franklin County hired ECC Technologies to work collaboratively on preparing a broadband action plan. ECC conducted on-site visits to confirm served/unserved BSLs, developed a broadband plan, and identified a project that advances Franklin County toward their goal of 100% broadband availability. In addition, DANC's On-Site Engineer has examined the project sites to review them for constructability and make-ready costs. All this was done in preparation of the project to be prepared for data collection and pole applications within one month of grant approval.

Q_14718 How does the Applicant plan to share the newly built network infrastructure?

Open-access network with transparent pricing and unbiased availability for multiple ISP(s)

Q_14719 Describe the identified risks for the proposed project and plans to mitigate those (if identified).

The primary risk for the project is associated with make-ready delays when working with the pole owners. DANC will mitigate the delays by getting the pole applications in promptly after project approval, developing tracking sheets for the project, and working collectively with the ConnectALL office and pole owners to assure the process is going smoothly.

Another risk is permitting. DANC plans to mitigate this by getting all environmental work to the appropriate permitting agencies within 3 months of funding approval. This will assure all permits are received prior to make-ready being complete, thus ensuring DANC will be able to start make-ready immediately. Finally, the construction RFP will be distributed prior to make ready completion so DANC can award the RFP in advance of the project being ready.

Network Design

Q_14720 Is the network design of the proposed Project Area(s) complete or close to complete? Please ensure to upload the network design in whatever stage it is at in the Documents tab.

Close to complete network design

Q_14755 Is the proposed network design completely fiber?

Yes

Q_14721 Are there any interconnection plans with the existing publicly controlled middle mile and/or last mile infrastructure assets?

Contiguous with public infrastructure

Q_14722 Describe whether any existing infrastructure would or has been integrated into the design.

The only existing infrastructure included in this project is 3.3 miles of existing strand that DANC will overlash new fiber to in order to serve the customers. DANC will also be interconnecting the existing project to the 200-mile DANC network allowing 23 service providers to deliver service in the area.

Q_14723 Describe performance metrics of your proposed network, including the speeds, latency, average outage, network uptime, and existence of data caps or throttling.

The network to be deployed by SLICFiber consists of a NOKIA XGS-PON network capable of 10Gbps to the premise. Initially, SLICFiber will offer speed tiers of 200, 400, 1000, and 2000Mbps, all symmetrical. It is an ultra-low latency network (>10ms) with an expectation of 99.999% uptime. SLICFiber does not engage in throttling and does not set data caps.

Service Quality

Q_14760 In addition to completing the Service Tiers and Pricing template under the Documents tab of this application, please also describe the service speeds and means of delivery of any free service tiers or free introductory periods available to end-users. Specify if such options will be generally available without ACP utilization or will require additional qualification.

SLICFiber does not provide free service as it is not authorized under PSC regulations. Users are encouraged to apply for assistance through the Affordable Connectivity Program.

Q_14724 Describe plans to market the service to customers and plans to work with customers to enroll.

SLICFiber advertises via social media, websites, direct mail, roadside signage, and youth sponsorship. Marketing also includes enrollment events at town meetings, and directly with constituents.

Q_14480 Specify the type and daily operating hours for all types of customer service provided for broadband subscribers including phone, email, SMS, and/or in person customer assistance (if provided). How is customer support provided outside of regular working hours and on weekends?

SLICFiber provides customer support-around the-clock. SLICFiber's goal is to respond to all on-premise service calls within 24 business hours for residential customers and 4 hours for business customers. Support can be achieved via phone, web or social media. Between 7:30am - 4:30pm, Monday through Friday, all customer calls are routed via the ISP’s headquarters in Nicholville. Customer Support Staff (CSR) is 100% remote within the service footprint. The hired CSRs within the operating footprint are committed to providing local support and billing. Outside of normal business hours, calls are diverted to National Rural Telecommunications Cooperative (NRTC) which provides after-hours support. NRTC technicians have access to all SLIC systems to assist with troubleshooting and call routing. If there is an issue, NRTC will contact the on-call technician (which is staffed 24/7) to troubleshoot and dispatch if necessary. SLICFiber is in the process of implementing support via SMS messaging.

Q_14481 What aspects of the customer service experience are automated and which are provided through live customer support?

Provisioning of network equipment is an automated support, but all other aspects of the customer experience are handled by regionally-based staff through live customer support. Customers have the option of paying bills online, or calling the office and speaking to a representative. Trouble-shooting and service support are also conducted with a live person. SLICFiber refrains from automated troubleshooting or problem management.

Q_14482 What is the scope of any subcontractors providing customer support?

Subcontractors are used to run drops from the Service pole to the customer premise. In limited circumstances, subcontractors are used to install inside Customer Premise Equipment. All other customer support is in-house.

Q_14725 Describe how Applicant will ensure long-term, high-quality connectivity and support for residents, including a proposed Service-Level Agreement.

For over 122 years, Nicholville Telephone Company, which launched SLICFiber, has provided high-quality services to residents of the North County. SLICFiber continues that tradition by partnering with industry-leading partners like Sasktel International for OSS/BSS, and Calix and NOKIA for deployed networks. The ISP's regional workforce of over 100 people is a testament to its dedication to supporting the communities they serve. SLICFiber provides high-quality, reliable services with a 99.999% uptime, no data caps, and industry-leading low subscription rates, ensuring customers are always delivered the speeds and latency they expect. As a matter of practice, all of SLICFiber's packages are provisioned at 10% over advertised speeds to ensure the best experience for our customers.

Q_14484 How will the Applicant adhere to net neutrality principles, including commitments to no blocking, no throttling, no unreasonable discrimination in the transmittal of lawful internet traffic, and no paid prioritization?

SLICFiber has never, and will never, throttle, cap or otherwise interfere with customer's traffic. Once a customer is provisioned, the only blocking SLICFiber engages in is in accordance with industry standard black lists for harmful or malicious traffic, and under guidance from the Department of Homeland cyber-security recommendations. It is not in the ISP's interest to limit or steer traffic, and in fact, pride themselves on their net neutrality position being a strong selling point among their customers.

Q_14485 What measures and strategies will the Applicant take to safeguard the privacy and cybersecurity of residents and other end-users?

SLICFiber adheres, and will continue to adhere, to all required and recommended cybersecurity strategies. The ISP complies with CPNI guidance from FCC to protect customer data. This includes routine training of SLICFiber staff. SLICFiber also monitors and responds to NIST, FCC, Homeland Security, and other agency guidance on securing their network. They use industry standard systems for monitoring the network for illegal, dangerous, or harmful activity, and respond as necessary. SLICFiber also fully complies with CALIA and other protocols when working with law enforcement for the safety of the community.

Digital Equity Impact, Workforce Development and Diversity Practices

Q_14726 Describe Applicant or teams' outreach targets, including any plans to engage the community with any non-English-speaking residents.

Franklin County is the fourth-largest county in New York State by area, with its main population centers separated by large tracts of publicly protected land. The size of the county and distance between population centers contribute to access barri¬ers to behavioral health services and supports. Franklin County residents primarily identify as white, followed by Native American and Black. Franklin County has in-person and phone interpreter services for Spanish-speakers. The County has assisted several non-English-speaking families and individuals with housing within Franklin County, or connected them with family members throughout the country. Franklin County has also connected families with school enrollment officers, doctors, immunizations, food, and clothing as well as provided some socialization opportunities.

Outreach targets include those living rurally, seniors, veterans, incarcerated and persons with disabilities. Franklin County plans to collaborate with ISPs to explore options for discounted internet packages. Community outreach will include programs that raise awareness about digital equity and available resources, educating leaders and influencers in promoting the importance of digital inclusion, as well as collaborating with community service providers to ensure that residents are aware of services and resources available to them.

Franklin County aligns with the recommendations provided by Nancy Delmastro, leader of the Digital Equity Coalition for the North Country. Nancy recommends a variety of avenues to ensure that disadvantaged populations are granted equal opportunities for internet access. These include working with Independent Living Center of the Hudson Valley/NY Connects; Senior Planet/Older Adults Technology Services; Northern NY Library Network; NYS Digital Equity Portal, and the Capital Region North Country Regional Adult Education Network for services to engage community members who are non-English-speaking.

Q_14727 Describe Applicant or teams' prior experiences adopting community support programs and the outcomes of such programs.

Franklin County is committed to adopting community support programs that will enhance and enrich the lives of its residents. In the past, Franklin County constituents have been introduced to the Affordable Connectivity Program (ACP) through flyer distribution and postings, as well as being informed by county caseworkers and community outreach persons. In 2023, a total of 46, 690 Franklin County subscribers took advantage of the Affordable Connectivity Program with a total of 871 devices claimed. Service support claimed was $1, 607, 610 and device support claimed was $85, 347 for a total claimed support of $1, 692, 957.

In 2023 and in the project area of zip codes 12920, 12983, 13775, and 13846; there was a total of 8336 subscribers and 130 claimed devices. Total claimed support for these towns (Chateaugay, Franklin and Harrietstown) was $259, 868 with 95% of that support being for service.

In addition to the ACP, there are also a number of digital equity programs available to residents in Franklin County. In the past, residents have had the opportunity to engage with Senior Planet, OATS and NY Connects. Programs for Senior Planet were offered through the Malone Adult Center and served both seniors and veteran populations.

Q_14728 Describe any plans to provide devices, skills and safety trainings, or provide other support to the community.

There is a very active training in computer skills offered by the North Country Library System. Services to these target groups include providing seniors and others direct schooling on computers, the use of web browsers, and training on cybersecurity. Franklin County, in collaboration with ADK Action and the North Country Broadband Alliance, has advocated for the reinstating of the Affordable Connectivity Program. The funding and resources of this program would allow for continued equitable access to all, including devices and training, helping to close the digital divide and promote equal access for all. This broadband initiative is essential for fostering economic development, education, healthcare, and overall community well-being.

Franklin County aligns with the recommendations provided by Nancy Delmastro, leader of the Digital Equity Coalition for the North Country, to further collaborate and bridge the digital divide in Franklin County.

Q_14729 Describe any accessibility plans to the community residents with disabilities.

Franklin County will continue to collaborate with the Independent Living Center of the Hudson Valley, and NY Connects, to address the digital divide for individuals with disabilities living in Franklin County. This collaborative approach involves initiatives such as providing assistive technologies and promoting digital literacy programs tailored for individuals with disabilities. Working with these organizations is vital, as they specialize in providing support and services tailored to the unique needs of individuals with disabilities. In partnering with these organizations, Franklin County is taking steps to identify and implement solutions that address the specific challenges faced by this demographic, when accessing and utilizing digital technologies.

Q_14730 Describe the projected economic development and job creation impacts from the proposed project.

DANC strongly supports workforce development initiatives regionally. The Authority utilizes OATN to help connect schools across northern NYS in order to increase educational offerings to students. DANC provided financial assistance to SUNY Jefferson Community College for technology to provide adult training programs and skill specific training. DANC works closely with CITEC, the regional manufacturing extension program, to provide skilled training and certification programs for the workforce. DANC and NG partner with the three county economic development offices in a regional marketing initiative to attract workers and businesses to the region called Drum Country NY (www.drumcountryny.com). This initiative is staffed by DANC. It promotes all of the areas workforce training programs including BOCES, colleges, and trade unions in promoting job skills training. DANC also partners with the local workforce boards to promote and advertise for broadband related positions within the organization. It recently completed a wage study analysis to confirm that its workforce is paid competitively to maintain job quality for new and incumbent workers in the sector. DANC offers quality jobs. These jobs pay at or above local prevailing wages in order to attract workers. Both provide education and training programs to advance workers in their respective areas of expertise within the telecom and broadband industry. These jobs are consistent with EDA's Good Jobs Challenge to promote high-quality, locally-led workforce system's in America's communities.

SLIC Network Solutions is the partnering ISP for this project. Over the past 2 years, SLICFiber has hired 20 persons from the North Country, for a total of 105 employees working in the broadband industry in Northern NY. SLICFiber is also actively working with SUNY Canton to establish a fiber installations and splicing certificate program as part of SLIC's commitment to local workforce development. SLICFiber is dedicated to hiring and promoting local talent in support of the many North Country communities they serve.

According to the U.S. Bureau of Labor Statistics, the mean annual wage for Telecommunications Line Installers and Repairers, which includes fiber optic cable installers, was $64, 280 as of May 2022. The median annual wage for telecommunications technicians was $60, 190 in May 2022. Please note that wages can vary depending on the region, level of experience, and specific role.

In its bid process, DANC will prioritize the hiring of local workers, where possible. It will also require that solicitations include language encouraging participation by Section 3, SBA Disadvantaged Businesses, and minority- and woman-owned businesses. Through these efforts, DANC hopes to recruit historically underrepresented populations facing labor market barriers, and ensure that they have reasonable access to the job opportunities that may be created.

Q_14731 Describe Applicant or teams' current practices aligning with NYS "good job" definitions and safety standards by committing to appropriate policies and investments to recruit, train, hire, retrain, and upskill a diverse workforce, particularly local workers and/or workers from historically disadvantaged communities, into good jobs that pay the prevailing wage.

DANC, SLICFiber, and Franklin County are equal opportunity providers and employers. All recruit, train, hire, retrain, and upskill a diverse workforce, focusing on local workers and/or workers from disadvantaged communities. Franklin County has focused on investing into their employees through both committing to a pay increase of 3.5% per year through 2026 for UPSEU union and non-bargaining/management employees and 3.5% per year through 2027 for Teamsters union. Additionally, all salaries received a pay increase of $2, 070 effective January 1, 2024.

Q_14496 Describe current and planned future workforce training, certification, and licensure (e.g., in-house training, safety training, industry-recognized certifications, and offer of vocational training, apprenticeships, pre-apprenticeships, or other “earn and learn” opportunities) that are part of the Applicant’s workforce development strategies.

Franklin County has connected with Corning Incorporated for their Fiber Broadband Technician workforce training, developed between Corning and AT& T. This training will teach fiber skills to help technicians get started in the field. The goal is to train a broad base of the workforce, including Veterans, locals, diverse and disadvantaged individuals for valuable jobs. Franklin County has connected Franklin Essex Hamilton BOCES and WISPA (Association for Broadband Without Boundaries, a nationwide organization of broadband installers of multiple broadband technologies) to Corning to explore this training.

Richard Bernhardt, WISPA Vice President, Spectrum & Industry is the key contact with WISPA. Established in 2004, WISPA – the Association for Broadband Without Boundaries – is the Industry Association for innovative companies that deliver broadband with a combination of technologies, including combining fixed wireless and fiber.

Lori Tourville, Assistant Superintendent for Instructions, Franklin-Essex-Hamilton BOCES has identified a potential consortium of North Country Boards of Cooperative Educational Services (BOCES), called the Roof Top BOCES, that could be interested in having their students take the course. Roof Top BOCES includes BOCES of Franklin County, Essex County, Hamilton County, St Lawrence County, and Champlain Valley Technologies BOCES. Other interested potential partners are Jefferson Lewis BOCES, One Work Source, and Workforce Development.

Q_14732 Explain current and planned future efforts to diversify the talent pipeline by engaging underrepresented and/or underserved individuals, including any statewide, regional, or local partnerships in place to support recruitment and hiring.

As described in current and future workforce training, Franklin County is partnering with Franklin Essex Hamilton BOCES, WISPA (Association for Broadband Without Boundaries), and Corning Incorporated to explore Fiber Broadband Technician training. The goal is to train a broad base of the workforce, including Veterans, locals, diverse and disadvantaged individuals for good jobs. This Fiber Broadband Technician training has been developed by Corning and AT& T, with the equipment coordinated by, and the training given by, experienced trainers. Through training BOCES students, it introduces a wide group already studying electrical skills to fiber installation skills, priming their interest in well-paying careers.

Franklin County has recognized that some rural regions have such dispersed homes and businesses that a combination of fixed wireless and fiber are required for broadband buildout, where cost per passing is over $40, 000 per home if fiber is used alone. Franklin County is working with ISP’s to combine fixed wireless and fiber installations for these areas, where unserved are as high as 27%. For that reason, training Fiber Technicians through Roof Top BOCES and WISP promotes both Fiber-to-the-Home and Fixed Wireless technologies for rural areas.

SLICFiber is also actively working with SUNY Canton to establish a fiber installations and splicing certificate program as part of SLIC's commitment to local workforce development. SLIC is dedicated to hiring and promoting local talent in support of the many North Country communities they serve.

Workforce Development

Q_14486 Describe the Applicant's current employee engagement strategy as it relates to ensuring good jobs for the Applicant's employees. Include an overview of compensation and benefits, job security, working conditions, worker engagement, and the organizational culture.

The Development Authority of the North Country (DANC) will be a leading partner for this Municipal Infrastructure Project with Franklin County. DANC owns and operates a number of revenue-based infrastructure facilities including a 2000 mile fiber optic network. It is DANC's experience which makes the project and its buildout to unserved so strong. DANC is a New York State public-benefit corporation. It was created in 1985 by the New York State Legislature to develop and manage the infrastructure needed to support the reactivation of the 10th Mountain Division at Fort Drum, and to serve the common interests of Jefferson, Lewis and St. Lawrence counties. DANC has broadened its support to include Franklin County and other North Country counties. Its staff manages a range of business and housing loan programs that encourage growth and contribute to the prosperity of communities. Its staff also provides fee-based technical services to municipalities including consolidation studies, Geographic Information System hosting and the management of water and wastewater facilities.

An unpaid 13-member board guides the policy of DANC, headed by an executive director. In 2017, DANC had operating expenses of $26.48 million, an outstanding debt of $12.94 million, and a level of staffing of 87 people. In 2024, DANC has a level of staffing of 90 people. As a public authority, DANC is part of the NYState retirement system, provides excellent healthcare benefits, and allows for a retirement savings plan which demonstrates their commitment to a quality work environment for their employees.

In the North Country, SLICFiber has hired 20 people over the past two years, for a total of 105 employees working in the broadband industry in Northern New York State. SLIC is also actively working with SUNY Canton to establish a fiber installations and splicing certificate program as part of SLIC's commitment to local workforce development. SLIC is dedicated to hiring and promoting local talent in support of the many North Country communities they serve.

Q_14733 Describe the interest of one or more eligible partners and vendors to support the project. Detail any specific commitments that have been made.

Franklin County has received a memorandum of understanding (MOU) from DANC to manage and own the infrastructure. DANC has an MOU with SLIC Network Solutions to deliver residential broadband services on the route.

Q_14734 Please specify the level of commitment from the Internet Service Providers (ISPs) to operate on the proposed network build. For open-access network, the Applicant must have commitment from one or more ISPs to operate on the network.

Committed one or more ISPs for last-mile

Certification

Q_1038 By entering your name in the box below, you certify that you are authorized on behalf of the applicant and its governing body to submit this application. You further certify that all of the information contained in this Application and in all statements, data and supporting documents which have been made or furnished for the purpose of receiving assistance for the project described in this application, are true, correct and complete to the best of your knowledge and belief. You acknowledge that offering a written instrument knowing that the written instrument contains a false statement or false information, with the intent to defraud the State or any political subdivision, public authority or public benefit corporation of the State, with the knowledge or belief that it will be filed with or recorded by the State or any political subdivision, public authority or public benefit corporation of the State, constitutes a crime under New York State Law.

Donna Kissane

Q_14767 By entering your name in the box below, you the Applicant acknowledges the following:

-Applicant will meet all Project Requirements and Applicant Requirements per the RFA.
-Application is not receiving funding from other federal or state sources for the same activities proposed for MIP funding.
-Applicant will provide additional cost estimates, if requested, for Properties in the portfolio agreed upon with CAO, including total grant amount requested and matching funds.
-Application will work with all appropriate agencies to obtain all required right of way approvals.
-Application will obtain all required permits and private easement approvals.
-Application will coordinate project deployment with all utilities.
-Application will obtain any necessary subcontractors.
-Application will provide on-site construction inspections to ensure proper design and execution.
-Application will coordinate and resolve third-party or private claims.
-Application will repair any and all damage to private and government property.
-Application will at all times, maintain an adequate staff of experienced and qualified employees for efficient performance.
-Application will at all times, furnish or perform any services in a safe, proper, and professional manner.
-Application will comply with all federal, state, and local laws and regulations.
-Application must submit a performance report to the State that includes the following key performance indicators, if selected to be a Grantee:
• Project milestones and percentage of project/site completion, including construction milestones, quantity of fiber deployed, problems/issues encountered, and actions taken to resolve construction issues
• Description of changes, challenges, or risks to project timeline, including environmental compliance and permitting challenges
• Detailed reporting of actual construction costs, as compared to approved construction costs
• Speed and latency test data at the address level for all locations served in the project area--including maximum download speed offered, maximum download speed delivered, maximum upload speed offered, maximum upload speed delivered, and latency.
• Maps and associated data for all locations served, including all buildings/sites where service was installed.
• Compliance with Prevailing Wage requirements, as determined during negotiations
• Implementation progress of Digital Equity, Workforce Development, and Diversity Practices plans
• Other reporting as required by grantor agencies or as mutually agreed upon by the Applicant and State.
• Subscription information including the number of paying subscribers enrolled in the service, the number of low-income subscribers enrolled in ACP, and the number of subscribers enrolled in a low-cost service plan
• Information about customers' Internet access prior to enrolling in the service including whether or not the customer had a previous fixed Internet subscription and the speed of that previous subscription
-Applicant acknowledges receipt of and compliance with addenda to this RFA.

Donna Kissane

Q_2365 By entering your name in the box below, you are acknowledging that ESD’s Contractor & Supplier Diversity policy will apply to this project. You are further acknowledging that you are aware of ESD’s agency-wide Minority and Women Business Enterprise (‘MWBE’) utilization goal of 30%. Please note that each project will be assigned an individual contract-specific goal, which may be higher or lower than 30%. Furthermore, you understand that, should this project receive a funding award, the Applicant shall be required to use good faith efforts to achieve the prescribed MWBE goals assigned to this project and failure to attain MWBE goal could result in grant amount being reduced.

Donna Kissane

Q_4182 By entering your name in the box below, you certify and agree that you are aware that your award will be reduced in proportion to the reduction of jobs and/or total project costs. Furthermore, you understand that, should this project receive a funding award, the Applicant will maintain such records and take such actions necessary to demonstrate such compliance throughout the completion of the project.

Donna Kissane

Q_7341 By entering your name in the box below, you certify, under penalty of perjury, that the information given herein is true and correct in all respects for the company or organization applying for funding (the "Company"), presently and for the past five years: -the Company is not a party to any litigation or any litigation is not pending or anticipated that could have an adverse material effect on the company's financial condition;

-the Company does not have any contingent liabilities that could have a material effect on its solvency;

-the Company, its affiliates or any member of its management or any other concern with which such members of management have been officers or directors, have never been involved in bankruptcy, creditor's rights, or receivership proceedings or sought protection from creditors;

-the Company is not delinquent on any of its state, federal or local tax obligations;

-No principal, officer of the Company, owner or majority stockholder of any firm or corporation, or member of the management has been charged or convicted of a misdemeanor or felony, indicted, granted immunity, convicted of a crime or subject to a judgment, or the subject of an investigation, whether open or closed, by any government entity for a civil or criminal violation for: (i) any business-related activity including, but not limited to, fraud, coercion, extortion, bribe or bribe receiving, giving or accepting unlawful gratuities, immigration or tax fraud, racketeering, mail fraud, wire fraud, price fixing or collusive bidding; or (ii) any crime, whether or not business related, where the underlying conduct relates to truthfulness, including but not limited to, the filing of false documents or false sworn statements, perjury or larceny;

-the Company or any of the Company's affiliates, principal owners or Officers has not received a violation of State Labor Law deemed "willful";

-the Company or any of its affiliates has never been cited for a violation of State, Federal, or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution or other operating practices;

-there are not any outstanding judgments or liens pending against the Company other than liens in the normal course of business.

-the Company or any of its affiliates, principal owners or officers the company has not been the subject of any judgments, injunctions, or liens including, but not limited to, judgments based on taxes owed, fines and penalties assessed by any governmental agency, or elected official against the Company.

- the Company or any of its affiliates, principal owners or officers the company has not been investigated by any governmental agency, including, but not limited to, federal, state and local regulatory agencies

-the Company or any of its affiliates, principal owners or officers the company has not been debarred from entering into any government contract; been found non-responsible on any government contract; been declared in default ore terminated for cause on any government contract; been determined to be ineligible to bid or propose on any contract; been suspended from bidding on any government contract; received an overall unsatisfactory performance rating from any government agency on any contract; agree to a voluntary exclusion from bidding or contracting on a government contract.

- the Company or any of its affiliates, principal owners or officers the company has not failed to file any of the required forms with any government entity regulating the Company. By entering your name in the box below, you agree to allow the Department of Taxation to share the Company tax information with ESD. By entering your name in the box below, you agree to allow the Department of Labor to share tax and employer information with ESD. Note: If any of the statements above are not true, in addition to entering your name, also include an explanation in the box below, indicating which issue you are addressing.

Donna Kissane

Net New Jobs

No job answers necessary due to your associated programs.

Qualified Investments

No investment answers necessary due to your associated programs.

Total Project Cost

Total project cost: $ 2,140,544

Funding Requested from Program

Program	Amount Requested	
ConnectALL – Municipal Infrastructure Program (MIP)	$	2140544

Attachment Questions & Answers

ConnectALL – Municipal Infrastructure Program (MIP)

Project Summary

Q_14740 Provide a summary of the following key points of the project [Not to exceed two pages]:

- List of applicants and any eligible partners
- List of the proposed project areas with a percentage of unserved and underserved locations
- Total miles of proposed new fiber construction
- Brief overview of the proposed project approach
- Proposed infrastructure ownership model
- Approach for sharing the newly built infrastructure as open-access or reserved for exclusive use
- Total project budget with the amount requested from MIP grant funds

Name your file using the following naming convention: “ApplicantName_Project-Summary_MM.DD.YY"

Please note that the accepted file type for this question is PDF. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_Project-Summary_03.08.24.pdf
Download

Financial Capability

Q_14686 Upload the Applicant's most recent financial statements prepared in accordance with standard accounting procedures of the Applicant and all principals of the organization. Eligible Private Applicants should provide three years of audited financial statements.

Name your file using the following naming convention: "ApplicantName_Finances_MM.DD.YY"

Please note that the accepted file type for this question is PDF. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_Finances_03.08.24.pdf
Download

Experience and Relevant Qualifications

Q_14687 Please provide two case studies of relevant past work done by the Applicant or team, with preference to work conducted in New York State. Include reference to adhering to relevant state and federal regulations.

Case studies shall be brief and include the following for each:
• Number of addresses served
• Number of businesses subcontracted
• Route miles constructed, and costs incurred by category (e.g., make-ready, permitting, engineering/design, labor, construction)
• Description of the technology deployed and why it was the appropriate choice for the project
• Service level commitment offered
• Advertised download speed in megabits per second
• Advertised upload speed in megabits per second
• Monthly, non-promotional price for each service offered over the funded infrastructure
• Specifications of signal latency and service reliability parameters
• Descriptions of any delays or changes made to project timeline

Name your file using the following naming convention: "ApplicantName_Experiences_MM.DD.YY"

Please note that the accepted file type for this question is PDF. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_Experiences_03.08.24.pdf
Download

Deployment Timelines

Q_14688 Please provide a project management plan with timelines clearly identifying the time to first connections and the time to project completion.

Name your file using the following naming convention: "ApplicantName_Deployment-Timelines_MM.DD.YY"

Please note that the accepted file types for this question are PDF and XLSX. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_Deployment-Timelines_03.08.24.pdf
Download

MIP RFA Templates

Q_14765 Please provide the following information by filling out all four tabs of the MIP RFA Templates file (link to download below).

1. Project budget with a breakdown of costs using the “MIP Budget Templates” tab

2. Services and products that will be offered to the end-users, and pricing of those by completing the “MIP Service Tiers and Pricing” tab:
a) Include description of service tiers, speeds, and pricing, inclusive of all taxes and fees.
b) Indicate price, upload speed, and download speed for a product at or below $30 per month, if such a price point is planned
c) Include description, including service speeds and means of delivery, of any free service tiers or free introductory periods, if available

3. Details on the intent to hire additional employees if the Applicant is selected to be a Grantee by filling out the “MIP Workforce Development” tab

4. A list of locations the project will serve by filling out the “MIP Location Data” tab. Provide all available location data such as FCC Location ID, address, and latitude/longitude for each location
a) Indicate which locations are Unserved, Underserved or Served
b) Business, Residential or Mixed
c) Community Anchor Institutions

Name your file using the following naming convention:
“ApplicantName_MIP-RFA-Filled-Templates_MM.DD.YY”

Please note that the accepted file type for this question is XLSX. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

Please use the link below to download the templates file.

MIP RFA Templates

FranklinCounty_MIP-RFA-Filled-Templates_04.08.24.xlsx
Download

Network Design

Q_14689 Please provide a complete or close to complete network design and architecture, including:

• Network elements (both active and passive)
• Connectivity to the internet backbone
• Delivery to each served address with the required throughput and capacity
• Engineering decisions required to achieve service speeds and latency, such as:
• Backhaul connectivity
• Head end deployment
• Core network electronics
• Fiber capacity and strand counts on each segment of the network
• Maximum line speed at the premises
• Oversubscription ratio
• Split ratios
• Splice points
• Drop installation
• In-unit termination specification

• CPE or router model and capabilities (including Wi-Fi interface)

Name your file using the following naming convention: “ApplicantName_Network-Design_MM.DD.YY”

Please note that the accepted file type for this question is PDF. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_Network-Design_03.08.24.pdf
Download

Maps and Addresses

Q_14690 Please provide Maps and address lists indicating the fiber routes and accompanying infrastructure (e.g., poles and huts) that the MIP grants would fund. Include a list of publicly controlled assets the project may use to support deployment. Include a .kmz or shapefile of the proposed routing with clearly defined layers for the various types of infrastructure and any other information relevant to the design, including:

• Fiber routes and segment types (backbone, distribution, etc.)
• Installation method (direction bore, micro-trenching, etc.)

Name your file using the following naming convention: “ApplicantName_Maps-Addresses_MM.DD.YY”

Please note that the accepted file types for this question are kmz, kml, shp, and shx. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_Maps-Addresses_03.08.24.kmz
Download

ISP Letters Of Commitment

Q_14691 For an open-access infrastructure, please provide Letters of Commitment to operate on the network from one or more ISP, indicating details of the ISP’s planned technology approach and demonstration of a currently functional network meeting CAO requirements elsewhere. Other supporting documentation may include letters of endorsement from ISP(s) currently operating on infrastructure built by the applicant elsewhere, and documentation from an operator using infrastructure built by the Applicant to host ISPs that meet CAO’s service requirements.

Name your file using the following naming convention: “ApplicantName_ISP-LOC_MM.DD.YY”

Please note that the accepted file type for this question is PDF. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_ISP-LOC_03.08.24.pdf
Download

Workforce Development

Q_15016 Attach letter(s) of commitment, if available, from partner organization(s) that demonstrate(s) Applicant’s current engagement, or future intent to engage, with partner(s) through advising on curriculum or program design, providing program funding, interviewing talent, hiring talent, building an apprenticeship or other program, or upskilling existing workers. Letters can be from labor unions, workforce development organizations, state and local workforce boards, educational institutions, community-based organizations, or others relevant organizations.

Name your file using the following naming convention: “ApplicantName_WorkforceLOCs_MM.DD.YY”

Please note that the accepted file type for this question is PDF. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_WorkforceLOCs_03.08.24.pdf
Download

Additional Document(s)

Q_15018 Provide any additional document(s) to strengthen your application (e.g. letters of endorsement from the proposed area municipality).

Name your file using the following naming convention: “ApplicantName_AdditionalDocs_MM.DD.YY”

Please note that the accepted file types for this question are PDF and ZIP. If you have an issue with uploading any files, please reach out to cfa-programs@ny.gov and MIP@esd.ny.gov.

FranklinCounty_AdditionalDocs_03.08.24.pdf
Download

Legend

[x] = Expired Program

SLIC NETWORK SOLUTIONS
CONNECTING COMMUNITIES TO THE WORLD

March 7, 2024

ConnectAll Office
Empire State Development

Subject: **Municipal Infrastructure Program**

Dear ConnectAll Office,

Please accept this letter of commitment to operate on the open-access network provided by Development Authority of the North Country (DANC) along the proposed route traversing from Saranac Lake along Route 3 to the Eastern County border. This letter outlines the details and constraints[1] of SLICFiber®'s planned technology approach and affirms our ability to meet the ConnectAll requirements with respect to the subject matter herein.

As the North Country's pre-eminent Internet Service Provider, SLICFiber® is proud to build on its foundation of Connecting Communities to the World®, particularly connecting the unserved and underserved residents of the region to the fastest, most reliable Internet. Our local customer care team provides an exceptional service experience for all of our customers.

SLICFiber® will deploy the same network architecture that enabled us to serve the communities funded by the ConnectNY and New New York Broadband programs, which resulted in providing fiber-based Internet to seven counties capable of serving more than 45,000 locations. With the additional investment in advancing technology, SLICFiber® will now offer XGS-PON (10Gbps capable) technology to most new locations, including those proposed herein.

SLICFiber® is dedicated to deploying broadband technology to deliver high-speed, reliable, and affordable internet services to last-mile customers. We use a full FTTH (Fiber-To-The-Home) solution to ensure high-capacity data transmission with low latency services. We provide state of the art networking equipment that optimizes performance, enhances network security and

[1] For the avoidance of doubt, SLICFiber® will own all the electronics, equipment, drop and materials (excluding the open-access network provided by DANC) used in the provisioning of customer services, in addition to any easements, permits, leases, access rights or similar (collectively "SLICFiber® Property"). SLICFiber® will have no obligation to permit any other provider, person, or entity to use, in whole or part, or access any SLICFiber® Property for any reason. Any unauthorized use is strictly prohibited.

provides a seamless internet experience for users. SLICFiber® is also committed to offering affordable internet plans to ensure that a wide range of users can access our services.

SLICFiber® is eager to contribute to the success of DANC's open-access network and to continue its partnership with both DANC and the ConnectAll Office, in furtherance of the collective mission of serving our local communities. We look forward to continued collaboration and to delivering value to all.

Sincerely,

Bradley Pattelli, CEO

DANC Franklin County East Project

Project Summary

Franklin County is partnering with the Development Authority of the North Country (DANC) and SLICFiber Network Solutions (SLICFiber), with support from ECC Technologies (ECC), a Rochester-based company that has 25 years of experience in developing fiberoptic networks and broadband systems for municipal and private entities. If awarded this grant, Franklin County will distribute MIP funding to DANC to build a 35.8 mile extension to their open-access middle mile network primarily in the Towns of Chateaugay, Franklin and a small portion of Harrietstown near the Adirondack Regional Airport. SLICFiber will provide last mile connections off the middle mile network to 145 locations. The total project budget and requested amount from MIP grant funds is $2,140,543.80.

Once the 35.8 mile extension is completed, DANC will own, operate and maintain the fiber network being constructed with this grant and SLICFiber will be the Internet Service Provider (ISP). SLICFiber will be responsible for building the drops to the customer and installing the CPE. SLICFiber is also responsible for overseeing operations, maintenance, billing and customer service of last mile connections to homes and businesses. Each party will be responsible for any break fixes and/or outages on their respective networks. The GPON equipment will be housed in a DANC leased facility. DANC will offer an open-access network with transparent pricing and unbiased availability for multiple ISP(s).

Franklin County, with a population of approximately 46,373 in July of 2022 and is ranked 51 out of 62 counties in New York State, while having the fourth-largest square mileage. Those without access to high-speed broadband countywide are approximately 27% and within certain towns, those without access exceed 50%.

The proposed Project Area is a total 35.8 miles of new fiber optic cable through the towns of Chateaugay, Franklin and a small portion in Brighton (1 mile) and Harrietstown (1.75 miles). For the purposes of this grant application, the Project Area is defined as one-quarter of a mile from the designed route. Along the 35.8-mile route, the Project Area includes 145 unserved and 1,461 addresses that are served by coaxial cable. With the extension of the DANC network, these addresses would have access to fiber optic internet service with the capability to deliver symmetrical, multi-gigabit internet speeds.

The Town of Chateaugay, with a population of approximately 800, is in the northeastern corner of Franklin County along the US/Canada border. The Town of Chateaugay has 137 unserved addresses, primarily in the southwestern portion of town. This project would serve 48 addresses in the Town of Chateaugay. This is a 35% increase in accessibility for currently unserved addresses.

The Town of Franklin, with a population of approximately 1,145, is in the southeastern portion of Franklin County. Most of the roads are without broadband infrastructure. With 218 unserved addresses, the Town of Franklin has the highest amount of unserved in Franklin County. This project would serve 90 addresses in the town of Franklin, a 41% increase in accessibility for currently unserved addresses.

As noted, this project includes nearly 3 miles in the Towns of Brighton and Harrietstown. This project would serve 7 addresses along the route in these two towns. The focus in Harrietstown is on Community Anchor Institutions such as the Adirondack Airport and the Harrietstown Business Park as key buildout locations.

The Development Authority (DANC) is proposing to complete the project within 18 months of award. DANC and SLICFiber have combined to provide a combination GPON/active Ethernet network that will connect to the existing DANC middle mile network. The network will include 144 strands of fiber, 36 of which will be reserved for last mile residential fiber over the GPON platform. The remaining fiber will be connected to the existing DANC 2000-mile middle mile network for connectivity to one of 23 service providers to allow for competitive services for business customers. In addition to residential broadband, DANC will offer dark fiber, wavelength, and active Ethernet services up to 100 gbps.

The network will start in the existing DANC Central Office in Saranac Lake. Utilizing the existing Central Office allows DANC to provide the services without an additional network node saving capital expenses. Additionally, customers will have access to the existing DWDM and 100 G Ethernet services available in Saranac Lake. DANC will overlash the existing DANC network for 0.7 miles, then construct 35.8 miles of new fiber.

The typical critical path items that must be considered when implementing a fiber construction project include access to capital in a timely manner, network design and engineering, securing all relevant licenses and agreements/environmental review and permitting, site preparation/make-ready process, inside plant deployment, outside plant deployment/construction, deployment of business and operational support systems, network testing, and an operational network. Delay in any of these critical path items will result in project completion delays. DANC has internal and external resources and plans in place to reduce the impact of any critical path items.

The proposed infrastructure is an extension of DANC's current middle mile backbone. The route will include BSLs on Route 3, Alderbrook Road, Alderbrook Park Road and Chateaugay. The seventeen Community Anchor Institutions and businesses the route will pass include: Adirondack Regional Airport (and North Country Life Flight), Adirondack ARC, Harrietstown Business Park, Saranac Lake Sewage Treatment, Saranac Lake Free Library, Franklin-Essex-Hamilton BOCES, Kate Mountain Farm, Bloomingdale Volunteer Fire Department, St Armand Town Hall, St Armand Highway Department, Bloomingdale Post Office, Bloomingdale Elementary School, Overlook Senior Housing, Vermontville Town Hall, Vermontville Post Office, Town of Franklin Highway Department, and the former Vermontville Town Hall. Broadband access is vital to the growth and prosperity of businesses in Franklin County. The ability to close the gaps in access will enable businesses in the Project Area to position themselves for growth, attract and retain talent and make investments. As consumers become more and more reliant on internet services for their everyday needs, it is imperative the businesses in Franklin County have the same opportunities as other areas with robust internet connectivity.

Development Authority of the North Country

Dulles State Office Building
317 Washington Street, Suite 414
Watertown, New York 13601
Telephone (315) 661-3200
TDD (800) 662-1220 • danc.org

March 7, 2024

ConnectAll Office
Empire State Development

Subject: Municipal Infrastructure Program

Dear ConnectAll Office,

The Development Authority of the North Country is pleased to express our commitment to collaborating with Franklin County as a key partner in the Municipal Infrastructure Program Grant Application. We look forward to providing middle-mile infrastructure, and working closely with SLICFiber for the deployment of last-mile connections.

The Development Authority of the North Country recognizes the importance of expanding broadband access and fostering economic development in the North Country. This collaboration aims to address the digital divide and bring reliable and affordable internet services to the unserved and underserved communities in the eastern project area of Franklin County.

We commit to operating in full compliance with all relevant regulatory standards and requirements. Our commitment includes obtaining necessary permits, approvals and adhering to local and national telecommunications regulations throughout the project timeline.

We look forward to this collaboration and the positive impact it will have on the residents and businesses in the project area of Franklin County.

Sincerely,

Carl E. Farone, Jr.
Executive Director

We are an equal opportunity provider and employer. Complaints of discrimination should be sent to: USDA. Director. Office of Civil Rights. 1400 Independence Ave., S.W., Washington, D.C. 20250-9410. or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

ADIRONDACK REGIONAL AIRPORT
GATEWAY TO THE ADIRONDACKS

March 6, 2024

Legislator Lindy Ellis via Email
Melinda.Ellis@FranklinCountyNY.gov

Dear Legislator Ellis,

Please accept this letter as support for the Development Authority of the North Country broadband buildout through the NY State ConnectALL Office of Municipal Infrastructure Project grants.

The Adirondack Regional Airport, located in Franklin County, is home to the only commercial air service inside the Adirondack Park boundaries operating daily to New York City's JFK Airport and Boston's Logan Airport. The New York State Department of Transportation *2022 Economic Impacts of New York State Airports and Aviation* report indicates that Adirondack Regional Airport is responsible for **$1,1637,500 of Annual Economic Activity**. In addition to commercial flights, the Adirondack Regional Airport serves General Aviation users from single engine aircraft up to large business Jets with destinations around the country and internationally. We connect the Adirondack region to the world and recognize the importance of connecting visitors, residents, and businesses to the world through broadband service.

Broadband has become a necessity to conduct business. Improving critical broadband service throughout the county allows residents and businesses to compete on a level playing field with more urban communities. Providing reliable fiber service to areas such as our airport increases opportunities for economic growth.

I strongly support this program and the further development of broadband throughout Franklin County.

Sincerely,

Corey Hurwitch
Airport Manager

Cc: Ilona Russell

ADIRONDACK REGIONAL AIRPORT
96 AIRPORT ROAD, SARANAC LAKE, NY 12983-5823
TEL: 518-891-4600 ▪ www.AdirondackAirport.com

bionique

March 1, 2024

Donna Kissane
Franklin County Manager
355 West Main St.
Suite 456
Malone, NY 12953

Re: DANC Extension in Franklin County

Dear Ms. Kissane:

Bionique Testing Laboratories LLC is in full support of the Development Authority of the North Country's (DANC) proposed extension of their fiber optic middle mile network in the eastern portion of Franklin County. This additional broadband infrastructure is necessary for adequate connection to the local Data Center. Once installed, the internet service provider, SLIC Network Solutions, will be connecting the final mile of infrastructure. The extension of this network will be the basis for the development of broadband and other services throughout the county.

Broadband access is vital to the growth and prosperity of businesses in Franklin County. If funding for the extension of the DANC open access network is approved, our community will be able to close the gaps in access and position ours as well as other local businesses for growth, the ability to attract and retain talent, and continued investments in our local area. Consumers and businesses have become increasingly reliant on internet services for their everyday needs. In a data driven world, it is imperative that the businesses in Franklin County have the same opportunities as other counties offering robust internet connectivity. In addition, our community will benefit by using this network to support efficiencies in government, public safety, education, healthcare, and other life-enhancing opportunities.

This letter of support indicates our desire to collaborate with Franklin County and members of the project team to explore how our business may be included in this extension, when it becomes available.

Sincerely,

Gladis Zamparo, CEO
Bionique Testing Laboratories LLC

Bionique Testing Laboratories LLC
bionique.com
156 Fay Brook Drive
Saranac Lake, NY 12983 USA
Tel: +1 518.891.2356
Fax: +1 518.891.5753

Franklin-Essex-Hamilton
BOCES

Dale L. Breault Jr.
District Superintendent

Lori L. Tourville
Assistant Superintendent
for Instruction

Stacy M. Wheeler
Assistant Superintendent
for Operations

Dennis J. Egan
Board President

711 Route 3
Saranac Lake, NY
12983

518-891-1330

P.O. Box 28
23 Huskie Lane
Malone, NY
12953

518-483-6420

fehb.org

March 7, 2024

Donna Kissane
Franklin County Manager
355 West Main St. - Suite 456
Malone, NY 12953

Re: DANC Extension in Franklin County

Dear Ms. Kissane:

I am writing in support of the extension of the Development Authority of the North Country's (DANC) extension of their fiber optic middle mile network in the eastern portion of Franklin County. This extension is necessary for the ability to transport services to a local Data Center where Internet Service Provider, SLIC, will be connecting last mile infrastructure. The extension of this network will be used to foster the development of broadband and other services throughout the county.

Broadband access is vital to serve the educational needs of students in Franklin County. As we learned during the pandemic, many of our students and teachers still do not have access to broadband connectivity that allows for high quality educational interactions using synchronous and asynchronous video. While these technologies were considered a luxury just a few years ago, they have become essential in today's educational landscape, and our students and teachers in Franklin County are often at a disadvantage compared to their urban and suburban peers due to the lack of available and affordable broadband connections to their homes.

I would be remiss if I also did not express my support for this project from the standpoint of fostering new business growth opportunities for Franklin County. Many of the school districts in our region have experienced dramatic enrollment declines over the past several years. I see economic development in Franklin County as the best way to not only stop this trend, but to ultimately turn it around, and ubiquitous, high quality broadband access is clearly needed to promote this future growth.

This letter of support indicates FEH BOCES' desire to work with members of the project team to explore how our families, teachers, and business may be included in this extension when it becomes available.

Sincerely,

Dale L. Breault Jr.

Dale L. Breault Jr.
District Superintendent/CEO

KATE MOUNTAIN LODGE & FARM
Vermontville, NY // Town of Franklin

Economic Development Support Letter

March 6, 2024

Donna Kissane
Franklin County Manager
355 West Main St.
Suite 456
Malone, NY 12953

Re: DANC Extension in Franklin County

Dear Ms. Kissane:

I am writing in support of the extension of the Development Authority of the North Country's (DANC) extension of their fiber optic middle mile network in the eastern portion of Franklin County. This extension is necessary for the ability to transport services to a local Data Center where Internet Service Provider, SLIC, will be connecting last mile infrastructure. The extension of this network will be used to foster the development of broadband and other services throughout the county.

As a small-business owner in the Vermontville area, lack of reliable and effective internet access results in negative impacts on my ability to grow a thriving business. We require high-speed internet to upload/download video for promotional materials, to manage online sales, and for overnight guests who utilize applications for remote work (ie Google Groups, Zoom, etc). As well, given our remote location, we often assist people who experience car accidents, run out of gas, are lost, etc. The addition of WiFi to contact emergency services will help manage these situations when I am away. This will also help alleviate stress to long-term renters and overnight guests who aren't prepared to handle these situations.

Broadband access is vital to the growth and prosperity of businesses in Franklin County. If funding the extension of the DANC open access network is approved, our community will be able to close gaps in access and position our local businesses for growth, attract and retain talent, as well as make investments. As consumers become more and more reliant on internet services for their everyday needs, it is imperative the businesses in Franklin County have the same opportunities as other areas with robust internet connectivity. In addition, our community will benefit by using this network to support efficiencies in government, public safety, education, healthcare and other life-enhancing opportunities.

Our letter of support indicates our desire to work with members of the project team to explore how our business may be included in this extension when it becomes available.

Sincerely,

Aaron Caiazza
Owner/Operator

KATE MOUNTAIN LODGE & FARM LLC
9137 State Route 3 Vermontville, NY 12989
E: info@katemountainfarm.com

Adirondack Health Institute

Donna Kissane
Franklin County Manager
355 West Main St., Suite 456
Malone, NY 12953

March 6, 2024

Re: Digital Equity and the DANC Extension in Franklin County

Dear Ms. Kissane:

I am writing in support of the extension of the Development Authority of the North Country's (DANC) fiber optic middle mile network in the eastern portion of Franklin County. This extension is necessary for the ability to transport services to a local Data Center, where Internet Service Provider, SLIC, will be connecting last mile infrastructure. The extension of this network will be used to foster the development of broadband and other services throughout the county.

Digital equity is not only about providing access to technology but also fostering digital literacy skills to empower individuals to fully utilize the available resources. I support Franklin County's holistic approach in considering both broadband expansion and digital literacy support for residents. This comprehensive strategy aligns with the principles of digital equity and will contribute to creating a more inclusive and connected community. As a founding organization of the North Country Digital Inclusion Coalition and one of the co-leads of the North Country Telehealth Partnership, Adirondack Health Institute understands the importance of developing last mile infrastructure to expand access to broadband and the many associated benefits this project will support.

Our letter of support indicates our desire to work with members of the project team to explore how we can offer our expertise in population health improvement, digital inclusion, and telehealth to collaborate with Franklin County to ensure that future digital equity programs in the project area are effectively designed and executed.

I can be reached at 518.480.0111, ext. 201 or via email at kashline@ahihealth.org.

Sincerely,

Karen Ashline
Chief Executive Officer
Adirondack Health Institute / Adirondacks ACO

AdkAction

Board of Directors

Steve Maikowski, Chair
Elizabeth Ruscitto, Vice-Chair
Cindy DeAngelis, Secretary
Lee Lamparski, Treasurer
W. Buck Bobbin
Jim Carlisle
Eric Holmlund
Daniel Kiefer-Bach
Seth McGowan
Charlotte Newbury
Lisa Salamon
Ruth Smith
Dave Wolff
Diana Zais

Advisory Council

Travis Gordon
Lee Keet
Bruce McLanahan
Anne Schoff
Jim Schoff
Marsha Stanley

P.O. Box 64
Keeseville, NY 12944
info@adkaction.org
(518) 856-3233

We create projects that address unmet needs, promote vibrant communities, and preserve the natural beauty of the Adirondacks for all.

AdkAction is a New York Not-for-Profit Corporation, with Articles of Incorporation filed with the New York State Department of State, and is recognized as a 501(c)(3) charitable corporation by the Internal Revenue Service (IRS).

March 3, 2024

Donna Kissane
Franklin County Manager
355 West Main St.
Suite 456
Malone, NY 12953

Dear Ms. Kissane:

We are writing in enthusiastic support of the Development Authority of the North Country's (DANC's) extension of their open access fiber optic middle mile network in the eastern portion of Franklin County ("the extension"). This extension will bring transport services to a local Data Center where the Internet Service Provider, SLICFiber, will be connecting last mile infrastructure.

The silver lining of the COVID pandemic is that it showed how access to high-speed broadband is vital to living successfully in the 21st century. It is especially important in rural areas as it enables people to work from home, access health care services, apply for public assistance, order groceries and prescriptions, connect with classrooms, and even stay in visual touch with loved ones and friends.

For over 12 years, AdkAction has been working with regional elected officials and broadband service providers to reach our regional goal of **100 @ 100**, i.e., for 100% of the households and businesses in the North Country to have access to a minimum of 100 Mbps broadband service. DANC's existing open access middle mile fiber optic network has been critical in allowing regional providers, such as SLICFiber, to bring high-speed broadband service to pockets of unserved and underserved throughout difficult to reach areas in the North Country.

Since 2020, Franklin County with support from regional ISP's has moved the % unserved from 15% to about 6%. Roughly 1,500 of our 25,000 homes and businesses in Franklin County are unserved. Funding DANC's extension in the eastern portion of Franklin County will enable a major percentage of the remaining 6% unserved to have the benefits of high-speed broadband using SLICFiber's last mile infrastructure and will get Franklin County that much closer to achieving **100 @ 100**.

Our letter of support indicates our intention, if the funding for the extension of the DANC open access network is approved, to continue to work with members of the project team to ensure successful completion of both the network expansion and the last mile service extensions.

Sincerely,

Sawyer Bailey
Executive Director, AdkAction

David Wolff
Board Member & Broadband Committee Chair, AdkAction

DONALD W. BILOW, Supervisor

Oldest Town in Franklin County

TOWN OF CHATEAUGAY

P.O. Box 9, 191 East Main Street
Chateaugay, NY 12920-0009

Town Board
Phone: (518) 497-3126
Fax: (518) 497-6052

Town Garage
Phone: (518) 497-6067

Town Clerk
PHYLLIS A. LEMAY
(518) 497-6931 Ext#1

Justice of Peace
MARIE A. COOK
(518) 497-3429 Ext#2
Fax: (518) 497-6431

Councilman
WILLIAM TROMBLY
SCOTT COWAN
JAMES HARRIGAN
KIRBY SELKIRK

Superintendent
of Highways
ROGER LaBOMBARD
(518) 497-6067

Town Assessor and
Code Enforcement Officer
(518) 497-6931 Ext#3

Tax Collector
LYNN HARRIGAN
(518) 425-6633

February 26, 2024

Donna Kissane
Franklin County Manager
355 West Main St.
Suite 456
Malone, NY 12953

Re: DANC Extension in Franklin County

Dear Ms. Kissane:

We are writing in support of the extension of the Development Authority of the North Country's (DANC) extension of their fiber optic middle mile network in the eastern portion of Franklin County. This extension is necessary for the ability to transport services to a local Data Center where Internet Service Provider, SLIC, will be connecting last mile infrastructure. The extension of this network will be used to foster the development of broadband and other services throughout the county.

Broadband access is vital to the growth and prosperity of businesses in Franklin County. If funding the extension of the DANC open access network is approved, our community will be able to close gaps in access and position our local businesses for growth, attract and retain talent, as well as make investments. As consumers become more and more reliant on internet services for their everyday needs, it is imperative the businesses in Franklin County have the same opportunities as other areas with robust internet connectivity. In addition, our community will benefit by using this network to support efficiencies in government, public safety, education, healthcare and other life-enhancing opportunities.

Our letter of support indicates our desire to work with members of the project team to explore how our business may be included in this extension when it becomes available.

Sincerely,

Donald W Bilow

Donald W Bilow,

Supervisor, Town of Chateaugay

Dorothy Brown
Town of Franklin Supervisor
P.O.Box 209
Vermontville, NY 12989
518-891-2189 February 6, 2024

Economic Development Support Letter

February 28, 2024

Donna Kissane
Franklin County Manager
355 West Main St.
Suite 456
Malone, NY 12953

Re: DANC Extension in Franklin County

Dear Ms. Kissane:

We are writing in support of the extension of the Development Authority of the North Country's (DANC) extension of their fiber optic middle mile network in the eastern portion of Franklin County. This extension is necessary for the ability to transport services to a local Data Center where Internet Service Provider, SLIC, will be connecting last mile infrastructure. The extension of this network will be used to foster the development of broadband and other services throughout the county.

Broadband access is vital to the growth and prosperity of businesses in Franklin County. If funding the extension of the DANC open access network is approved, our community will be able to close gaps in access and position our local businesses for growth, attract and retain talent, as well as make investments. As consumers become more and more reliant on internet services for their everyday needs, it is imperative the businesses in Franklin County have the same opportunities as other areas with robust internet connectivity. In addition, our community will benefit by using this network to support efficiencies in government, public safety, education, healthcare and other life-enhancing opportunities.

Our letter of support indicates our desire to work with members of the project team to explore how our business may be included in this extension when it becomes available.

Sincerely,

Dorothy Brown

TOWN OF HARRIETSTOWN
39 MAIN STREET
SARANAC LAKE, NY 12983

PHONE: 518-891-1470
FAX: 518-891-6265
HARRIETSTOWN.ORG

February 27, 2024

Donna Kissane
Franklin County Manager
355 West Main St.
Suite 456
Malone, NY 12953

Re: DANC Extension in Franklin County

Dear Ms. Kissane:

I am writing in support of the extension of the Development Authority of the North Country's (DANC) extension of their fiber optic middle mile network in the eastern portion of Franklin County. This extension is necessary for the ability to transport services to a local Data Center where Internet Service Provider, SLIC, will be connecting last mile infrastructure. The extension of this network will be used to foster the development of broadband and other services throughout the county.

Broadband access is vital to the growth and prosperity of businesses in Franklin County. If funding the extension of the DANC open access network is approved, our community will be able to close gaps in access and position our local businesses for growth, attract and retain talent, as well as make investments. The specific location of the proposed work in Harrietstown will provide broadband access to the businesses located in the Harrietstown Business Park. As consumers become more and more reliant on internet services for their everyday needs, it is imperative the businesses in Franklin County have the same opportunities as other areas with robust internet connectivity. In addition, our community will benefit by using this network to support efficiencies in government, public safety, education, healthcare and other life-enhancing opportunities.

Our letter of support indicates our desire to work with members of the project team to explore how our business may be included in this extension when it becomes available.

Sincerely,

Jordanna Mallach

Jordanna Mallach
Town Supervisor, Harrietstown

COUNTY OF FRANKLIN

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

INCLUDING SINGLE AUDIT REPORTS

FOR THE YEAR ENDED DECEMBER 31, 2022

COUNTY OF FRANKLIN

FOR THE YEAR ENDED DECEMBER 31, 2022

Executives

County Manager	Donna Kissane
Treasurer	Frances Perry
Deputy Treasurer	Shari Fournier
County Clerk	Kip Cassavaw
County Auditor	Mandy Cassavaw
County Attorney	Janelle LaVigne

Franklin County Legislature - January 1, 2023

Chairman	Edward Lockwood, District #4
Vice-Chairperson	Andrea Dumas, District #3
Majority Leader	Andrea Dumas, District #3
Minority Leader	Paul Lauzon, District #1
Legislators	Gregory Janisewski, District #2
	Justus Martin, District #5
	Nedd Sparks, District #6
	Lindy Ellis, District #7

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
TABLE OF CONTENTS

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
TABLE OF CONTENTS (CONTINUED)

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
TABLE OF CONTENTS (CONTINUED)

THIS PAGE LEFT INTENTIONALLY BLANK

R A M

Kenneth S. Frank, CPA
Roger J. Lis, Jr., CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members
of the Legislature of the County of Franklin
Malone, New York 12953

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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 opinions.

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 County'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 opinions. We did not audit the financial statements of the Franklin County Industrial Development Agency and the Franklin County Civic Development Corporation, each of which represents 4 percent of the respective assets, 12 percent of the net position, and 2 percent of revenues of the component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Franklin County Industrial Development Agency and the Franklin County Civic Development Corporation, is based solely on the reports of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County'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 other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining nonmajor fund financial statements, combing component unit statements, NYS DOT supplemental information, and 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 July 27, 2023 on our consideration of the County'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 County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 27, 2023

THIS PAGE LEFT INTENTIONALLY BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Franklin's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2022. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position increased by $18,606,327, from $63,742,480 to $82,348,807. Other non-property tax revenue items were approximately $2.3 million higher than the prior year and capital grants were approximately $1.5 million lower than the prior year. In addition, economic assistance and opportunity expenses, net of HEAP reimbursements increased by approximately $4.2 million from the prior year. The County spent revenues of approximately $3.8 million in 2022 under the Coronavirus Aid, Relief, and Economic Security Act ("CARES" Act) compared to $912 thousand spent in 2021.

- During the year ended December 31, 2022, the County's governmental activities expenses were $92,784,385 compared to revenues of $110,191,258. $53,587,150, or 48.6 percent of the County's total revenue, was from property and non-property tax items (sales tax). For 2021, $50,859,047, or 52.0 percent of the County's total revenue, was from property and non-property tax items.

- The County's component units had a combined increase in net position of $147,229. The Franklin County Solid Waste Management Authority had operating net income of $84,237 on revenues of $20,366,649 and expenses of $20,282,412. It also had investment earnings of $40,308 which resulted in a net position increase of $124,545 for the Authority. The Franklin County Industrial Development Agency had an increase in net position of $19,457, and the Rainbow Lake Water Protection District had an increase in net position of $5,651. The Franklin County Civic Development Corporation had a decrease in net position of $2,424.

OVERVIEW OF THE FINANCIAL STATEMENTS

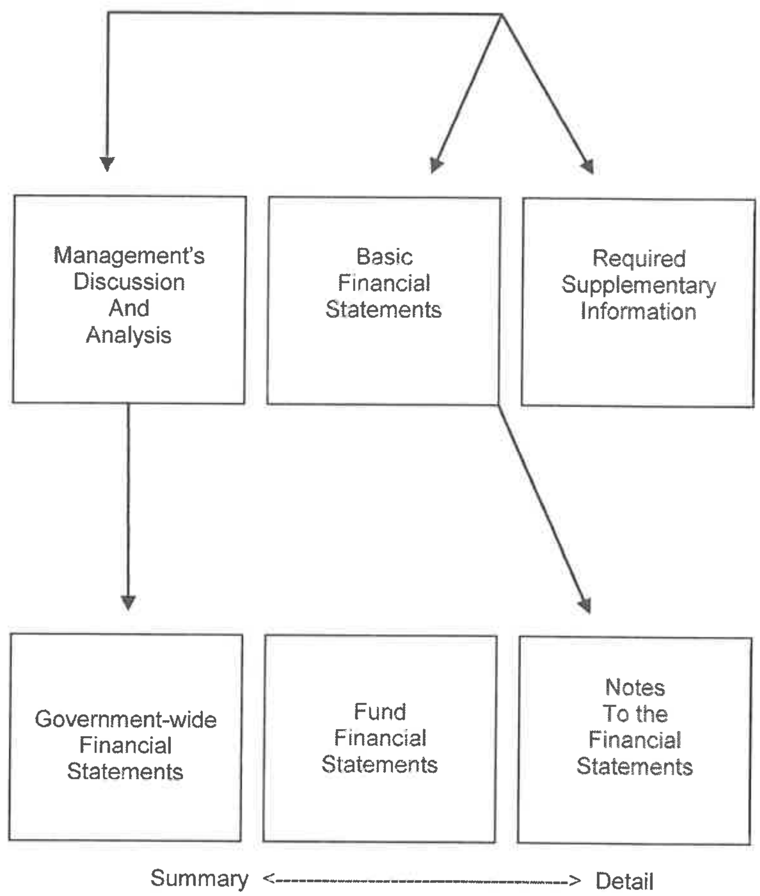
This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government wide financial statements which provide both long-term and short-term information about the County's overall financial status.

- The remaining statements are fund financial statements which focus on individual parts of the County government, reporting the County's operations in more detail than the government wide statements.
  - Governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

- Proprietary fund statements offer short- and long-term financial information about the activities of the government, such as the Internal Service Fund.
- Fiduciary fund statements provide information about the financial resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County has two types of fiduciary funds. The custodial fund, which is used to account for funds held by the County as agent for purposes such as guarantee and bid deposits, court funds, and other miscellaneous items, and the private-purpose trust fund, which is used to account for funds held by the County as agent for the donations made to specific trusts.

Figure A-1
Required Components of
Franklin County's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

Major Features of Franklin County's Government-Wide and Fund Financial Statements

		Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses.	Instances in which the County is the trustee or agent for someone else's resources
Required financial Statements	. Statement of net position . Statement of activities	. Balance sheet . Statement of revenues, expenditures, and changes in fund balances	. Statement of net position . Statement of revenues, expenses, and changes in net position . Statement of cash flows	. Statement of fiduciary net position . Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

County-Wide Statements

The County-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government wide statements report the County's net position and how it has changed. Net position - the difference between the County's assets and liabilities - is one way to measure the County's financial health, or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the County it is necessary to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure.

The government wide financial statements of the County are divided into three categories:

- Governmental activities - Most of the County's basic services are included here, such as the police, fire, public works, and parks departments, and general administration. Property taxes, sales tax, and state and federal grants finance most of these activities.
- Business-type activities - The County charges fees to customers to help it cover the costs of certain services it provides.
- Component units - The County includes three other entities in its report - the Franklin County Industrial Development Agency, Franklin County Civic Development Corporation, Franklin County Solid Waste Management Authority, and the Rainbow Lake Water Protection District. Although legally separate, these "component units" are important because the County is financially accountable for them. These audit reports are available at the County building.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, although not for the County as a whole. Funds are accounting devices that the County uses to track specific sources of funding and spending.

- Some funds are required by State law and by bond covenants.
- The County Legislature establishes other funds to control and manage money for particular purposes.

The County has three kinds of funds:

- Governmental funds - Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government wide statements, provide both long- and short-term financial information.

    - We use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities, such as the Workers' Compensation Fund.

- Fiduciary funds - the County is the trustee, or fiduciary, and is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's combined net position is $94,495,752 (including the component units), which is greater than last years' net position by $18,753,556. The following is a summary of the county's net position.

Net position of the County's governmental activities increased $18,606,327 to $82,348,807. However, a portion of that net position is either restricted as to the purposes for which it can be used or is invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position is $27,526,738 at the end of this year. This means that the County does have resources available to pay its obligations next year based on the full accrual basis of accounting. Based on fund accounting, the General Fund has $33,311,162 in unassigned fund balance at the end of 2022 compared to $22,094,819 at the end of 2021.

Summary of Net Position
as of December 31, 2022 and 2021
(in Millions)

	Primary Government Governmental Funds (In Millions)		
	2022	**2021**	**Change**
Current and other assets	$ 100.74	74.32	26.42
Capital assets and Right-to-Use assets, net	50.23	48.26	1.97
Total assets	150.97	122.58	28.39
Deferred outflows of resources	17.93	23.10	(5.17)
Current liabilities	20.33	16.85	3.48
Non-current liabilities	30.79	32.78	(1.99)
Total liabilities	51.12	49.63	1.49
Deferred inflows of resources	35.43	32.31	3.12
Net investment in capital assets	48.89	46.75	2.14
Restricted net position	5.93	4.89	1.04
Unrestricted net position	27.53	12.10	15.43
Total net postion	$ 82.35	63.74	18.61

Changes in Position

Only 18 percent of the County's revenue comes from property taxes. Another 11 percent comes from fees charged for services, and 30 percent from non-property tax items (sales tax). The remaining 41 percent revenues comprise state and federal aid and a small amount from investment earnings.

The total costs of all programs in governmental activities have decreased by approximately $10.5 million, or approximately 12.7 percent from the prior year. The largest portion of the County's expenses, (approximately 44 percent), is for Economic Assistance and Opportunity, which is supported, for the most part, by state and federal revenues. The largest portion of the deficit in funding is the cost of Medicaid, which is budgeted.

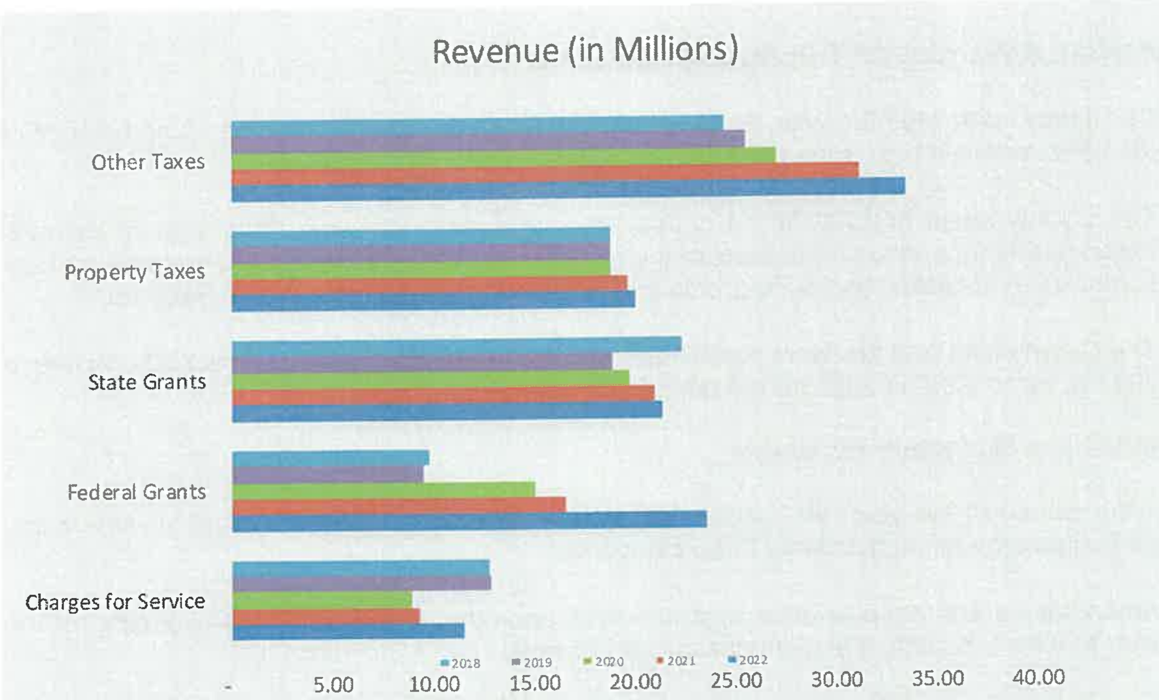
Governmental Activities

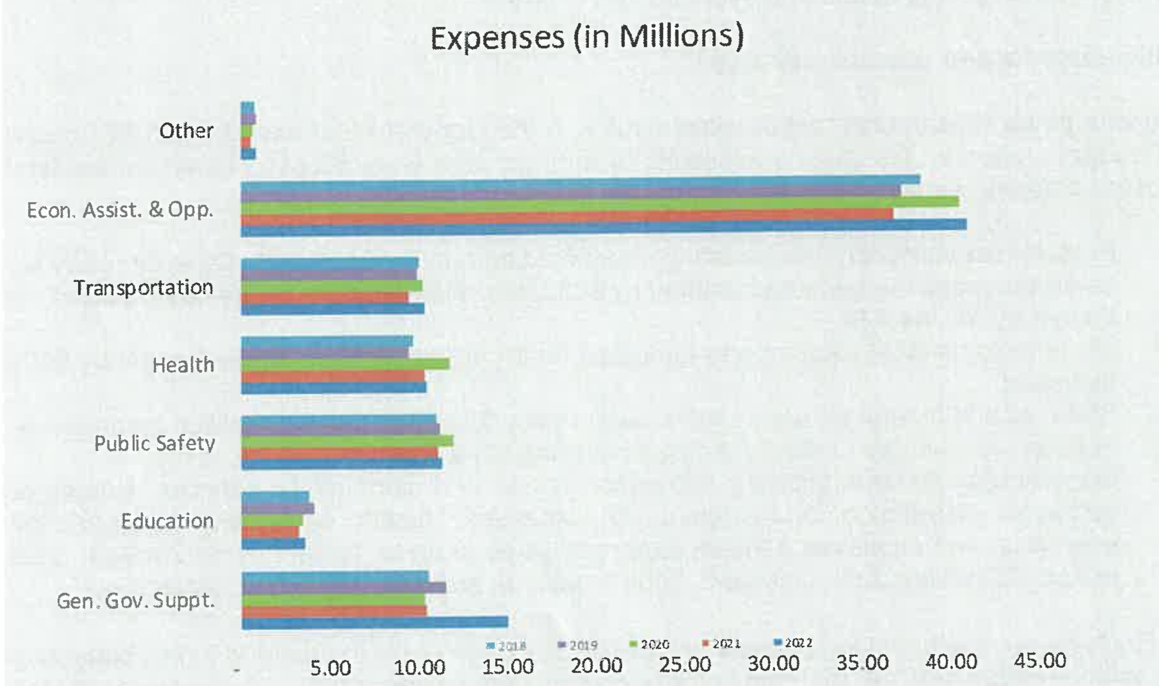
Revenues for the County's governmental activities increased by approximately $12.4 million, or 12.7 percent, from the prior year.

Changes in Net Position
(In Millions)

	Total Primary Governmental	
	2022	2021
REVENUES		
Program Revenues		
Charges for Service	$ 11.54	9.31
Federal Grants	23.61	16.64
State Grants	21.41	20.99
General Revenues		
Property Taxes	20.10	19.72
Other Taxes	33.49	31.13
Investment Earnings	0.04	0.01
Total Revenues	110.19	97.80
EXPENSES		
General Government Support	15.02	10.48
Education	3.60	3.26
Public Safety	11.38	11.16
Health	10.54	10.41
Transportation	10.36	9.55
Economic Assistance and Opportunity	41.00	36.78
Culture and Recreation	0.15	0.11
Home and Community Services	0.67	0.43
Debt Service	0.06	0.01
Total expenses	92.78	82.19
Increase (Decrease) in Net Position from Operations	17.41	15.61
Prior Period Adjustment/Changes in Accounting Standards	1.20	(0.39)
Increase (Decrease) in Net Position	$ 18.61	15.22

Property tax revenues were favorable by $886,037 compared to the final budget estimates. The County's actual revenue exceeded the final budget estimated revenue by $3.2 million.


Revenue (in Millions)
Other Taxes
Property Taxes
State Grants
Federal Grants
Charges for Service
2018
2019
2020
2021
2022
-
5.00
10.00
15.00
20.00
25.00
30.00
35.00
40.00


Expenses (in Millions)
Other
Econ. Assist. & Opp.
Transportation
Health
Public Safety
Education
Gen. Gov. Suppt.
2018
2019
2020
2021
2022
-
5.00
10.00
15.00
20.00
25.00
30.00
35.00
40.00
45.00

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of $44,851,080, which is higher than last year by approximately $14.4 million.

- The County spent $5,020,339 on capital projects during the year. This amount includes expenditures for various infrastructure improvements. These expenditures are paid for by a combination of federal and state grants and use of the general fund Capital Reserve.

- The County also had the New York State retirement expense decrease from $2,840,499 in 2021 to $2,101,250 in 2022 for the primary government.

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances.

- Increases in appropriations to prevent budget overruns.

- Increases for new grants or revenue.

Even with these adjustments, actual expenditures in the General Fund were $8,925,823 below final budget amounts. Resources available for appropriation were $3,244,713 above the final budgeted amount. As noted earlier:

- Property tax collections exceeded the budgeted amount by $886,037. Other property tax items exceeded the budgeted amount by $637,620. Non-property tax items exceeded the budget by $7,744,024.
- Miscellaneous local sources was budgeted for $5 million and was under budget by $509 thousand.
- State aid and federal aid were under budgeted by $2 million and $3.6 million respectively. Federal aid included CARES funding which was not spent.
- General government support expenses, home and community services expenses, economic assistance and opportunity expenses, health expenses, transportation expenses, and employee benefits expenses came in under budget by $1.2 million, $3.5 million, $3 million, $250 thousand, $400 thousand, and $392 thousand respectively.

The County's general fund fund balance of $40,630,792 differs from the general fund's budgetary fund balance of $28,460,256 reported in the budgetary comparison schedule because of both the overestimation of revenues and the underestimation of expenses.

Capital Assets/Right-to-Use Assets

At the end of 2022, the County had invested $148,417,468 in a broad range of capital assets and Right-to-Use assets with regards to leases, including equipment, buildings, roads, and bridges. This amount represents a net increase (including additions and deletions) of $5,981,046 over last year.

	2022 Total	2021 Total (Restated)
Land	$ 437,016	437,016
Buildings and Improvements	30,309,798	30,290,343
Equipment	18,747,130	17,813,388
Infrastructure	90,323,074	88,493,439
Construction-in-Progress	6,365,075	3,166,861
Subtotal Capital Assets	146,182,093	140,201,047
Right-to-Use Assets	2,235,375	2,235,375
Total	$ 148,417,468	142,436,422

The major additions for the year included construction in progress associated with various roads and bridges.

Long-Term Debt

At year-end, the County had $2,523,432 in bonds, leases, notes, retirement liabilities, and compensated absences outstanding - a decrease of $269,030 from last year which included a $75,724 decrease in the New York State pension liability. County management notes that this amount is presented as an asset in 2022 per the GASB 68 calculation. This decrease was offset by changes in deferred outflow and deferred inflows of resources. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements. During the year, the County contracted an actuarial firm to calculate the liability for the unfunded post-employment benefits. The total liability was $28,545,855 at the end of 2022, which is approximately a $1.7 million decrease from 2021. Standard and Poor's Global Rating kept the rating for the Franklin County, New York General Obligation Bonds at "A" and kept the outlook at "stable."

Limitations on Debt

The State limits the amount of general obligation debt the County can issue to 3 percent of the assessed value of all taxable property within the County's limits. The outstanding debt is significantly below this limit.

County of Franklin Outstanding Debt

	Governmental Activities	
	2022 Total	2021 Total
Leases Payable	$ 1,338,286	1,501,020
Serial Bonds - 2019	193,275	206,107
Compensated Absences	991,871	1,009,611
New York State Net Pension Liability	-	75,724
Post Employment Benefit Obligation	28,545,855	30,264,665
Total	31,069,287	33,057,127
Due Within One Year	282,924	276,526
Due in More Than One Year	$ 30,786,363	32,780,601

ECONOMIC FACTORS AND SUBSQUENT BUDGET

Franklin County, with a population of 46,373 according to the Federal Census Bureau, is in northern New York State along the Canadian border. It is also bordered by Clinton County to the east, St. Lawrence County to the west and Essex and Hamilton Counties to the south. The County's economy relies on the various government facilities and other facilities for employment. Additional leading employers are Sunmount Hospital, Mohawk Casino, NYS Correctional Facilities and the six school districts.

In 2022, the County's 3.6% average unemployment rate was below the State's 4.3% average and was even with the nation's 3.6% average. The nation's economy had shown signs of improvement as levels peaked at 4.0% early in the year then settled at 3.5% at year end. The State's unemployment rate ranged between 4.1% and 5.1% while the County's unemployment rate peaked at 4.5% in February and ended the year at 3.6%.

The 2023 adopted budget will reflect a 0% increase in the County tax levy. The 2023 tax rate is established at $3.88 per thousand, which is a decrease from the 2022 tax rate of $4.34 per thousand. The 2023 adopted budget shows total appropriations of $119,936,717 and total revenue of $100,286,821. Total county full value per the assessment roll is $4.556 billion.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Frances Perry, Franklin County Treasurer, 355 West Main Street, Suite 140, Malone, New York, 12953.

FINANCIAL SECTION

THIS PAGE LEFT INTENTIONALLY BLANK

EXHIBIT A

COUNTY OF FRANKLIN
STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 48,523,239	1,696,683
Cash and Cash Equivalents, Restricted	5,842,785	14,971,699
Restricted Investments	-	1,666,709
Taxes Receivable, Net	24,248,310	-
Other Receivables, Net	962,680	976,286
State and Federal Receivables	14,286,033	-
Prepaid Expenses	21,317	-
Due from Other Governments	419,084	-
Inventory	354,798	-
Other Assets	-	140,127
Net Pension Asset	6,084,029	522,371
Capital Assets:		
Land and Construction in Progress	6,802,091	2,210,012
Capital Assets, Net of Depreciation	42,269,351	17,740,023
Other Assets		
Right-to-Use Assets, net of Accumulated Amortization	1,158,088	-
Total Assets	150,971,805	39,923,910
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows on ERS Pension	13,325,679	1,060,830
Deferred Outflows on OPEB	4,604,396	-
Total Deferred Outflows of Resources	17,930,075	1,060,830
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	168,901,880	40,984,740
LIABILITIES		
Accounts Payable	5,349,197	712,460
Accrued Liabilities	2,982,545	113,182
Other Liabilities	139,145	193,275
Due to Other Governments	11,578,488	-
Long-Term Liabilities		
Due and Payable Within One Year	282,924	1,909,610
Due and Payable After One Year	30,786,363	24,027,713
Total Liabilities	51,118,662	26,956,240
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows on ERS Pension	22,398,585	1,881,555
Deferred Inflows on OPEB	3,945,657	-
Unavailable Grants	9,059,666	-
Unavailable Revenue - Community Development Loans	30,503	-
Total Deferred Inflow of Resources	35,434,411	1,881,555
NET POSITION		
Net Investment in Capital Assets	48,891,244	690,125
Restricted for:		
Retirement	1,970,159	-
Unemployment Insurance	654,017	-
Insurance	143,597	-
Tax Stabilization	385,707	-
Capital Reserve (Mortgage Tax)	1,564,147	-
Repairs	451,215	-
District Attorney	22,510	-
Other	739,473	16,638,408
Unrestricted (Deficit)	27,526,738	(5,181,588)
Total Net Position	$ 82,348,807	12,146,945

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

COUNTY OF FRANKLIN
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Total**	**Component Units**
Primary Government:							
Governmental Activities:							
General Government Support	$ 15,021,330	8,226,859	363,454	-	(6,431,017)	(6,431,017)	
Education	3,593,890	-	1,271,802	-	(2,322,088)	(2,322,088)	
Public Safety	11,367,380	173,025	1,529,435	-	(9,664,920)	(9,664,920)	
Health	10,543,925	1,469,702	6,301,639	-	(2,772,584)	(2,772,584)	
Transportation	10,357,789	440,142	-	3,441,248	(6,476,399)	(6,476,399)	
Economic Assistance and Opportunity	40,999,842	1,218,038	27,452,721	-	(12,329,083)	(12,329,083)	
Culture and Recreation	145,166	-	-	-	(145,166)	(145,166)	
Home and Community Services	664,972	-	4,654,436	-	3,989,464	3,989,464	
Debt Service Interest	57,913	19,942	-	-	(37,971)	(37,971)	
Total Governmental Activities	92,784,385	11,547,708	41,573,487	3,441,248	(36,221,942)	(36,221,942)	
Total Primary Government	92,784,385	11,547,708	41,573,487	3,441,248	(36,221,942)	(36,221,942)	
Component Units:							
IDA (FYE 12/31/22)	343,240	279,203	50,136	-			(13,901)
CDC (FYE 12/31/2022)	2,425	-	-	-			(2,425)
Landfill Operations (FYE 6/30/22)	20,282,412	20,366,649	-	-			84,237
Water District Operations (FYE 12/31/22)	21,349	-	-	-			(21,349)
Total Component Units	$ 20,649,426	20,645,852	50,136	-			46,562
General Revenues (Expenses):							
Taxes:							
Property Taxes, Levied for General Purposes					20,098,126	20,098,126	-
Nonproperty Tax Items, for General Purposes					33,489,024	33,489,024	-
Water District Tax Revenues					-	-	27,000
Restricted Investment Earnings					41,665	41,665	43,013
Total General Revenues					53,628,815	53,628,815	100,667
Change in Net Position					17,406,873	17,406,873	147,229
Net Position-Beginning of the Year					63,742,480	63,742,480	11,999,716
Change in Accounting Standard					1,199,454	1,199,454	-
Net Position-End of the Year					$ 82,348,807	82,348,807	12,146,945

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
BALANCE SHEETS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 44,020,072	2,458,269	46,478,341
Cash and Cash Equivalents- Restricted	5,503,312	339,473	5,842,785
Taxes Receivable, Net	24,248,310	-	24,248,310
Other Receivables, Net	701,708	66,439	768,147
State and Federal Receivables	12,969,542	1,316,491	14,286,033
Prepaid Expenses	525,313	21,317	546,630
Due from Other Governments	419,084	-	419,084
Due from Other Funds	325,000	785,091	1,110,091
Inventory	6,570	348,228	354,798
Total Assets	88,718,911	5,335,308	94,054,219
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	4,697,950	651,247	5,349,197
Accrued Liabilities	2,905,734	68,887	2,974,621
Other Liabilities	138,311	-	138,311
Unearned Revenues	18,962,262	-	18,962,262
Due to Other Funds	748,366	361,725	1,110,091
Due to Other Governments	11,575,830	2,658	11,578,488
Total Liabilities	39,028,453	1,084,517	40,112,970
DEFERRED INFLOW OF RESOURCES			
Unavailable Grants	9,059,666	-	9,059,666
Unavailable Revenue - Community Development Loans	-	30,503	30,503
Total Deferred Inflow of Resources	9,059,666	30,503	9,090,169
Fund Balances			
Nonspendable			
Inventory	6,570	348,228	354,798
Prepaids	525,313	21,317	546,630
Restricted For:			
Retirement	1,970,159	-	1,970,159
Unemployment Insurance	654,017	-	654,017
Insurance	143,597	-	143,597
Tax Stabilization	385,707	-	385,707
Capital Reserve (Mortgage Tax)	1,564,147	-	1,564,147
District Attorney	22,510	-	22,510
Repairs	-	451,215	451,215
Other	-	339,473	339,473
Assigned To:			
Assigned Appropriated	-	-	2,047,610
Assigned Unappropriated	2,047,610	3,060,055	3,060,055
Unreserved	33,311,162	-	33,311,162
Total Fund Balances	40,630,792	4,220,288	44,851,080
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 88,718,911	5,335,308	94,054,219

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	49,071,442
Right-to-Use assets recoreded for GASB87	1,158,088
Internal service funds are used by managment to charge the cost of workers' compensation to individual funds. The assets and liabilities of this fund are included in governmental activities in the Statement of Net Position	2,038,232
Adjustment for GASB Statement No. 68, New York State retirement.	(3,514,190)
Recording of Long-Term Capital Lease	(1,338,286)
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	18,962,262
Interest on debt is recorded as an expenditure in governmental funds when it is due. On the Statement of Net Position interest is recognized as it accrues.	(834)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(28,878,987)
Net Position of Governmental Activities	$ 82,348,807

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

COUNTY OF FRANKLIN
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Real Property Taxes	$ 18,784,495	-	18,784,495
Real Property Tax Items	2,012,742	-	2,012,742
Non-Property Tax Items	33,489,024	-	33,489,024
Departmental Income	12,060,805	35,592	12,096,397
Intergovernmental Charges	10,345,254	19,942	10,365,196
Use of Money and Property	451,213	993	452,206
Fines and Forfeitures	114,775	-	114,775
Sale of Property and Compensation for Loss	783,767	39,325	823,092
Miscellaneous Local Sources	4,648,530	75,420	4,723,950
Interfund Revenues	439,688	263,724	703,412
State Aid	17,471,216	3,940,411	21,411,627
Federal Aid	22,162,744	233,909	22,396,653
Total Revenues	122,764,253	4,609,316	127,373,569
EXPENDITURES			
General Government Support	14,565,098	2,119	14,567,217
Education	3,672,725	-	3,672,725
Public Safety	11,185,258	169,379	11,354,637
Health	10,969,102	-	10,969,102
Transportation	1,591,175	10,514,281	12,105,456
Economic Assistance and Opportunity	41,396,692	514,154	41,910,846
Culture and Recreation	148,350	-	148,350
Home and Community Services	10,572,784	-	10,572,784
Employee Benefits	7,406,343	-	7,406,343
Debt Service (Principal and Interest)	53,000	167,702	220,702
Total Expenditures	101,560,527	11,367,635	112,928,162
Excess of Revenues Over (Under) Expenditures	21,203,726	(6,758,319)	14,445,407
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	8,281,936	8,281,936
Transfers to Other Funds	(8,281,936)	-	(8,281,936)
Net Other Financing Sources (Uses)	(8,281,936)	8,281,936	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	12,921,790	1,523,617	14,445,407
Fund Balances, Beginning of the Year	27,709,002	2,696,671	30,405,673
Fund Balances, End of the Year	$ 40,630,792	4,220,288	44,851,080

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Total Net Change in Fund Balances-Governmental Funds	$ 14,445,407
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of $6,048,631 did exceed depreciation of $5,047,410 in the current year, net of loss on disposition of $32,177. Also, includes amortization on Right-to-Use assets of $194,558	774,486
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	162,734
Because some property taxes are not collected for several months after the County's year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues decreased by this amount this year.	(699,111)
In the Statement of Activities, expenses such as compensated absences and the New York State retirement incentive liability are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. For the year ended December 31, 2022, payments made to the New York State Employees' Retirement System for early retirement incentive payment exceeded amounts earned. Payments did exceed the estimated liability for compensated absences by $17,740.	17,740
Adjustment for GASB Statement No. 68, New York State retirement.	2,498,884
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net accrued interest decreased from the prior year by this amount.	55
Estimated Net Other Post Employment Benefit Obligation for 2022.	104,841
An internal service fund is used by the County's management to charge the costs of workers' compensation to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	101,837
Change in Net Position of Governmental Activities	$ 17,406,873

EXHIBIT E

COUNTY OF FRANKLIN
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF DECEMBER 31, 2022

		Internal Service Fund
ASSETS		
Current Assets		
Cash and Cash Equivalents	$	2,044,898
Other Receivables, Net		1,258
Total Current Assets		2,046,156
Total Assets		2,046,156
LIABILITIES		
Current Liabilities		
Accrued Liabilities		7,924
Total Current Liabilities		7,924
Total Liabilities		7,924
NET POSITION		
Restricted for Workers' Compensation		400,000
Assigned Fund Balance		1,638,232
Total Net Position	$	2,038,232

The accompanying notes are an integral part of these financial statements.

EXHIBIT F

COUNTY OF FRANKLIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Internal Service Fund
OPERATING REVENUES	
Miscellaneous Income	$ 22,719
Intergovernmental Charges	1,287,954
Total Operating Revenues	1,310,673
OPERATING EXPENSES	
General Governmental Support	1,209,203
Total Operating Expenses	1,209,203
Income (Loss) from Operations	101,470
NONOPERATING REVENUES (EXPENSES)	
Income on Investment	367
Net Nonoperating Revenues (Expenses)	367
Change in Net Position	101,837
Total Net Position-Beginning of the Year	1,936,395
Total Net Position-End of the Year	$ 2,038,232

The accompanying notes are an integral part of these financial statements.

EXHIBIT G

COUNTY OF FRANKLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received From Assessments Made to Other Funds	$	1,354,674
Payments for Workers' Compensation Claims		(1,216,523)
Net Cash Provided By (Used In) Operating Activities		138,151
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received		367
Net Cash Provided By (Used In) Investing Activities		367
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		138,518
Cash and Cash Equivalents-Beginning of the Year		1,906,380
Cash and Cash Equivalents-End of the Year	$	2,044,898
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss) From Operations	$	101,470
Adjustments to Reconcile Net Income (Loss) from Operations to Net Cash Provided By (Used In) Operating Activities:		
(Increase) Decrease in Accounts Receivable		44,001
Increase (Decrease) in Accrued Liabilities		7,925
(Increase) Decrease in Deferred Inflows of Resources		(15,245)
Net Cash Provided by (Used In) Operating Activities	$	138,151

The accompanying notes are an integral part of these financial statements.

EXHIBIT H

COUNTY OF FRANKLIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2022

	Private-Purpose Trusts	Custodial
ASSETS		
Cash and Cash Equivalents	$ 48	813,829
Total Assets	48	813,829
NET POSITION	$ 48	813,829

COUNTY OF FRANKLIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Private-Purpose Trusts	Custodial
ADDITIONS		
Miscellaneous Local Sources	$ 75,007	-
DSS Custodial Fund Receipts	-	-
Miscellaneous Collections	-	112,760
DEDUCTIONS		
Home and Community Services	75,007	-
Courts and Trusts	-	-
DSS Custodial Fund Payments	-	-
Change in Net Position	-	112,760
Net Position-Beginning of the Year	48	701,069
Net Position-End of the Year	$ 48	813,829

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The County of Franklin, which was incorporated in 1808, is governed by County Law and other general laws of the State of New York and various local laws. The Franklin County Legislature, which is the legislative body responsible for the overall operation of the County of Franklin, consists of seven legislators. The Chairman of the Board serves as chief executive officer, the County manager serves as the chief operations officer, and the County treasurer serves as chief fiscal officer.

The financial reporting entity includes organizations, functions, and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

All governmental activities and functions performed for the County of Franklin are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County of Franklin, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, 39 and 61, as amended by GASB Statement No. 90.

The decision to include a potential unit in the County of Franklin's reporting entity is based on several criteria set forth in GASB Statement No. 14, 39 and 61, as amended by GASB Statement No. 90, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County of Franklin's reporting entity.

1. Included in the Reporting Entity:

a. <u>Soil and Water Conservation District</u>

The Franklin County Legislature has declared the County to be a Soil and Water Conservation District in accordance with provisions of the Soil and Water Conservation District Law. Significant factors requiring inclusion of the Soil

and Water Conservation District in the County of Franklin's reporting entity are as follows:

i. Members of the Board of Directors are appointed by the County Legislature.
ii. Administrative costs of the Soil and Water Conservation District are provided primarily through County appropriations.
iii. The County Legislature retains general oversight responsibilities, including monitoring Soil and Water Conservation District activities, through detailed reporting to the County Legislature by the district directors of its work and transactions in such form and for such periods as the Legislature may direct.

The Soil and Water Conservation District is part of the primary government, and reported as a special revenue fund type.

b. County of Franklin Industrial Development Agency

The County of Franklin Industrial Development Agency is a public benefit corporation that was created in 1970 by the Franklin County Board of Legislators under the provisions of Chapter 18A of the General Municipal Law to encourage economic growth and prosperity in Franklin County, New York. The Agency is exempt from federal, state, and local taxes. The Agency, although established by Franklin County, New York, is a separate entity and operates independently of Franklin County. The board of the Agency is comprised of seven members appointed by the legislature of Franklin County, New York. The members have complete responsibility for management of the Agency and accountability for its fiscal matters. The Agency is financially accountable to the County and has been identified as a component unit of the County of Franklin. In accordance with the criteria enumerated in Governmental Accounting Standards Board Statement No. 61, the Agency's financial statements are discretely presented in the County of Franklin's financial statements.

c. Franklin County Civic Development Corporation

The Corporation was created on June 23, 2010 by the Franklin County Board of Legislators under Section 402 and Section 1411 of the Not-For-Profit Corporation Law for the purpose of encouraging economic growth in Franklin County, New York. The Corporation is exempt from federal, state and local income taxes. The Corporation, although established by the Franklin County Board of Legislators, is a separate entity and operated on behalf of issuers of bonds for Franklin County. The Franklin County Civic Development Corporation is considered a component unit of the County of Franklin and is discretely presented. The Board is comprised of seven members appointed by the legislature of Franklin County. The Corporation is financially accountable to the County and has been identified as a component unit of the County of Franklin, New York. In accordance with the criteria enumerated in Governmental Accounting Standards Board Statement No. 61, the Corporation's financial statements are discretely presented in the County of Franklin's financial statements.

d. <u>County of Franklin Solid Waste Management Authority</u>

The County of Franklin Solid Waste Management Authority was created as a public benefit corporation under New York State Public Authorities Law Sec. 2041, Title 13-AA, Chapter 665 of the Laws of 1988 by the New York State Legislature, with powers to, among other things:

i. plan, develop, and construct solid waste management facilities;
ii. acquire interest in real and personal property and dispose of them;
iii. receive, transport, process, dispose of, sell, store, convey, recycle, and deal with solid waste and energy generated by operation of a solid waste management facility;
iv. contract with governments, including the County of Franklin and local governments within the County, in relation to its activities;
v. borrow money and issue bonds; and
vi. fix and collect rates, rentals, fees, and other charges for the use of the facilities of, or services rendered by, or any commodities furnished by, the Authority.

The Solid Waste Management Authority's Board is comprised of seven members appointed by the Legislature of Franklin County. The Authority is considered a component unit of the County and is discretely presented.

The Authority has constructed a solid waste management system (SWMS), which includes a regional landfill and three transfer stations in Franklin County (Malone, Lake Clear, and Tupper Lake). The SWMS began operations on June 6, 1994.

e. <u>Rainbow Lake Water Protection District</u>

The Rainbow Lake Water Protection District was created by New York County Law Section 264(A) on September 9, 1993, to provide a method of levying assessments on landowners within the District, all of whom are benefited from the Lake Kushaqua Dam and to provide for the study, maintenance, administration, and ultimate replacement of the dam as well as to monitor the lake levels but not the quality of the water.

The Franklin County Legislature appoints seven Commissioners of the District, five of whom are residents of the District, one of whom is a County employee, and one of whom is an employee of the Department of Environmental Conservation. There is no salary or compensation related to serving as a commissioner. The terms of the Commissioners are four years on a staggered basis. The Rainbow Lake Water Protection District is considered a component unit of the County and is discretely presented.

Complete financial statements of individual component units can be obtained from their respective administrative offices located in Malone, New York.

2. Other Organizations Not Included in Reporting Entity

The Clinton-Essex-Franklin Library System and the North Country Community College are activities undertaken jointly with other municipalities and are excluded from these financial statements. See Note IV for additional disclosure regarding these joint ventures.

B. BASIS OF PRESENTATION

1. Government-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the County of Franklin's government-wide activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Individual funds are not displayed, but the statements distinguish governmental activities generally financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions from business-type activities generally financed in whole or in part with fees charged to external customers. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's government-wide activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Accounting

The County of Franklin uses funds to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The County's records its transactions in the fund types described below.

<u>Fund Categories</u>

a. **Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (sources, uses, and balances of current financial resources). The following are the County's governmental fund types.

General Fund (Major Fund)

The General Fund is the principal fund and includes all operations not required to be recorded in the other funds.

Special Revenue Funds (Nonmajor Funds)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds of the County include the following:

i. County Roads Fund - is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.
ii. Road Machinery Fund - is used to account for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.
iii. Community Development Block Grant Fund – is used to account for Community Block Grant funds received from the Department of Housing and Urban Development.
iv. Soil and Water Conservation District - is used to account for activities performed pursuant to the Soil and Water Conservation Districts Law.

Debt Service Funds (Nonmajor Funds)

Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt Service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Capital Projects Fund (Nonmajor Fund)

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction, or renovation of capital facilities and other capital assets other than those financed by the proprietary funds.

b. **Proprietary Fund Statements-** used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon the determination of operating income, Changes in net position, financial position, and cash flows. The following proprietary funds are utilized.

Enterprise Funds- used to account for operations (a) where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed and recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate. Included are the following operations:

i. Internal Service Fund - is used to account for the workers' compensation benefits program. This is a proprietary fund reported with governmental activities in the government-wide statements.

Workers' Compensation Fund - is used to account for the accumulation of resources for payment of compensation, assessments, and other obligations under the Workers' Compensation Law, Article 5.

c. **Fiduciary Fund Statements** - used to account for assets held by the local government in a trustee or custodial capacity.

Custodial funds are used for the purpose of accounting for money and property received and held in the capacity of trustee, custodian, or agent. Securities pledged by banking institutions to secure funds on deposit are not included herein since such securities are not assets of the governmental reporting entity.

Expendable Trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations.

d. **Discrete Presentation**

Franklin County Industrial Development Agency

Resources received and used for economic development are accounted for in the Industrial Development Agency. The agency's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

Franklin County Civic Development Corporation

Resources received and used for economic development are accounted for in the Civic Development Corporation. The Corporation's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

County of Franklin Solid Waste Management Authority

The Solid Waste Management Authority's financial statements are prepared using the accrual basis in accordance with generally accepted accounting principles for public authorities. The Authority's financial statements for the year ended June 30, 2022, are presented in a separate column in the combined financial statements and accounted for as a proprietary fund type.

Rainbow Lake Water Protection District

The District's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

C. BASIS OF ACCOUNTING, MEASUREMENT FOCUS, AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses.

The financial statements of the County of Franklin are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Beginning in 2013, the County adopted the provisions of GASB Statement No. 62 – "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States into the GASB's authoritative literature.

The County-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction took place. Non-exchange transactions, in which the County of Franklin gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis - All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County of Franklin considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the year.

Accrual Basis - Proprietary funds and component units are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the funds.

Operating income or loss reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales and services provided. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets.

Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources first, and then restricted resources as needed.

Allocation of Indirect Expenses

The County of Franklin allocates indirect expenses primarily composed of central governmental services to operating functions and programs benefitting from those services. Central services include overall County management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement, contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of service determined by various allocation methodologies. These charges are reported in the statement of activities.

Component Units

a. The Franklin County Industrial Development Agency's financial statements have been prepared in conformity with generally accepted accounting principles for industrial development agencies.
b. The Franklin County Civic Development Corporation's financial statements have been prepared in conformity with generally accepted accounting principles.
c. The County of Franklin Solid Waste Management Authority's financial statements are prepared using the accrual basis in accordance with generally accepted accounting principles for public authorities. The Authority follows the guidelines provided by the Financial Accounting Standards Board (FASB) except for those that conflict with or contradict Government Accounting Standards Board (GASB) pronouncements.
d. The Rainbow Lake Water Protection District's financial statements are prepared using the accrual basis as an enterprise fund which means that the financial statements are prepared as if the district were an independent nonprofit organization.

D. BUDGETARY DATA

1. Budget Policies

The County of Franklin's budget policies are as follows:

a. No later than October 1, the budget officer submits a tentative budget to the County Board of Legislators for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund and Special Revenue Funds.
b. After public hearings are conducted to obtain taxpayer comments, but no later than December 20, the Board of Legislators adopts the County budget.
c. The budget officer is authorized to transfer certain budgeted amounts within departments or within a fund; however, all revisions that alter total

appropriations of any department or fund must be approved by the Board of Legislators.

d. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the project. Budgets are prepared for proprietary funds primarily to establish the estimated contribution required from other funds.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Special Revenue Funds. Encumbrances are reported as restricted, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

There were no significant encumbrances included in the reporting of fund balance at December 31, 2022.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. All unencumbered budget appropriations lapse at the end of each fiscal year.

E. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. ASSETS, LIABILITIES AND FUND EQUITY

1. Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and savings instruments with an original maturity of less than three months.

2. Investments

The County of Franklin invests in authorized investment pools, funds, and U.S. Government Securities. Investments are carried at fair value. Management's intent is to hold all investments to maturity.

The County of Franklin Solid Waste Management Authority's investments are presented at cost, which approximates the current market value or the value at the date management anticipates liquidating the investment. Restricted investments

consist of marketable equity securities held by the bond trustee. These investments will be liquidated and expended for the construction and acquisition of capital assets, bond interest and principal payments, and environmental and closure costs in accordance with the bond trust indentures.

The Franklin County Solid Waste Management Authority is required by local law to collateralize any of its cash deposits which are in excess of the Federal Deposit Insurance Corporation limit. The balances at June 30, 2022 were properly covered by FDIC insurance, collateral, or invested in U.S. Treasury backed securities.

All of the County of Franklin Solid Waste Management Authority's investments are either registered in the Authority's name or held in trust by a third-party custodian in the Authority's name.

3. Receivables

All receivables of the primary government are reported at their settlement amount and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Past-due accounts receivable of the Franklin County Industrial Development Agency, referred to below, are deemed immaterial to the financial statements of the reporting entity.

The County of Franklin Solid Waste Management Authority's trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that any realized losses on balances outstanding at year-end will be immaterial.

Bad debts are recognized by the Franklin County Industrial Development Agency in the year in which they are determined uncollectible. The Agency did not write off any receivables during the year ended December 31, 2022.

4. Due to and Due from Other Funds

The amounts reported on the Statement of Net Position for due to and due from other funds represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

5. Inventory

Inventory is valued at cost utilizing the first-in, first-out method.

6. Capital Assets

Capital assets are recorded at actual (historical) or estimated historical cost. Land and vehicles were recorded at historical cost. Leased equipment was recorded at the present value of the minimum lease payments at the inception of the lease. In the case of gifts and contributions, the fair market value at the time received was

used. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, ranging from 3 to 40 years, as follows:

	Estimated Useful Lives	Capitalization Threshold
Buildings	40 years	$1,000
Infrastructure	20 years	$1,000
Improvements	15 years	$1,000
Furniture, Fixtures, and Equipment	3-7 years	$1,000

Capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the financial statements of the Industrial Development Agency are as follows:

	Estimated Useful Lives	Capitalization Threshold	Depreciation Method
Buildings	40 years	$2,500	Straight Line
Building improvements	15-40 years	$2,500	Straight Line
Vehicles, furniture and equipment	5-15 years	$2,500	Straight Line

Property, plant, and equipment of the Franklin County Industrial Development Agency are recorded at cost if purchased or constructed; or at fair market value on the date of gift, if donated. Depreciation is recognized on the straight-line bases over the estimated useful life of the assets. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to operations.

The Rainbow Lake Water Protection District capitalizes all property to which it holds title or has other evidence of ownership. Property acquired by the District is recorded at cost.

Property, plant and equipment are also recorded at cost for the County of Franklin Solid Waste Management Authority. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to operations.

Depreciation for the County of Franklin Solid Waste Management Authority is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on the straight-line basis, including the landfill cells. The straight-line method approximates the cells' capacity used. The estimated lives used in determining depreciation for property, plant, and equipment vary from five to twenty years.

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial

statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability and difference during the measurement period between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The item also includes the County's contributions to the pension system (ERS Systems) subsequent to the measurement date. The second item is related to the County's other post-employment benefit liability (OPEB) amount reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item related to grant funds, loans, or other payments received in advance of the County meeting the requirements of the grant, loan, or other payment. These funds are not qualified to be currently recognized as revenue under the revenue recognition rules so the County is showing them as deferred inflows of resources. The third item is related to the County's OPEB liability amount reported in the Statement of Net Position.

8. Unearned Revenue

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County of Franklin before they have a legal claim to them, such as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County of Franklin has legal claim to the resources, the liability for deferred revenues is removed and revenues are recognized.

Unearned revenue in the General Fund consists of taxes, which are included in taxes receivable. These taxes receivable will not be collected within 60 days after the year end. Consequently, they are classified as deferred revenue.

9. Environmental and Closure Accruals

State and federal laws and regulations require that the County of Franklin Solid Waste Management Authority place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill site after closure.

The Authority maintains a reserve for closure of the regional landfill as established in the 1993 Series Bond Agreement. The balance in the reserve totaled $3,284,963 at June 30, 2022. These funds are reported herein as restricted cash equivalents and investments. The Authority meets its closure obligations through the financial assurance test and these reserve funds.

The Authority's policy regarding closure and monitoring costs for its landfills is to accrue these costs and charge them to expense over the useful operating life of each landfill. Management believes this policy accurately matches closure and monitoring costs against revenues generated by each landfill. The accrual is based on the percentage of total landfill capacity used as of the end of each year, multiplied by the total estimated closure and monitoring costs. These estimates are generated by management, with assistance from an independent consulting and engineering firm.

10. Fair Value of Financial Instruments

For the County of Franklin Industrial Development Agency, the carrying values of cash and cash equivalents, investments, accounts receivable, accrued interest, accounts payable and current portion of long-term debt and bonds payable approximate fair market value because of the short maturity of those instruments. The carrying values of the Agency's long-term debt and bonds payable approximate market value, as terms of the debt reflect current market rates and terms.

11. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as due within one year. The remaining portion of such obligations is reported as a liability in the governmental activity and due in more than one year. Long-term liabilities expected to be financed from proprietary fund or component unit operations are accounted for within those funds.

12. Fund Balance

In fiscal year 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Types Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriations. Fund balance is now broken down into five different classifications of fund balance as follows:

a. **Non-Spendable:**
The non-spendable fund balances include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the General Fund and County Road Fund as well as the prepaid retirement costs recorded in the General Fund.

b. Restricted:

The restricted fund balances include amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balances. The County has established the following restricted fund balances:

Retirement Reserve

This reserve is used to accumulate funds for future payments of retirement contributions. The reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the succeeding year's budget. The reserve is accounted for in the General Fund.

Health Insurance Reserve

This reserve is used to accumulate funds to pay the cost of the self-insured health insurance plan. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the succeeding year's budget. The reserve is accounted for in the General Fund.

Tax Stabilization Reserve

This reserve is used to finance an unanticipated revenue loss or an unanticipated expenditure chargeable to the eligible portion of the annual budget. This reserve may be used to lessen or prevent projected increases in excess of 2.5 percent of the real property tax levy needed to finance the eligible portion of the annual budget.

The contingency and tax stabilization reserve fund is limited to a balance not to exceed 10 percent of the eligible portion of the annual budget. This reserve is accounted for in the General Fund.

Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. The reserve is accounted for in the Capital Fund. The County has also designated a Capital reserve in the General fund for mortgage tax receipts received to be used for capital improvements with regards to County owned property.

District Attorney

This reserve is used to accumulate the County's portion of funds that the district attorney has collected from drug seizures. These funds can only be used for specific purposes as determined by the New York State Department of Justice. This reserve is accounted for in the General Fund.

c. **Committed:**
The committed portion of the fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Board.

d. **Assigned:**
The assigned portion of the fund balance includes amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund and Special Revenue Funds are classified as Assigned Appropriated Fund Balance. The reserve for encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year. The Economic Development Reserve and the Stop DWI Reserve are also included in the assigned unappropriated fund balance as noted by New York State. $725,000 has been designated in the General Fund as the amount estimated to be appropriated to reduce taxes for the subsequent year.

e. **Unassigned:**
The unassigned portion of the fund balance includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the County.

Order and Use of Fund Balance:
The County's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance. The unassigned portion of the fund balance includes all other General Fund net position that do not meet the definition of the above classification and are deemed to be available for general use by the County.

13. Net Position

The governmental and business-type activities utilize a net position presentation. Net position is categorized as net capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the

acquisition, construction or improvement of these assets reduce the balance in this category.

- Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position not restricted for any project or other purpose.

G. REVENUES AND EXPENDITURES

1. Real Property Taxes

County real property taxes are levied annually no later than December 31 and are due and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for County purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County of Franklin assumes enforcement responsibility for all taxes levied in the towns.

The County of Franklin has adopted an installment plan for delinquent taxes. After taxes are turned over by the town to the County, land owners can enroll in the installment plan having a minimum 25 percent down payment of all delinquent taxes and paying monthly installments plus interest on the remaining 75 percent. This procedure includes the County's withdrawal of foreclosure on the property. The County has also adopted a partial payment plan with a minimum of a $100 payment for delinquent and current taxes.

Unpaid village taxes and school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are relevied as County taxes in the subsequent year.

2. Revolving Funds: Industrial Development Agency

The Franklin County Industrial Development Agency established a revolving loan fund offering low-interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, i.e., enhancement of the economic environment. At the end of December 31, 2002 all of the remaining revolving loan funds were transferred to the Franklin County Local Development Corporation.

3. Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Franklin County Industrial Development Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State of New York. The Franklin County Industrial Development Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary

function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

4. Insurance

Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

5. Vacation and Sick Leave and Compensatory Absences

County employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave, and unused compensatory absences. Payment to employees is determined by various rates and is subject to certain limitations.

Estimated vacation and sick leave and compensatory absences accumulated by governmental fund-type employees have been recorded as long-term debt in the government wide funds, and for business-type employees they are recorded as an expense when earned in the proprietary fund types.

Payment of vacation and sick leave recorded as long-term debt is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payments become due. The liability for compensated absences is disclosed in Note III(B)(4)(a).

6. Post-Retirement Benefits

In addition to providing pension benefits, the County of Franklin provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. In 2022 the County pays a third-party provider for all retirees over 65 years of age as supplemental insurance. The premiums are paid by the retired employees and are used to offset the cost incurred by the County. The County of Franklin had 62 retirees participating in the County Plan, 138 in the Supplemental Plan, and 27 in the Advantage Plan as of December 31, 2022. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. This statement establishes standards for the measurement, recognition, and display of other postretirement benefits expenses/expenditures and related liabilities (assets), note disclosures and required supplementary information in the financial reports of state and local government employers.

7. **Brownfield Grant**

The Industrial Development Agency has received a total of $253,808 from New York State Department of Environmental Conservation regarding its Brownfield Study at the Bombay facility. Upon the future sale or disposal of the site, New York State will be required to be repaid after the Agency recoups its 10% of costs.

8. **Owners' Assessments (Rainbow Lake Water Protection District)**

Landowners within the District are assessed tax levies on their respective town tax bill which is levied through Franklin County. These tax levies are based on town assessment data on riparian rights and the annual budget as determined by the District Commissioners. The District retains excess operating funds at the end of the operating year, if any, for future operating periods.

9. **Tax Status**

The Rainbow Lake Water Protection District and the County of Franklin Industrial Development Agency are component units of the Franklin County government under New York County Law Section 264(A). As such, they are not taxable units.

H. New Accounting Standards

GASB Statement No. 87 – "Leases." This statement, issued in June, 2017, attempts to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement are effective for the year ended December 31, 2022. County management assessed its leases in effect during 2022 and determined that there were material leases that would be subject to the requirement of this statement.

GASB Statement No. 91 – "Conduit Debt Obligations." This statement, issued in May, 2019, provides for a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related not disclosures. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 92 – "Omnibus 2020." This statement, issued in January, 2020, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 93 – "Replacement of Interbank Offered Rates." This statement, issued in March, 2020, attempts to address accounting and financial reporting implications that may result from the replacement of an interbank offered rate (IBOR). The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 97 – "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32." This statement, issued in June, 2020, attempts to (1) increase consistency and comparability related to the reporting of certain fiduciary component units, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, OPEB plans, and employee benefit plants, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for certain Internal Revenue Code Section 457 plans. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 98 – "The Annual Comprehensive Financial Report." This statement, issued in October, 2021, establishes the term "annual comprehensive report" and its acronym "ACFR". That new term and acronym replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for the year ended December 31, 2022.

I. Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 94 – "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This statement, issues in March, 2020, attempts to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 96 – "Subscription-Based Information Technology Arrangements." This statement, issued in May, 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangement for government end users. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 99 – "Omnibus 2022." This statement, issued in April, 2022, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial report for financial guarantees. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 100 – "Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62." This statement, issued in June, 2022, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the year ended December 31, 2024.

GASB Statement No. 101 – "Compensated Absences." This statement, issued in June, 2022, helps to meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for the year ended December 31, 2024.

J. PAYMENT IN LIEU OF TAXES (PILOT) (IDA)

The Agency enters into and administers PILOT agreements for various unrelated business entities located in Franklin County. Under the terms of the PILOT agreements, title to property owned by the unrelated business entity is transferred to the Agency for a certain period of time. The assisted business typically agrees to make PILOTS, which generally are significantly less than the real property taxes which are abated. As part of the program, the Agency generates fees for administering the PILOT agreement. These fees are reported as charges for services in the statement of revenues, expenses, and changes in net position. In 2022, the Agency approved benefits for Covington Solar 1, LLC. The Company will construct and operate a 2 megawatt, AC community distributed solar array in the Town of Fort Covington on 10 acres of land. The total project costs is approximately \$4.7 million, the Agency received a 1% fee of the project costs. In 2022, the Agency approved benefits for Covington Solar 2, LLC. The Company will construct and operate a 4.2 megawatt, AC community distributed solar array in the Town of Fort Covington on 40 acres of land. The total project costs is approximately \$9.1 million, the Agency received a 1% fee of the project costs. In 2022, the Agency approved benefits for Burke Solar, LLC. The Company will construct and operate a 5 megawatt, AC community distributed solar array in the Town of Burke on 20 acres of land. The total project costs is approximately \$9.3 million, the Agency received a 1% fee of the project costs. In 2021, the Agency entered into an agreement with Bangor Solar, LLC for the planning, design, construction and operation of a 5 MWAC community solar electrical generation system, an approximate \$8 million project in the Town of Bangor, the Agency received a fee of 1% of the project costs. In 2021, the Agency entered into an agreement with Salmon River Renewables, LLC for the planning, design, construction, and operation of a 5MWAC community solar electrical generation system, an approximate \$6.4 million project in the Town of Bangor, the Agency received a fee of 1% of the project costs. In 2019, the Agency entered into an agreement with OYA State Route 122 LLC for the planning, design, construction and operation of a 4.53 MWAC PV community solar generator in the Town of Constable, PILOT payments began in February 2021. The IDA Board agreed to a PILOT in the amount of \$4,500/megawatt for a period of 15 years with a 2% annual escalator.

K. FRANKLIN COUNTY LOCAL DEVELOPMENT CORPORATION

The Franklin County Industrial Development Agency created a Local Development Corporation in 1970 known as the Franklin County Local Development Corporation (the "Corporation"). The Franklin County Local Development Corporation was started to develop and cultivate a strong economic environment, which supports business and nurtures growth and new investment in the County. The County of Franklin Industrial Development Agency assigned all the loan repayments from the County Community Development Block Grant (CDBG) Projects to the Corporation for the purpose of establishing a county wide revolving loan fun. Upon the formation of the Corporation, the Agency assigned all of its rights in the CDBG assignment to the Corporation for collection and administration.

NOTE II - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND COUNTY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the County-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS VS. NET POSITION OF GOVERNMENTAL ACTIVITIES

Total fund balances of the County of Franklin's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

The costs of building and acquiring capital assets (lands, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the County as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	$ 146,182,093
Accumulated Depreciation	(97,110,651)
	$ 49,071,442

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are taxes receivable that are offset by deferred revenue in the governmental funds, and consequently are not included in fund balance.

Adjustment of Unearned Tax Revenue	$ 18,962,262

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

	Due in One Year	Due After One Year	Total
Bonds payable	$ 13,274	180,001	193,275
Leases payable	170,463	1,167,823	1,338,286
Compensated absences	99,187	892,684	991,871
Post-employment benefit obligations	-	28,545,855	28,545,855
	$ 282,924	30,786,363	31,069,287

As indicated in Note 1, the amounts reported on the Statement of Net Position for due to and due from other funds represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A summary of governmental interfund receivable/payable eliminations is as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 325,000	748,366
Special Revenue Fund	-	361,725
Capital Project Fund	785,091	-
	$ 1,110,091	1,110,091

Interest on short- and long-term debt is recorded as an expenditure in governmental funds when it is due, and thus requires the use of current financial resources. On the Statement of Net Position, interest is recognized as it accrues, regardless of when it is due. A summary of additional accrued interest on debt as of December 31, 2022 is as follows:

Accrued Interest	$ 833

B. STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VS. STATEMENT OF ACTIVITIES

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. **Long-Term Debt Transaction Differences**

   Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Differences between the governmental funds Operating Statement and Statement of Activities.

Total Revenue and Other Funding Sources of Governmental Funds

Total revenue and other funding sources of governmental funds		$ 127,373,569
Because property taxes will not be collected for several months after the County's year end, they are not considered as "available" revenues in the governmental funds.		(699,111)
Net revenues of certain internal service funds are reported with governmental activities on the Statement of Activities, net of intercompany charges.		23,086
Elimination of certain inter-County departmental revenue		(6,837,618)
Elimination of interfund revenue from governmental funds:		
Intergovernmental Charges - SWMA		(9,668,668)
Interfund transfers In	8,281,936	
Interfund transfers Out	(8,281,936)	-
Total revenues and other funding sources of governmental activities in the Statement of Activities		$ 110,191,258

Total Expenditures Reported in Governmental Funds

Total expenditures reported in governmental funds	$ 112,928,162
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The increased in the estimated liability for compensated absences did not exceed payments by $17,740.	(17,740)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $5,047,410 and loss on disposition of assets of $32,177 and amortization of $194,558 did not exceed capital expenditures of $6,048,631 in the current year.	(774,486)
Repayment of lease principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	(162,734)
Certain inter-County departmental expenditures are eliminated on the Statement of Activities.	(6,837,618)
Net operating expenses of certain internal services funds are reported with governmental activities on the Statement of Net Position, less corresponding intercompany charges.	(78,751)
Home and Community Services - SWMA advances which are offset by intergovernmental charges.	(9,668,668)
GASB Statement No. 68 adjustments to New York State retirements for the change in pension liabilities from December 31, 2021 to December 31, 2022.	(2,498,884)
GASB Statement No. 75 adjustments for the change in other post-employment benefit liability from December 31, 2021 to December 31, 2022.	(104,841)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net interest reported in the Statement of Activities is the result of accrued interest on bonds payable.	(55)
Total expenses of governmental activities	$ 92,784,385

NOTE III - DETAIL NOTES ON ALL FUNDS AND COMPONENT UNITS

A. ASSETS

1. Cash, Restricted Cash and Investments

The County investment policies are governed by state statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

a. Cash and Deposits

The County's policies regarding deposits of cash are discussed above. The table presented below is designed to disclose the level of custody credit risk assumed by the County based upon how its deposits were insured or secured with collateral at December 31, 2022. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the County or by its agent in the County's name.
Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
Category 3 - Uninsured and uncollateralized.

		Custody Credit Risk Category			
Type of Deposit	Total Bank Balance	1	2	3	Total Carrying Value
Demand Deposits	$ 4,308,015	816,089	3,491,926	-	1,519,123
Time Deposits	51,752,206	1,000,000	50,752,206	-	53,655,722
Cash on Hand	-	-	-	-	5,056
Total Deposits	$ 56,060,221	1,816,089	54,244,132	-	55,179,901

Reconciliation to the Statement of Net Assets and Fiduciary Fund:

Unrestricted Cash, including Time Deposits - Governmental Activity	$ 48,523,239
Restricted Cash, including Time Deposits	5,842,785
Fiduciary Fund Cash, including Time Deposits	813,877
	$ 55,179,901

b. Restricted Assets

Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for specified uses such as Emergency 911, Unemployment and Health Insurance, County Road Projects, and Bonded Debt.

The following is a detail of restricted assets of the component unit Solid Waste Management Authority as of June 30, 2022:

Cash and Cash Equivalents	$ 16,638,408

Restricted cash and cash equivalents are held in money market funds and are legally restricted in use and purposes by the Authority bond document.

2. Taxes Receivable

At December 31, 2022, real property tax assets of $24,387,687 are reported net of the allowance for uncollectible taxes in the amount of $139,377. Current-year returned village and school taxes of approximately $5,186,048 are offset by liabilities to the villages and school districts, which will be paid no later than April 1, 2023. The remaining portion of tax assets, $19,062,262 is offset by deferred tax revenue of $18,962,262 which represents an estimate of the county tax liens that will not be collected within the first 60 days of the subsequent year. The deferred tax revenue is recorded as income in the GASB 34 reconciliation.

3. Other Receivables, Net

The following is a list of other accounts receivable as of December 31, 2022, which are stated at net realizable value. County management considers these amounts to be fully collectible, except for Not for Profit and PHN:

General Fund	
Public Health Nurses, Net	$ 262,249
Other Department Receivables	854,459
Allowance for Uncollectible	(415,000)
Special Revenue Funds	
CDBG Note Receivable	31,014
Road Machinery	5,762
Soil and Water	17,563
County Road	12,100
Internal Service Fund	
Assessments	1,258
Total Governmental Funds	769,405
Tax Assessments Receivable	193,275
Total Governmental Activities	$ 962,680
IDA (Component Unit)	
Accounts, Grants, and Fees Receivable	$ 52,240
SWMA (Component Unit)	
Accounts and Grants Receivable	924,046
Total Component Units	$ 976,286

4. Changes in Capital Assets

a. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable				
Land	$ 437,016	-	-	437,016
Construction in Progress	3,166,861	4,260,890	(1,062,676)	6,365,075
Depreciable				
Buildings	30,290,343	19,455	-	30,309,798
Equipment	18,154,887	1,001,330	(409,088)	18,747,129
Roads	49,198,376	1,563,552	-	50,761,928
Bridges	39,295,063	266,083	-	39,561,146
Subtotal	140,542,546	7,111,310	(1,471,764)	146,182,092
Accumulated Depreciation	(92,286,956)	(5,047,410)	223,716	(97,110,650)
Total	$ 48,255,590	2,063,900	(1,248,048)	49,071,442

Capital assets are stated at cost. Depreciation is provided by the straight-line method at rates sufficient to write-off the cost of such assets over their estimated useful lives. Depreciation expense of $5,047,410 was charged to the following functions on the Statement of Activities:

General Support	$ 716,220
Public Safety	317,827
Health	10,859
Transportation	3,820,536
Economic Assistance and Opportunity	94,586
Home and Community Service	87,382
Total	$ 5,047,410

During the year ended December 31, 2022, the County disposed of capital assets, realizing a book loss on this disposition of $32,177. Also transfer of leased items to Right-to-Use assets.

b. Franklin County Industrial Development Agency

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets that are not Depreciated				
Land	$ 148,058	-	(3,025)	145,033
Construction in Progress	-	19,346	-	19,346
Total Cost of Non-Depreciated Assets	148,058	19,346	(3,025)	164,379
Capital Assets that are Depreciated	1,021,441	-	-	1,021,441
Building and Improvements	38,143	-	(24,884)	13,259
Total Cost of Depreciated Assets	1,059,584	-	(24,884)	1,034,700
Less Accumulted Depreciation				
Building and Improvements	(527,440)	(24,984)	-	(552,424)
Furniture and Fixtures	(36,475)	(476)	24,883	(12,068)
Total Accumulted Depreciation	(563,915)	(25,460)	24,883	(564,492)
Net Capital Assets	$ 643,727	(6,114)	(3,026)	634,587

During the year ended December 31, 2022, the Agency sold a land with a cost of $3,025, realizing a gain of $30,654. Fully depreciated furniture and equipment was disposed of in the amount of $24,884. Total depreciation expensed during the year was $25,460.

c. Solid Waste Management Authority

	June 30, 2021	Additions/ Deletions	June 30, 2022
Nondepreciable			
Land	$ 2,064,979	-	2,064,979
Depreciable			
Land Improvements	4,565,536	-	4,565,536
Landfill Cell	28,321,259	45,333	28,366,592
Buildings	8,544,379	-	8,544,379
Right to Use Asset	1,262,609	237,468	1,500,077
Vehicles and Equipment	6,892,647	421,506	7,314,153
Subtotal	49,586,430	704,307	50,290,737
Less: Accumulated Depreciation	(30,393,690)	(2,895,391)	(33,289,081)
Total Property Plant and Equipment	$ 21,257,719	(2,191,084)	19,066,635

Significant capital asset additions during the current year included the construction of Landfill Cell 6, vehicle and equipment purchases, and an upgrade to the Authority's information technology infrastructure. Landfill cells include the engineering and other professional service costs incurred to bring the asset into service.

Depreciation expenses during the year ended June 30, 2022 were $2,895,391.

d. Rainbow Lake Water Protection District

The County of Franklin owns the Lake Kushaqua Dam which it acquired from the Rainbow Lake Association, Inc., for $5,000. The dam is being depreciated over its useful life before major repairs might be necessary.

A schedule of the dam and its related accumulated depreciation as of December 31, 2022, is as follows:

Dam	$ 5,000
Dam Improvements	283,369
Less Accumulated Depreciation	(39,556)
Dam, Net	$ 248,813

Depreciation expense was $6,779 for the year ended December 31, 2022.

5. Right-to-Use Assets and Change in Accounting Pronouncement

During the year ended December 31, 2022, the County implemented the requirements of *GASB Statement No. 87 – Leases*. The County recorded intangible "right-to-use" assets for the value of the two capital leases. These assets are recorded at the present value of the associated lease payments and amortized over the life of the leases using the straight-line method. The consolidated net value of these "right-to-use" assets at December 31, 2022 was $1,158,088.

The detail of these "right-to-use" assets and the associated amortization expense is presented below.

	Cost 12/31/2022	Accumulated Amortization 12/31/2021	Current Amortization 12/31/2022	Net Value 12/31/2022	Net Value 12/31/2021
Voting Machine Lease	341,500	188,308	68,300	84,892	153,192
SMARTWATT Lease	1,893,875	694,421	126,258	1,073,196	1,199,454
Right-to-Use Asset, Net of acummulated amortization	2,235,375	882,729	194,558	1,158,088	1,352,646

B. LIABILITIES

1. Pension Plan

The County, the Solid Waste Management Authority (the "Authority"), and the Industrial Development Agency (the "Agency"), participate in the New York State and Local Employees' Retirement System (ERS). This is cost-sharing, multiple employer retirement system. ERS is included in the State's financial report as a pension trust fund.

a) Plan Description

The County, the Authority, and the Agency participate in the New York State and Local Employees' Retirement System (ERS) (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 assets 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. The Comptroller shall adopt and may amend the rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, can be found at www.osc.state.ny.us/retire/publications/index.php or it may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244

b) Funding Policies

The System is non-contributory, except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 10, 2010 who generally contribute three percent (3%) of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from three percent (3%) to six percent (6%) based on salary. Under the County of the NYSRSSL, the Comptroller annually certifies the rates expressly used in computing the employers' contributions on salaries paid during the New York State Local Retirement Systems fiscal year ending March 31.

The employer contribution rates for the ERS plan's year ending in 2022 are as follows:

Tier/Plan	Rate Range
2 751	23.00%
3 A14	18.20%-18.30%
4 A15	18.20%-18.30%
5 A15	15.20%-15.30%
6 A15	10.60%10.70%

Prior to 2013, the Solid Waste Management Authority's contributions to the System were equal to 100% of the contributions required for each year. Beginning in 2013, the Authority elected to amortize payments with the Contribution Stabilization Program. For the years ending June 30, 2014, and 2013, the Authority elected maximum amortization of $45,069 and $56,767, respectively. The Comptroller of New York State annually determines the interest rate for the program. For the 2014 and 2013 ERS payments, rates of 3.67% and 3.00% respectively were set for each ten-year period. For FY 22 the Authority paid the full contribution of $195,439. The contribution for the year 2022 included payments on the 2013 and 2014 deferred amounts of $12,071.

A summary of the SWMA's future annual minimum maturities of the amortization at June 30, 2022, is as follows:

	Principal	Interest	Total
For the year ended June 30			
2023	$ 11,496	574	12,070
2024	5,244	191	5,435
	$ 16,740	765	17,505

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources

At December 31, 2022, the County, the Authority, and the Agency reported the following liabilities for their proportionate share of the net pension liability for the ERS System. The net pension liability was measured as of March 31, 2022, for ERS. The total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation. The County's, the Authority's, and the Agency's proportion of the net pension liability were based on a projection of the County's, the Authority's, and the Agency'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 ERS System in a report provided to the County, the Authority, and the Agency.

	Franklin County ERS	SWMA ERS	IDA ERS
Measurement date	March 31, 2022	March 31, 2022	March 31, 2022
Net pension Asset	$ 6,835,988	479,139	43,232
Authority's portion of the Plan's total net pension liability	0.08362490%	0.00586130%	0.00052890%

Of the above asset of $6,835,988, the County allocated $751,959 to NCCC. The County's net asset was $6,084,029.

For the year ended December 31, 2022, the County's recognized pension expense(credit) of ($234,138) for ERS. At December 31, 2022, the County's reported deferred outflows of resources and deferred inflows of resources related to pensions was:

	County - ERS Deferred	
	Outflows	Inflows
Differenced between expected and actual experience	$ 517,699	671,485
Change of assumptions	11,408,498	192,506
Net difference between projected and actual earnings on pension plan investment	-	22,384,998
Changes in proportion and differences between the County's contributions and proportionate share of contributions	691,152	1,917,962
Authority's contributions subsequent to the measurement date	2,355,325	-
Less: amounts allocated to NCCC	(1,646,995)	(2,768,366)
Total	$ 13,325,679	22,398,585

For the year ended June 30, 2022, the Solid Waste Management Authority recognized pension expense of $10,826. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SWMA- ERS Deferred	
	Outflows	Inflows
Differenced between expected and actual experience	$ 36,286	47,065
Change of assumptions	799,629	13,493
Net difference between projected and actual earnings on pension plan investment	-	1,568,980
Changes in proportion and differences between the County's contributions and proportionate share of contributions	80,660	99,949
Authority's contributions subsequent to the measurement date	45,601	-
Total	$ 962,176	1,729,487

For the year ended December 31, 2022, the Industrial Development Agency recognized pension expense of $4,531. At December 31, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	IDA- ERS Deferred	
	Outflows	Inflows
Differenced between expected and actual experience	$ 3,274	4,247
Change of assumptions	72,149	1,217
Net difference between projected and actual earnings on pension plan investmen	-	141,566
Changes in proportion and differences between the County's contributions and proportionate share of contributions	5,406	5,038
Authority's contributions subsequent to the measurement date	17,825	-
Total	$ 98,654	152,068

The County, the Authority, and the Agency had $2,355,160 ($259,068 of which was allocated to NCCC), $45,601, and $17,825 respectively in accrued contributions subsequent to the measurement date that are considered deferred outflows of resources. County and Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Franklin County ERS	SWMA ERS	IDA ERS
Year ended:			
2023	$ (2,195,783)	(130,927)	(8,802)
2024	(2,888,751)	(181,314)	(16,852)
2025	(6,095,708)	(411,514)	(37,873)
2026	(1,369,360)	(89,157)	(7,712)
Thereafter	-	-	-

Actuarial assumptions – Franklin County / SWMA / IDA

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 valuations used the following actuarial assumptions:

	ERS
Measurement date	March 31, 2022
Actuarial valuation date	April 1, 2021
Interest rate	5.9%
Salary scale	4.4%
Projected COLA	1.4%
Decrement tables	April 1, 2015- March 31, 2020 System's experience
Inflation rate	2.7%

The annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on MP-20120 The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022, are summarized below for Franklin County, the SWMA, and the IDA.

Asset type	Target Allocation	Expected Rate of Return
Domestic equity	32%	3.30%
International equity	15%	5.85%
Private equity	10%	6.50%
Real estate	9%	5.00%
Absolute return strategies	0%	0.00%
Opportunistic portfolio	3%	4.10%
Real asset	3%	5.80%
Bonds and mortgages	23%	0.00%
Cash	1%	-1.00%
Credit	4%	3.78%
	100%	

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 form plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following table presents the County's, Authority's and Agency's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the County's, Authority's, and Agency's proportionate share of the net pension 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:

	1% Decrease (4.9%)	Current Assumption (5.9%)		1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability) - Franklin County	(17,595,760)	6,835,988	*	27,271,967
Employer's proportionate share of the net pension asset (liability) - SWMA	(1,233,299)	479,139		1,911,510
Employer's proportionate share of the net pension asset (liability) - IDA	(111,278)	43,232		172,472

* Of the above asset of $6,835,988, the County allocated $751,959 to North Country Community College. The County's net asset was $6,084,029.

Pension plan fiduciary net position:

The components of the collective net pension liability of ERS as of the March 31, 2022, measurement date were as follows:

Total pension liability	$	223,874,888,000
ERS fiduciary net position		232,049,473,000
Employers' net pension liability (asset)	$	(8,174,585,000)
ERS fiduciary net position as a percentage of total pension liability (asset)		103.65%

Prepaid Expense to the pension plan

The employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2022, represent the projected employer contribution for the period of January 1, 2022, through March 31, 2022, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2022, amounted to $525,313, $0 and $4,456 for the County, the Authority, and the Agency respectively.

Tiers

Membership Tiers-Pension legislation enacted in 1973, 1976, 1983, 2010, and 2012 established distinct classes of membership. The tier status of a member determines eligibility for benefits, formula used in the calculation of benefits, death benefit coverage, service crediting, whether or not a member has required contributions, and member loan provisions. Listed below are the tiers for ERS members:

Tier 1 – Members who enrolled before July 1, 1973
Tier 2 – July 1, 1973 through July 26, 1976
Tier 3 – July 27, 1976 through August 31, 1983
Tier 4 – September 1, 1983 through December 31, 2009
Tier 5 – January 1, 2010 through March 31, 2012
Tier 6 – April 1, 2012 and after

Vesting
Members who joined ERS prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require 10 years of service credit to be 100% vested.

c) Benefits
Tiers 1 and 2
Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with more than twenty years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five of more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of twenty-four additional months. Final average salary is the average of wages earned in the three highest consecutive years. For Tier 1 members who joined on or after September 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4 and 5
Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with between twenty and thirty years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than thirty

years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over thirty years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55, with reduced benefits. Tier 3 and 4 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages of earned in the highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6
Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with twenty years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than twenty years of service, an additional benefit of 2% of final average salary is applied for each year of service over twenty years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

2. Unavailable Revenue

The following are unavailable revenues:

American Rescue Funding	$ 9,059,666
Community Development Loans (CDBG Fund)	30,503
Total	$ 9,090,169

3. Advances from County (RLWD)

Franklin County issued a bond anticipation note during the 2018 fiscal year in the amount of $270,000. On November 19, 2019, the bond anticipation note was refinanced by a general obligation serial bond in the amount of $230,500 specifically for the Lake Kushaqua Dam Project. The bond matures in fifteen (15) years and pays an interest rate of 3.45%.

The District's liability to Franklin County is carried on the statement of financial position as a liability, Advances from County, since Franklin County is the debtor. Franklin County will bill the District annually for the principal and interest payment due on the bond. The District has increased its tax levy to accommodate the annual bond payment.

The five-year maturity schedule is as follows:

		Principal	Interest	Total
Fiscal Year 12/31/23	$	13,274	6,668	19,942
Fiscal Year 12/31/24		13,732	6,210	19,942
Fiscal Year 12/31/25		14,206	5,736	19,942
Fiscal Year 12/31/26		14,696	5,246	19,942
Fiscal Year 12/31/27 and thereafter		137,367	22,169	159,536
TOTALS	$	193,275	46,029	239,304

4. Long-Term Debt

The changes in the County of Franklin's long-term indebtedness during the year ended December 31, 2022 are summarized as follows:

	Balance 01/01/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
Governmental Activities:					
Dam Project Serial Bond 2019	$ 206,107	-	12,832	193,275	13,274
Leases Obligations	1,501,020	-	162,734	1,338,286	170,463
Compensated Absences	1,009,611	-	17,740	991,871	99,187
Post Employment Benefits	30,264,665	-	1,718,810	28,545,855	-
Net Pension Liability (asset)	75,724	-	6,159,753	(6,084,029)	-
Subtotal	33,057,127	-	8,071,869	24,985,258	282,924
Add: Pension asset (at 12/31/22)	-	-	-	6,084,029	-
Total Long-Term Liabilities	$ 33,057,127	-	8,071,869	31,069,287	282,924

The changes in the County of Franklin Solid Waste Management Authority long-term indebtedness during the year ended June 30, 2022, are summarized as follows:

	Balance 7/1/2021	Additions	Reduction	Balance 6/30/2022	Due Within One Year
Bonds payable - principal	$ 25,990,000	-	1,750,000	24,240,000	1,800,000
Bond premium	434,482	-	99,213	335,269	-
Total bonds payable	26,424,482	-	1,849,213	24,575,269	1,800,000
Long-term debt payable	258,137	237,468	121,122	374,483	109,610
Pension contribution payable	27,867	-	11,127	16,740	-
Net pension liability (asset)	5,329	-	484,468	(479,139)	-
Closure and postclosure accrual	892,052	78,779	-	970,831	-
Subtotal	27,607,867	316,247	2,465,930	25,458,184	1,909,610
Add: pension asset	-	-	-	479,139	-
Total long-term debt	$ 27,607,867	316,247	2,465,930	25,937,323	1,909,610

a. Compensated Absences

Pursuant to contractual agreements, County employees are entitled to accrue an unlimited amount of sick leave and carry forward annually 21 days (or more with written permission of department head) of vacation leave. Upon retirement, unused sick leave may be converted to additional retirement credit up to a maximum of 165 days. No payments are made for unused sick leave. Specific years for payment of compensated absences are not determined.

i. Governmental Activities
The liability for these fringe benefits computed at current pay rates at December 31, 2022, amounts to $991,871 and is recorded in the governmental funds.

b. Other Post-Employment Benefits

Plan Descriptions:
The County's defined benefit other post-employment benefits plan (OPEB) provides benefits for all permanent full-time general and public safety employees of the County. The plan is a single employer defined benefit OPEB plan administered by the County. Article 11 of the State Compiled Statures grants the authority to establish and amend the benefit terms and financing requirements to the County legislature. No assets are accumulated in a trust that meets the criteria in paragraph 5 of GASB Statement No. 75. The Plan does not issue financial statements and is not a trust. Eligibility for benefits is based on covered employees who retire from the County at age 55 or older and have met vesting requirements.

Benefits Provided:
The County provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services.

Employees Covered by Benefit Terms:
At December 31, 2022, the total number of participants in the OPEB plan was comprised as follows:

Retirees and survivors	172
Terminated vested employees	-
Actives	470
Total	642

Total OPEB Liability:
The County's total OPEB liability of $28,545,855 was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs:
The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2019_b). The short-term (first 4 years) trend rates were based on the recent premium rate history for Franklin County. The long-term (after 4 years) trend rates were based on the following assumptions:

Rate of inflation: 2.5%
Rate of growth in real income / GDP per capita: 1.4%
Extra trend due to technology and other factors: 1.0%
Health share of GDP resistance point: 20%

Salary increases – 3.5%

Mortality – actives – The RPH-2014 mortality table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2021.

Mortality – retirees – The RPH mortality table for healthy annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2021.

Discount rate – 2.06% as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index.

	Total OPEB Liability
Balance at December 31, 2021	$ 30,264,665
Changes for the year:	
Service cost	1,499,298
Interest	657,594
Changes in benefit terms	(618,020)
Differences between expected and actual experience	(1,397,848)
Changes in assumptions or other inputs	(369,118)
Benefit payments	(1,490,716)
Net changes	(1,718,810)
Balance at December 31, 2022	$ 28,545,855

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate

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

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increace (3.06%)
Total OPEB liability	$ 31,500,357	28,545,855	25,945,025

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

The following table presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a rate that is 1% higher or lower than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increace
Total OPEB liability	$ 25,222,880	28,545,855	32,583,395

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

For the year ended December 31, 2022, the County recognized OPEB expense of $1,389,189. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	2,864,726
Changes of assumptions or other inputs	3,110,366	1,080,931
Employer contributions subsequent to the measurement date	1,494,030	-
Total	$ 4,604,396	3,945,657

Years ending December 31,		Amount
	2023	$ (149,683)
	2024	(149,682)
	2025	(281,307)
	2026	(25,883)
	2027	(9,476)
2028 and thereafter		(219,260)

c. Serial Bonds

The County of Franklin, like most governmental units, borrows money in order to acquire land or equipment or to construct and improve buildings. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized by the County to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

i. The County issued a General Obligation Serial Bond on November 19, 2019, at an interest rate of 3.45% for the Lake Kushaqua Dam Project. Interest and principal are charged annually, which has a maturity date of November 19, 2034. The bond had an outstanding balance due at December 31, 2022, of $193,275. Accrued interest of $834 was recorded as of December 31, 2022.

Maturity Schedule

The following is a summary of bond principal maturities and interest requirements.

Year	Principal	Interest
2023	$ 13,274	6,668
2024	13,732	6,210
2025	14,206	5,736
2026	14,696	5,246
2027	15,203	4,739
2028-2032	84,253	15,457
2033-2034	37,911	1,973
Total	$ 193,275	46,029

d. Lease Obligations

i. In 2017, the County entered into a long-term lease agreement to finance the cost of placing into service several energy efficient capital improvements to County owned buildings and property as well as the acquisition of several pieces of equipment. As a result of this lease agreement, the County prior to this year recorded capital asset acquisitions of $1,893,875. These assets were being depreciated in accordance with the County's policies. During the year the County implemented the requirements of GASB Statement No. 87- Leases.

The County recorded intangible "right to use" assets for the value of the above noted equipment. These assets are recorded at the present value of the associated lease payments and amortized over the life of the leases using a straight-line method. The lease includes options to purchase the leased equipment for varying prices each year. The following is a schedule of future principal and interest payments due:

Year	Principal	Interest	Total	Purchase Option Price
2023	$ 117,463	34,789	152,252	1,187,356
2024	125,549	31,324	156,873	1,068,350
2025	121,917	27,620	149,537	941,391
2026	130,112	24,024	154,136	818,213
2027	138,692	20,185	158,877	686,987
2028-2031	545,553	37,117	582,670	From $547,345 to $74,038.
	$ 1,179,286	175,059	1,354,345	

e. In January 2019 the County entered in a long-term lease agreement to finance the cost of voting machines and software. The County recorded intangible "right to use" assets for the value of the above noted equipment. These assets are recorded at the present value of the associated lease payments and amortized over the life of the leases using a straight-line method. The total price of $424,000. At the end of the term the County will own the machines. The lease consists of 8 annual payments of $53,000.

Annual Payments	
8/1/2023	$ 53,000
8/1/2024	53,000
8/1/2025	53,000
	$ 159,000

f. Debt Limits

It is the opinion of the County of Franklin and its legal counsel that the courthouse lease obligation does not constitute debt for the purposes of the State Constitution and New York State Local Finance Law, nor does it have to be reported as debt on a statement pursuant to Title 9 of the Finance Law. Generally accepted accounting principles, however, require that the leases be treated as a liability regardless of their status under state law.

At December 31, 2022, the outstanding long-term indebtedness of the County aggregated $31,069,287. Of this amount, $193,275 was subject to the constitutional debt limit.

5. Long-Term Debt- Component Units

a. Bonds Payable -Solid Waste Management Authority

A summary of the Solid Waste Management Authority's bonds payable at June 30, 2022, is as follows:

	Issue Date	Original Amount	Interest Rate(s)	Final Maturity	Outstanding at June 30, 2022
EFC Bonds Payable	Aug-16	$ 11,342,974	.8% to 5.0%	Jul-39	$ 9,590,000
Revenue Bonds	May-12	4,810,000	2.0% to 5.0%	Jun-32	3,065,000
Revenue Bonds	Mar-15	8,550,000	3.0% - 5.0%	Jun-40	7,020,000
Revenue Bonds	Jun-19	6,155,000	4.0%	Jun-27	4,565,000
					$ 24,240,000

A summary of the Authority's future minimum annual maturities for bonds payable and bond interest is as follows:

For the Year Ending June 30,	Principal	Interest
2023	$ 1,800,000	686,582
2024	1,860,000	652,054
2025	1,930,000	615,224
2026	2,000,000	576,338
2027	2,070,000	540,121
2028-2032	5,935,000	2,122,163
2033-2037	4,830,000	1,138,381
2038-2040	3,815,000	250,208
	$ 24,240,000	6,581,071

Interest expense on the above indebtedness was $650,003 for the year ended June 30, 2022.

b. Capital Leases - Solid Waste Management Authority

During the year ended June 30, 2022, the Authority implemented the requirements of *GASB Statement No. 87 – Leases.* Under the rules of this GASB statement, governmental entities record leased assets as intangible "right-to-use" assets at the present value of the assets leased. These assets are depreciated over the life of the lease using the straight-line method. The Authority implemented the requirements of this standard retroactively. The Authority had no material operating leases as of the beginning of fiscal year June 30, 2022 so the implementation of this new standard only affected account titles. There was no impact on the Authority's net position.

SymQuest capital lease payable in 60 monthly installments of $1,599, no stated interest rate, due January 2026, secured by equipment	$	68,750
Key Government Financial capital lease payable in annual installments of $36,858 including interest at 2.75%, due October 2024, secured by equipment		104,759
Caterpillar Financial Services Corporation lease payable in semi-annual installments of $25,364, which includes interet at 2.99%, due 2027, secured by equipment		189,912
Key Government Finance capital lease payable in semiannual installments of $11,337 including interest at 5.0%, due September, 2023, secured by equipment.		11,062
		374,483
Less: current portion		(109,610)
	$	264,873

Interest expense incurred and paid on the above indebtedness was $5,151 for the year ended June 30, 2022.

A summary of the Authority's future annual minimum maturities of long-term debt at June 30, 2022, is as follows:

For the year ending June 30,	2023	$	109,610
	2024		100,852
	2025		103,220
	2026		60,801
		$	374,483

6. Accrued Liabilities and Other Liabilities

The following is a summary of other liabilities as of December 31, 2022:

a. Primary Government

Governmental Activities		
Overpayments	$	138,311
Accrued payroll and related liabilities and others		2,974,621
Total governmental activities		3,112,932
Internal Service Fund		
Miscellaneous liabilities		7,924
Accrued interest		834
Total Primary Government	$	3,121,690

b. Component Unit

Solid Waste Management Authority

i. Environmental and Closure Accrual for Landfill

State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only 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 an operating expense in each period based on landfill capacity used as of each balance sheet date. The $970,831 reported as landfill closure and post closure care liability at June 30, 2022, represents the cumulative amount reported to date based on the use of 12.46 percent of the estimated capacity of the landfill at June 30, 2022. The Authority will recognize the remaining estimated cost of closure and post closure care of $6,823,538 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care at a time in the future where the Authority cannot accept any more waste and, therefore, cannot generate any more revenue. The Authority expects to close the landfill in the year 2074. Actual cost may be higher 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 a fund to finance closure and post closure care. The Authority is in compliance with these requirements, and at June 30, 2022, investments of $3,284,963 are held for these purposes. These are reported as restricted assets on the balance sheet. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

A summary of the environmental and closure accrual, which includes the consulting engineer's estimate of the cost for environmental compliance, landfill closure, and post-closure through June 30, 2022, based on the Authority's operating plan approved by the State of New York is as follows:

Total landfill capacity		18,650,000 cubic yards
Total landfill capacity used through June 30, 2022		2,322,960 cubic yards
Percentage of total landfill capacity		12.46%
Estimated closure and post-closure costs	$	7,794,370
Environmental and closure accrual	$	970,831
Anticipated closure date		2074

ii. Accrued Interest

Accrued interest payable	$	106,240

7. **Operating Lease**

The County has one lease for the District Attorney who is paying month-to-month.

The County also has one overall copier lease agreement for a 60-month term. The monthly payment amount on this lease is $6,595.

The County entered into a fleet management agreement to dispose of all County vehicles and replace them with a new fleet. The lease agreement has various schedules and addenda based on the delivery date of the vehicles leased. The monthly lease payments vary depending on delivery date and value of the vehicles leased. Both of these leases were deemed immaterial for purposes of adjustments required under GASB Statement No. 87 – *Leases*.

C. DUE TO/FROM OTHER FUNDS

Due to/from other funds at December 31, 2022, were as follows:

		Due to	Due From
Major Governmental Activities			
General	$	748,366	325,000
Other Governmental Activities			
County Road		36,725	-
Road Machinery		325,000	-
Capital Projects		-	785,091
Total	$	1,110,091	1,110,091

These amounts are eliminated with the GASB Statement No. 34 conversion.

D. INTERFUND TRANSFERS RECONCILIATION

Operating transfers in (other sources) and operating transfers out (other uses) for the year ended December 31, 2022, were as follows:

Fund		Other Sources	Other Uses
Major Governmental Activities			
General	$	-	8,281,936
Other Governmental Activities			
County Roads		3,708,038	-
Road Machinery		846,406	-
Capital Projects		3,579,732	-
Debt Service		147,760	-
	$	8,281,936	8,281,936

These amounts are eliminated with the GASB Statement No. 34 conversion. Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. FUND BALANCE CLASSIFICATIONS

The following funds have reserved portions of their fund balances for these designated purposes:

Fund	Purpose		Balance
General	**Non spendable fund balance**		
	Inventory	$	6,570
	Prepaid		525,313
	Total non spendable fund balance	$	531,883
	Restricted fund balance		
	Retirement	$	1,970,159
	Unemployment insurance		654,017
	Insurance		143,597
	Tax stabilization		385,707
	Capital reserve (mortgage tax)		1,564,147
	District attorney		22,510
	Total restricted fund balance	$	4,740,137
	Assigned fund balance		
	Assigned, appropriated	$	725,000
	Stop DWI		32,172
	Economic development		1,290,438
	Total Assigned fund balance	$	2,047,610
Special Revenue Funds			
	Non spendable fund balance		
Road machinery	Inventory	$	347,897
Soil and water	Inventory		331
Soil and water	Prepaids		21,317
	Total non spendable fund balance	$	369,545
	Restricted fund balance		
Soil and water	Special reserve	$	339,473
County roads	Repairs		451,215
	Total restricted fund balance	$	790,688
	Assigned fund balance		
Road machinery	Assigned unappropriated	$	196,132
County roads	Assigned unappropriated		923,963
Soil and water	Assigned unappropriated		186,821
Debt service	Assigned unappropriated		48
Capital Projects	Assigned unappropriated		1,753,091
	Total assigned fund balance	$	3,060,055

F. DEFERRED COMPENSATION PLAN

Employees of the County of Franklin may elect to participate in the County's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. The County of Franklin has adopted GASB 32 with regard to financial reporting of deferred compensation plans in accordance with IRC Section 457. The County has established Citistreet as the trustee of its existing deferred compensation plan. Since the County is not the trustee for the plan, the plan does not meet the criteria for inclusion in the County's financial statements. Therefore, at December 31, 2022, the $11,190,009 market value of deferred compensation plan assets is no longer displayed in the Agency Fund within the financial statements.

NOTE IV- JOINT VENTURES

The following are activities undertaken jointly with other municipalities which are excluded from the financial statements. Separate financial statements are issued for such joint ventures.

A. JOINT PUBLIC LIBRARY

The Clinton-Essex-Franklin Library System is jointly sponsored by Clinton, Essex, and Franklin Counties under provisions of Article 5 of the Education Law. As a joint venture, separate financial statements are published by the library. Each County's financial participation in the joint venture for the year ended December 31, 2022, was as follows:

Clinton	$	40,409
Essex	$	24,990
Franklin	$	15,673
Additional	$	3,230

The following is a summary of financial information included in unaudited financial statements issued for the joint venture as of and for the year ended December 31, 2022:

Total Assets	$ 1,985,414
Total Liabilities	84,672
Fund Equity:	
Reserved	185,075
Unreserved	1,091,756
Total Fund Equity	1,276,831
Total Revenues (2022)	$ 1,509,066
Total Expenses (2022)	$ 1,370,799

B. JOINT COMMUNITY COLLEGE

The North Country Community College is jointly sponsored by Franklin and Essex Counties under provisions of Article 126 of the Education Law. As a joint venture, separate financial statements are published by the community college. The two counties' financial participation in the joint venture for the 2021 - 2022 fiscal year is as follows:

Franklin	$ 1,240,000
Essex	$ 1,240,000

The following is a summary of the financial information from the unaudited financial statements issued for the joint venture as of and for the year ended August 31, 2022:

Total Assets and Deferred Outflows of Resources	$ 43,656,844
Total Liabilities and Deferred Inflows of Resources	49,371,147
Net Position	$ (5,714,303)
Total Revenues (2021-22)	$ 18,076,616
Total Expenditures (2021-22)	$ 17,062,052

NOTE V - COMMITMENTS AND CONTINGENCIES

A. LITIGATION AND SUBSEQUENT EVENTS

The County has a total of 12 active tort claims pending as of December 31, 2022. The County is also named in land claims by the Akwesasne Mohawk Indians seeking the return of claimed land and money damages. County management, after considering all relevant facts, including the opinion of the County attorney and outside counsel in certain instances, is of the opinion that such litigation will not, in the aggregate, have a material adverse effect on the County's financial position.

The following are unpaid taxes on Indian Land Claims as of December 31, 2022, and are recorded as Accounts Receivable and Deferred Revenue:

	School Taxes	School Interest and Penalty	Town and County Tax	Base Lien Amount
Fort Covington	$ 193,062	17,926	320,845	227,593
Bombay	4,023,047	410,745	2,898,332	7,333,069
	$ 4,216,109	428,671	3,219,177	7,560,662

B. SELF-INSURED HEALTH INSURANCE

The County of Franklin incurs costs related to a self-insured employee health plan. The health plan's objectives are to formulate, develop, and administer a program of health insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Lifetime Benefits Solutions, the health plan claims administrator, bills the County for approved benefits due employees. The County of Franklin has stop-loss insurance, for medical coverage only, to provide protection for claims in excess of $125,000 per individual and a specific insurance limit of $375,000. Liabilities of the health plan are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including frequency and amount payouts and are based on a five-week lag per the health plan administrator. The balance of claim liabilities during the past fiscal year is as follows:

Unpaid Claims, Beginning of Fiscal Year	$ 405,399
Plus: Incurred Claims (including IBNR's)	4,843,772
Less: Claim Payments	(4,783,424)
Unpaid Claims, End of Fiscal Year	$ 465,747

C. FEDERAL AND STATE GRANTS

The local government has received grants totaling over $40 million which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowance and a request for a return of funds to the federal and state governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

D. UNEMPLOYMENT INSURANCE

The County of Franklin provides unemployment insurance through direct billings from the New York State Unemployment Insurance Fund. For the year ended December 31, 2022, the County paid $0 of benefits from the unemployment insurance reserve. The County had no liability outstanding at December 31, 2022, for unpaid, unasserted claims.

E. SELF-INSURED WORKERS' COMPENSATION

The County of Franklin sponsors and participates in a self-insurance plan for workers' compensation under Local Law No. 3, 1991, pursuant to Article 5 of the Workers' Compensation Law. The self-insurance plan is open to any eligible municipality or public entity for participation. There were N/A participants, including the County of Franklin, at December 31, 2022. The County is responsible for the administration of the self-insurance plan and its reserves and accounts for this self-insurance plan on the modified accrual basis in the Workers' Compensation Fund. The designated reserved retained earnings at December 31, 2022, were $400,000. Additionally, the County has specific excess coverage for workers' compensation and employers' liability insurance for catastrophic losses.

F. OTHER INSURANCE

The County of Franklin is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

G. SERVICES AGREEMENT AND COMMITMENTS AND CONTINGENCIES

Solid Waste Management Authority

On May 1, 1993, the Solid Waste Management Authority entered into a services agreement with the County of Franklin, whereby the County will cause to be delivered to the Authority substantially all solid waste produced within the County. This agreement commenced upon operation by the Solid Waste Management Authority and will continue until the later of (a) the twentieth anniversary of the operation commencement date, or (b) the maturity date of outstanding Authority indebtedness, provided, however, that in no event shall the agreement have a term of greater than twenty-five years from the latest date of execution of the services agreement. The agreement was renewed on May 1, 2012, and the provisions extended accordingly.

In consideration of the Authority's performance of certain activities relating to solid waste disposal, the County shall pay a service fee equal to the Authority's estimated debt service, plus operating and maintenance costs less estimated net investment earnings, if any, for each fiscal year, provided that in no event shall the service fee be less than zero. The County of Franklin shall pay the Authority one-twelfth of the current fiscal year's estimated service fee on the first day of each month.

Service fees paid by the County of Franklin to the Solid Waste Management Authority for the year ended June 30, 2022, totaled $9,555,088.

The Solid Waste Management Authority is required to reimburse the County an amount equal to total tipping and user fees received in the prior month up to the aggregate estimated service fee paid by the County, as described above. Under this agreement, the Authority reimbursed the County $9,555,088 for the year ended June 30, 2022. The Authority owed Franklin County $0 at June 30, 2022.

Within ninety days of the end of each fiscal year, the Authority shall calculate a year-end adjustment which represents the Authority's actual service fee; calculated using the cash basis of accounting, less amounts paid by the County plus the aggregate amount of all Authority reimbursements to the County. A service fee surplus for any year end shall be maintained by the Authority in its operating cash account, provided that if such service fee surplus occurs in the final year of the services agreement, such amount shall be remitted to the County. A service fee shortfall for any year end shall be paid to the Authority by the County.

The Authority did not have any revenue sources accounting for more than 10% of the Authority's operating revenue.

The Authority had no commitments to contractors for capital projects in process at June 30, 2022. All capital projects were completed and resulting assets were placed in service. The Authority had no liability for retainage payable at June 30, 2022.

NOTE VI - NET WORKING CAPITAL

		Net Working Capital (Deficit)	Current Assets	Current Liabilities
Solid Waste Management Authority	$	(833,721)	1,857,377	2,691,098
Civic Development Corporation		6,845	7,770	925
Industrial Development Agency		881,083	924,312	43,229

NOTE VII - TOBACCO SETTLEMENT PAYMENTS

In January 1997, the State of New York filed a lawsuit against the tobacco industry, seeking to recover the costs that the State and local governments had incurred in treating smoking-related illnesses. Under an agreement reached with the tobacco industry referred to as the Master Settlement Agreement (MSA), the State and counties are entitled to receive annual payments. Payments received under the agreement in 2022 totaled $768,330 and are recorded in the General Fund account - Other Compensation for Loss.

NOTE VIII - TRIBE-STATE GAMING COMPACT BETWEEN ST. REGIS MOHAWK TRIBE AND STATE OF NEW YORK

In 2004, the State of New York enacted legislation providing for an appropriation of revenue from slot machines at the tribal casino located in Akwesasne. The County of Franklin and the County of St. Lawrence shall receive 50% of the negotiated 25% of the net draw from slot machines made available to the Counties by the State. The County recorded $3,280,771 in revenue and half of the total in expenses to the Towns due to collections. The County reversed the allowance on the recorded net receivable from 2019 of $300,000.

NOTE IX – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 27, 2023, the date on which the financial statements were available to be issued.

Management of the Rainbow Lake Water Protection District has evaluated subsequent events through January 10, 2023 which is the date the financial statements of the District were available to be issued.

Management of the Solid Waste Management Authority has evaluated subsequent events between June 30, 2022 and November 1, 2022, the date on which the financial statements were available to be issued.

Management of the Civic Development Corporation evaluated subsequent events through December 31, 2022 and March 8, 2023, the date on which the financial statements were available to be issued.

Management of the Industrial Development Agency has evaluated subsequent events through December 31, 2022 and March 8, 2023, which is the date the financial statements were available to be issued.

NOTE X – RECONCILIATION OF NET CAPITAL ASSETS

Capital assets, net of depreciation		$ 49,071,442
Right-to-Use Assets, net of amortization		1,158,088
Debt issued to acquire capital assets:		
Capital leases	(1,338,286)	(1,338,286)
Net investment in capital assets		$ 48,891,244

NOTE XI – OPERATING LEASES (INDUSTRIAL DEVELOPMENT AGENCY)

In 2018, the Agency entered into a rental agreement for office and storage space with The County of Franklin ("the County") in the County building located at 355 Main Street, Malone, New York. The lease term commencing on September 6, 2018 for a one-year term was renewed until August 31, 2020 and for an additional year beginning September 1, 2021. Either party may terminate at the end of the term by giving the other party written notice of at least 60 days. Rent is $1 annually for the 12-month period and fees of $200 per month for cleaning, maintenance, and trash removal.

NOTE XII – LEASES (INDUSTRIAL DEVELOPMENT AGENCY)

The Agency leases space to tenants under various operating leases on a month-to-month basis. The leases are cancelable with a stipulation the tenant provide at least thirty (30) days written notice.

NOTE XIII – TAX ABATEMENTS

The County, through its Industrial Development Agency (IDA) and its Local Development Agency (LDC) programs, in an attempt to attract and maintain economic development and job growth in the County, has the ability to induce business with property tax abatement as part of a payments in lieu of taxes (PILOT) program. Total taxes abated during the year ended December 31, 2022 were $209,057.

NOTE XIV – RELATED PARTY TRANSACTIONS (SWMA)

The Authority has agreements with Franklin County and the Village of Malone to accept waste generated from government departments at no charge up to agreed-upon limits. During the year ended June 30, 2022, the Authority accepted at no charge $70,674 from Franklin County and $51,931 from the Village of Malone of waste generated by governmental departments.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF FRANKLIN
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE YEARS *

		2022	2021	2020	2019	2018
Measurement date		January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB liability						
Service Cost	$	1,499,298	1,387,255	1,058,391	1,257,168	1,132,959
Interest		657,594	779,132	1,152,837	1,011,167	1,047,997
Differences between expected and actual experience in the measurement of the total OPEB liability		(1,397,848)	-	(2,927,292)	-	-
Change in benefit terms		(618,020)	-	(618,939)	-	-
Changes in assumptions or other inputs		(369,118)	1,754,397	2,793,725	(1,786,627)	921,348
Benefit payments		(1,490,716)	(1,408,646)	(1,531,573)	(1,587,074)	(1,526,760)
Net change in OPEB liability		(1,718,810)	2,512,138	(72,851)	(1,105,366)	1,575,544
Total OPEB liability - beginning, as restated		30,264,665	27,752,527	27,825,378	28,930,744	27,355,200
Total OPEB liability - ending	$	28,545,855	30,264,665	27,752,527	27,825,378	28,930,744
Covered payroll	$	23,426,518	21,456,690	21,092,998	20,014,266	19,895,400
Total OPEB liability as a percentage of covered payroll		121.85%	141.05%	131.57%	139.03%	145.41%

Notes to schedule:
Changes of assumption: Changes of assumptions and other inputs reflect the effects of the discount rate each period. The following are the discount rates used in each period.

2018	3.44%
2019	4.10%
2020	2.74%
2021	2.12%
2022	2.06%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 2

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT YEARS *

	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
County's proportion of the net pension liability	8.3624900%	0.0854124%	0.0857949%	0.0857290%	0.0862995%	0.0846233%	0.0955071%	0.0387080%
County's proportionate share of the net pension liability (asset) *	$ (6,084,029)	75,724	20,227,979	5,462,591	2,505,449	7,187,639	15,329,156	1,307,653
County's covered-employee payroll	$ 19,695,167	19,256,622	19,744,826	19,214,954	18,596,867	18,200,632	17,676,551	18,884,567
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-30.9%	0.4%	102.4%	28.4%	13.5%	39.5%	86.7%	6.9%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

*: A portion of this liability has been allocated to NCCC during the year.

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT YEARS *

	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Authority's proportion of the net pension liability	0.0058613%	0.0053516%	0.0047962%	0.0046247%	0.0048963%	0.0043805%	0.0043757%	0.0046574%
Authority's proportionate share of the net pension liability (asset)	$ (479,139)	5,329	1,270,071	327,674	158,024	411,605	702,317	157,340
Authority's covered-employee payroll	$ 1,476,034	1,416,483	1,310,842	1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-32.5%	0.4%	96.9%	26.3%	13.0%	36.8%	67.6%	12.2%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT YEARS *

	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Agency's proportion of the net pension liability	0.0005289%	0.0005350%	0.0005726%	0.0005187%	0.0001849%	0.0003402%	0.0003563%	0.0362000%
Agency's proportionate share of the net pension liability (asset)	$ (43,232)	533	151,632	36,750	5,968	31,964	57,180	12,230
Agency's covered-employee payroll	$ 138,100	135,634	132,348	126,435	109,273	111,919	123,646	119,487
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-31.3%	0.4%	114.6%	29.1%	5.5%	28.6%	46.2%	10.2%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 2 con't

COUNTY OF FRANKLIN
NORTH COUNTRY COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT YEARS *

	Year Ended August 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 30, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
College's proportion of the net pension liability	-0.0090189%	0.0095440%	0.0094091%	0.0086277%	0.0086377%	0.0078716%	0.0093710%	0.0091200%
College's proportionate share of the net pension liability (asset)	$ (737,261)	9,503	2,491,591	611,304	278,777	739,639	1,436,495	296,428
College's covered-employee payroll	$ 2,379,939	2,407,671	2,557,556	2,355,119	2,201,554	2,089,414	1,891,231	1,998,431
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-31.0%	0.4%	97.4%	26.0%	12.7%	35.4%	76.0%	14.8%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS -
EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT YEARS *

FRANKLIN COUNTY	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 2,101,250	2,840,499	2,637,836	2,595,637	2,573,081	2,609,025	2,297,606	2,660,124
Contributions in relation to the contractually required contribution	(2,101,250)	(2,840,499)	(2,637,836)	(2,595,637)	(2,573,081)	(2,609,025)	(2,297,606)	(2,660,124)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
County's covered-employee payroll	$ 22,130,385	19,917,253	19,940,187	19,687,516	18,930,938	18,563,719	19,077,655	19,198,460
Contributions as a percentage of covered-employee payroll	9.5%	14.3%	13.2%	13.2%	13.6%	14.1%	12.0%	13.9%

SWMA	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 45,601	48,860	41,560	39,372	154,433	149,003	125,912	207,475
Contributions in relation to the contractually required contribution	(45,601)	(48,860)	(41,560)	(39,372)	(154,433)	(149,003)	(125,912)	(207,475)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
County's covered-employee payroll	$ 1,476,034	1,416,483	1,310,842	1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Contributions as a percentage of covered-employee payroll	3.1%	3.4%	3.2%	3.2%	12.8%	13.3%	12.1%	16.0%

IDA	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 17,825	24,463	21,134	19,809	17,119	17,757	19,616	23,474
Contributions in relation to the contractually required contribution	(17,825)	(24,483)	(21,134)	(19,809)	(17,119)	(17,757)	(19,616)	(23,474)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
County's covered-employee payroll	$ 138,100	135,634	132,348	126,435	109,273	111,919	123,646	119,487
Contributions as a percentage of covered-employee payroll	12.9%	18.1%	16.0%	15.7%	15.7%	15.9%	15.9%	19.6%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS -
EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)
LAST EIGHT YEARS *

NCCC	Year Ended August 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 358,000	324,840	290,400	287,373	277,233	283,270	305,062	388,801
Contributions in relation to the contractually required contribution	(358,000)	(324,840)	(290,400)	(287,373)	(277,233)	(283,270)	(305,062)	(388,801)
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-
County's covered-employee payroll	$ 2,379,939	$ 2,407,671	2,557,556	2,355,119	2,201,554	2,089,414	1,891,231	1,998,431
Contributions as a percentage of covered-employee payroll	15.0%	13.5%	11.4%	12.2%	12.6%	13.6%	16.1%	19.5%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 4

COUNTY OF FRANKLIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
BUDGETARY FUND BALANCE - JANUARY 1	$ 27,709,002	27,709,002	27,709,002	-
RESOURCES (INFLOWS):				
Real Property Taxes	17,898,458	17,898,458	18,784,495	886,037
Real Property Tax Items	1,375,122	1,375,122	2,012,742	637,620
Non-Property Tax Items	25,745,000	25,745,000	33,489,024	7,744,024
Departmental Income	11,656,992	12,563,598	12,060,805	(502,793)
Intergovernmental Charges	10,012,407	10,012,407	10,345,254	332,847
Use of Money and Property	416,710	416,710	451,213	34,503
Fines and Forfeitures	80,676	111,628	114,775	3,147
Sale of Property and Compensation for Loss	630,000	630,000	783,767	153,767
Miscellaneous Local Sources	3,966,786	5,157,855	4,648,530	(509,325)
Interfund Revenues	415,821	415,821	439,688	23,867
State Aid	17,060,530	19,476,378	17,471,216	(2,005,162)
Federal Aid	13,193,059	18,134,405	14,580,586	(3,553,819)
Amounts Available for Appropriation	102,451,561	111,937,382	115,182,095	3,244,713
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General Government Support	13,023,850	15,687,039	14,565,098	1,121,941
Education	4,138,225	4,157,933	3,672,725	485,208
Public Safety	9,656,396	10,818,888	11,185,258	(366,370)
Health	9,354,416	11,219,131	10,969,102	250,029
Transportation	2,460,313	1,991,019	1,591,175	399,844
Economic Assistance and Opportunity	35,491,140	36,819,660	33,814,534	3,005,126
Culture and Recreation	150,181	157,097	148,350	8,747
Home and Community Services	12,513,502	14,065,978	10,572,784	3,493,194
Employee Benefits	7,798,334	7,798,334	7,406,343	391,991
Debt Service	53,000	53,000	53,000	-
Transfers to Other Funds	7,812,204	8,418,049	8,281,936	136,113
Total Charges to Appropriations	102,451,561	111,186,128	102,260,305	8,925,823
BUDGETARY FUND BALANCE - DECEMBER 31	27,709,002	28,460,256	40,630,792	12,170,536
ADJUSTED BUDGETARY FUND BALANCE - DECEMBER 31	$ 27,709,002	28,460,256	40,630,792	12,170,536

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 5

COUNTY OF FRANKLIN
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
BUDGETARY FUND BALANCE, JANUARY 1	$ 2,162,301	2,162,301	2,162,301	-
RESOURCES (INFLOWS):				
Departmental Income	3,500	3,500	11,147	7,647
Use of Money and Property	-	-	551	551
Miscellaneous Local Sources	-	-	63,245	63,245
Sale of Property and Compensation for Loss	5,000	5,000	33,548	28,548
Interfund Revenues	255,677	255,677	118,801	(136,876)
State Aid	-	850,000	638,491	(211,509)
Transfers from Other Funds	4,554,444	4,554,444	4,554,444	-
Amounts Available for Appropriation	4,818,621	5,668,621	5,420,227	(248,394)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public Safety	-	-	169,379	(169,379)
Transportation	5,468,621	6,316,297	5,493,942	822,355
Total Charges to Appropriations	5,468,621	6,316,297	5,663,321	652,976
BUDGETARY FUND BALANCE, DECEMBER 31	$ 1,512,301	1,514,625	1,919,207	404,582

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A - Budget-to-Actual Reconciliation

An explanation of the differences between bugetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

		GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$	115,182,095	5,420,227
Revenues not included in budgetary comparison, not part of the adopted budget, including subrecipient grants		7,582,158	3,743,533
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes		-	(4,554,444)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds	$	122,764,253	4,609,316
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	$	102,260,305	5,663,321
Expenditures not included in budgetary comparison, not part of the adopted budget, including subrecipient grants		7,582,158	5,704,314
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		(8,281,936)	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds	$	101,560,527	11,367,635

SUPPLEMENTARY INFORMATION

COUNTY OF FRANKLIN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2022

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 1,633,782	48	824,439	2,458,269
Cash and Cash Equivalents- Restricted	339,473	-	-	339,473
Other Receivables, Net	66,439	-	-	66,439
State and Federal Receivables	571,762	-	744,729	1,316,491
Inventories	348,228	-	-	348,228
Prepaid Expenses	21,317	-	-	21,317
Due From Other Funds	-	-	785,091	785,091
Total Assets	2,981,001	48	2,354,259	5,335,308
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts Payable	50,079	-	601,168	651,247
Accrued Liabilities	68,887	-	-	68,887
Due To Other Governments	2,658	-	-	2,658
Due To Other Funds	361,725	-	-	361,725
Total Liabilities	483,349	-	601,168	1,084,517
Deferred Inflow of Resources				
Unavailable Revenue - Community Development Loans	30,503	-	-	30,503
Fund Balances				
Nonspendable:				
Inventory	348,228	-	-	348,228
Prepaid	21,317	-	-	21,317
Committed:				
Restricted:				
Repairs	451,215	-	-	451,215
Other	339,473	-	-	339,473
Assigned				
Assigned Unappropriated	1,306,916	48	1,753,091	3,060,055
Total Fund Balances	2,467,149	48	1,753,091	4,220,288
Total Liabilities, Deferred Inflow or Resources and Fund Balances	$ 2,981,001	48	2,354,259	5,335,308

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Departmental Income	$ 35,592	-	-	35,592
Intergovernmental Charges	-	19,942	-	19,942
Use of Money and Property	674	-	319	993
Sale of Property and Compensation for Loss	39,325	-	-	39,325
Miscellaneous Local Sources	75,420	-	-	75,420
Interfund Revenues	263,724	-	-	263,724
State Aid	1,073,997	-	2,866,414	3,940,411
Federal Aid	-	-	233,909	233,909
Total Revenues	1,488,732	19,942	3,100,642	4,609,316
EXPENDITURES				
General Government Support	2,119	-	-	2,119
Public Safety	169,379	-	-	169,379
Transportation	5,493,942	-	5,020,339	10,514,281
Economic Assistance and Opportunity	514,154	-	-	514,154
Debt Service (Principal and Interest)	-	167,702	-	167,702
Total Expenditures	6,179,594	167,702	5,020,339	11,367,635
Excess of Revenues Over (Under) Expenditures	(4,690,862)	(147,760)	(1,919,697)	(6,758,319)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	4,554,444	147,760	3,579,732	8,281,936
Transfers To Other Funds	-	-	-	-
Net Other Financing Sources (Uses)	4,554,444	147,760	3,579,732	8,281,936
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(136,418)	-	1,660,035	1,523,617
Fund Balances-Beginning of the Year	2,603,567	48	93,056	2,696,671
Fund Balances-End of the Year	$ 2,467,149	48	1,753,091	4,220,288

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2022

	Road Machinery Fund	County Roads Fund	CDBG Fund	Soil and Water Conservation District	Total Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	$ 7,216	1,451,988	1,040	173,538	1,633,782
Cash and Cash Equivalents- Restricted	-	-	-	339,473	339,473
Other Receivables, Net	5,762	12,100	31,014	17,563	66,439
State and Federal Receivables	554,951	16,811	-	-	571,762
Inventories	347,897	-	-	331	348,228
Prepaid Expenses	-	-	-	21,317	21,317
Total Assets	915,826	1,480,899	32,054	552,222	2,981,001
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	36,372	13,707	-	-	50,079
Accrued Liabilities	10,425	55,289	-	3,173	68,887
Due To Other Governments	-	-	1,551	1,107	2,658
Due To Other Funds	325,000	36,725	-	-	361,725
Total Liabilities	371,797	105,721	1,551	4,280	483,349
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue - Community Development Loans	-	-	30,503	-	30,503
Fund Balances					
Nonspendable:					
Inventory	347,897	-	-	331	348,228
Prepaid	-	-	-	21,317	21,317
Restricted:					
Repairs	-	451,215	-	-	451,215
Other	-	-	-	339,473	339,473
Assigned:					
Assigned, Unappropriated	196,132	923,963	-	186,821	1,306,916
Total Fund Balances	544,029	1,375,178	-	547,942	2,467,149
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 915,826	1,480,899	32,054	552,222	2,981,001

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Road Machinery Fund	County Roads Fund	CDBG Fund	Soil and Water Conservation District	Total Special Revenue Funds
REVENUES					
Departmental Income	$ -	11,147	-	24,445	35,592
Use of Money and Property	53	498	69	54	674
Sale of Property and Compensation for Loss	30,956	2,592	-	5,777	39,325
Miscellaneous Local Sources	60,101	3,144	1,362	10,813	75,420
Interfund Revenues	70,801	48,000	-	144,923	263,724
State Aid	571,630	66,861	-	435,506	1,073,997
Total Revenues	733,541	132,242	1,431	621,518	1,488,732
EXPENDITURES					
General Government Support	-	-	2,119	-	2,119
Public Safety	-	169,379	-	-	169,379
Transportation	1,662,637	3,831,305	-	-	5,493,942
Economic Assistance and Opportunity	-	-	-	514,154	514,154
Total Expenditures	1,662,637	4,000,684	2,119	514,154	6,179,594
Excess of Revenues Over (Under) Expenditures	(929,096)	(3,868,442)	(688)	107,364	(4,690,862)
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds	846,406	3,708,038	-	-	4,554,444
Net Other Financing Sources	846,406	3,708,038	-	-	4,554,444
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(82,690)	(160,404)	(688)	107,364	(136,418)
Fund Balances-Beginning of the Year	626,719	1,535,582	688	440,578	2,603,567
Fund Balances-End of the Year	$ 544,029	1,375,178	-	547,942	2,467,149

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 10

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF NET POSITION
COMPONENT UNITS
AS OF DECEMBER 31, 2022 AND JUNE 30, 2022

	IDA December 31, 2022	CDC December 31, 2022	SWMA June 30, 2022	RLWPD December 31, 2022	Total
ASSETS					
Cash and Cash Equivalents	$ 849,542	7,770	815,734	23,637	1,696,683
Restricted Cash and Cash Equivalents	-	-	14,971,699	-	14,971,699
Restricted Investments	-	-	1,666,709	-	1,666,709
Other Receivables, Net	52,240	-	924,046	-	976,286
Other Assets	22,530	-	117,597	-	140,127
Net Pension Asset	43,232	-	479,139	-	522,371
Land	145,033	-	2,064,979	-	2,210,012
Capital Assets, Net of Depreciation	489,554	-	17,001,656	248,813	17,740,023
Total Assets	1,602,131	7,770	38,041,559	272,450	39,923,910
DEFFERED OUTFLOW OF RESOURCES					
Deferred Amount on ERS Pension	98,654	-	962,176	-	1,060,830
Total Deferred Outflows of Resources	98,654	-	962,176	-	1,060,830
LIABILITIES					
Accounts Payable	36,287	925	675,248	-	712,460
Accrued Liabilities	6,942	-	106,240	-	113,182
Other Liabilities	-	-	-	193,275	193,275
Long-Term Liabilities	-	-	-		
Due and Payable Within One Year	-	-	1,909,610	-	1,909,610
Due and Payable After One Year	-	-	24,027,713	-	24,027,713
Total Liabilities	43,229	925	26,718,811	193,275	26,956,240
DEFFERED INFLOW OF RESOURCES					
Deferred Inflows on ERS Pension	152,068	-	1,729,487	-	1,881,555
Total Liabilities and Deferred Inflow of Resources	195,297	925	28,448,298	193,275	28,837,795
NET POSITION					
Net Investment in Capital Assets	634,587	-		55,538	690,125
Restricted Net Position	-	-	16,638,408	-	16,638,408
Unrestricted Net Position	870,901	6,845	(6,082,971)	23,637	(5,181,588)
Total Net Position	$ 1,505,488	6,845	10,555,437	79,175	12,146,945

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF ACTIVITIES
COMPONENT UNITS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND JUNE 30, 2022

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position				
				Business-Type Activities				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	IDA	CDC	SWMA	RLWPD	Total
Business-Type Activities:								
IDA (FYE 12/31/22)								
Administration	$ 343,240	279,203	50,136	(13,901)				(13,901)
CDC (FYE 12/31/22)								
Administration	2,425	-	-		(2,425)			(2,425)
SWMA (FYE 6/30/22)								
Landfill Operations	20,282,412	20,366,649	-			84,237		84,237
RLWPD (FYE 12/31/22)								
Water District Operations	21,349	-	-				(21,349)	(21,349)
Total Component Units	$ 20,649,426	20,645,852	50,136					46,562
General Revenues (Expenses):								
Gain (Loss) on Asset Disposition				30,654	-	-	-	30,654
Water District Tax Revenues				-	-	-	27,000	27,000
Restricted Investment Earnings				2,704	1	40,308	-	43,013
Total General Revenues				33,358	1	40,308	27,000	100,667
Change in Net Position				19,457	(2,424)	124,545	5,651	147,229
Net Position-Beginning of the Year				1,486,031	9,269	10,430,892	73,524	11,999,716
Net Position-End of the Year				$ 1,505,488	6,845	10,555,437	79,175	12,146,945

The accompanying notes are an integral part of these financial statements.

FEDERAL AWARDS INFORMATION

COUNTY OF FRANKLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Funding Agency, Pass Through Agency, and Program Title	Federal Assistance Listing		Pass-Through Entitiy Identifying Number	Pass-Through to Subrecipients	Expenditures 2022	Program Expenditures By Dept.
U.S. Department of Agriculture:						
Pass Through Agency - NYS Department of Health and Human Services						
SNAP Cluster						
Supplemental Nutrition Assistance Program (SNAP)Administrative Costs	10.561		N/A	$	621,904	
Total U.S. Department of Agriculture						621,904
U.S. Department of Health & Human Services:						
Pass Through Agency - NYS Office of the Aging						
Balancing Incentive Program/ SHINE (Cluster)	93.778	*	N/A		69,161	
Title III-D	93.043		N/A		3,342	
Title III-E	93.052		N/A		28,892	
Aging Cluster:						
III-B	93.044		N/A	48,832		
Nutrition III-C	93.045		N/A	107,030		
Nutrition III-C (FAMILIES FIRST CORONAVIRUS RESPONSE ACT))	93.045	@	N/A	69,709		
Commodity Foods-NSIP	93.053		N/A	108,535		
Aging Cluster					334,106	
MIPA	93.071		N/A		16,859	452,360
Pass Through Agency - NYS Department of Family Assistance						
Social Services Block Grant (Title XX)	93.667		N/A		433,360	
Social Services Block Grant (Title XX)-ARPA	93.667	@	N/A		13,166	
Transportation Initiative	93.558		N/A		40,207	
Temporary Assistance for Needy Families(TANF) (INCLUDES FLEXIBLE FUND FOR FAMILY SERVICES)	93.558		N/A		3,917,775	
Low Income Home Energy Assistance and WRAP	93.568	*	N/A		7,847,020	
Low Income Home Energy Assistance and WRAP- ARPA	93.568	@ *	N/A		87,449	
Child Care and Development Block Grant	93.575/93.596	*	N/A		756,267	
Child Support Enforcement (Title IV - D)	93.563		N/A		469,661	
Foster Care (Title IV-E)	93.658		N/A		1,479,198	
Adoption	93.659		N/A		10,563	
Child Abuse and Neglect State Grant	93.669		190NYNCAN		124,792	15,179,458
Pass Through Agency - NYS Health Department						
Medical Assistance Program(Medicaid; Title XIX) (Cluster)	93.778	*	N/A		778,450	
Immunization Action Plan	93.268		C025026/C0248291		16,112	
Immunization Action Plan(Flu/COVID supplemental)	93.268	@	C-32516GG		31,839	
Childhood Lead Poisoning Prevention	93.994		C020606		19,607	
Early Intervention Administration	84.181		C027479		15,727	
Federal Reimbursement/CSHCN	93.994		C021551		6,188	867,923
Pass Through Agency - NYS Office of Mental Health						
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)(SAMHSA)	93.104	*	1H79SM084019-1		386,361	
Federal Medicaid Administrative Salary Sharing (Cluster)	93.778	*	N/A		25,843	412,204
Pass Through Agency - Health Research Incorporated						
Public Health Emergency Preparedness Program	93.069		C023328		46,865	
Epidemiology and Laboratory Capacity for Infectious Diseases(CARES FUNDING)	93.323	@	HRI contracts		609,329	656,194
Total U.S. Depatment of Health and Human Services						17,568,139
U.S. Department of Transportation:						
Pass Through Agency - NYS Department of Transportation						
Public Transportation (FTA Section 5311)	20.509		GDV-DOT-08762	220,285		
Formula Grants for Rural Areas					220,285	
Federal Aid Highway Program(HBRR/STP)	20.205		3337460/3363340/ 3338160/3336920/3337780	233,909		
Highway Planning and Construction Cluster					233,909	
Ignition Interlock	20.601		N/A	3,503		
Highway Safety Cluster					3,503	
Total U.S. Department of Transportation						457,697
U.S. Department of Homeland Security						
Pass Through Agency - New York State Division of Homeland Security and Emergency Services						
Hazard Mitigation Grant	97.039		PDM-2018-12		46,780	
Homeland Security Grant Program- SHSP	97.067		WM C970590/WM C970500 WM C181810	29,734		
Red Team Exercise- SHSP	97.067		WM 16180028	4,516		
Cyber Security Grant Program	97.067		WM17181880	52,845		
Operation Stonegarden	97.067		WM19970599	32,985		
Homeland Security Grant Program					120,080	
Total U.S. Department of Homeland Security						166,860

See accompanying Notes to Schedule of Expenditures of Federal Awards.

U.S. Department of Treasury:					
American Rescue Plan Funding	21.027	@ * SLT-1519		2,949,386	
					2,949,386
U.S. Department of Housing and Urban Development:					
Emergency Solutions Grants (ESG) Program	14.231	N/A		199,215	
MicroEnterprise Grant	14.218	419CVSB11-21		362,092	561,307
U.S. Department of Justice:					
Residential Substance Abuse Treatment (RSAT)	16.593	N/A		4,533	
State Criminal Alien Assistance Program (SCAAP)	16.606	15PBJA21RRO		115,474	
Pass Through Agency- New York State Division Criminal Justice					
Federal Equitable Sharing	16.922	NY016013A		35,324	
Total U.S. Department of Justice					155,331
Total Federal Financial Assistance Program Expenditures			$ 0		22,480,624
MEDICAID CLUSTER (Various Pass-through Above)					
Balancing Incentive Program/ SHINE (Cluster)	93.778			69,161	
Medical Assistance Program(Medicaid; Title XIX) (Cluster)	93.778			778,450	
Federal Medicaid Administrative Salary Sharing (Cluster)	93.778			25,843	
Total Medicaid Cluster					873,454

@ CARES FUNDING/FAMILIES FIRST CORONAVIRUS RESPONSE ACT

*** Major Program**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF FRANKLIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County of Franklin under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial assistance programs administered by Franklin County, New York, an entity as defined in the financial statements, except that it does not include the federal financial assistance programs, if any, of the Franklin County Industrial Development Agency.

2. PASS-THROUGH PROGRAMS

Where the County of Franklin receives funds from a government entity other than the federal government ("pass-through"), the funds are accumulated based upon the Assistance Listing Numbers (previously known as the Catalog of Federal Domestic Assistance ("CFDA") number) advised by the pass-through grantor. Identifying numbers, other than assistance listing numbers, which may be assigned by pass-through grantors, are not maintained in the County's financial management system.

3. NONMONETARY FEDERAL PROGRAMS

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "non-monetary programs". During the fiscal year ended December 31, 2022, Franklin County distributed over $21.4 million worth of food stamps to eligible persons participating in the Food Stamps Program (Assistance Listing Number 10.561). This amount is not included in the schedule of expenditures of federal awards, only the portion for administrative reimbursement and emergency are included

In 2008, the State started to pay for all regular HEAP payments to individuals instead of the County. For 2022, the State paid $7,582,158 in HEAP benefits to eligible directly

Franklin County residents. This amount is included in the schedule of expenditures of federal awards.

NOTE C - INDIRECT COSTS / INDIRECT COST RATE

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The County did not elect to use the 10 per cent de minimum indirect cost rate as permitted under Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE D - MATCHING COSTS

Matching costs, i.e., the County of Franklin's share of certain program costs, are not included in the Schedule of Expenditures of Federal Awards.

Kenneth S. Frank, CPA
Roger J. Lis, Jr., CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

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

To the Chairman and Members
of the Legislature of the County of Franklin
Malone, New York 12953

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 governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Franklin (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 27, 2023. Our report includes a reference to other auditors who audited the financial statements of the Franklin County Industrial Development Agency and the Franklin County Civic Development Agency, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

R.A. Mercer & Co., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 27, 2023

R A M

Kenneth S. Frank, CPA
Roger J. Lis, Jr., CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

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

To the Chairman and Members
of the Legislature of the County of Franklin
Malone, New York 12953

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Franklin's 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 each of County of Franklin's major federal programs for the year ended December 31, 2022. County of Franklin's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Franklin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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

We are required to be independent of County of Franklin 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 each major federal program. Our audit does not provide a legal determination of County of Franklin's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Franklin'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Franklin's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Franklin'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 County of Franklin'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 County of Franklin'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 27, 2023

COUNTY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I – Summary of Auditors Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ______ yes __x_ no

Significant deficiency(ies) identified? _____ yes __x__none reported

Noncompliance material to financial statements noted? _____ yes __x___ no

Federal Awards

Internal control over major programs;

Material weakness(es) identified? _____ yes __x__ no

Significant deficiency(ies) identified? _____ yes __x__ none reported

Type of auditors report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __x__ no

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.568	Low Income Home Energy Assistance and WRAP and LIHEAP ARPA
93.575/93.596	Child Care and Development Block Grant
93.778	Medical Assistance
93.778	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SAMHSA)
21.027	American Rescue Plan Funding

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? __x__yes ____ no

Section II – Financial Statement Findings

No financial statement finding for the year ended December 31, 2022.

Section III – Federal Award Findings and Questioned Costs

No findings and questioned costs for the year ended December 31, 2022.

COUNTY OF FRANKLIN
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

No audit findings were noted in the December 31, 2021 audit report.

THIS PAGE LEFT INTENTIONALLY BLANK

R A M

Kenneth S. Frank, CPA
Roger J. Lis, Jr., CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND CONTROLS OVER STATE TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chairman and Members
of the Legislature of the County of Franklin
Malone, New York 12953

Compliance

We have audited the compliance of the County of Franklin with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on each of its state transportation assistance program tested for the year ended December 31, 2022. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questions costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state transportation assistance programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Franklin's, New York State's transportation assistance programs tested based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Draft part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about the County of Franklin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program tested. However, our audit does not provide a legal determination on the County of Franklin's compliance with those requirements.

Opinion

In our opinion, the County of Franklin complied in all material respects with the requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs tested for the year ended December 31, 2022.

Internal Control over Compliance

The management of the County of Franklin is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered the County of Franklin's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state transportation assistance program tested and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Franklin internal control over compliance.

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

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

Schedule of State Transportation Assistance Expended

We have audited the financial statements of the County of Franklin as of and for the year ended December 31, 2022, and have issued or report thereon dated July 27, 2023. Our audit was performed for the purpose of forming an opinion on the County of Franklin's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft part 43 of NYCRR and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the County of Franklin's management and the New York State Department of Transportation, however, this report is a matter of public record, and its distribution is not limited.

R.A. Mercer & Co, P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 27, 2023

COUNTY OF FRANKLIN
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2022

Program Title	NYDOT Contract/Ref. Number	Expenditures
CHIPS Capital Reimbusrement Project	720000	$ 1,935,989
EWR	720000	387,997
PAVE NY	720000	400,819
Marchicelli/bond Match for Federal Aid Highway	Various	-
State Transit Operating Assistance (STOA) (18B)	1000002590	69,800
State Transit Operating Assistance (STOA) (Dedicated)'@	1000002590	1,040,829
Total		$ 3,835,434

'@ STOA dedicated noted a STOA reserve $78,376 which was deferred

COUNTY OF FRANKLIN
NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2022

A. General

The accompanying Schedule of State Transportation Assistance Expended of the County of Franklin presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

B. Basis of Accounting

The accompanying Schedule of State Transportation Expended is presented using the accrual basis of accounting.

C. Indirect Costs

No indirect costs allocated to any of these projects.

D. Matching Costs

For the Marchicelli program the County match is 5% of the costs, however, no such costs were recorded this year.

E. Amounts Paid to Subrecipients

The County had no subrecipients with these grants.

COUNTY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Audit Results:

Internal Control over state transportation assistance expended:

Material weakness(es) identified	No
Reportable conditions identified that are not considered to be material weakness(es)?	None reported

Type of auditor's report issued on compliance for programs tested:	Unmodified

Identification of State transportation Assistance Programs tested:

Name

CHIPS- Capital Reimbusements
EWR
PAVE NY
State portion of Marchicelli
State Transit Operating Assistance (STOA)

Compliance Findings and Questioned Costs:

No matters were reported.

COUNTY OF FRANKLIN

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

INCLUDING SINGLE AUDIT REPORTS

FOR THE YEAR ENDED DECEMBER 31, 2021

COUNTY OF FRANKLIN

FOR THE YEAR ENDED DECEMBER 31, 2021

Executives

County Manager	Donna Kissane
Treasurer	Frances Perry
Deputy Treasurer	Shari Fournier
County Clerk	Kip Cassavaw
County Auditor	Mandy Cassavaw
County Attorney	Janelle LaVigne

Franklin County Legislature - January 1, 2022

Chairman	Donald Dabiew, District #5
Vice-Chairman	Gregory A. Janisewski, District #2
Majority Leader	Paul A. Lauzon, District #1
Minority Leader	Paul A. Maroun, District #6
Legislators	Andrea M. Dumas, District #3
	Lindy Ellis, District #7
	Edward Lockwood, District #4

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TABLE OF CONTENTS

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TABLE OF CONTENTS (CONTINUED)

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TABLE OF CONTENTS (CONTINUED)

THIS PAGE LEFT INTENTIONALLY BLANK

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members
of the Legislature of the County of Franklin
Malone, New York 12953

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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 opinions.

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 County'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 opinions. We did not audit the financial statements of the Franklin County Industrial Development Agency and the Franklin County Civic Development Corporation, each of which represents 4 percent of the respective assets, 12 percent of the net position, and 2 percent of revenues of the component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Franklin County Industrial Development Agency and the Franklin County Civic Development Corporation, is based solely on the reports of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when

Member of AICPA

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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County'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 other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining nonmajor fund financial statements, combing component unit statements, NYS DOT supplemental information, and 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 September 12, 2022 on our consideration of the County'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 County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

R.A. MERCER & CO., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
September 12, 2022

THIS PAGE LEFT INTENTIONALLY BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Franklin's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2021. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position increased by $15,225,272, from $48,517,208 to $63,742,480. Other non-property tax revenue items were approximately $4.1 million higher than the prior year and capital grants were approximately $574 thousand higher than the prior year. In addition, economic assistance and opportunity expenses, net of HEAP reimbursements increased by approximately $3.7 million from the prior year. The County spent revenues of approximately $912 thousand in 2021 under the Coronavirus Aid, Relief, and Economic Security Act ("CARES" Act) compared to $627 thousand spent in 2020.

- During the year ended December 31, 2021, the County's governmental activities expenses were $82,181,833 compared to revenues of $97,802,126. $50,859,047, or 52.0 percent of the County's total revenue, was from property and non-property tax items (sales tax). For 2020, $45,848,011, or 51.5 percent of the County's total revenue, was from property and non-property tax items.

- The County's component units had a combined increase in net position of $2,744,339. The Franklin County Solid Waste Management Authority had operating net income of $2,717,214 on revenues of $17,722,392 and expenses of $15,005,178. It also had investment earnings of $52,513 which resulted in a net position increase of $2,769,727 for the Authority. The Franklin County Industrial Development Agency had a decrease in net position of $29,938, and the Rainbow Lake Water Protection District had an increase in net position of $6,974. The Franklin County Civic Development Corporation had a decrease in net position of $2,424.

OVERVIEW OF THE FINANCIAL STATEMENTS

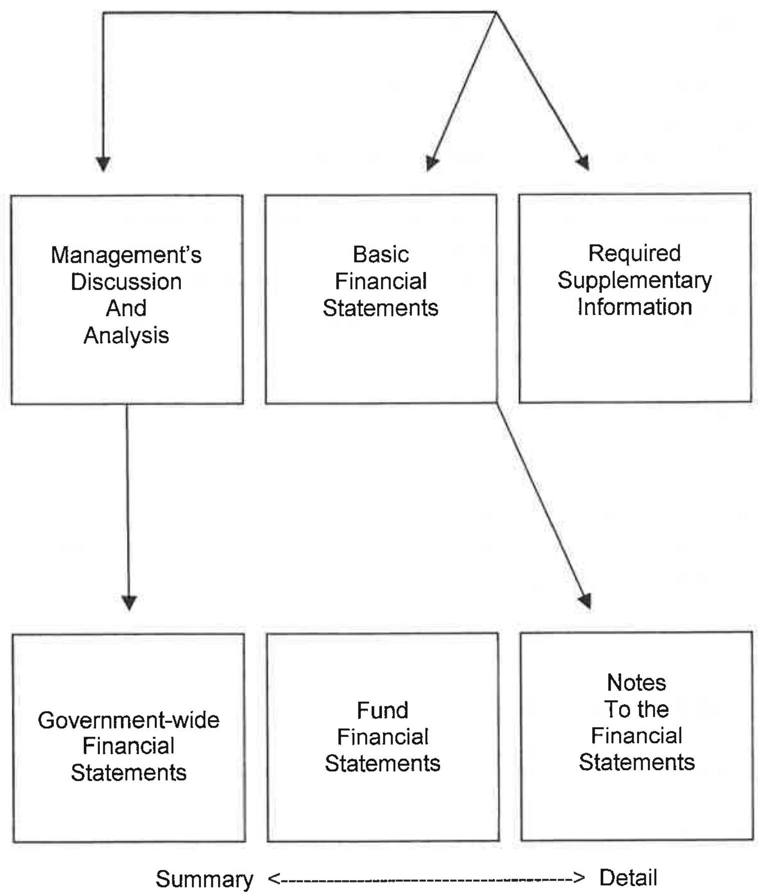
This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government wide financial statements which provide both long-term and short-term information about the County's overall financial status.

- The remaining statements are fund financial statements which focus on individual parts of the County government, reporting the County's operations in more detail than the government wide statements.
  - Governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

- Proprietary fund statements offer short- and long-term financial information about the activities of the government, such as the Internal Service Fund.
- Fiduciary fund statements provide information about the financial resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County has two types of fiduciary funds. The custodial fund, which is used to account for funds held by the County as agent for purposes such as guarantee and bid deposits, court funds, and other miscellaneous items, and the private-purpose trust fund, which is used to account for funds held by the County as agent for the donations made to specific trusts.

Figure A-1
Required Components of
Franklin County's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

Major Features of Franklin County's Government-Wide and Fund Financial Statements

		Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses.	Instances in which the County is the trustee or agent for someone else's resources
Required financial Statements	. Statement of net position . Statement of activities	. Balance sheet . Statement of revenues, expenditures, and changes in fund balances	. Statement of net position . Statement of revenues, expenses, and changes in net position . Statement of cash flows	. Statement of fiduciary net position . Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

County-Wide Statements

The County-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government wide statements report the County's net position and how it has changed. Net position - the difference between the County's assets and liabilities - is one way to measure the County's financial health, or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the County it is necessary to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure.

The government wide financial statements of the County are divided into three categories:

- Governmental activities - Most of the County's basic services are included here, such as the police, fire, public works, and parks departments, and general administration. Property taxes, sales tax, and state and federal grants finance most of these activities.
- Business-type activities - The County charges fees to customers to help it cover the costs of certain services it provides.
- Component units - The County includes three other entities in its report - the Franklin County Industrial Development Agency, Franklin County Civic Development Corporation, Franklin County Solid Waste Management Authority, and the Rainbow Lake Water Protection District. Although legally separate, these "component units" are important because the County is financially accountable for them. These audit reports are available at the County building.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, although not for the County as a whole. Funds are accounting devices that the County uses to track specific sources of funding and spending.

- Some funds are required by State law and by bond covenants.
- The County Legislature establishes other funds to control and manage money for particular purposes.

The County has three kinds of funds:

- Governmental funds - Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government wide statements, provide both long- and short-term financial information.

  - We use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities, such as the Workers' Compensation Fund.

- Fiduciary funds - the County is the trustee, or fiduciary, and is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's combined net position is $75,742,196, which is greater than last years' net position by $17,969,611, which includes the component units. The following is a summary of the county's net position:

Net position of the County's governmental activities increased $15,225,272 to $63,742,480. However, a portion of that net position is either restricted as to the purposes for which it can be used or is invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position is $12,099,854 at the end of this year. This means that the County does have resources available to pay its obligations next year based on the full accrual basis of accounting. Based on fund accounting, the General Fund has $22,094,819 in unassigned fund balance at the end of 2021 compared to $10,386,229 at the end of 2020.

Summary of Net Position
as of December 31, 2021 and 2020
(in Millions)

	Primary Government Governmental Funds (In Millions)		
	2021	2020	Change
Current and other assets	$ 74.32	60.08	14.24
Capital assets, net	48.26	48.22	0.04
Total assets	122.58	108.30	14.28
Deferred outflows of resources	23.10	18.97	4.13
Current liabilities	16.85	22.02	(5.17)
Non-current liabilities	32.78	51.15	(18.37)
Total liabilities	49.63	73.17	(23.54)
Deferred inflows of resources	32.31	5.58	26.73
Net investment in capital assets	46.75	46.47	0.28
Restricted net position	4.89	4.36	0.53
Unrestricted net position	12.10	(2.31)	14.41
Total net postion	$ 63.74	48.52	15.22

Changes in Position

Only 20 percent of the County's revenue comes from property taxes. Another 10 percent comes from fees charged for services, and 32 percent from non-property tax items (sales tax). The remaining 38 percent revenues comprise state and federal aid and a small amount from investment earnings.

The total costs of all programs in governmental activities have decreased by approximately $7.0 million, or approximately 7.8 percent from the prior year. The largest portion of the County's expenses, (approximately 45 percent), is for Economic Assistance and Opportunity, which is supported, for the most part, by state and federal revenues. The largest portion of the deficit in funding is the cost of Medicaid, which is budgeted.

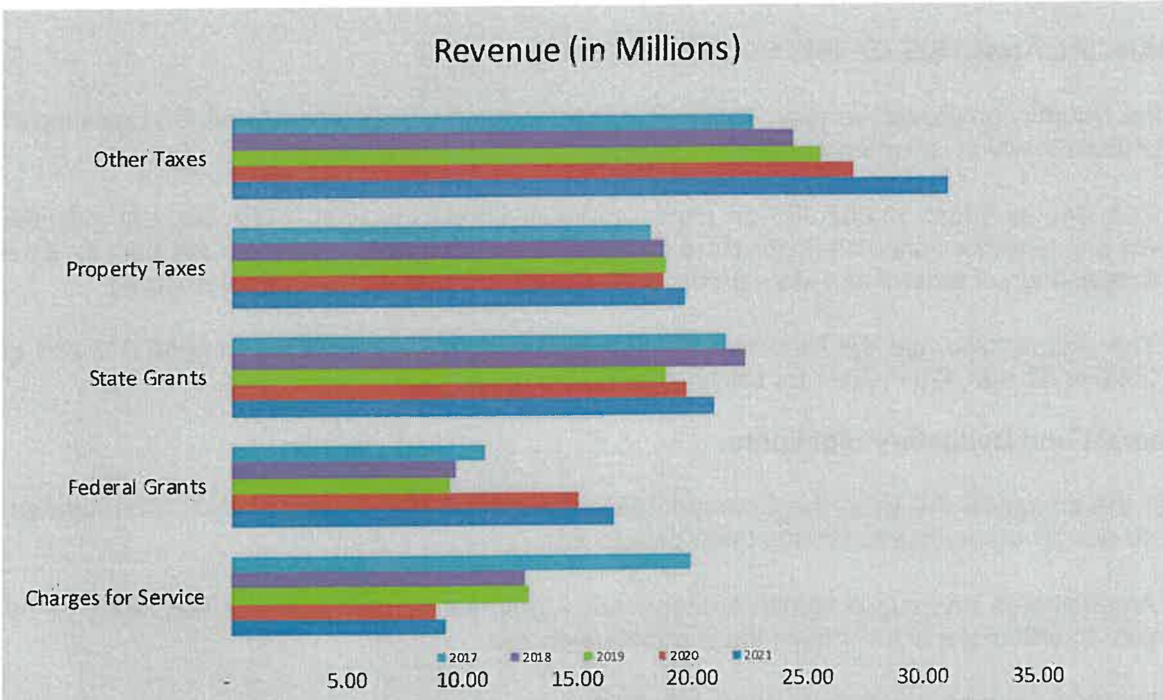
Governmental Activities

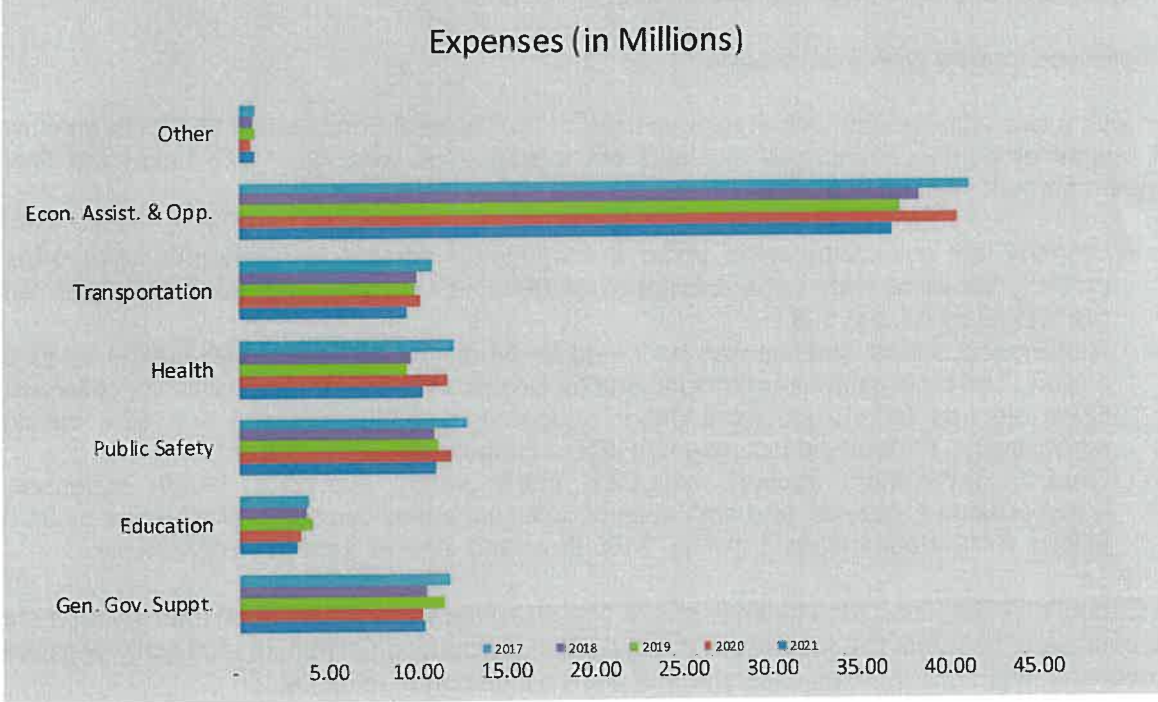
Revenues for the County's governmental activities increased by approximately $8.1 million, or 9.0 percent, from the prior year.

Changes in Net Position
(In Millions)

	Total Primary Governmental	
	2021	2020
REVENUES		
Program Revenues		
Charges for Service	$ 9.31	8.92
Federal Grants	16.64	15.12
State Grants	20.99	19.81
General Revenues		
Property Taxes	19.72	18.78
Other Taxes	31.13	27.07
Investment Earnings	0.01	0.01
Total Revenues	97.80	89.71
EXPENSES		
General Government Support	10.48	10.43
Education	3.26	3.51
Public Safety	11.16	11.98
Health	10.41	11.76
Transportation	9.55	10.32
Economic Assistance and Opportunity	36.78	40.49
Culture and Recreation	0.11	0.14
Home and Community Services	0.43	0.45
Debt Service	0.01	0.07
Total expenses	82.19	89.15
Increase (Decrease) in Net Position from Operations	15.61	0.56
Cumulative Effect of Change in Accounting Principles	-	0.28
Prior Period Adjustment	(0.39)	-
Increase (Decrease) in Net Position	$ 15.22	0.84

Property tax revenues were unfavorable by $542,908 compared to the final budget estimates. The County's final budget estimated revenue exceeded the actual revenue sources by $721,078.


Revenue (in Millions)
Other Taxes
Property Taxes
State Grants
Federal Grants
Charges for Service
2017
2018
2019
2020
2021
-
5.00
10.00
15.00
20.00
25.00
30.00
35.00


Expenses (in Millions)
Other
Econ. Assist. & Opp.
Transportation
Health
Public Safety
Education
Gen. Gov. Suppt.
2017
2018
2019
2020
2021
-
5.00
10.00
15.00
20.00
25.00
30.00
35.00
40.00
45.00

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of $30,405,673, which is higher than last year by approximately $13.0 million.

- The County spent $3,682,985 on capital projects during the year. This amount includes expenditures for various infrastructure improvements. These expenditures are paid for by a combination of federal and state grants and use of the general fund Capital Reserve.

- The County also had the New York State retirement expense increase from $2,637,836 in 2020 to $2,840,499 in 2021 for the primary government.

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances.

- Increases in appropriations to prevent budget overruns.

- Increases for new grants or revenue.

Even with these adjustments, actual expenditures in the General Fund were $14,663,928 below final budget amounts. Resources available for appropriation were $721,078 below the final budgeted amount. As noted earlier:

- Property tax collections were under the budgeted amount by $542,902 while other property tax items were under budget by $1,096,544. Non-property tax items exceeded the budget by $7,393,509.
- Miscellaneous local sources was budgeted for $4 million and was under budget by $2.9 million. The main component was income for Casino of $2 million which was not collected.
- State aid and federal aid were under budgeted by $770 thousand and $2.7 million respectively. Federal aid included CARES funding which was not spent.
- General government support expenses, public safety expenses, health expenses, transportation expenses, and employee benefits expenses came in under budget by $4.0 million, $716 thousand, $1.1 million, $408 thousand, and $1.4 million respectively.

The County's general fund fund balance of $27,709,002 differs from the general fund's budgetary fund balance of $13,766,152 reported in the budgetary comparison schedule principally because the overestimation of expenses exceeded the underestimation of revenue.

Capital Assets

At the end of 2021, the County had invested $140,542,546 in a broad range of capital assets, including equipment, buildings, roads, and bridges. This amount represents a net increase (including additions and deletions) of $5,046,645 over last year.

	2021 Total	2020 Total
Land	$ 437,016	437,016
Buildings and Improvements	30,290,343	30,271,272
Equipment	18,154,887	16,825,437
Infrastructure	88,493,439	85,555,835
Construction-in-Progress	3,166,861	2,406,341
	$ 140,542,546	135,495,901

The major additions for the year included construction in progress associated with various roads and bridges.

Long-Term Debt

At year-end, the County had $2,792,462 in bonds, leases, notes, retirement liabilities, and compensated absences outstanding - a decrease of $20,604,024 from last year which included a $20,152,255 decrease in the New York State pension liability per the GASB 68 calculation. This decrease was offset by changes in deferred outflow and deferred inflows of resources. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements. During the year, the County contracted an actuarial firm to calculate the liability for the unfunded post-employment benefits. The total liability was $30,264,665 at the end of 2021, which is approximately a $2.5 million increase from 2020. Standard and Poor's Global Rating upgraded the rating for the Franklin County, New York General Obligation Bonds from "BBB+" to "A" and kept the outlook at "stable."

Limitations on Debt

The State limits the amount of general obligation debt the County can issue to 3 percent of the assessed value of all taxable property within the County's limits. The outstanding debt is significantly below this limit.

County of Franklin Outstanding Debt

	Governmental Activities	
	2021 Total	2020 Total
Leases Payable	$ 1,501,020	1,752,537
Serial Bonds - 2019	206,107	218,510
Compensated Absences	1,009,611	1,197,460
New York State Net Pension Liability	75,724	20,227,979
Post Employment Benefit Obligation	30,264,665	27,752,527
Total	33,057,127	51,149,013
Due Within One Year	276,526	383,667
Due in More Than One Year	$ 32,780,601	50,765,346

ECONOMIC FACTORS AND SUBSQUENT BUDGET

Franklin County, with a population of 49,508 according to the Federal Census Bureau, is in northern New York State along the Canadian border. It is also bordered by Clinton County to the east, St. Lawrence County to the west and Essex and Hamilton Counties to the south. The County's economy relies on the various government facilities and other facilities for employment. Additional leading employers are Sunmount Hospital, Mohawk Casino, NYS Correctional Facilities and the six school districts.

In 2021, the County's 4.7% average unemployment rate was below the State's 6.9% average as well as the nation's 5.4% average. The nation's economy had shown signs of improvement as levels peaked at 6.4% early in the year then settled at 3.9% at year end. The State's unemployment rate ranged between 5.4% and 8.6% while the County's unemployment rate peaked at 6.7% in February but ended the year at 3.0%.

The 2022 adopted budget will reflect a 0.49% increase in the County tax levy. The 2022 tax rate is established at $4.34 per thousand, which is a decrease from the 2021 tax rate of $4.45 per thousand. The 2022 adopted budget shows total appropriations of $113,197,885 and total revenue of $94,649,427. Total county full value per the assessment roll is $4.093 billion.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Frances Perry, Franklin County Treasurer, 355 West Main Street, Suite 140, Malone, New York, 12953.

FINANCIAL SECTION

THIS PAGE LEFT INTENTIONALLY BLANK

EXHIBIT A

COUNTY OF FRANKLIN
STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 31,244,230	1,243,964
Cash and Cash Equivalents, Restricted	4,408,816	14,820,511
Restricted Investments	-	1,666,709
Taxes Receivable, Net	24,393,640	-
Other Receivables, Net	974,942	871,596
State and Federal Receivables	11,746,689	-
Prepaid Expenses	17,610	-
Due from Other Governments	1,224,950	-
Inventory	317,265	-
Other Assets	-	197,025
Capital Assets:		
Land and Construction in Progress	3,603,877	2,213,037
Capital Assets, Net of Depreciation	44,651,713	19,944,001
Total Assets	122,583,732	40,956,843
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows on ERS Pension	17,706,990	1,296,202
Deferred Outflows on OPEB	5,383,365	-
Total Deferred Outflows of Resources	23,090,355	1,296,202
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	145,674,087	42,253,045
LIABILITIES		
Accounts Payable	3,400,901	482,600
Accrued Liabilities	848,695	170,300
Other Liabilities	105,292	206,107
Due to Other Governments	12,206,876	-
Long-Term Liabilities		
Due and Payable Within One Year	276,526	2,252,779
Due and Payable After One Year	32,780,601	25,355,621
Total Liabilities	49,618,891	28,467,407
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows on ERS Pension	22,934,215	1,785,922
Deferred Inflows on OPEB	3,110,658	-
Unavailable Grants	6,220,896	-
Unavailable Revenue - Community Development Loans	31,702	-
Total Deferred Inflow of Resources	32,312,716	1,785,922
NET POSITION		
Net Investment in Capital Assets	46,754,570	693,212
Restricted for:		
Retirement	1,234,123	-
Unemployment Insurance	657,264	-
Insurance	331,266	-
Tax Stabilization	242,023	-
Capital Reserve (Mortgage Tax)	1,242,064	-
Repairs	451,215	-
District Attorney	22,510	-
Other	707,591	16,487,220
Unrestricted (Deficit)	12,099,854	(5,180,716)
Total Net Position	$ 63,742,480	11,999,716

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

COUNTY OF FRANKLIN
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Total	Component Units
Primary Government:							
Governmental Activities:							
General Government Support	$ 10,478,260	4,894,364	405,821	-	(5,178,075)	(5,178,075)	
Education	3,255,749	-	1,044,013	-	(2,211,736)	(2,211,736)	
Public Safety	11,150,591	143,822	1,335,474	-	(9,671,295)	(9,671,295)	
Health	10,396,298	1,616,814	5,858,296	-	(2,921,188)	(2,921,188)	
Transportation	9,552,347	586,985	-	4,943,193	(4,022,169)	(4,022,169)	
Economic Assistance and Opportunity	36,757,270	2,051,459	24,040,178	-	(10,665,633)	(10,665,633)	
Culture and Recreation	110,883	-	-	-	(110,883)	(110,883)	
Home and Community Services	429,628	-	-	-	(429,628)	(429,628)	
Debt Service Interest	9,207	19,942	-	-	10,735	10,735	
Total Governmental Activities	82,181,833	9,313,386	32,683,782	4,943,193	(35,241,472)	(35,241,472)	
Total Primary Government	82,181,833	9,313,386	32,683,782	4,943,193	(35,241,472)	(35,241,472)	
Component Units:							
IDA (FYE 12/31/21)	406,160	287,835	43,240	-			(75,085)
CDC (FYE 12/31/2021)	2,425	-	-	-			(2,425)
Landfill Operations (FYE 6/30/21)	15,005,178	17,722,392	-	-			2,717,214
Water District Operations (FYE 12/31/21)	20,026	-	-	-			(20,026)
Total Component Units	$ 15,433,789	18,010,227	43,240	-			2,619,678
General Revenues (Expenses):							
Taxes:							
Property Taxes, Levied for General Purposes					19,715,538	19,715,538	-
Nonproperty Tax Items, for General Purposes					31,143,509	31,143,509	-
Water District Tax Revenues					-	-	27,000
Restricted Investment Earnings					2,718	2,718	55,373
Total General Revenues					50,861,765	50,861,765	124,661
Change in Net Position					15,620,293	15,620,293	2,744,339
Net Position-Beginning of the Year					48,517,208	48,517,208	9,255,377
Prior Period Adjustment					(395,021)	(395,021)	-
Net Position-End of the Year					$ 63,742,480	63,742,480	11,999,716

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
BALANCE SHEETS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2021

		General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$	27,503,113	1,834,737	29,337,850
Cash and Cash Equivalents- Restricted		4,101,225	307,591	4,408,816
Taxes Receivable, Net		24,393,640	-	24,393,640
Other Receivables, Net		657,467	66,108	723,575
State and Federal Receivables		10,594,525	1,152,164	11,746,689
Prepaid Expenses		710,125	17,610	727,735
Due from Other Governments		1,224,950	-	1,224,950
Due from Other Funds		2,169,052	1,572,382	3,741,434
Inventory		6,471	310,794	317,265
Total Assets		71,360,568	5,261,386	76,621,954
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable		3,206,302	194,599	3,400,901
Accrued Liabilities		818,769	29,038	847,807
Other Liabilities		105,292	-	105,292
Unearned Revenues		19,661,373	-	19,661,373
Due to Other Funds		1,434,713	2,306,721	3,741,434
Due to Other Governments		12,204,221	2,655	12,206,876
Total Liabilities		37,430,670	2,533,013	39,963,683
DEFERRED INFLOW OF RESOURCES				
Unavailable Grants		6,220,896	-	6,220,896
Unavailable Revenue - Community Development Loans		-	31,702	31,702
Total Deferred Inflow of Resources		6,220,896	31,702	6,252,598
Fund Balances				
Nonspendable				
Inventory		6,471	310,794	317,265
Prepaids		710,125	17,610	727,735
Restricted For:				
Retirement		1,234,123	-	1,234,123
Unemployment Insurance		657,264	-	657,264
Insurance		331,266	-	331,266
Tax Stabilization		242,023	-	242,023
Capital Reserve (Mortgage Tax)		1,242,064	-	1,242,064
District Attorney		22,510	-	22,510
Repairs		-	451,215	451,215
Other		-	307,591	307,591
Assigned To:				
Assigned Appropriated		-	-	1,168,337
Assigned Unappropriated		1,168,337	1,609,461	1,609,461
Unreserved		22,094,819	-	22,094,819
Total Fund Balances		27,709,002	2,696,671	30,405,673
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$	71,360,568	5,261,386	76,621,954

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		48,255,590
Internal service funds are used by managment to charge the cost of workers' compensation to individual funds. The assets and liabilities of this fund are included in governmental activities in the Statement of Net Position		1,936,395
Adjustment for GASB Statement No. 68, New York State retirement.		(6,013,074)
Recording of Long-Term Capital Lease		(1,501,020)
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		19,661,373
Interest on debt is recorded as an expenditure in governmental funds when it is due. On the Statement of Net Position interest is recognized as it accrues.		(888)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(29,001,569)
Net Position of Governmental Activities	$	63,742,480

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

COUNTY OF FRANKLIN
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Real Property Taxes	$ 17,386,443	-	17,386,443
Real Property Tax Items	1,612,293	-	1,612,293
Non-Property Tax Items	31,143,509	-	31,143,509
Departmental Income	12,265,900	73,657	12,339,557
Intergovernmental Charges	9,150,507	19,942	9,170,449
Use of Money and Property	414,955	389	415,344
Fines and Forfeitures	163,984	-	163,984
Sale of Property and Compensation for Loss	786,711	86,829	873,540
Miscellaneous Local Sources	1,067,127	6,243	1,073,370
Interfund Revenues	419,320	330,191	749,511
State Aid	17,424,220	3,561,448	20,985,668
Federal Aid	15,086,441	1,554,866	16,641,307
Total Revenues	106,921,410	5,633,565	112,554,975
EXPENDITURES			
General Government Support	10,097,941	-	10,097,941
Education	3,296,417	-	3,296,417
Public Safety	10,720,100	211,831	10,931,931
Health	10,516,264	-	10,516,264
Transportation	1,469,037	9,350,195	10,819,232
Economic Assistance and Opportunity	35,956,234	1,241,657	37,197,891
Culture and Recreation	183,417	-	183,417
Home and Community Services	9,144,074	-	9,144,074
Employee Benefits	6,670,341	-	6,670,341
Debt Service (Principal and Interest)	53,000	207,778	260,778
Total Expenditures	88,106,825	11,011,461	99,118,286
Excess of Revenues Over (Under) Expenditures	18,814,585	(5,377,896)	13,436,689
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	5,180,882	5,180,882
Transfers to Other Funds	(5,108,585)	(72,297)	(5,180,882)
Net Other Financing Sources (Uses)	(5,108,585)	5,108,585	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	13,706,000	(269,311)	13,436,689
Fund Balances, Beginning of the Year	14,398,023	2,965,982	17,364,005
Prior Period Adjustment	(395,021)	-	(395,021)
Fund Balances, End of the Year	$ 27,709,002	2,696,671	30,405,673

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Total Net Change in Fund Balances-Governmental Funds	$ 13,436,689
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of $5,131,094 did exceed depreciation of $5,056,483 in the current year, net of loss on dispostion of $41,600.	33,011
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	251,517
Because some property taxes are not collected for several months after the County's year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.	716,802
In the Statement of Activities, expenses such as compensated absences and the New York State retirement incentive liability are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. For the year ended December 31, 2021, payments made to the New York State Employees' Retirement System for early retirement incentive payment exceeded amounts earned. Payments did exceed the estimated liability for compensated absences by $187,848.	187,848
Adjustment for GASB Statement No. 68, New York State retirement.	1,532,418
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net accrued interest decreased from the prior year by this amount.	54
Estimated Net Other Post Employment Benefit Obligation for 2021.	(783,939)
An internal service fund is used by the County's managment to charge the costs of workers' compensation to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	245,893
Change in Net Position of Governmental Activities	$ 15,620,293

EXHIBIT E

COUNTY OF FRANKLIN
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF DECEMBER 31, 2021

		Internal Service Fund
ASSETS		
Current Assets		
Cash and Cash Equivalents	$	1,906,380
Other Receivables, Net		45,260
Total Current Assets		1,951,640
Total Assets		1,951,640
DEFERRED INFLOWS OF RESOURCES		15,245
NET POSITION		
Restricted for Workers' Compensation		400,000
Assigned Fund Balance		1,536,395
Total Net Position	$	1,936,395

The accompanying notes are an integral part of these financial statements.

EXHIBIT F

COUNTY OF FRANKLIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Internal Service Fund
OPERATING REVENUES	
Miscellaneous Income	$ 55,332
Intergovernmental Charges	1,297,540
Total Operating Revenues	1,352,872
OPERATING EXPENSES	
General Governmental Support	1,107,287
Total Operating Expenses	1,107,287
Income (Loss) from Operations	245,585
NONOPERATING REVENUES (EXPENSES)	
Income on Investment	308
Net Nonoperating Revenues (Expenses)	308
Change in Net Position	245,893
Total Net Position-Beginning of the Year	1,690,502
Total Net Position-End of the Year	$ 1,936,395

The accompanying notes are an integral part of these financial statements.

EXHIBIT G

COUNTY OF FRANKLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received From Assessments Made to Other Funds	$	1,308,922
Payments for Workers' Compensation Claims		(1,092,042)
Net Cash Provided By (Used In) Operating Activities		216,880
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received		308
Net Cash Provided By (Used In) Investing Activities		308
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		217,188
Cash and Cash Equivalents-Beginning of the Year		1,689,192
Cash and Cash Equivalents-End of the Year	$	1,906,380
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss) From Operations	$	245,585
(Increase) Decrease in Accounts Receivable		(43,950)
(Increase) Decrease in Deferred Inflows of Resources		15,245
Net Cash Provided by (Used In) Operating Activities	$	216,880

The accompanying notes are an integral part of these financial statements.

EXHIBIT H

COUNTY OF FRANKLIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2021

	Private-Purpose Trusts	Custodial
ASSETS		
Cash and Cash Equivalents	$ 48	701,069
Total Assets	48	701,069
NET POSITION	$ 48	701,069

COUNTY OF FRANKLIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Private-Purpose Trusts	Custodial
ADDITIONS		
Miscellaneous Local Sources	$ 32,877	-
DSS Custodial Fund Receipts	-	1,356,299
Miscellaneous Collections	-	216,783
DEDUCTIONS		
Home and Community Services	35,748	-
Courts and Trusts	-	115,548
DSS Custodial Fund Payments	-	1,352,774
Change in Net Position	(2,871)	104,760
Net Position-Beginning of the Year	2,919	596,309
Net Position-End of the Year	$ 48	701,069

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The County of Franklin, which was incorporated in 1808, is governed by County Law and other general laws of the State of New York and various local laws. The Franklin County Legislature, which is the legislative body responsible for the overall operation of the County of Franklin, consists of seven legislators. The Chairman of the Board serves as chief executive officer, the County manager serves as the chief operations officer, and the County treasurer serves as chief fiscal officer.

The financial reporting entity includes organizations, functions, and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

All governmental activities and functions performed for the County of Franklin are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County of Franklin, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, 39 and 61, as amended by GASB Statement No. 90.

The decision to include a potential unit in the County of Franklin's reporting entity is based on several criteria set forth in GASB Statement No. 14, 39 and 61, as amended by GASB Statement No. 90, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County of Franklin's reporting entity.

1. Included in the Reporting Entity:

a. <u>Soil and Water Conservation District</u>

The Franklin County Legislature has declared the County to be a Soil and Water Conservation District in accordance with provisions of the Soil and Water Conservation District Law. Significant factors requiring inclusion of the Soil

and Water Conservation District in the County of Franklin's reporting entity are as follows:

i. Members of the Board of Directors are appointed by the County Legislature.
ii. Administrative costs of the Soil and Water Conservation District are provided primarily through County appropriations.
iii. The County Legislature retains general oversight responsibilities, including monitoring Soil and Water Conservation District activities, through detailed reporting to the County Legislature by the district directors of its work and transactions in such form and for such periods as the Legislature may direct.

The Soil and Water Conservation District is part of the primary government, and reported as a special revenue fund type.

b. County of Franklin Industrial Development Agency

The County of Franklin Industrial Development Agency is a public benefit corporation that was created in 1970 by the Franklin County Board of Legislators under the provisions of Chapter 18A of the General Municipal Law to encourage economic growth and prosperity in Franklin County, New York. The Agency is exempt from federal, state, and local taxes. The Agency, although established by Franklin County, New York, is a separate entity and operates independently of Franklin County. The board of the Agency is comprised of seven members appointed by the legislature of Franklin County, New York. The members have complete responsibility for management of the Agency and accountability for its fiscal matters. The Agency is financially accountable to the County and has been identified as a component unit of the County of Franklin. In accordance with the criteria enumerated in Governmental Accounting Standards Board Statement No. 61, the Agency's financial statements are discretely presented in the County of Franklin's financial statements.

c. Franklin County Civic Development Corporation

The Corporation was created on June 23, 2010 by the Franklin County Board of Legislators under Section 402 and Section 1411 of the Not-For-Profit Corporation Law for the purpose of encouraging economic growth in Franklin County, New York. The Corporation is exempt from federal, state and local income taxes. The Corporation, although established by the Franklin County Board of Legislators, is a separate entity and operated on behalf of issuers of bonds for Franklin County. The Franklin County Civic Development Corporation is considered a component unit of the County of Franklin and is discretely presented. The Board is comprised of seven members appointed by the legislature of Franklin County. The Corporation is financially accountable to the County and has been identified as a component unit of the County of Franklin, New York. In accordance with the criteria enumerated in Governmental Accounting Standards Board Statement No. 61, the Corporation's financial statements are discretely presented in the County of Franklin's financial statements.

d. County of Franklin Solid Waste Management Authority

The County of Franklin Solid Waste Management Authority was created as a public benefit corporation under New York State Public Authorities Law Sec. 2041, Title 13-AA, Chapter 665 of the Laws of 1988 by the New York State Legislature, with powers to, among other things:

i. plan, develop, and construct solid waste management facilities;
ii. acquire interest in real and personal property and dispose of them;
iii. receive, transport, process, dispose of, sell, store, convey, recycle, and deal with solid waste and energy generated by operation of a solid waste management facility;
iv. contract with governments, including the County of Franklin and local governments within the County, in relation to its activities;
v. borrow money and issue bonds; and
vi. fix and collect rates, rentals, fees, and other charges for the use of the facilities of, or services rendered by, or any commodities furnished by, the Authority.

The Solid Waste Management Authority's Board is comprised of seven members appointed by the Legislature of Franklin County. The Authority is considered a component unit of the County and is discretely presented.

The Authority has constructed a solid waste management system (SWMS), which includes a regional landfill and three transfer stations in Franklin County (Malone, Lake Clear, and Tupper Lake). The SWMS began operations on June 6, 1994.

e. Rainbow Lake Water Protection District

The Rainbow Lake Water Protection District was created by New York County Law Section 264(A) on September 9, 1993, to provide a method of levying assessments on landowners within the District, all of whom are benefited from the Lake Kushaqua Dam and to provide for the study, maintenance, administration and ultimate replacement of the dam as well as to monitor the lake levels but not the quality of the water.

The Franklin County Legislature appoints seven Commissioners of the District, five of whom are residents of the District, one of whom is a County employee, and one of whom is an employee of the Department of Environmental Conservation. There is no salary or compensation related to serving as a commissioner. The terms of the Commissioners are four years on a staggered basis. The Rainbow Lake Water Protection District is considered a component unit of the County and is discretely presented.

Complete financial statements of individual component units can be obtained from their respective administrative offices located in Malone, New York.

2. Other Organizations Not Included in Reporting Entity

The Clinton-Essex-Franklin Library System and the North Country Community College are activities undertaken jointly with other municipalities and are excluded from these financial statements. See Note IV for additional disclosure regarding these joint ventures.

B. BASIS OF PRESENTATION

1. Government-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the County of Franklin's government-wide activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Individual funds are not displayed, but the statements distinguish governmental activities generally financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions from business-type activities generally financed in whole or in part with fees charged to external customers. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's government-wide activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Accounting

The County of Franklin uses funds to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The County's records its transactions in the fund types described below.

Fund Categories

a. **Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (sources, uses, and balances of current financial resources). The following are the County's governmental fund types.

General Fund (Major Fund)

The General Fund is the principal fund and includes all operations not required to be recorded in the other funds.

Special Revenue Funds (Nonmajor Funds)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds of the County include the following:

i. County Roads Fund - is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.
ii. Road Machinery Fund - is used to account for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.
iii. Community Development Block Grant Fund – is used to account for Community Block Grant funds received from the Department of Housing and Urban Development.
iv. Soil and Water Conservation District - is used to account for activities performed pursuant to the Soil and Water Conservation Districts Law.

Debt Service Funds (Nonmajor Funds)

Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt Service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Capital Projects Fund (Nonmajor Fund)

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction, or renovation of capital facilities and other capital assets other than those financed by the proprietary funds.

b. **Proprietary Fund Statements-** used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon the determination of operating income, Changes in net position, financial position, and cash flows. The following proprietary funds are utilized.

Enterprise Funds- used to account for operations (a) where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed and recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate. Included are the following operations:

i. Internal Service Fund - is used to account for the workers' compensation benefits program. This is a proprietary fund reported with governmental activities in the government-wide statements.

Workers' Compensation Fund - is used to account for the accumulation of resources for payment of compensation, assessments, and other obligations under the Workers' Compensation Law, Article 5.

c. **Fiduciary Fund Statements** - used to account for assets held by the local government in a trustee or custodial capacity.

Custodial funds are used for the purpose of accounting for money and property received and held in the capacity of trustee, custodian, or agent. Securities pledged by banking institutions to secure funds on deposit are not included herein since such securities are not assets of the governmental reporting entity.

Expendable Trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations.

d. **Discrete Presentation**

Franklin County Industrial Development Agency

Resources received and used for economic development are accounted for in the Industrial Development Agency. The agency's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

Franklin County Civic Development Corporation

Resources received and used for economic development are accounted for in the Civic Development Corporation. The Corporation's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

County of Franklin Solid Waste Management Authority

The Solid Waste Management Authority's financial statements are prepared using the accrual basis in accordance with generally accepted accounting principles for public authorities. The Authority's financial statements for the year ended June 30, 2021, are presented in a separate column in the combined financial statements and accounted for as a proprietary fund type.

Rainbow Lake Water Protection District

The District's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

C. BASIS OF ACCOUNTING, MEASUREMENT FOCUS, AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to <u>when</u> revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of <u>what</u> is measured, i.e., expenditures or expenses.

The financial statements of the County of Franklin are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Beginning in 2013, the County adopted the provisions of GASB Statement No. 62 – "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States into the GASB's authoritative literature.

The County-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction took place. Non-exchange transactions, in which the County of Franklin gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis - All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County of Franklin considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the year.

Accrual Basis - Proprietary funds and component units are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the funds.

Operating income or loss reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales and services provided. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets.

Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources first, and then restricted resources as needed.

Allocation of Indirect Expenses

The County of Franklin allocates indirect expenses primarily composed of central governmental services to operating functions and programs benefitting from those services. Central services include overall County management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement, contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of service determined by various allocation methodologies. These charges are reported in the statement of activities.

Component Units

a. The Franklin County Industrial Development Agency's financial statements have been prepared in conformity with generally accepted accounting principles for industrial development agencies.
b. The Franklin County Civic Development Corporation's financial statements have been prepared in conformity with generally accepted accounting principles.
c. The County of Franklin Solid Waste Management Authority's financial statements are prepared using the accrual basis in accordance with generally accepted accounting principles for public authorities. The Authority follows the guidelines provided by the Financial Accounting Standards Board (FASB) except for those that conflict with or contradict Government Accounting Standards Board (GASB) pronouncements.
d. The Rainbow Lake Water Protection District's financial statements are prepared using the accrual basis as an enterprise fund which means that the financial statements are prepared as if the district were an independent nonprofit organization.

D. BUDGETARY DATA

1. Budget Policies

The County of Franklin's budget policies are as follows:

a. No later than October 1, the budget officer submits a tentative budget to the County Board of Legislators for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund and Special Revenue Funds.
b. After public hearings are conducted to obtain taxpayer comments, but no later than December 20, the Board of Legislators adopts the County budget.
c. The budget officer is authorized to transfer certain budgeted amounts within departments or within a fund; however, all revisions that alter total

appropriations of any department or fund must be approved by the Board of Legislators.

d. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the project. Budgets are prepared for proprietary funds primarily to establish the estimated contribution required from other funds.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Special Revenue Funds. Encumbrances are reported as restricted, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

There were no significant encumbrances included in the reporting of fund balance at December 31, 2021.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. All unencumbered budget appropriations lapse at the end of each fiscal year.

E. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. ASSETS, LIABILITIES AND FUND EQUITY

1. Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and savings instruments with an original maturity of less than three months.

2. Investments

The County of Franklin invests in authorized investment pools, funds, and U.S. Government Securities. Investments are carried at fair value. Management's intent is to hold all investments to maturity.

The County of Franklin Solid Waste Management Authority's investments are presented at cost which approximates the current market value or the value at the date management anticipates liquidating the investment. Restricted investments

consist of marketable equity securities held by the bond trustee. These investments will be liquidated and expended for the construction and acquisition of capital assets, bond interest and principal payments, and environmental and closure costs in accordance with the bond trust indentures.

The Franklin County Solid Waste Management Authority is required by local law to collateralize any of its cash deposits which are in excess of the Federal Deposit Insurance Corporation limit. The balances at June 30, 2021 were properly covered by FDIC insurance, collateral, or invested in U.S. Treasury backed securities.

All of the County of Franklin Solid Waste Management Authority's investments are either registered in the Authority's name or held in trust by a third-party custodian in the Authority's name.

3. Receivables

All receivables of the primary government are reported at their settlement amount and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Past-due accounts receivable of the Franklin County Industrial Development Agency, referred to below, are deemed immaterial to the financial statements of the reporting entity.

The County of Franklin Solid Waste Management Authority's trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that any realized losses on balances outstanding at year-end will be immaterial.

Bad debts are recognized by the Franklin County Industrial Development Agency in the year in which they are determined uncollectible. The Agency did not write off any receivables during the year ended December 31, 2021.

4. Due to and Due from Other Funds

The amounts reported on the Statement of Net Position for due to and due from other funds represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

5. Inventory

Inventory is valued at cost utilizing the first-in, first-out method.

6. Capital Assets

Capital assets are recorded at actual (historical) or estimated historical cost. Land and vehicles were recorded at historical cost. Leased equipment was recorded at the present value of the minimum lease payments at the inception of the lease. In the case of gifts and contributions, the fair market value at the time received was

used. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, ranging from 3 to 40 years, as follows:

	Estimated Useful Lives	Capitalization Threshold
Buildings	40 years	$1,000
Infrastructure	20 years	$1,000
Improvements	15 years	$1,000
Furniture, Fixtures, and Equipment	3-7 years	$1,000

Capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the financial statements of the Industrial Development Agency are as follows:

	Estimated Useful Lives	Capitalization Threshold	Depreciation Method
Buildings	40 years	$2,500	Straight Line
Building improvements	15-40 years	$2,500	Straight Line
Vehicles, furniture and equipment	5-15 years	$2,500	Straight Line

Property, plant, and equipment of the Franklin County Industrial Development Agency are recorded at cost if purchased or constructed; or at fair market value on the date of gift, if donated. Depreciation is recognized on the straight-line bases over the estimated useful life of the assets. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to operations.

The Rainbow Lake Water Protection District capitalizes all property to which it holds title or has other evidence of ownership. Property acquired by the District is recorded at cost.

Property, plant and equipment are also recorded at cost for the County of Franklin Solid Waste Management Authority. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to operations.

Depreciation for the County of Franklin Solid Waste Management Authority is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on the straight-line basis, including the landfill cells. The straight-line method approximates the cells' capacity used. The estimated lives used in determining depreciation for property, plant, and equipment vary from five to twenty years.

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial

statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability and difference during the measurement period between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The item also includes the County's contributions to the pension system (ERS Systems) subsequent to the measurement date. The second item is related to the County's other post-employment benefit liability (OPEB) amount reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item related to grant funds, loans, or other payments received in advance of the County meeting the requirements of the grant, loan, or other payment. These funds are not qualified to be currently recognized as revenue under the revenue recognition rules so the County is showing them as deferred inflows of resources. The third item is related to the County's OPEB liability amount reported in the Statement of Net Position.

8. Unearned Revenue

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County of Franklin before they have a legal claim to them, such as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County of Franklin has legal claim to the resources, the liability for deferred revenues is removed and revenues are recognized.

Unearned revenue in the General Fund consists of taxes, which are included in taxes receivable. These taxes receivable will not be collected within 60 days after the year end. Consequently, they are classified as deferred revenue.

9. Environmental and Closure Accruals

State and federal laws and regulations require that the County of Franklin Solid Waste Management Authority place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill site after closure.

The Authority maintains a reserve for closure of the regional landfill as established in the 1993 Series Bond Agreement. The balance in the reserve totaled $5,079,564 at June 30, 2021. These funds are reported herein as restricted cash equivalents and investments. The Authority meets its closure obligations through the financial assurance test and these reserve funds.

The Authority's policy regarding closure and monitoring costs for its landfills is to accrue these costs and charge them to expense over the useful operating life of each landfill. Management believes this policy accurately matches closure and monitoring costs against revenues generated by each landfill. The accrual is based on the percentage of total landfill capacity used as of the end of each year, multiplied by the total estimated closure and monitoring costs. These estimates are generated by management, with assistance from an independent consulting and engineering firm.

10. Fair Value of Financial Instruments

For the County of Franklin Industrial Development Agency, the carrying values of cash and cash equivalents, investments, accounts receivable, accrued interest, accounts payable and current portion of long-term debt and bonds payable approximate fair market value because of the short maturity of those instruments. The carrying values of the Agency's long-term debt and bonds payable approximate market value, as terms of the debt reflect current market rates and terms.

11. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as due within one year. The remaining portion of such obligations is reported as a liability in the governmental activity and due in more than one year. Long-term liabilities expected to be financed from proprietary fund or component unit operations are accounted for within those funds.

12. Fund Balance

In fiscal year 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Types Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriations. Fund balance is now broken down into five different classifications of fund balance as follows:

a. **Non-Spendable:**
The non-spendable fund balances include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the General Fund and County Road Fund as well as the prepaid retirement costs recorded in the General Fund.

b. Restricted:

The restricted fund balances include amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balances. The County has established the following restricted fund balances:

Retirement Reserve

This reserve is used to accumulate funds for future payments of retirement contributions. The reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the succeeding year's budget. The reserve is accounted for in the General Fund.

Health Insurance Reserve

This reserve is used to accumulate funds to pay the cost of the self-insured health insurance plan. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the succeeding year's budget. The reserve is accounted for in the General Fund.

Tax Stabilization Reserve

This reserve is used to finance an unanticipated revenue loss or an unanticipated expenditure chargeable to the eligible portion of the annual budget. This reserve may be used to lessen or prevent projected increases in excess of 2.5 percent of the real property tax levy needed to finance the eligible portion of the annual budget.

The contingency and tax stabilization reserve fund is limited to a balance not to exceed 10 percent of the eligible portion of the annual budget. This reserve is accounted for in the General Fund.

Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. The reserve is accounted for in the Capital Fund. The County has also designated a Capital reserve in the General fund for mortgage tax receipts received to be used for capital improvements with regards to County owned property.

District Attorney

This reserve is used to accumulate the County's portion of funds that the district attorney has collected from drug seizures. These funds can only be used for specific purposes as determined by the New York State Department of Justice. This reserve is accounted for in the General Fund.

c. **Committed:**
The committed portion of the fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Board.

d. **Assigned:**
The assigned portion of the fund balance includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund and Special Revenue Funds are classified as Assigned Appropriated Fund Balance. The reserve for encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year. The Economic Development Reserve and the Stop DWI Reserve are also included in the assigned unappropriated fund balance as noted by New York State. $0 has been designated in the General Fund as the amount estimated to be appropriated to reduce taxes for the subsequent year.

e. **Unassigned:**
The unassigned portion of the fund balance includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the County.

Order and Use of Fund Balance:
The County's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance. The unassigned portion of the fund balance includes all other General Fund net position that do not meet the definition of the above classification and are deemed to be available for general use by the County.

13. **Net Position**

The governmental and business-type activities utilize a net position presentation. Net position is categorized as net capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the

acquisition, construction or improvement of these assets reduce the balance in this category.

- Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position not restricted for any project or other purpose.

G. REVENUES AND EXPENDITURES

1. Real Property Taxes

County real property taxes are levied annually no later than December 31 and are due and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for County purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County of Franklin assumes enforcement responsibility for all taxes levied in the towns.

The County of Franklin has adopted an installment plan for delinquent taxes. After taxes are turned over by the town to the County, land owners can enroll in the installment plan having a minimum 25 percent down payment of all delinquent taxes and paying monthly installments plus interest on the remaining 75 percent. This procedure includes the County's withdrawal of foreclosure on the property. The County has also adopted a partial payment plan with a minimum of a $100 payment for delinquent and current taxes.

Unpaid village taxes and school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are relevied as County taxes in the subsequent year.

2. Revolving Funds: Industrial Development Agency

The Franklin County Industrial Development Agency established a revolving loan fund offering low-interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, i.e., enhancement of the economic environment. At the end of December 31, 2002 all of the remaining revolving loan funds were transferred to the Franklin County Local Development Corporation.

3. Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Franklin County Industrial Development Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State of New York. The Franklin County Industrial Development Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary

function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

4. **Insurance**

Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

5. **Vacation and Sick Leave and Compensatory Absences**

County employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave, and unused compensatory absences. Payment to employees is determined by various rates and is subject to certain limitations.

Estimated vacation and sick leave and compensatory absences accumulated by governmental fund-type employees have been recorded as long-term debt in the government wide funds, and for business-type employees they are recorded as an expense when earned in the proprietary fund types.

Payment of vacation and sick leave recorded as long-term debt is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payments become due. The liability for compensated absences is disclosed in Note III(B)(4)(a).

6. **Post-Retirement Benefits**

In addition to providing pension benefits, the County of Franklin provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. In 2021 the County pays a third-party provider for all retirees over 65 years of age as supplemental insurance. The premiums are paid by the retired employees and are used to offset the cost incurred by the County. The County of Franklin had 62 retirees participating in the County Plan, 138 in the Supplemental Plan, and 27 in the Advantage Plan as of December 31, 2021. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. This statement establishes standards for the measurement, recognition, and display of other postretirement benefits expenses/expenditures and related liabilities (assets), note disclosures and required supplementary information in the financial reports of state and local government employers.

7. **Brownfield Grant**

The Industrial Development Agency has received a total of $253,808 from New York State Department of Environmental Conservation regarding its Brownfield Study at the Bombay facility. Upon the future sale or disposal of the site, New York State will be required to be repaid after the Agency recoups its 10% of costs.

8. **Owners' Assessments (Rainbow Lake Water Protection District)**

Landowners within the District are assessed tax levies on their respective town tax bill which is levied through Franklin County. These tax levies are based on town assessment data on riparian rights and the annual budget as determined by the District Commissioners. The District retains excess operating funds at the end of the operating year, if any, for future operating periods.

9. **Tax Status**

The Rainbow Lake Water Protection District and the County of Franklin Industrial Development Agency are component units of the Franklin County government under New York County Law Section 264(A). As such, they are not taxable units.

H. New Accounting Standards

GASB Statement No. 89 – "Accounting for Interest Cost Incurred Before the End of a Construction Period." This statement, issued in June, 2018, attempts to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for interest costs incurred before the end of a construction period. The requirements of this statement are effective for the year ended December 31, 2021.

I. Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 87 – "Leases." This statement, issued in June, 2017, attempts to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 91 – "Conduit Debt Obligations." This statement, issued in May, 2019, provides for a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related not disclosures. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 92 – "Omnibus 2020." This statement, issued in January, 2020, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements.

The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 93 – "Replacement of Interbank Offered Rates." This statement, issued in March, 2020, attempts to address accounting and financial reporting implications that may result from the replacement of an interbank offered rate (IBOR). The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 94 – "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This statement, issues in March, 2020, attempts to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 96 – "Subscription-Based Information Technology Arrangements." This statement, issued in May, 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangement for government end users. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 97 – "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32." This statement, issued in June, 2020, attempts to (1) increase consistency and comparability related to the reporting of certain fiduciary component units, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, OPEB plans, and employee benefit plants, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for certain Internal Revenue Code Section 457 plans. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 98 – "The Annual Comprehensive Financial Report." This statement, issued in October, 2021, establishes the term "annual comprehensive report" and its acronym "ACFR". That new term and acronym replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 99 – "Omnibus 2022." This statement, issued in April, 2022, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial report for financial guarantees. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 100 – "Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62." This statement, issued in June, 2022, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the year ended December 31, 2024.

GASB Statement No. 101 – “Compensated Absences.” This statement, issued in June, 2022, helps to meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for the year ended December 31, 2024.

J. PAYMENT IN LIEU OF TAXES (PILOT) (IDA)

The Industrial Development Agency enters into and administers PILOT agreements for various unrelated business entities located in Franklin County. Under the terms of the PILOT agreements, title to property owned by the unrelated business entity is transferred to the Agency for a certain period of time. The assisted business typically agrees to make PILOTS, which generally are significantly less than the real property taxes which are abated. As part of the program, the Agency generates fees for administering the PILOT agreement. These fees are reported as charges for services in the statement of revenues, expenses, and changes in net position. In 2021, the Agency entered into an agreement with Bangor Solar, LLC for the planning, design, construction and operation of a 5 MWAC community solar electrical generation system, an approximate $8 million project in the Town of Bangor, the Agency received a fee of 1% of the project. In 2021, the Agency entered into an agreement with Salmon River Renewables, LLC for the planning, design, construction, and operations of a 5 MWAC community solar electrical generation system, an approximate $6.4 million project in the Town of Bangor, the Agency received a fee of 1% of the project. In 2019, the Agency entered into an agreement with OYA State Route 122 LLC for the planning, design, construction, and operation of a 4.53 MWAC PV community solar generator in the Town of Constable, PILOT payments began in February 2021. The IDA Board agreed to a PILOT in the amount of $4,000/megawatt and a Host Community Agreement of $5,000/megawatt for a total of $9,000/megawatt each year for a period of 30 years. An annual escalator was agreed to which is not to be lower than 0% nor higher than 2% that will start in year 6. Further, the IDA Board consented to allocating the Economic Development Reserve Fund ($1,000/megawatt per year to be paid over the course of 5 years) to be used by Franklin County for its economic development programs.

K. FRANKLIN COUNTY LOCAL DEVELOPMENT CORPORATION

The Franklin County Industrial Development Agency created a Local Development Corporation in 1970 known as the Franklin County Local Development Corporation (the “Corporation”). The Franklin County Local Development Corporation was started to develop and cultivate a strong economic environment, which supports business and nurtures growth and new investment in the County. The County of Franklin Industrial Development Agency assigned all the loan repayments from the County Community Development Block Grant (CDBG) Projects to the Corporation for the purpose of establishing a county wide revolving loan fun. Upon the formation of the Corporation, the Agency assigned all of its rights in the CDBG assignment to the Corporation for collection and administration.

NOTE II - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND COUNTY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the County-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS VS. NET POSITION OF GOVERNMENTAL ACTIVITIES

Total fund balances of the County of Franklin's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

The costs of building and acquiring capital assets (lands, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the County as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	$ 140,542,546
Accumulated Depreciation	(92,286,956)
	$ 48,255,590

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are taxes receivable that are offset by deferred revenue in the governmental funds, and consequently are not included in fund balance.

Adjustment of Unearned Tax Revenue	$ 19,661,373

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

	Due in One Year	Due After One Year	Total
Bonds payable	$ 12,831	193,276	206,107
Leases payable	162,734	1,338,286	1,501,020
Compensated absences	100,961	908,650	1,009,611
New York State pension liability	-	75,724	75,724
Post-employment benefit obligations	-	30,264,665	30,264,665
	$ 276,526	32,780,601	33,057,127

As indicated in Note 1, the amounts reported on the Statement of Net Position for due to and due from other funds represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A summary of governmental interfund receivable/payable eliminations is as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 2,169,052	1,434,713
Special Revenue Fund	1,249,509	137,669
Capital Project Fund	322,873	2,169,052
	$ 3,741,434	3,741,434

Interest on short- and long-term debt is recorded as an expenditure in governmental funds when it is due, and thus requires the use of current financial resources. On the Statement of Net Position, interest is recognized as it accrues, regardless of when it is due. A summary of additional accrued interest on debt as of December 31, 2021 is as follows:

Accrued Interest	$ 888

B. STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VS. STATEMENT OF ACTIVITIES

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. **Capital Related Differences**

   Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. **Long-Term Debt Transaction Differences**

   Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Differences between the governmental funds Operating Statement and Statement of Activities.

Total Revenue and Other Funding Sources of Governmental Funds

Total revenue and other funding sources of governmental funds		$ 112,554,975
Because property taxes will not be collected for several months after the County's year end, they are not considered as "available" revenues in the governmental funds.		716,802
Net revenues of certain internal service funds are reported with governmental activities on the Statement of Activities, net of intercompany charges.		55,640
Elimination of certain inter-County departmental revenue		(6,763,240)
Elimination of interfund revenue from governmental funds:		
Intergovernmental Charges - SWMA		(8,762,051)
Interfund transfers In	5,180,882	
Interfund transfers Out	(5,180,882)	-
Total revenues and other funding sources of governmental activities in the Statement of Activities		$ 97,802,126

Total Expenditures Reported in Governmental Funds

Total expenditures reported in governmental funds	$ 99,118,286
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The increased in the estimated liability for compensated absences did not exceed payments by $187,848.	(187,848)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $5,056,484 and loss on disposition of assets of $41,600 did not exceed capital expenditues of $5,131,095 in the current year.	(33,011)
Repayment of lease principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	(251,517)
Certain inter-County departmental expenditures are eliminated on the Statement of Activities.	(6,763,240)
Net operating expenses of certain internal services funds are reported with governmental activities on the Statement of Net Position, less corresponding intercompany charges.	(190,253)
Home and Community Services - SWMA advances which are offset by intergovernmental charges.	(8,762,051)
GASB Statement No. 68 adjustments to New York State retirements for the change in pension liabilites from December 31, 2020 to December 31, 2021.	(1,532,418)
GASB Statement No. 75 adjustments for the change in other post-employment benefit liability from December 31, 2020 to December 31, 2021.	783,939
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net interest reported in the Statement of Activities is the result of accrued intest on bonds payable.	(54)
Total expenses of governmental activities	$ 82,181,833

NOTE III - DETAIL NOTES ON ALL FUNDS AND COMPONENT UNITS

A. ASSETS

1. Cash, Restricted Cash and Investments

The County investment policies are governed by state statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

a. Cash and Deposits

The County's policies regarding deposits of cash are discussed above. The table presented below is designed to disclose the level of custody credit risk assumed by the County based upon how its deposits were insured or secured with collateral at December 31, 2021. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the County or by its agent in the County's name.
Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
Category 3 - Uninsured and uncollateralized.

		Custody Credit Risk Category			
Type of Deposit	Total Bank Balance	1	2	3	Total Carrying Value
Demand Deposits	$ 1,548,839	846,340	702,499	-	1,168,967
Time Deposits	34,433,516	1,000,000	33,433,516	-	34,204,934
Cash on Hand	-	-	-	-	980,262
Total Deposits	$ 35,982,355	1,846,340	34,136,015	-	36,354,163

Reconciliation to the Statement of Net Assets and Fiduciary Fund:

Unrestricted Cash, including Time Deposits - Governmental Activity	$ 31,244,230
Restricted Cash, including Time Deposits	4,408,816
Fiduciary Fund Cash, including Time Deposits	701,117
	$ 36,354,163

b. Restricted Assets

Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for specified uses such as Emergency 911, Unemployment and Health Insurance, County Road Projects, and Bonded Debt.

The following is a detail of restricted assets of the component unit Solid Waste Management Authority as of June 30, 2021:

Cash and Cash Equivalents	$ 16,487,220

Restricted cash and cash equivalents are held in money market funds and are legally restricted in use and purposes by the Authority bond document.

2. Taxes Receivable

At December 31, 2021, real property tax assets of $24,538,205 are reported net of the allowance for uncollectible taxes in the amount of $144,565. Current-year returned village and school taxes of approximately $4,632,267 are offset by liabilities to the villages and school districts, which will be paid no later than April 1, 2021. The remaining portion of tax assets, $19,761,373 is offset by deferred tax revenue of $19,661,373 which represents an estimate of the county tax liens that will not be collected within the first 60 days of the subsequent year. The deferred tax revenue is recorded as income in the GASB 34 reconciliation.

3. Other Receivables, Net

The following is a list of other accounts receivable as of December 31, 2021, which are stated at net realizable value. County management considers these amounts to be fully collectible, except for Not for Profit and PHN:

General Fund	
Public Health Nurses, Net	$ 22,239
Other Department Receivables	1,050,228
Allowance for Uncollectible	(415,000)
Special Revenue Funds	
CDBG Note Receivable	32,225
Road Machinery	19,233
Soil and Water	12,673
County Road	1,977
Internal Service Fund	
Assessments	45,260
Total Governmental Funds	768,835
Tax Assessments Receivable	206,107
Total Governmental Activities	$ 974,942
IDA (Component Unit)	
Accounts, Grants, and Fees Receivable	$ 36,214
SWMA (Component Unit)	
Accounts and Grants Receivable	835,382
Total Component Units	$ 871,596

4. Changes in Capital Assets

a. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable				
Land	$ 437,016	-	-	437,016
Construction in Progress	2,406,341	2,361,187	(1,600,667)	3,166,861
Depreciable				
Buildings	30,271,272	19,071	-	30,290,343
Equipment	16,825,437	1,413,899	(84,449)	18,154,887
Roads	46,260,772	2,937,604	-	49,198,376
Bridges	39,295,063	-	-	39,295,063
Subtotal	135,495,901	6,731,761	(1,685,116)	140,542,546
Accumulated Depreciation	(87,273,322)	(5,056,483)	42,849	(92,286,956)
Total	$ 48,222,579	1,675,278	(1,642,267)	48,255,590

Capital assets are stated at cost. Depreciation is provided by the straight-line method at rates sufficient to write-off the cost of such assets over their estimated useful lives. Depreciation expense of $5,056,483 was charged to the following functions on the Statement of Activities:

General Support	$ 781,298
Public Safety	486,889
Health	9,774
Transportation	3,634,477
Economic Assistance and Opportunity	91,727
Home and Community Service	52,318
Total	$ 5,056,483

During the year ended December 31, 2021, the County disposed of capital assets, realizing a book loss on this disposition of $41,600.

b. Franklin County Industrial Development Agency

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets that are not depreciated				
Land	$ 149,794	-	(1,736)	148,058
Total cost of non-depreciated assets:	149,794	-	(1,736)	148,058
Capital assets that are depreciated				
Buildings and improvements	1,021,441	-	-	1,021,441
Furniture & equipment	38,143	-	-	38,143
Total cost of depreciable assets	1,059,584	-	-	1,059,584
Less Accumulated Depreciation				
Buildings and improvements	(502,457)	(24,983)	-	(527,440)
Furniture & fixtures	(35,998)	(477)	-	(36,475)
Total accumulated depreciation	(538,455)	(25,460)	-	(563,915)
Net Capital Assets	$ 670,923	(25,460)	(1,736)	643,727

During the year ended December 31, 2021, the Agency sold a land with a cost of $1,736, realizing a gain of $42,288. Total depreciation expensed during the year was $25,460.

c. Solid Waste Management Authority

	June 30, 2020	Additions/ Deletions	June 30, 2021
Nondepreciable			
Land	$ 2,064,979	-	2,064,979
Depreciable			
Land Improvements	4,565,536	-	4,565,536
Landfill Cell	24,845,232	3,476,027	28,321,259
Buildings	8,544,379	-	8,544,379
Vehicles and equipment	7,851,383	303,873	8,155,256
Subtotal	45,806,530	3,779,900	49,586,430
Less: Accumulated Depreciation	(28,899,419)	(1,494,271)	(30,393,690)
Total Property, Plant and Equipment	$ 18,972,090	2,285,629	21,257,719

Significant capital asset additions during the current year included the construction of Landfill Cell 6, vehicle and equipment purchases, and an upgrade to the Authority's information technology infrastructure. Landfill cells include the engineering and other professional service costs incurred to bring the asset into service.

Depreciation expenses during the year ended June 30, 2021 was $1,494,271.

d. Rainbow Lake Water Protection District

The County of Franklin owns the Lake Kushaqua Dam which it acquired from the Rainbow Lake Association, Inc., for $5,000. The dam is being depreciated over its useful life before major repairs might be necessary.

A schedule of the dam and its related accumulated depreciation as of December 31, 2021, is as follows:

Dam	$ 5,000
Dam Improvements	283,369
Less Accumulated Depreciation	(32,777)
Dam, Net	$ 255,592

Depreciation expense was $6,779 for the year ended December 31, 2021.

B. LIABILITIES

1. Pension Plan

The County, the Solid Waste Management Authority (the "Authority"), and the Industrial Development Agency (the "Agency"), participate in the New York State and Local Employees' Retirement System (ERS). This is cost-sharing, multiple employer retirement system. ERS is included in the State's financial report as a pension trust fund.

a) Plan Description
The County, the Authority, and the Agency participate in the New York State and Local Employees' Retirement System (ERS) (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 assets 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. The Comptroller shall adopt and may amend the rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, can be found at www.osc.state.ny.us/retire/publications/index.php or it may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244

b) Funding Policies

The System is non-contributory, except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 10, 2010 who generally contribute three percent (3%) of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from three percent (3%) to six percent (6%) based on salary. Under the County of the NYSRSSL, the Comptroller annually certifies the rates expressly used in computing the employers' contributions on salaries paid during the New York State Local Retirement Systems fiscal year ending March 31.

The employer contribution rates for the ERS plan's year ending in 2021 are as follows:

Tier / Plan	Rate Range
2 751	23.00%
3 A14	18.20%-18.30%
4 A15	18.20%-18.30%
5 A15	15.20%-15.30%
6 A15	10.60%-10.70%

Prior to 2013, the Solid Waste Management Authority's contributions to the System were equal to 100% of the contributions required for each year. Beginning in 2013, the Authority elected to amortize payments with the Contribution Stabilization Program. For the years ending June 30, 2014 and 2013, the Authority elected maximum amortization of $45,069 and $56,767, respectively. The Comptroller of New York State annually determines the interest rate for the program. For the 2014 and 2013 ERS payments, rates of 3.67% and 3.00% respectively were set for each ten-year period. For FY 21 the Authority paid the full contribution of $166,241. The contribution for the year 2021 included payments on the 2013 and 2014 deferred amounts of $12,071.

A summary of the SWMA's future annual minimum maturities of the amortization at June 30, 2021, is as follows:

	Principal	Interest	Total
For the year ended June 30			
2022	$ 11,127	943	12,070
2023	11,496	574	12,070
2024	5,244	191	5,435
	$ 27,867	1,708	29,575

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources

At December 31, 2021, the County, the Authority, and the Agency reported the following liabilities for their proportionate share of the net pension liability for the ERS System. The net pension liability was measured as of March 31, 2021 for ERS. The total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation. The County's, the Authority's, and the Agency's proportion of the net pension liability were based on a projection of the County's, the Authority's, and the Agency'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 ERS System in a report provided to the County, the Authority, and the Agency.

	Franklin County ERS	SWMA ERS	IDA ERS
Measurement date	March 31, 2021	March 31, 2021	March 31, 2021
Net pension liability	$ 85,049	5,329	533
Authority's portion of the Plan's total net pension liability	0.08541240%	0.00535160%	0.00003760%

Of the above liability of $85,049, the County allocated $9,325 to NCCC. The County's net liability was $75,724.

For the year ended December 31, 2021, the County's recognized pension expense of $1,412,263 for ERS. At December 31, 2021, the County's reported deferred outflows of resources and deferred inflows of resources related to pensions was:

	County - ERS Deferred	
	Outflows	Inflows
Differenced between expected and actual experience	$ 1,038,673	-
Change of assumptions	15,637,681	294,931
Net difference between projected and actual earnings on pension plan investment	-	24,430,945
Changes in proportion and differences between the County's contributions and proportionate share of contributions	20,891	1,032,604
Authority's contributions subsequent to the measurement date	3,198,499	-
Less: amounts allocated to NCCC	(2,188,754)	(2,824,265)
Total	$ 17,706,990	22,934,215

For the year ended June 30, 2021, the Solid Waste Management Authority recognized pension expense of $111,725. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SWMA - ERS Deferred	
	Outflows	Inflows
Differences between expected and actual experience	$ 65,079	-
Change of assumptions	979,795	18,479
Net difference between projected and actual earnings on pension plan investment	-	1,530,745
Changes in proportion and differences between the Authority's contributions and proprotionate share of contributions	62,151	73,441
Authority's contributions subsequent to the measurement date	48,860	-
Total	$ 1,155,885	1,622,665

For the year ended December 31, 2021, the Industrial Development Agency recognized pension expense of $16,061. At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	IDA - ERS Deferred	
	Outflows	Inflows
Differences between expected and actual experience	$ 6,506	-
Change of assumptions	97,950	1,847
Net difference between projected and actual earnings on pension plan investment	-	153,029
Changes in proportion and differences between the Authority's contributions and proprotionate share of contributions	11,378	8,381
Authority's contributions subsequent to the measurement date	24,483	-
Total	$ 140,317	163,257

The County, the Authority, and the Agency had $3,198,499 ($358,000 of which was allocated to NCCC), $48,860, and $24,483 respectively in accrued contributions subsequent to the measurement date that are considered deferred outflows of resources. County and Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Franklin County ERS	SWMA ERS	IDA ERS
Year ended:			
2022	$ (1,851,157)	(98,683)	(6,556)
2023	(837,556)	(38,596)	(1,129)
2024	(1,547,499)	(84,142)	(9,237)
2025	(4,825,023)	(294,219)	(30,501)
Thereafter	-	-	-

Actuarial assumptions – Franklin County / SWMA / IDA

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 valuations used the following actuarial assumptions:

	ERS
Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Interest rate	5.9%
Salary scale	4.4%
Projected COLA	1.4%
Decrement tables	April 1, 2010- March 31, 2015 System's experience
Inflation rate	2.7%

The annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-20120 The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below for Franklin County, the SWMA, and the IDA.

Measurement Date	March 31, 2021	
Asset type	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	32%	4.05%
International equity	15%	6.30%
Private equity	10%	6.75%
Real estate	9%	4.95%
Absolute return strategies	0%	0.00%
Opportunistic portfolio	3%	4.50%
Real asset	3%	5.95%
Bonds and mortgages	23%	0.00%
Cash	1%	0.50%
Inflation indexed bonds	4%	3.63%
	100%	

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 form plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following table presents the County's, Authority's and Agency's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the County's, Authority's, and Agency's proportionate share of the net pension 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:

	1% Decrease (4.9%)	Current Assumption (5.9%)		1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability) - Franklin County	23,606,181	85,049	*	(21,606,940)
Employer's proportionate share of the net pension asset (liability) - SWMA	1,479,069	5,329		(1,353,805)
Employer's proportionate share of the net pension asset (liability) - IDA	147,863	533		(135,340)

* Of the above liability of $85,049, the County allocated $9,325 to North Country Community College. The County's net liability was $75,724.

Pension plan fiduciary net position:

The components of the collective net pension liability of ERS as of the March 31, 2021 measurement date were as follows:

Total pension liability	$	220,680,157,000
ERS fiduciary net position		220,580,583,000
Employers' net pension liability	$	99,574,000
ERS fiduciary net position as a percentage of total pension liability		99.95%

Prepaid Expense to the pension plan

The employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2021 represent the projected employer contribution for the period of January 1, 2021 through March 31, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2021 amounted to $716,802, $0 and $6,121 for the County, the Authority, and the Agency respectively.

Tiers

Membership Tiers-Pension legislation enacted in 1973, 1976, 1983, 2010, and 2012 established distinct classes of membership. The tier status of a member determines eligibility for benefits, formula used in the calculation of benefits, death benefit coverage, service crediting, whether or not a member has required contributions, and member loan provisions. Listed below are the tiers for ERS members:

Tier 1 – Members who enrolled before July 1, 1973
Tier 2 – July 1, 1973 through July 26, 1976
Tier 3 – July 27, 1976 through August 31, 1983
Tier 4 – September 1, 1983 through December 31, 2009
Tier 5 – January 1, 2010 through March 31, 2012
Tier 6 – April 1, 2012 and after

Vesting
Members who joined ERS prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require 10 years of service credit to be 100% vested.

c) Benefits

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with more than twenty years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five of more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of twenty-four additional months. Final average salary is the average of wages earned in the three highest consecutive years. For Tier 1 members who joined on or after September 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4 and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with between twenty and thirty years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than thirty

years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over thirty years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55, with reduced benefits. Tier 3 and 4 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages of earned in the highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6
Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with twenty years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than twenty years of service, an additional benefit of 2% of final average salary is applied for each year of service over twenty years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

2. Unavailable Revenue

The following are unavailable revenues:

Social Services Advances and Other (General Fund)	$ 1,453,765
American Rescue Funding	4,767,131
Community Development Loans (CDBG Fund)	31,702
Total	$ 6,252,598

3. Advances from County (RLWD)

Franklin County issued a bond anticipation note during the 2018 fiscal year in the amount of $270,000. On November 19, 2019, the bond anticipation note was refinanced by a general obligation serial bond in the amount of $230,500 specifically for the Lake Kushaqua Dam Project. The bond matures in fifteen (15) years and pays an interest rate of 3.45%.

The District's liability to Franklin County is carried on the statement of financial position as a liability, Advances from County, since Franklin County is the debtor. Franklin County will bill the District annually for the principal and interest payment due on the bond. The District has increased its tax levy to accommodate the annual bond payment.

The five-year maturity schedule is as follows:

	Principal	Interest	Total
Fiscal Year 12/31/22	$ 12,831	7,111	19,942
Fiscal Year 12/31/23	13,274	6,668	19,942
Fiscal Year 12/31/24	13,732	6,210	19,942
Fiscal Year 12/31/25	14,206	5,736	19,942
Fiscal Year 12/31/26 and thereafter	152,064	27,415	179,479
TOTALS	$ 206,107	53,140	259,247

4. Long-Term Debt

The changes in the County of Franklin's long-term indebtedness during the year ended December 31, 2021 are summarized as follows:

	Balance 01/01/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Governmental Activities:					
Dam Project Serial Bond 2019	$ 218,510	-	12,403	206,107	12,831
Capital Leases Liability	1,752,537	-	251,517	1,501,020	162,734
Compensated Absences	1,197,460	-	187,849	1,009,611	100,961
Post Employment Benefits	27,752,527	3,920,784	1,408,646	30,264,665	-
Net Pension Liability	20,227,979	-	20,152,255	75,724	-
Total Long-Term Liabilities	$ 51,149,013	3,920,784	22,012,670	33,057,127	276,526

The changes in the County of Franklin Solid Waste Management Authority long-term indebtedness during the year ended June 30, 2021 are summarized as follows:

	Balance 7/1/2020	Additions	Reduction	Balance 6/30/2021	Due Within One Year
Bonds payable - principal	$ 27,245,000	-	1,255,000	25,990,000	2,190,000
Bond premium	546,491	-	112,009	434,482	-
Total bonds payable	27,791,491	-	1,367,009	26,424,482	2,190,000
Long-term debt payable	226,834	174,285	142,982	258,137	62,779
Pension contribution payable	38,637	-	10,770	27,867	-
Net pension liability	1,270,071	-	1,264,742	5,329	-
Closure and postclosure accrual	730,668	161,995	611	892,052	-
Total long-term debt	$ 30,057,701	336,280	2,786,114	27,607,867	2,252,779

a. Compensated Absences

Pursuant to contractual agreements, County employees are entitled to accrue an unlimited amount of sick leave and carry forward annually 21 days (or more with written permission of department head) of vacation leave. Upon retirement, unused sick leave may be converted to additional retirement credit up to a maximum of 165 days. No payments are made for unused sick leave. Specific years for payment of compensated absences are not determined.

i. Governmental Activities
The liability for these fringe benefits computed at current pay rates at December 31, 2021, amounts to $1,009,611 and is recorded in the governmental funds.

b. Other Post-Employment Benefits

Plan Descriptions:
The County's defined benefit other post-employment benefits plan (OPEB) provides benefits for all permanent full-time general and public safety employees of the County. The plan is a single-employer defined benefit OPEB plan administered by the County. Article 11 of the State Compiled Statures grants the authority to establish and amend the benefit terms and financing requirements to the County legislature. No assets are accumulated in a trust that meets the criteria in paragraph 5 of GASB Statement No. 75. The Plan does not issue financial statements and is not a trust. Eligibility for benefits is based on covered employees who retire from the County at age 55 or older and have met vesting requirements.

Benefits Provided:
The County provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services.

Employees Covered by Benefit Terms:
At December 31, 2021, the total number of participants in the OPEB plan was comprised as follows:

Retirees and survivors	174
Terminated vested employees	-
Actives	492
Total	666

Total OPEB Liability:
The County's total OPEB liability of $30,264,665 was measured as of January 1, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs:
The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2019_b). The short-term (first 4 years) trend rates were based on the recent premium rate history for Franklin County. The long-term (after 4 years) trend rates were based on the following assumptions:

Rate of inflation: 2.2%
Rate of growth in real income / GDP per capita: 1.6%
Extra trend due to technology and other factors: 1.3%
Health share of GDP resistance point: 25%

Salary increases – 3.5%

Mortality – actives – The RPH-2014 mortality table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019.

Mortality – retirees – The RPH mortality table for healthy annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019.

Discount rate – 2.12% as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index.

	Total OPEB Liability
Balance at December 31, 2020	$ 27,752,527
Changes for the year:	
Service cost	1,387,255
Interest	779,132
Changes in benefit terms	108,268
Differences between expected and actual experience	418,783
Changes in assumptions or other inputs	1,227,346
Benefit payments	(1,408,646)
Net changes	2,512,138
Balance at December 31, 2021	$ 30,264,665

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate

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

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increace (3.12%)
Total OPEB liability	$ 33,377,942	30,264,665	27,497,138

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

The following table presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a rate that is 1% higher or lower than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increace
Total OPEB liability	$ 26,386,773	30,264,665	34,989,674

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

For the year ended December 31, 2021, the County recognized OPEB expense of $2,274,655. At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	2,089,726
Changes of assumptions or other inputs	3,892,649	1,020,932
Employer contributions subsequent to the measurement date	1,490,716	-
Total	$ 5,383,365	3,110,658

Years ending December 31,	Amount
2022	$ 108,268
2023	108,268
2024	108,269
2025	(23,356)
2026	232,068
2027 and thereafter	248,474

c. Serial Bonds

The County of Franklin, like most governmental units, borrows money in order to acquire land or equipment or to construct and improve buildings. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized by the County to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

i. The County issued a General Obligation Serial Bond on November 19, 2019 at an interest rate of 3.45% for the Lake Kushaqua Dam Project. Interest and principal are charged annually, which has a maturity date of November 19, 2034. The bond had an outstanding balance due at December 31, 2021 of $206,107. Accrued interest of $888 was recorded as of December 31, 2021.

d. Leases Payable

i. In 2017, the County entered into a long-term lease agreement to finance the cost of placing into service several energy efficient capital improvements to County owned buildings and property as well as the acquisition of several pieces of equipment. As a result of this lease agreement, the County recorded capital asset acquisitions of $1,893,875. These assets are being depreciated in accordance with the County's policies. The lease includes options to purchase the leased equipment for varying prices each year. The following is a schedule of future principal and interest payments due:

Year	Principal	Interest	Total	Purchase Option Price
2022	$ 109,734	38,026	147,760	1,187,356
2023	117,463	34,789	152,252	1,068,350
2024	125,549	31,324	156,873	941,391
2025	121,917	27,620	149,537	818,213
2026	130,112	24,024	154,136	686,987
2027-2031	684,245	57,302	741,547	From $547,345 to $74,038.
	$ 1,289,020	213,085	1,502,105	

I. In January 2019 the County entered in a long-term lease agreement to finance the cost of voting machines and software. The total price of $424,000. At the end of the term the County will own the machines. The lease consists of 8 annual payments of $53,000.

Annual Payments	
8/1/2022	$ 53,000
8/1/2022	53,000
8/1/2023	53,000
8/1/2024	53,000
	$ 212,000

e. Maturity Schedule

The following is a summary of bond principal maturities and interest requirements.

Year	Principal	Interest
2022	$ 12,831	7,111
2023	13,274	6,668
2024	13,732	6,210
2025	14,206	5,736
2026	14,696	5,246
2027-2031	81,443	18,267
2032-2034	55,925	3,902
Total	$206,107	53,140

f. Debt Limits

It is the opinion of the County of Franklin and its legal counsel that the courthouse lease obligation does not constitute debt for the purposes of the State Constitution and New York State Local Finance Law, nor does it have to be reported as debt on a statement pursuant to Title 9 of the Finance Law. Generally accepted accounting principles, however, require that the leases be treated as a liability regardless of their status under state law.

At December 31, 2021, the outstanding long-term indebtedness of the County aggregated $33,057,127. Of this amount, $206,107 was subject to the constitutional debt limit.

5. Long-Term Debt- Component Units

a. Bonds Payable -Solid Waste Management Authority

A summary of the Solid Waste Management Authority's bonds payable at June 30, 2021, is as follows:

	Issue Date	Original Amount	Interest Rate(s)	Final Maturity	Outstanding at June 30, 2021
EFC Bonds Payable	Aug-16	$11,342,974	.8% to 5.0%	Jul-39	$ 10,030,000
Revenue Bonds	May-12	4,810,000	2.0% to 5.0%	Jun-32	3,305,000
Revenue Bonds	Mar-15	8,550,000	3.0% - 5.0%	Jun-40	7,280,000
Revenue Bonds	Jun-19	6,155,000	4.0%	Jun-27	5,375,000
					$ 25,990,000

A summary of the Authority's future minimum annual maturities for bonds payable and bond interest is as follows:

For the Year Ending June 30,	Principal	Interest
2022	$ 2,190,000	858,732
2023	1,800,000	732,525
2024	1,870,000	668,282
2025	1,930,000	601,015
2026	2,010,000	530,825
2027-2031	6,785,000	1,831,889
2032-2036	5,120,000	978,244
2037-2040	4,285,000	281,633
	$ 25,990,000	6,483,145

Interest expense on the above indebtedness was $793,142 for the year ended June 30, 2021, when bond related amortization costs are included. Interest paid was $890,021 for the year ended June 30, 2021.

b. Capital Leases - Solid Waste Management Authority

A summary of the Solid Waste Management Authority's capital lease liabilities at June 30, 2021 is as follows:

SymQuest capital lease payable in 60 monthly installments of $1,599, no stated interest rate, due January 2026, secured by equipment	$ 87,936
Key Government Financial capital lease payable in annual installments of $36,858 including interest at 2.75%, due October 2014, secured by equipment	137,827
Key Government Finance capital lease payable in semiannual installments of $11,337 including interest at 5.0%, due September, 2023, secured by equipment.	32,374
	258,137
Less: current portion	(62,779)
	$ 195,358

Interest expense incurred and paid on the above indebtedness was $6,291 for the year ended June 30, 2021.

A summary of the Authority's future annual minimum maturities of long-term debt at June 30, 2021, is as follows:

For the year ending June 30,	2022	$ 62,779
	2023	63,953
	2024	65,161
	2025	55,051
	2026	11,193
		$ 258,137

6. Other Liabilities

The following is a summary of other liabilities as of December 31, 2021:

a. Primary Government

Governmental Activities	
Overpayments	$ 105,292
Accrued Liabilities	847,807
Total Governmental Activities	953,099
Accrued Interest	888
Total Primary Government	$ 953,987

b. Component Unit

Solid Waste Management Authority

i. Environmental and Closure Accrual for Landfill

State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only 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 an operating expense in each period based on landfill capacity used as of each balance sheet date. The $892,052 reported as landfill closure and post closure care liability at June 30, 2021 represents the cumulative amount reported to date based on the use of 11.69 percent of the estimated capacity of the landfill at June 30, 2021. The Authority will recognize the remaining estimated cost of closure and post closure care of $6,740,363 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care at a time in the future where the Authority cannot accept any more waste and, therefore, cannot generate any more revenue. The Authority expects to close the landfill in the year 2074. Actual cost may be higher 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 a fund to finance closure and post closure care. The Authority is in compliance with these requirements, and at June 30, 2021 investments of $5,079,564 are held for these purposes. These are reported as restricted assets on the balance sheet. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

A summary of the environmental and closure accrual, which includes the consulting engineer's estimate of the cost for environmental compliance, landfill closure, and post-closure through June 30, 2021, based on the Authority's operating plan approved by the State of New York is as follows:

Total landfill capacity	18,650,000 cubic yards	
Total landfill capacity used through June 30, 2021	2,179,751 cubic yards	
Percentage of total landfill capacity		11.69%
Estimated closure and post-closure costs	$	7,632,415
Environmental and closure accrual	$	892,052
Anticipated closure date		2074

ii. Accrued Interest

Accrued interest payable	$	146,311

7. Operating Lease

The County has one lease for the District Attorney who is paying month-to-month.

The County also has one overall copier lease agreement for a 60-month term. The monthly payment amount on this lease is $6,595.

The County entered into a fleet management agreement to dispose of all County vehicles and replace them with a new fleet. The lease agreement has various schedules and addenda based on the delivery date of the vehicles leased. The monthly lease payments vary depending on delivery date and value of the vehicles leased.

C. DUE TO/FROM OTHER FUNDS

Due to/from other funds at December 31, 2021, were as follows:

	Due To	Due From
Major Governmental Activities		
General	$ 1,434,713	2,169,052
Other Governmental Activities		
County Road	52,669	1,249,509
Road Machinery	85,000	-
Capital Projects	2,169,052	322,873
Total	$ 3,741,434	3,741,434

These amounts are eliminated with the GASB Statement No. 34 conversion.

D. INTERFUND TRANSFERS RECONCILIATION

Operating transfers in (other sources) and operating transfers out (other uses) for the year ended December 31, 2021 were as follows:

Fund	Other Sources	Other Uses
Major Governmental Activities		
General	$ -	5,108,585
Other Governmental Activities		
County Roads	3,943,631	72,297
Road Machinery	899,270	-
Capital Projects	150,144	-
Debt Service	187,837	-
	$ 5,180,882	5,180,882

These amounts are eliminated with the GASB Statement No. 34 conversion. Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. FUND BALANCE CLASSIFICATIONS

The following funds have reserved portions of their fund balances for these designated purposes:

Fund	Purpose	Balance
General	**Non spendable fund balance**	
	Inventory	$ 6,471
	Prepaid	710,125
	Total non spendable fund balance	$ 716,596
	Restricted fund balance	
	Retirement	$ 1,234,123
	Unemployment insurance	657,264
	Insurance	331,266
	Tax stabilization	242,023
	Capital reserve (mortgage tax)	1,242,064
	District attorney	22,510
	Total restricted fund balance	$ 3,729,250
	Assigned fund balance	
	Stop DWI	$ 32,172
	Economic development	1,136,165
	Total Assigned fund balance	$ 1,168,337
Special Revenue Funds		
	Non spendable fund balance	
Road machinery	Inventory	$ 310,463
Soil and water	Inventory	331
Soil and water	Prepaids	17,610
	Total non spendable fund balance	$ 328,404
	Restricted fund balance	
Soil and water	Special reserve	$ 307,591
County roads	Repairs	451,215
	Total restricted fund balance	$ 758,806
	Assigned fund balance	
Road machinery	Assigned unappropriated	$ 316,256
County roads	Assigned unappropriated	1,084,367
CDBG	Assigned unappropriated	688
Soil and water	Assigned unappropriated	115,046
Debt service	Assigned unappropriated	48
Capital Projects	Assigned unappropriated	93,056
	Total assigned fund balance	$ 1,609,461

F. DEFERRED COMPENSATION PLAN

Employees of the County of Franklin may elect to participate in the County's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. The County of Franklin has adopted GASB 32 with regard to financial reporting of deferred compensation plans in accordance with IRC Section 457. The County has established Citistreet as the trustee of its existing deferred compensation plan. Since the County is not the trustee for the plan, the plan does not meet the criteria for inclusion in the County's financial statements. Therefore, at December 31, 2021, the $13,984,177 market value of deferred compensation plan assets is no longer displayed in the Agency Fund within the financial statements.

NOTE IV- JOINT VENTURES

The following are activities undertaken jointly with other municipalities which are excluded from the financial statements. Separate financial statements are issued for such joint ventures.

A. JOINT PUBLIC LIBRARY

The Clinton-Essex-Franklin Library System is jointly sponsored by Clinton, Essex, and Franklin Counties under provisions of Article 5 of the Education Law. As a joint venture, separate financial statements are published by the library. Each County's financial participation in the joint venture for the year ended December 31, 2021, was as follows:

Clinton	$	40,409
Essex	$	24,990
Franklin	$	15,673

The following is a summary of financial information included in unaudited financial statements issued for the joint venture as of and for the year ended December 31, 2021:

Total Assets	$	1,854,726
Total Liabilities		254,392
Fund Equity:		
Reserved		185,075
Unreserved		1,415,259
Total Fund Equity		1,600,334
Total Revenues (2021)	$	1,662,728
Total Expenses (2021)	$	1,292,754

B. JOINT COMMUNITY COLLEGE

The North Country Community College is jointly sponsored by Franklin and Essex Counties under provisions of Article 126 of the Education Law. As a joint venture, separate financial statements are published by the community college. The two counties' financial participation in the joint venture for the 2020 - 2021 fiscal year is as follows:

Franklin	$ 1,240,000
Essex	$ 1,240,000

The following is a summary of the financial information from the unaudited financial statements issued for the joint venture as of and for the year ended August 31, 2021:

Total Assets and Deferred Outflows of Resources	$ 18,651,015
Total Liabilities and Deferred Inflows of Resources	(25,379,882)
Net Position	$ (6,728,867)
Total Revenues (2020-21)	$ 16,731,314
Total Expenditures (2020-21)	$ 15,905,815

NOTE V - COMMITMENTS AND CONTINGENCIES

A. LITIGATION AND SUBSEQUENT EVENTS

The County has a total of 10 active tort claims pending as of December 31, 2021. The County is also named in land claims by the Akwesasne Mohawk Indians seeking the return of claimed land and money damages. County management, after considering all relevant facts, including the opinion of the County attorney and outside counsel in certain instances, is of the opinion that such litigation will not, in the aggregate, have a material adverse effect on the County's financial position.

The following are unpaid taxes on Indian Land Claims as of December 31, 2021, and are recorded as Accounts Receivable and Deferred Revenue:

	School Taxes	School Interest and Penalty	Town and County Tax	Base Lien Amount
Fort Covington	$ 197,048	18,333	319,446	219,887
Bombay	3,831,762	391,215	2,706,619	6,821,012
	$ 4,028,810	409,548	3,026,065	7,040,899

B. SELF-INSURED HEALTH INSURANCE

The County of Franklin incurs costs related to a self-insured employee health plan. The health plan's objectives are to formulate, develop, and administer a program of health insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Lifetime Benefits Solutions, the health plan claims administrator, bills the County for approved benefits due employees. The County of Franklin has stop-loss insurance, for medical coverage only, to provide protection for claims in excess of $125,000 per individual and a specific insurance limit of $375,000. Liabilities of the health plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including frequency and amount payouts, and are based on a five-week lag per the health plan administrator. The balance of claim liabilities during the past fiscal year is as follows:

Unpaid Claims, Beginning of Fiscal Year	$ 403,529
Plus: Incurred Claims (including IBNR's)	4,216,152
Less: Claim Payments	(4,214,282)
Unpaid Claims, End of Fiscal Year	$ 405,399

C. FEDERAL AND STATE GRANTS

The local government has received grants totaling over $37 million which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowance and a request for a return of funds to the federal and state governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

D. UNEMPLOYMENT INSURANCE

The County of Franklin provides unemployment insurance through direct billings from the New York State Unemployment Insurance Fund. For the year ended December 31, 2021, the County paid $0 of benefits from the unemployment insurance reserve. The County had no liability outstanding at December 31, 2021 for unpaid, unasserted claims.

E. SELF-INSURED WORKERS' COMPENSATION

The County of Franklin sponsors and participates in a self-insurance plan for workers' compensation under Local Law No. 3, 1991, pursuant to Article 5 of the Workers' Compensation Law. The self-insurance plan is open to any eligible municipality or public entity for participation. There were 23 participants, including the County of Franklin, at December 31, 2021. The County is responsible for the administration of the self-insurance plan and its reserves and accounts for this self-insurance plan on the modified accrual basis in the Workers' Compensation Fund. The designated reserved retained earnings at December 31, 2021, were $400,000. Additionally, the County has specific excess coverage for workers' compensation and employers' liability insurance for catastrophic losses.

F. OTHER INSURANCE

The County of Franklin is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters' etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

G. SERVICES AGREEMENT AND COMMITMENTS AND CONTINGENCIES

Solid Waste Management Authority

On May 1, 1993, the Solid Waste Management Authority entered into a services agreement with the County of Franklin, whereby the County will cause to be delivered to the Authority substantially all solid waste produced within the County. This agreement commenced upon operation by the Solid Waste Management Authority and will continue until the later of (a) the twentieth anniversary of the operation commencement date, or (b) the maturity date of outstanding Authority indebtedness, provided, however, that in no event shall the agreement have a term of greater than twenty-five years from the latest date of execution of the services agreement. The agreement was renewed on May 1, 2012 and the provisions extended accordingly.

In consideration of the Authority's performance of certain activities relating to solid waste disposal, the County shall pay a service fee equal to the Authority's estimated debt service, plus operating and maintenance costs less estimated net investment earnings, if any, for each fiscal year, provided that in no event shall the service fee be less than zero. The County of Franklin shall pay the Authority one-twelfth of the current fiscal year's estimated service fee on the first day of each month.

Service fees paid by the County of Franklin to the Solid Waste Management Authority for the year ended June 30, 2021, totaled $8,627,758.

The Solid Waste Management Authority is required to reimburse the County an amount equal to total tipping and user fees received in the prior month up to the aggregate estimated service fee paid by the County, as described above. Under this agreement, the Authority reimbursed the County $8,627,758 for the year ended June 30, 2021. The Authority owed Franklin County $0 at June 30, 2021.

Within ninety days of the end of each fiscal year, the Authority shall calculate a year-end adjustment which represents the Authority's actual service fee; calculated using the cash basis of accounting, less amounts paid by the County plus the aggregate amount of all Authority reimbursements to the County. A service fee surplus for any year end shall be maintained by the Authority in its operating cash account, provided that if such service fee surplus occurs in the final year of the services agreement, such amount shall be remitted to the County. A service fee shortfall for any year end shall be paid to the Authority by the County.

The Authority did not have any revenue sources accounting for more than 10% of the Authority's operating revenue.

The Authority had no commitments to contractors for capital projects in process at June 30, 2021. All capital projects were completed and resulting assets were placed in service. The Authority had no liability for retainage payable at June 30, 2021.

NOTE VI - NET WORKING CAPITAL

	Net Working Capital (Deficit)	Current Assets	Current Liabilities
Solid Waste Management Authority	$ (1,492,179)	1,332,670	2,824,849
Civic Development Corporation	9,269	11,119	1,850
Industrial Development Agency	865,777	944,757	78,980

NOTE VII - TOBACCO SETTLEMENT PAYMENTS

In January 1997, the State of New York filed a lawsuit against the tobacco industry, seeking to recover the costs that the State and local governments had incurred in treating smoking related illnesses. Under an agreement reached with the tobacco industry referred to as the Master Settlement Agreement (MSA), the State and counties are entitled to receive annual payments. Payments received under the agreement in 2021 totaled $749,125 and are recorded in the General Fund account - Other Compensation for Loss.

NOTE VIII - TRIBE-STATE GAMING COMPACT BETWEEN ST. REGIS MOHAWK TRIBE AND STATE OF NEW YORK

In 2004, the State of New York enacted legislation providing for an appropriation of revenue from slot machines at the tribal casino located in Akwesasne. The County of Franklin and the County of St. Lawrence shall receive 50% of the negotiated 25% of the net draw from slot machines made available to the Counties by the State. The County recorded no revenue or expenses to the Towns due to uncertainty on collections, during the year the County recorded an allowance on the recorded net receivable from 2019 of $300,000.

NOTE IX – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2022, the date on which the financial statements were available to be issued.

Management of the Rainbow Lake Water Protection District has evaluated subsequent events through January 10, 2022 which is the date the financial statements of the District were available to be issued.

Management of the Solid Waste Management Authority has evaluated subsequent events between June 30, 2021 and November 10, 2021, the date on which the financial statements were available to be issued.

Management of the Civic Development Corporation evaluated subsequent events through December 31, 2021 and March 22, 2022, the date on which the financial statements were available to be issued.

Management of the Industrial Development Agency has evaluated subsequent events through December 31, 2021 and March 22, 2022, which is the date the financial statements were available to be issued.

NOTE X – RECONCILIATION OF NET CAPITAL ASSETS

Capital assets, net of depreciation		$ 48,255,590
Debt issued to acquire capital assets:		
Capital leases	(1,501,020)	(1,501,020)
Net investment in capital assets		$ 46,754,570

NOTE XI – OPERATING LEASES (INDUSTRIAL DEVELOPMENT AGENCY)

In 2018, the Agency entered into a rental agreement for office and storage space with The County of Franklin ("the County") in the County building located at 355 Main Street, Malone, New York. The lease term commencing on September 6, 2018 for a one-year term was renewed until August 31, 2020 and for an additional year beginning September 1, 2021. Either party may terminate at the end of the term by giving the other party written notice of at least 60 days. Rent is $1 annually for the 12-month period and fees of $200 per month for cleaning, maintenance, and trash removal.

NOTE XII – LEASES (INDUSTRIAL DEVELOPMENT AGENCY)

The Agency leases space to tenants under various operating leases on a month-to-month basis. The leases are cancelable with a stipulation the tenant provide at least thirty (30) days written notice.

NOTE XIII– TAX ABATEMENTS

The County, through its Industrial Development Agency (IDA) and its Local Development Agency (LDC) programs, in an attempt to attract and maintain economic development and job growth in the County, has the ability to induce business with property tax abatement as part of a payments in lieu of taxes (PILOT) program. Total taxes abated during the year ended December 31, 2021 were $279,667.

NOTE XIV – RELATED PARTY TRANSACTIONS (SWMA)

The Authority has agreements with Franklin County and the Village of Malone to accept waste generated from government departments at no charge up to agreed-upon limits. During the year ended June 30, 2021, the Authority accepted at no charge $46,991 from Franklin County and $42,417 from the Village of Malone of waste generated by governmental departments.

NOTE XV – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2021, management reevaluated its assumptions and methodologies for calculating the closure and post-closure liabilities. Management determined that these changes were warranted to more accurately reflect the requirements of the applicable accounting standards. As a result of these changes, management recorded a prior period adjustment to increase net position at June 30, 2020 in the amount of $5,113,881.

During the year based on requisition of funds and prior year unsettled close-outs it was noted that Mental health revenue receivable at December 31, 2020 was over stated by $395,020.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR YEARS *

		2021	2020	2019	2018
Measurement date		January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB liability					
Service Cost	$	1,387,255	1,058,391	1,257,168	1,132,959
Interest		779,132	1,152,837	1,011,167	1,047,997
Differences between expected and actual experience in the measurement of the total OPEB liability		-	(2,927,292)	-	-
Change in benefit terms		-	(618,939)	-	-
Changes in assumptions or other inputs		1,754,397	2,793,725	(1,786,627)	921,348
Benefit payments		(1,408,646)	(1,531,573)	(1,587,074)	(1,526,760)
Net change in OPEB liability		2,512,138	(72,851)	(1,105,366)	1,575,544
Total OPEB liability - beginning, as restated		27,752,527	27,825,378	28,930,744	27,355,200
Total OPEB liability - ending	$	30,264,665	27,752,527	27,825,378	28,930,744
Covered payroll	$	21,456,690	21,092,998	20,014,266	19,895,400
Total OPEB liability as a percentage of covered payroll		141.05%	131.57%	139.03%	145.41%

Notes to schedule:
Changes of assumption: Changes of assumptions and other inputs reflect the effects of the discount rate each period. The following are the discount rates used in each period.

2018	3.44%
2019	4.10%
2020	2.74%
2021	2.12%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 2

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN YEARS *

	Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
County's proportion of the net pension liability	0.0854124%	0.0857949%	0.0857290%	0.0862995%	0.0846233%	0.0955071%	0.0387080%
County's proportionate share of the net pension liability *	$ 75,724	20,227,979	5,462,591	2,505,449	7,187,639	15,329,156	1,307,653
County's covered-employee payroll	$ 19,256,622	19,744,826	19,214,954	18,596,867	18,200,632	17,676,551	18,884,567
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.4%	102.4%	28.4%	13.5%	39.5%	86.7%	6.9%
Plan fiduciary net position as a percentage of the total pension liability	95.8%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

*: A portion of this liability has been allocated to NCCC during the year.

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN YEARS *

	Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Authority's proportion of the net pension liability	0.0053516%	0.0047962%	0.0046247%	0.0048963%	0.0043805%	0.0043757%	0.0046574%
Authority's proportionate share of the net pension liability	$ 5,329	1,270,071	327,674	158,024	411,605	702,317	157,340
Authority's covered-employee payroll	$ 1,416,483	1,310,842	1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.4%	96.9%	26.3%	13.0%	36.8%	67.6%	12.2%
Plan fiduciary net position as a percentage of the total pension liability	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 2 con't

COUNTY OF FRANKLIN
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN YEARS *

	Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Agency's proportion of the net pension liability	0.0005350%	0.0005726%	0.0005187%	0.0001849%	0.0003402%	0.0003563%	0.0362000%
Agency's proportionate share of the net pension liability	$ 533	151,632	36,750	5,968	31,964	57,180	12,230
Agency's covered-employee payroll	$ 135,634	132,348	126,435	109,273	111,919	123,646	119,487
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.4%	114.6%	29.1%	5.5%	28.6%	46.2%	10.2%
Plan fiduciary net position as a percentage of the total pension liability	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 2 con't

COUNTY OF FRANKLIN
NORTH COUNTRY COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN YEARS *

	Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
College's proportion of the net pension liability	0.0095440%	0.0094091%	0.0086277%	0.0086377%	0.0078716%	0.0093710%	0.0091200%
College's proportionate share of the net pension liability	$ 9,503	2,491,591	611,304	278,777	739,639	1,436,495	296,428
College's covered-employee payroll	$ 2,407,671	2,557,556	2,355,119	2,201,554	2,089,414	1,891,231	1,998,431
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.4%	97.4%	26.0%	12.7%	35.4%	76.0%	14.8%
Plan fiduciary net position as a percentage of the total pension liability	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS -
EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN YEARS *

FRANKLIN COUNTY	Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 2,840,499	2,637,836	2,595,637	2,573,081	2,609,025	2,297,606	2,660,124
Contributions in relation to the contractually required contribution	(2,840,499)	(2,637,836)	(2,595,637)	(2,573,081)	(2,609,025)	(2,297,606)	(2,660,124)
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered-employee payroll	$ 19,917,253	19,940,187	19,687,516	18,930,938	18,563,719	19,077,655	19,198,460
Contributions as a percentage of covered-employee payroll	14.3%	13.2%	13.2%	13.6%	14.1%	12.0%	13.9%

SWMA	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 48,860	41,560	39,372	154,433	149,003	125,912	207,475
Contributions in relation to the contractually required contribution	(48,860)	(41,560)	(39,372)	(154,433)	(149,003)	(125,912)	(207,475)
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered-employee payroll	$ 1,416,483	1,310,842	1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Contributions as a percentage of covered-employee payroll	3.4%	3.2%	3.2%	12.8%	13.3%	12.1%	16.0%

IDA	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 24,483	21,134	19,809	17,119	17,757	19,616	23,474
Contributions in relation to the contractually required contribution	(24,483)	(21,134)	(19,809)	(17,119)	(17,757)	(19,616)	(23,474)
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered-employee payroll	$ 135,634	132,348	126,435	109,273	111,919	123,646	119,487
Contributions as a percentage of covered-employee payroll	18.1%	16.0%	15.7%	15.7%	15.9%	15.9%	19.6%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS -
EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)
LAST SEVEN YEARS *

NCCC	Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 324,840	290,400	287,373	277,233	283,270	305,062	388,801
Contributions in relation to the contractually required contribution	(324,840)	(290,400)	(287,373)	(277,233)	(283,270)	(305,062)	(388,801)
Contribution deficiency (excess)	$ -	-	-	-	-	-	-
County's covered-employee payroll	$ 2,407,671	2,557,556	2,355,119	2,201,554	2,089,414	1,891,231	1,998,431
Contributions as a percentage of covered-employee payroll	13.5%	11.4%	12.2%	12.6%	13.6%	16.1%	19.5%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 4

COUNTY OF FRANKLIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
BUDGETARY FUND BALANCE - JANUARY 1	$ 14,398,023	14,398,023	14,398,023	-
RESOURCES (INFLOWS):				
Real Property Taxes	17,929,351	17,929,351	17,386,443	(542,908)
Real Property Tax Items	2,309,924	2,708,837	1,612,293	(1,096,544)
Non-Property Tax Items	23,750,000	23,750,000	31,143,509	7,393,509
Departmental Income	12,268,234	12,514,544	12,265,900	(248,644)
Intergovernmental Charges	9,145,214	9,174,917	9,150,507	(24,410)
Use of Money and Property	416,913	416,913	414,955	(1,958)
Fines and Forfeitures	79,027	102,073	163,984	61,911
Sale of Property and Compensation for Loss	610,500	610,500	786,711	176,211
Miscellaneous Local Sources	4,027,525	4,033,278	1,067,127	(2,966,151)
Interfund Revenues	400,880	400,880	419,320	18,440
State Aid	16,170,947	18,194,109	17,424,220	(769,889)
Federal Aid	10,212,787	12,904,670	10,184,025	(2,720,645)
Amounts Available for Appropriation	97,321,302	102,740,072	102,018,994	(721,078)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General Government Support	13,248,960	14,063,540	10,097,941	3,965,599
Education	4,189,523	4,189,523	3,296,417	893,106
Public Safety	10,611,960	11,439,562	10,720,100	719,462
Health	9,185,033	11,632,882	10,516,264	1,116,618
Transportation	1,750,074	1,876,708	1,469,037	407,671
Economic Assistance and Opportunity	36,225,447	37,117,450	31,053,818	6,063,632
Culture and Recreation	69,181	202,298	183,417	18,881
Home and Community Services	9,158,641	9,250,404	9,144,074	106,330
Employee Benefits	8,112,970	8,112,970	6,670,341	1,442,629
Debt Service	-	53,000	53,000	-
Transfers to Other Funds	5,019,513	5,038,585	5,108,585	(70,000)
Total Charges to Appropriations	97,571,302	102,976,922	88,312,994	14,663,928
BUDGETARY FUND BALANCE - DECEMBER 31	14,148,023	14,161,173	28,104,023	13,942,850
Prior Period Adjustment	(395,021)	(395,021)	(395,021)	-
ADJUSTED BUDGETARY FUND BALANCE - DECEMBER 31	$ 13,753,002	13,766,152	27,709,002	13,942,850

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 5

COUNTY OF FRANKLIN
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
BUDGETARY FUND BALANCE, JANUARY 1	$ 2,061,943	2,061,943	2,061,943	-
RESOURCES (INFLOWS):				
Departmental Income	6,500	6,500	53,922	47,422
Use of Money and Property	24,000	24,000	97	(23,903)
Miscellaneous Local Sources	-	-	3,411	3,411
Sale of Property and Compensation for Loss	5,150	52,767	77,938	25,171
Interfund Revenues	254,650	254,650	252,899	(1,751)
State Aid	-	835,526	820,528	(14,998)
Transfers from Other Funds	4,842,901	4,842,901	4,842,901	-
Amounts Available for Appropriation	5,133,201	6,016,344	6,051,696	35,352
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public Safety	-	-	211,831	(211,831)
Transportation	5,525,715	6,408,858	5,667,210	741,648
Total Charges to Appropriations	5,688,309	6,571,452	5,951,338	620,114
BUDGETARY FUND BALANCE, DECEMBER 31	$ 1,506,835	1,506,835	2,162,301	655,466

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A - Budget-to-Actual Reconciliation

An explanation of the differences between bugetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 102,018,994	6,051,696
Revenues not included in budgetary comparison, not part of the adopted budget, including subrecipient grants	4,902,416	4,424,770
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	-	(4,842,901)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds	$ 106,921,410	5,633,565
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	$ 88,312,994	5,951,338
Expenditures not included in budgetary comparison, not part of the adopted budget, including subrecipient grants	4,902,416	5,132,420
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(5,108,585)	(72,297)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds	$ 88,106,825	11,011,461

SUPPLEMENTARY INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2021

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 746,242	48	1,088,447	1,834,737
Cash and Cash Equivalents- Restricted	307,591	-	-	307,591
Other Receivables, Net	66,108	-	-	66,108
State and Federal Receivables	165,339	-	986,825	1,152,164
Inventories	310,794	-	-	310,794
Prepaid Expenses	17,610	-	-	17,610
Due From Other Funds	1,249,509	-	322,873	1,572,382
Total Assets	2,863,193	48	2,398,145	5,261,386
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts Payable	58,562	-	136,037	194,599
Accrued Liabilities	29,038	-	-	29,038
Due To Other Governments	2,655	-	-	2,655
Due To Other Funds	137,669	-	2,169,052	2,306,721
Total Liabilities	227,924	-	2,305,089	2,533,013
Deferred Inflow of Resources				
Unavailable Revenue - Community Development Loans	31,702	-	-	31,702
Fund Balances				
Nonspendable:				
Inventory	310,794	-	-	310,794
Prepaid	17,610	-	-	17,610
Committed:				
Restricted:				
Repairs	451,215	-	-	451,215
Other	307,591	-	-	307,591
Assigned				
Assigned Unappropriated	1,516,357	48	93,056	1,609,461
Total Fund Balances	2,603,567	48	93,056	2,696,671
Total Liabilities, Deferred Inflow or Resources and Fund Balances	$ 2,863,193	48	2,398,145	5,261,386

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Departmental Income	$ 73,657	-	-	73,657
Intergovernmental Charges	-	19,942	-	19,942
Use of Money and Property	310	-	79	389
Sale of Property and Compensation for Loss	86,829	-	-	86,829
Miscellaneous Local Sources	6,243	-	-	6,243
Interfund Revenues	330,191	-	-	330,191
State Aid	1,474,961	-	2,086,487	3,561,448
Federal Aid	15,535	-	1,539,331	1,554,866
Total Revenues	1,987,726	19,942	3,625,897	5,633,565
EXPENDITURES				
Public Safety	211,831	-	-	211,831
Transportation	5,667,210	-	3,682,985	9,350,195
Economic Assistance and Opportunity	1,241,657	-	-	1,241,657
Debt Service (Principal and Interest)	-	207,778	-	207,778
Total Expenditures	7,120,698	207,778	3,682,985	11,011,461
Excess of Revenues Over (Under) Expenditures	(5,132,972)	(187,836)	(57,088)	(5,377,896)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	4,842,901	187,837	150,144	5,180,882
Transfers To Other Funds	(72,297)	-	-	(72,297)
Net Other Financing Sources (Uses)	4,770,604	187,837	150,144	5,108,585
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(362,368)	1	93,056	(269,311)
Fund Balances-Beginning of the Year	2,965,935	47	-	2,965,982
Fund Balances-End of the Year	$ 2,603,567	48	93,056	2,696,671

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 8

COUNTY OF FRANKLIN
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2021

	Road Machinery Fund	County Roads Fund	CDBG Fund	Soil and Water Conservation District	Total Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	$ 278,636	358,177	1,879	107,550	746,242
Cash and Cash Equivalents- Restricted	-	-	-	307,591	307,591
Other Receivables, Net	19,233	1,977	32,225	12,673	66,108
State and Federal Receivables	148,526	16,813	-	-	165,339
Inventories	310,463	-	-	331	310,794
Prepaid Expenses	-	-	-	17,610	17,610
Due From Other Funds	-	1,249,509	-	-	1,249,509
Total Assets	756,858	1,626,476	34,104	445,755	2,863,193
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	40,703	17,859	-	-	58,562
Accrued Liabilities	4,436	20,366	-	4,236	29,038
Due To Other Governments	-	-	1,714	941	2,655
Due To Other Funds	85,000	52,669	-	-	137,669
Total Liabilities	130,139	90,894	1,714	5,177	227,924
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue - Community Development Loans	-	-	31,702	-	31,702
Fund Balances					
Nonspendable:					
Inventory	310,463	-	-	331	310,794
Prepaid	-	-	-	17,610	17,610
Restricted:					
Repairs	-	451,215	-	-	451,215
Other	-	-	-	307,591	307,591
Assigned:					
Assigned, Unappropriated	316,256	1,084,367	688	115,046	1,516,357
Total Fund Balances	626,719	1,535,582	688	440,578	2,603,567
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 756,858	1,626,476	34,104	445,755	2,863,193

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

		Road Machinery Fund	County Roads Fund	CDBG Fund	Soil and Water Conservation District	Total Special Revenue Funds
REVENUES						
Departmental Income	$	-	53,922	-	19,735	73,657
Use of Money and Property		69	28	163	50	310
Sale of Property and Compensation for Loss		70,863	7,075	-	8,891	86,829
Miscellaneous Local Sources		3,411	-	-	2,832	6,243
Interfund Revenues		228,899	24,000	-	77,292	330,191
State Aid		814,205	6,323	-	654,433	1,474,961
Federal Aid		-	-	-	15,535	15,535
Total Revenues		1,117,447	91,348	163	778,768	1,987,726
EXPENDITURES						
Public Safety		-	211,831	-	-	211,831
Transportation		2,097,663	3,569,547	-	-	5,667,210
Economic Assistance and Opportunity		-	-	-	1,241,657	1,241,657
Total Expenditures		2,097,663	3,781,378	-	1,241,657	7,120,698
Excess of Revenues Over (Under) Expenditures		(980,216)	(3,690,030)	163	(462,889)	(5,132,972)
OTHER FINANCING SOURCES (USES)						
Transfers From Other Funds		899,270	3,943,631	-	-	4,842,901
Transfers To Other Funds		-	(72,297)	-	-	(72,297)
Net Other Financing Sources		899,270	3,871,334	-	-	4,770,604
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses		(80,946)	181,304	163	(462,889)	(362,368)
Fund Balances-Beginning of the Year		707,665	1,354,278	525	903,467	2,965,935
Fund Balances-End of the Year	$	626,719	1,535,582	688	440,578	2,603,567

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 10

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF NET POSITION
COMPONENT UNITS
AS OF DECEMBER 31, 2021 AND JUNE 30, 2021

	IDA December 31, 2021	CDC December 31, 2021	SWMA June 30, 2021	RLWPD December 31, 2021	Total
ASSETS					
Cash and Cash Equivalents	$ 877,418	11,119	331,388	24,039	1,243,964
Restricted Cash and Cash Equivalents	-	-	14,820,511	-	14,820,511
Restricted Investments	-	-	1,666,709	-	1,666,709
Other Receivables, Net	36,214	-	835,382	-	871,596
Other Assets	31,125	-	165,900	-	197,025
Land	148,058	-	2,064,979	-	2,213,037
Capital Assets, Net of Depreciation	495,669	-	19,192,740	255,592	19,944,001
Total Assets	1,588,484	11,119	39,077,609	279,631	40,956,843
DEFFERED OUTFLOW OF RESOURCES					
Deferred Amount on ERS Pension	140,317	-	1,155,885	-	1,296,202
Total Deferred Outflows of Resources	140,317	-	1,155,885	-	1,296,202
LIABILITIES					
Accounts Payable	54,991	1,850	425,759	-	482,600
Accrued Liabilities	23,989	-	146,311	-	170,300
Other Liabilities	-	-	-	206,107	206,107
Long-Term Liabilities	-	-	-		
Due and Payable Within One Year	-	-	2,252,779	-	2,252,779
Due and Payable After One Year	533	-	25,355,088	-	25,355,621
Total Liabilities	79,513	1,850	28,179,937	206,107	28,467,407
DEFFERED INFLOW OF RESOURCES					
Deferred Inflows on ERS Pension	163,257	-	1,622,665	-	1,785,922
Total Liabilities and Deferred Inflow of Resources	242,770	1,850	29,802,602	206,107	30,253,329
NET POSITION					
Net Investment in Capital Assets	643,727	-		49,485	693,212
Restricted Net Position	-	-	16,487,220	-	16,487,220
Unrestricted Net Position	842,304	9,269	(6,056,328)	24,039	(5,180,716)
Total Net Position	$ 1,486,031	9,269	10,430,892	73,524	11,999,716

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF ACTIVITIES
COMPONENT UNITS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND JUNE 30, 2021

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position — Business-Type Activities				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	IDA	CDC	SWMA	RLWPD	Total
Business-Type Activities:								
IDA (FYE 12/31/21)								
Administration	$ 406,160	287,835	43,240	(75,085)				(75,085)
CDC (FYE 12/31/21)								
Administration	2,425	-	-		(2,425)			(2,425)
SWMA (FYE 6/30/21)								
Landfill Operations	15,005,178	17,722,392	-			2,717,214		2,717,214
RLWPD (FYE 12/31/21)								
Water District Operations	20,026	-	-				(20,026)	(20,026)
Total Component Units	$ 15,433,789	18,010,227	43,240					2,619,678

	IDA	CDC	SWMA	RLWPD	Total
General Revenues (Expenses):					
Gain (Loss) on Asset Disposition	42,288	-	-	-	42,288
Water District Tax Revenues	-	-	-	27,000	27,000
Restricted Investment Earnings	2,859	1	52,513	-	55,373
Total General Revenues	45,147	1	52,513	27,000	124,661
Change in Net Position	(29,938)	(2,424)	2,769,727	6,974	2,744,339
Net Position-Beginning of the Year (as Adjusted)	1,515,969	11,693	7,661,165	66,550	9,255,377
Net Position-End of the Year	$ 1,486,031	9,269	10,430,892	73,524	11,999,716

The accompanying notes are an integral part of these financial statements.

FEDERAL AWARDS INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

SCHEDULE 12

COUNTY OF FRANKLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Funding Agency, Pass Through Agency, and Program Title	Federal CFDA Number		Pass-Through Entitiy Identifying Number	Pass-Through to Subrecipients	Expenditures 2021	Program Expenditures By Dept.
U.S. Department of Agriculture:						
Pass Through Agency - NYS Department of Health and Human Services						
SNAP Cluster						
Supplemental Nutrition Assistance Program (SNAP)Administrative Costs	10.561		N/A	$	560,976	
Pass Through Agency - NYS Department of Education						
National School Lunch Program	10.555				1,528	
Total U.S. Department of Agriculture						562,504
U.S. Department of Health & Human Services:						
Pass Through Agency - NYS Office of the Aging						
Balancing Incentive Program/ SHINE (Cluster)	93.778	*	N/A		58,272	
Title III-D	93.043		N/A		3,407	
Title III-E	93.052		N/A		28,752	
Aging Cluster:						
III-B	93.044		N/A	47,445		
Nutrition III-C	93.045		N/A	105,821		
Nutrition III-C (FAMILIES FIRST CORONAVIRUS RESPONSE ACT))	93.045	@	N/A	22,223		
Commodity Foods-NSIP	93.053		N/A	108,569		
Aging Cluster					284,058	
HIICAP	93.779		N/A		5,549	
MIPA	93.071		N/A		13,685	393,723
Pass Through Agency - NYS Department of Family Assistance						
Social Services Block Grant (Title XX)	93.667		N/A		274,921	
Temporary Assistance for Needy Families(TANF) (INCLUDES FLEXIBLE FUND FOR FAMILY SERVICES)	93.558	*	N/A		4,143,984	
Low Income Home Energy Assistance and WRAP	93.568		N/A		5,498,716	
Child Care and Development Block Grant	93.575/93.596		N/A		145,581	
Child Support Enforcement (Title IV - D)	93.563		N/A		441,651	
Foster Care (Title IV-E)	93.658		N/A		1,014,364	
Adoption	93.659		N/A		19,907	
Child Abuse and Neglect State Grant	93.669		190NYNCAN		13,015	11,552,139
Pass Through Agency - NYS Health Department						
Medical Assistance Program(Medicaid; Title XIX) (Cluster)	93.778	*	N/A		933,556	
Immunization Action Plan	93.268		C025026/C0248291		23,390	
Immunization Action Plan(Flu/COVID supplemental)	93.268	@	C-32516GG		7,870	
Childhood Lead Poisoning Prevention	93.994		C020606		11,375	
Early Intervention Administration	84.181		C027479		15,844	
Federal Reimbursement/CSHCN	93.994		C021551		4,445	
Provider Relief Fund	93.498	@	N/A		63,902	1,060,382
Pass Through Agency - NYS Office of Mental Health						
Federal Medicaid Administrative Salary Sharing (Cluster)	93.778	*	N/A		59,280	59,280
Pass Through Agency - Health Research Incorporated						
Public Health Emergency Preparedness Program	93.069		C023328		28,953	
Epidemiology and Laboratory Capacity for Infectious Diseases(CARES FUNDING)	93.323	@*			668,618	
Public Health Emergency Response (CARES FUNDING)	93.354	@			81,086	778,657
Total U.S. Depatment of Health and Human Services						13,844,181
U.S. Department of Transportation:						
Pass Through Agency - NYS Department of Transportation						
Public Transportation (FTA Section 5311)(CARES FUNDING)	20.509	@	GDV-DOT-08762	132,532		
RTAP	20.509		N/A	0		
Formula Grants for Rural Areas					132,532	
Federal Aid Highway Program(HBRR/STP)	20.205	*	3337850/390095121	1,539,331		
Highway Planning and Construction Cluster					1,539,331	
Ignition Interlock	20.601		N/A	3,607		
Highway Safety Cluster					3,607	
Total U.S. Department of Transportation						1,675,470
U.S. Department of Homeland Security						
Pass Through Agency - New York State Division of Homeland Security and Emergency Services						
Homeland Security Grant Program- SHSP	97.067		WM C970590/WM C970580 WM C970560	100,253		
Cyber Security Grant Program	97.067		WM17181880	47,118		
Operation Stonegarden	97.067		WM19970599	247,504		
Homeland Security Grant Program					394,875	
Total U.S. Department of Homeland Security						394,875

See accompanying Notes to Schedule of Expenditures of Federal Awards.

U.S. Department of Treasury:						
American Rescue Plan Funding	21.027	@			90,962	
						90,962
U.S. Department of Housing and Urban Development:						
Emergency Solutions Grants (ESG) Program	14.231				141,026	
						141,026
U.S. Department of Justice:						
Residential Substance Abuse Treatment (RSAT)	16.593	N/A			3,882	
Pass Through Agency- New York State Division Criminal Justice						
Federal Equitable Sharing	16.922	NY016013A			13,650	
Total U.S. Department of Justice						17,532
Total Federal Financial Assistance Program Expenditures			$	0		16,726,550
MEDICAID CLUSTER (Various Pass-through Above)						
Balancing Incentive Program/ SHINE (Cluster)	93.778				58,272	
Medical Assistance Program(Medicaid; Title XIX) (Cluster)	93.778				933,556	
Federal Medicaid Administrative Salary Sharing (Cluster)	93.778				59,280	
Total Medicaid Cluster						1,051,108

@ CARES FUNDING/FAMILIES FIRST CORONAVIRUS RESPONSE ACT

*** Major Program**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF FRANKLIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County of Franklin under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial assistance programs administered by Franklin County, New York, an entity as defined in the financial statements, except that it does not include the federal financial assistance programs, if any, of the Franklin County Industrial Development Agency.

2. PASS-THROUGH PROGRAMS

Where the County of Franklin receives funds from a government entity other than the federal government ("pass-through"), the funds are accumulated based upon the Assistance Listing Numbers (previously known as the Catalog of Federal Domestic Assistance ("CFDA") number) advised by the pass-through grantor. Identifying numbers, other than assistance listing numbers, which may be assigned by pass-through grantors, are not maintained in the County's financial management system.

3. NONMONETARY FEDERAL PROGRAMS

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "non-monetary programs". During the fiscal year ended December 31, 2021, Franklin County distributed over $18.6 million worth of food stamps to eligible persons participating in the Food Stamps Program (Assistance Listing Number 10.561). This amount is not included in the schedule of expenditures of federal awards, only the portion for administrative reimbursement and emergency are included

In 2008, the State started to pay for all regular HEAP payments to individuals instead of the County. For 2021, the State paid $4,902,416 in HEAP benefits to eligible directly

Franklin County residents. This amount is included in the schedule of expenditures of federal awards.

NOTE C - INDIRECT COSTS / INDIRECT COST RATE

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The County did not elect to use the 10 per cent de minimum indirect cost rate as permitted under Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE D - MATCHING COSTS

Matching costs, i.e., the County of Franklin's share of certain program costs, are not included in the Schedule of Expenditures of Federal Awards.

R A M

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

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

To the Chairman and Members
of the Legislature
County of Franklin
Malone, New York 12953

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 governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Franklin (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 12, 2022. Our report includes a reference to other auditors who audited the financial statements of the Franklin County Industrial Development Agency and the Franklin County Civic Development Agency, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Franklin'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*.

Member of AICPA

Purpose of This Report

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

R.A. MERCER & CO., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
September 12, 2022

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

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

To the Chairman and Members
of the Legislature
County of Franklin
Malone, New York 12953

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Franklin's (the "County") 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 each of the County's major federal programs for the year ended Decmber 31, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Franklin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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; 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 Couny 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 each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County'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 County'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 County'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 a 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.

R.A. MERCER & CO., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
September 12, 2022

COUNTY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I – Summary of Auditors Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	______ yes __x_ no
Significant deficiency(ies) identified?	_____ yes __x__none reported
Noncompliance material to financial statements noted?	_____ yes __x___ no

Federal Awards

Internal control over major programs;	
Material weakness(es) identified?	_____ yes __x__ no
Significant deficiency(ies) identified?	_____ yes __x__ none reported
Type of auditors report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes __x__ no

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families (TANF)
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (CARES Funding)
93.778	Medical Assistance
20.205	Federal Aid Highway Program (HBRR/STP)

Dollar threshold used to distinguish between type A and type B programs:	**$ 750,000**
Auditee qualified as low-risk auditee?	__x__yes ____ no

Section II – Financial Statement Findings

No financial statement finding for the year ended December 31, 2021.

Section III – Federal Award Findings and Questioned Costs

No findings and questioned costs for the year ended December 31, 2021.

COUNTY OF FRANKLIN
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

The following items were audit findings noted in the December 31, 2020 audit report.

2020-001 (2015-002) Segregation of Duties (Solid Waste Management Authority) (Significant Deficiency)

Condition: We noted that cash receipts are collected by the same person who has access to all of the accounting records. The Authority's bookkeeper collects all cash and deposits the receipts each day and prepares the bank reconciliations. The bookkeeper also handles cash disbursements and the creation of new vendors. The bookkeeper has access to the payroll system and is entering employee time and processing payroll. This represents a segregation of duties problem. Additionally, the bookkeeper is responsible for assigning user rights and passwords in the scale software system.

Recommendation: Although we noted the Authority has implemented several mitigating controls to help detect errors or irregularities, due to the small size of the Authority's office staff, a perfect set of controls may not be possible. Therefore, we recommend that the Board be aware of the segregation of duties problem and continue to implement both preventative and detective controls over the business operating functions to help reduce the risk of misuse of the Authority's assets.

Current Status: This comment is cleared during the year ended December 31, 2021.

THIS PAGE LEFT INTENTIONALLY BLANK

R A M

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND CONTROLS OVER STATE TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chairman and Members
of the Legislature
County of Franklin
Malone, New York 12953

Compliance

We have audited the compliance of the County of Franklin with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on each of its state transportation assistance program tested for the year ended December 31, 2021. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questions costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state transportation assistance programs.

Auditors' Responsibility

Our responsibility is to express and opinion on compliance for each of the County of Franklin's, New York State's transportation assistance programs tested based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Draft part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about the County of Franklin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program tested. However, our audit does not provide a legal determination on the County of Franklin's compliance with those requirements.

Opinion

In our opinion, the County of Franklin complied in all material respects with the requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs tested for the year ended December 31, 2021.

Internal Control over Compliance

The management of the County of Franklin is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered the County of Franklin's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state transportation assistance program tested and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Franklin internal control over compliance.

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

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

Schedule of State Transportation Assistance Expended

We have audited the financial statements of the County of Franklin as of and for the year ended December 31, 2021 and have issued or report thereon dated September 12, 2022. Our audit was performed for the purpose of forming an opinion on the County of Franklin's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft part 43 of NYCRR and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the County of Franklin's management and the New York State Department of Transportation, however, this report is a matter of public record and its distribution is not limited.

R.A. MERCER & CO, P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York

September 12, 2022

COUNTY OF FRANKLIN
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2021

Program Title	NYDOT Contract/Ref. Number	Expenditures
CHIPS Capital Reimbusrement Project	720000	$ 1,728,991
EWR	720000	126,519
PAVE NY	720000	993,310
Marchicelli/bond Match for Federal Aid Highway	Various	34,099
State Transit Operating Assistance (STOA) (18B)	1000002590	65,280
State Transit Operating Assistance (STOA) (Dedicated)	1000002590	897,847
Total		$ 3,846,046

COUNTY OF FRANKLIN
NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2021

A. General

The accompanying Schedule of State Transportation Assistance Expended of the County of Franklin presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

B. Basis of Accounting

The accompanying Schedule of State Transportation Expended is presented using the accrual basis of accounting.

C. Indirect Costs

No indirect costs allocated to any of these projects.

D. Matching Costs

For the Marchicelli program the County match is 5% of the costs as follows:

Various	$34,099

E. Amounts Paid to Subrecipients

The County had no subrecipients with these grants.

COUNTY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2021

Summary of Audit Results:

Internal Control over state transportation assistance expended:

Material weakness(es) identified	No
Reportable conditions identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for programs tested:	Unmodified

Identification of State transportation Assistance Programs tested:

Name

CHIPS- Capital Reimbusements
EWR
PAVE NY
State portion of Marchicelli
State Transit Operating Assistance (STOA)

Compliance Findings and Questioned Costs:

No matters were reported.

COUNTY OF FRANKLIN

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

INCLUDING SINGLE AUDIT REPORTS

FOR THE YEAR ENDED DECEMBER 31, 2020

COUNTY OF FRANKLIN

FOR THE YEAR ENDED DECEMBER 31, 2020

Executives

County Manager	Donna Kissane
Treasurer Deputy Treasurer	Frances Perry Shari Fournier
County Clerk	Kip Cassavaw
County Auditor	Mandy Cassavaw
County Attorney	Jonathan J. Miller

Franklin County Legislature - January 1, 2021

Chairman	Donald Dabiew, District #5
Vice-Chairman	Gregory A. Janisewski, District #2
Majority Leader	Paul A. Lauzon, District #1
Minority Leader	Paul A. Maroun, District #6
Legislators	Andrea M. Dumas, District #3
	Lindy Ellis, District #7
	Edward Lockwood, District #4

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
TABLE OF CONTENTS

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
TABLE OF CONTENTS CONTINUED

COUNTY OF FRANKLIN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
TABLE OF CONTENTS CONTINUED

THIS PAGE LEFT INTENTIONALLY BLANK

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Julie L. Jagoda-Booth, CPA
Kathryn A. Larracuente, CPA
Christopher M. Zera, CPA

R A M

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members
of the Legislature of the County of Franklin
Malone, New York 12953

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin (the "County"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Franklin County Industrial Development Agency and the Franklin County Civic Development Corporation, each of which represents 4 percent of the respective assets, 35 percent of net position, and 1 percent of revenues of the component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Franklin County Industrial Development Agency and the Franklin County Civic Development Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note XV to the financial statements, the COVID-19 outbreak that has occurred in 2020 has resulted in mandatory and voluntary closures of many governmental and private businesses. The ultimate impact of this pandemic on the finances of the County cannot be reasonable determined or estimated at this time.

As stated in Note I-H, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended December 31, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Franklin's basic financial statements. The combining and individual nonmajor fund financial statements, combining component unit statements and NYS DOT supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the NYS DOT supplemental information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, combining component units' statements, the NYS DOT supplemental 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 July 31, 2021, on our consideration of the County of Franklin'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Franklin's internal control over financial reporting and compliance.

R.A. MERCER & CO., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 31, 2021

THIS PAGE LEFT INTENTIONALLY BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Franklin's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position increased by $839,141, from $47,678,067 to $48,517,208. Other non-property tax revenue items were approximately $1.5 million higher than the prior year and capital grants were approximately $1 million higher than the prior year. In addition, economic assistance and opportunity expenses, net of HEAP reimbursements decreased by approximately $1.4 million from the prior year. The County received approximately $627 thousand in 2020 under the Coronavirus Aid, Relief, and Economic Security Act ("CARES" Act).

- During the year, the County's governmental activities expenses were $89,145,298 compared to revenues of $89,707,940. For 2020, $45,848,011, or 51.5 percent of the County's total revenue, was from property and non-property tax items (sales tax). For 2019, $44,432,033, or 49.1 percent of the County's total revenue, was from property and non-property tax items.

- The County's component units had a combined increase in net position of $2,410,592. The Franklin County Solid Waste Management Authority had operating net income of $2,496,068 on revenues of $16,504,278 and expenses of $14,008,210. It also had investment earnings of $247,041 which resulted in a net position increase of $2,743,109 for the Authority. The Franklin County Industrial Development Agency had a decrease in net position of $340,774, and the Rainbow Lake Water Protection District had an increase in net position of $10,681. The Franklin County Civic Development Corporation had a decrease in net position of $2,424.

OVERVIEW OF THE FINANCIAL STATEMENTS

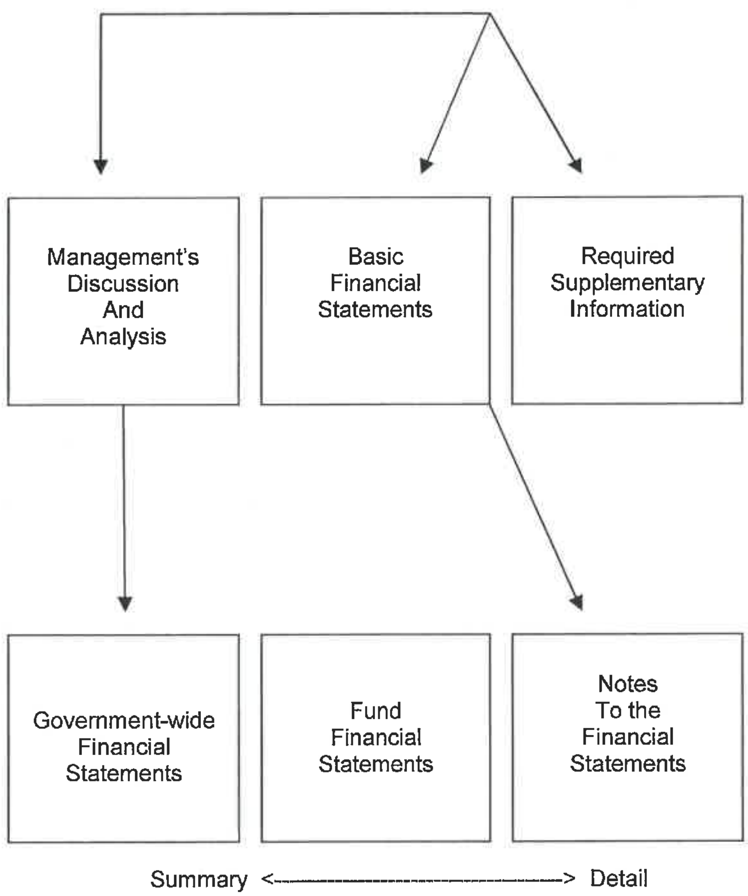
This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government wide financial statements which provide both long-term and short-term information about the County's overall financial status.

- The remaining statements are fund financial statements which focus on individual parts of the County government, reporting the County's operations in more detail than the government wide statements.
  - Governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

- Proprietary fund statements offer short- and long-term financial information about the activities of the government, such as the Internal Service Fund.
- Fiduciary fund statements provide information about the financial resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County has two types of fiduciary funds. The custodial fund, which is used to account for funds held by the County as agent for purposes such as guarantee and bid deposits, court funds, and other miscellaneous items, and the private-purpose trust fund, which is used to account for funds held by the County as agent for the donations made to specific trusts.

Figure A-1
Required Components of
Franklin County's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

Major Features of Franklin County's Government-Wide
and Fund Financial Statements

		Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses.	Instances in which the County is the trustee or agent for someone else's resources
Required financial Statements	. Statement of net position . Statement of activities	. Balance sheet . Statement of revenues, expenditures, and changes in fund balances	. Statement of net position . Statement of revenues, expenses, and changes in net position . Statement of cash flows	. Statement of fiduciary net position . Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

County-Wide Statements

The County-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government wide statements report the County's net position and how it has changed. Net position - the difference between the County's assets and liabilities - is one way to measure the County's financial health, or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the County it is necessary to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure.

The government wide financial statements of the County are divided into three categories:

- Governmental activities - Most of the County's basic services are included here, such as the police, fire, public works, and parks departments, and general administration. Property taxes, sales tax, and state and federal grants finance most of these activities.
- Business-type activities - The County charges fees to customers to help it cover the costs of certain services it provides.
- Component units - The County includes three other entities in its report - the Franklin County Industrial Development Agency, Franklin County Civic Development Corporation, Franklin County Solid Waste Management Authority, and the Rainbow Lake Water Protection District. Although legally separate, these "component units" are important because the County is financially accountable for them. These audit reports are available at the County building.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, although not for the County as a whole. Funds are accounting devices that the County uses to track specific sources of funding and spending.

- Some funds are required by State law and by bond covenants.
- The County Legislature establishes other funds to control and manage money for particular purposes.

The County has three kinds of funds:

- Governmental funds - Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government wide statements, provide both long- and short-term financial information.

  - We use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities, such as the Workers' Compensation Fund.

- Fiduciary funds - the County is the trustee, or fiduciary, and is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's combined net position is $52,903,253, which is greater than last years' net position by $3,302,733, which includes the component units. The following is a summary of the county's net position:

Net position of the County's governmental activities increased $839,141 to $48,517,208. However, a portion of that net position is either restricted as to the purposes for which it can be used or is invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position showed a $2,307,759 deficit at the end of this year. This means that the County does not have resources available to pay its obligations next year based on the full accrual basis of accounting. Based on fund accounting, the General Fund has $10,386,229 in unassigned fund balance at the end of 2020 compared to $5,290,025 at the end of 2019.

Summary of Net Position
as of December 31, 2020 and 2019
(in Millions)

	Primary Government		
	Governmental Funds (In Millions)		
	2020	2019	Change
Current and other assets	$ 60.08	47.69	12.39
Capital assets, net	48.22	49.59	(1.37)
Total assets	108.30	97.28	11.02
Deferred outflows of resources	18.97	7.28	11.69
Current liabilities	22.02	16.00	6.02
Non-current liabilities	51.15	36.07	15.08
Total liabilities	73.17	52.07	21.10
Deferred inflows of resources	5.58	4.81	0.77
Net investment in capital assets	46.47	47.91	(1.44)
Restricted net position	4.36	3.27	1.09
Unrestricted net position	(2.31)	(3.50)	1.19
Total net postion	$ 48.52	47.68	0.84

Changes in Position

Only 21 percent of the County's revenue comes from property taxes. Another 10 percent comes from fees charged for services, and 30 percent from non-property tax items (sales tax). The remaining 39 percent revenues comprise state and federal aid and a small amount from investment earnings.

The total costs of all programs in governmental activities have decreased slightly by approximately $153 thousand, or less than one percent from the prior year. The largest portion of the County's expenses, or 45 percent, is for Economic Assistance and Opportunity, which is supported, for the most part, by state and federal revenues. The largest portion of the deficit in funding is the cost of Medicaid, which is budgeted.

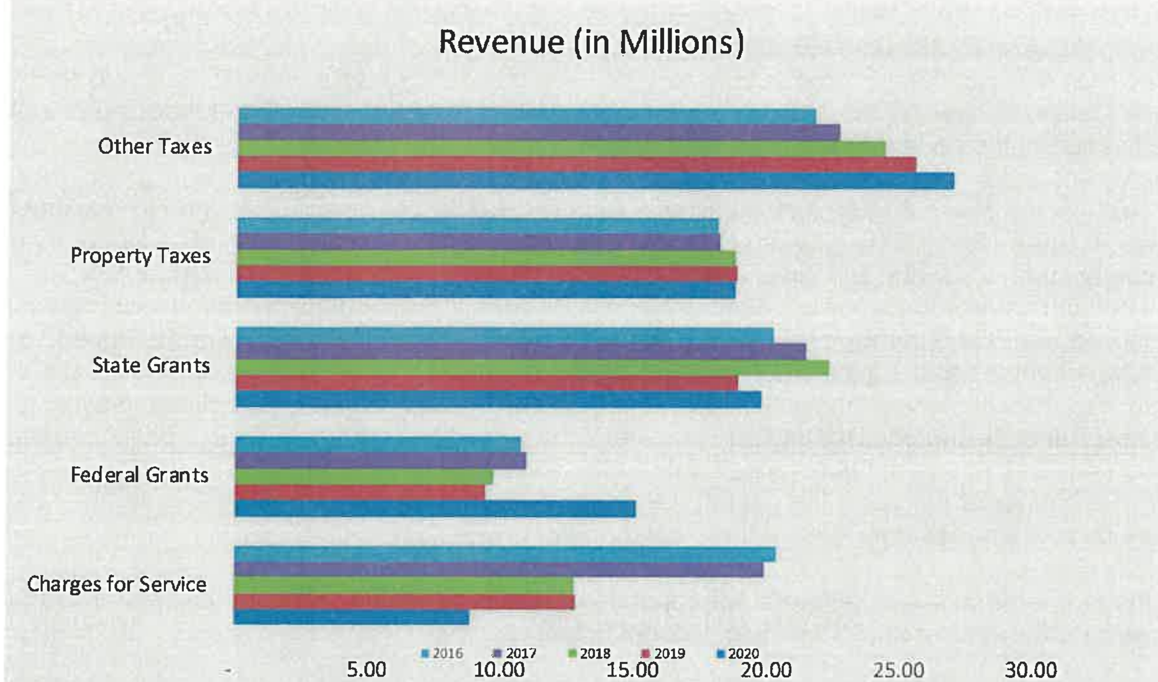
Governmental Activities

Revenues for the County's governmental activities decreased by approximately $700 thousand, or .8 percent, from the prior year.

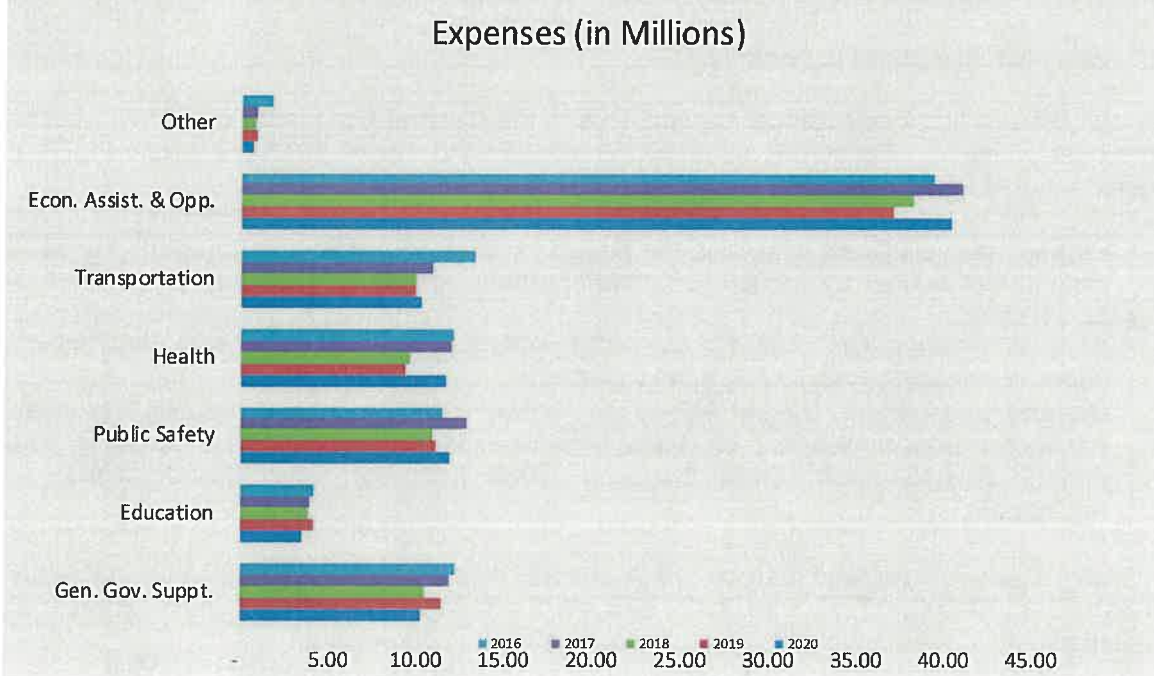
Changes in Net Position
(In Millions)

	Total Primary Governmental	
	2020	2019
REVENUES		
Program Revenues		
Charges for Service	$ 8.92	12.93
Federal Grants	15.12	14.12
State Grants	19.81	18.92
General Revenues		
Property Taxes	18.78	18.86
Other Taxes	27.07	25.57
Investment Earnings	0.01	0.01
Total Revenues	89.71	90.41
EXPENSES		
General Government Support	10.43	11.58
Education	3.51	4.18
Public Safety	11.98	11.24
Health	11.76	9.50
Transportation	10.32	9.97
Economic Assistance and Opportunity	40.49	41.86
Culture and Recreation	0.14	0.12
Home and Community Services	0.45	0.76
Debt Service	0.07	0.08
Total expenses	89.15	89.29
Increase (Decrease) in Net Position from Operations	0.56	1.12
Cumulative Effect of Change in Accounting Principles	0.28	(0.15)
Increase (Decrease) in Net Position	$ 0.84	0.97

Property tax revenues were favorable by $645,536 compared to the final budget estimates. The County's final budget estimated revenue exceeded the actual revenue sources by $617,472.



Revenue (in Millions)
Other Taxes
Property Taxes
State Grants
Federal Grants
Charges for Service
2016
2017
2018
2019
2020
-
5.00
10.00
15.00
20.00
25.00
30.00



Expenses (in Millions)
Other
Econ. Assist. & Opp.
Transportation
Health
Public Safety
Education
Gen. Gov. Suppt.
2016
2017
2018
2019
2020
-
5.00
10.00
15.00
20.00
25.00
30.00
35.00
40.00
45.00

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of $17,364,005, which is higher than last year by approximately $6.1 million.

- The County spent $3,750,231 on capital projects during the year. This amount includes expenditures for various infrastructure improvements. These expenditures are paid for by a combination of federal and state grants and use of the general fund Capital Reserve.
- The County also had the New York State retirement expense increase from $2,595,637 in 2019 to $2,637,836 in 2020 for the primary government.

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances.
- Increases in appropriations to prevent budget overruns.
- Increases for new grants or revenue.

Even with these adjustments, actual expenditures in the General Fund were $6,793,321 below final budget amounts. Resources available for appropriation were $617,472 below the final budgeted amount. As noted earlier:

- Property tax collections exceeded the budget by $645,536 while other property tax items were under budget by $1,006,866. Non-property tax items exceeded the budget by $2,342,531.
- State aid revenue was under the budgeted amount by $2.8 million while federal aid was under the budgeted amount by $949 thousand.
- General government support expenses, public safety expenses, health expenses, transportation expenses, and employee benefits expenses came in under budget by $3.9 million, $476 thousand, $466 thousand, $659 thousand, and $894 thousand respectively.

The County's general fund fund balance of $14,398,023 differs from the general fund's budgetary fund balance of $7,890,317 reported in the budgetary comparison schedule principally because the overestimation of expenses exceeded the overestimation of revenue.

Capital Assets

At the end of 2020, the County had invested $135,495,901 in a broad range of capital assets, including equipment, buildings, roads, and bridges. This amount represents a net increase (including additions and deductions) of $3,628,920 over last year.

	2020 Total	2019 Total
Land	$ 437,016	437,016
Buildings and Improvements	30,271,272	29,603,686
Equipment	16,825,437	16,541,664
Infrastructure	85,555,835	84,313,742
Construction-in-Progress	2,406,341	970,873
	$ 135,495,901	131,866,981

The major additions for the year included construction in progress associated with various roads and bridges.

Long-Term Debt

At year-end, the County had $23,396,486 in bonds, leases, notes, retirement liabilities, and compensated absences outstanding - an increase of $14,742,101 over last year which included a $14,766,388 increase in the New York State pension liability per the GASB 68 calculation. This increase was offset by changes in deferred outflow and deferred inflows of resources. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements. During the year, the County contracted an actuarial firm to calculate the liability for the unfunded post-employment benefits. The total liability was $27,752,527 at the end of 2020, which approximately a $73 thousand decrease from 2019. Standard and Poor's Global Rating service has kept the rating for the Franklin County, New York General Obligation Bonds at "BBB+" and kept the outlook at "stable."

Limitations on Debt

The State limits the amount of general obligation debt the County can issue to 3 percent of the assessed value of all taxable property within the County's limits. The outstanding debt is significantly below this limit.

THIS PAGE LEFT INTENTIONALLY BLANK

FINANCIAL SECTION

THIS PAGE LEFT INTENTIONALLY BLANK

EXHIBIT A

COUNTY OF FRANKLIN
STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 15,716,694	4,062,252
Cash and Cash Equivalents, Restricted	3,093,241	13,936,444
Taxes Receivable, Net	23,978,487	-
Other Receivables, Net	548,195	664,926
State and Federal Receivables	15,874,446	-
Prepaid Expenses	13,960	-
Due from Other Governments	492,007	-
Inventory	359,536	-
Other Assets	-	200,730
Capital Assets:		
Land and Construction in Progress	2,843,357	2,214,773
Capital Assets, Net of Depreciation	45,379,222	17,690,611
Total Assets	108,299,145	40,436,445
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows on ERS Pension	14,641,224	942,742
OPEB	4,329,181	-
Total Deferred Outflows of Resources	18,970,405	942,742
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	127,269,550	41,379,187
LIABILITIES		
Accounts Payable	5,793,592	1,322,592
Accrued Liabilities	772,620	671,384
Other Liabilities	94,868	5,477,717
Due to Other Governments	15,362,517	-
Long-Term Liabilities		
Due and Payable Within One Year	383,667	1,819,094
Due and Payable After One Year	50,765,346	27,620,934
Total Liabilities	73,172,610	36,911,721
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows on ERS Pension	1,299,278	81,421
Deferred Inflows on OPEB	3,784,672	-
Unavailable Grants	452,722	-
Unavailable Revenue - Community Development Loans	43,060	-
Total Deferred Inflow of Resources	5,579,732	81,421
NET POSITION		
Net Investment in Capital Assets	46,470,042	714,784
Restricted for:		
Retirement	807,851	-
Unemployment Insurance	543,616	-
Insurance	430,726	-
Tax Stabilization	92,847	-
Capital Reserve (Mortgage Tax)	843,597	-
Repairs	462,440	-
District Attorney	22,510	-
Other	1,151,338	-
Unrestricted (Deficit)	(2,307,759)	3,671,261
Total Net Position	$ 48,517,208	4,386,045

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

COUNTY OF FRANKLIN
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total	Component Units
Primary Government:							
Governmental Activities:							
General Government Support	$ 10,426,846	4,889,458	471,575	-	(5,065,813)	(5,065,813)	
Education	3,505,422	-	1,087,737	-	(2,417,685)	(2,417,685)	
Public Safety	11,981,849	97,575	1,816,013	-	(10,068,261)	(10,068,261)	
Health	11,759,488	1,858,780	6,891,378	-	(3,009,330)	(3,009,330)	
Transportation	10,316,649	521,092	-	4,369,125	(5,426,432)	(5,426,432)	
Economic Assistance and Opportunity	40,495,966	1,533,627	20,297,674	-	(18,664,665)	(18,664,665)	
Culture and Recreation	143,304	-	-	-	(143,304)	(143,304)	
Home and Community Services	446,112	-	-	-	(446,112)	(446,112)	
Debt Service Interest	69,662	19,942	-	-	(49,720)	(49,720)	
Total Governmental Activities	89,145,298	8,920,474	30,564,377	4,369,125	(45,291,322)	(45,291,322)	
Total Primary Government	89,145,298	8,920,474	30,564,377	4,369,125	(45,291,322)	(45,291,322)	
Component Units:							
IDA (FYE 12/31/20)	377,936	3,250	100,000	-			(274,686)
CDC (FYE 12/31/2020)	2,425	-	-	-			(2,425)
Landfill Operations (FYE 6/30/20)	14,008,210	16,504,278	-	-			2,496,068
Water District Operations (FYE 12/31/20)	21,819	-	-	-			(21,819)
Total Component Units	$ 14,410,390	16,507,528	100,000	-			2,197,138
General Revenues (Expenses):							
Taxes:							
Property Taxes, Levied for General Purposes					18,780,896	18,780,896	-
Nonproperty Tax Items, for General Purposes					27,067,115	27,067,115	-
Water District Tax Revenues					-	-	32,500
Restricted Investment Earnings					5,953	5,953	271,864
Total General Revenues					45,853,964	45,853,964	213,454
Change in Net Position					562,642	562,642	2,410,592
Net Position-Beginning of the Year					47,678,067	47,678,067	1,975,453
Cumulative effect of Change in Accounting Principle					276,499	276,499	-
Net Position-End of the Year					$ 48,517,208	48,517,208	4,386,045

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

COUNTY OF FRANKLIN
BALANCE SHEETS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2020

		General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$	12,868,478	1,159,024	14,027,502
Cash and Cash Equivalents- Restricted		2,341,903	751,338	3,093,241
Taxes Receivable, Net		23,978,487	-	23,978,487
Other Receivables, Net		145,835	182,540	328,375
State and Federal Receivables		14,597,594	1,276,852	15,874,446
Prepaid Expenses		659,459	13,960	673,419
Due from Other Governments		492,007	-	492,007
Due from Other Funds		1,769,052	1,887,836	3,656,888
Inventory		12,190	347,346	359,536
Total Assets		56,865,005	5,618,896	62,483,901
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable		5,543,234	250,358	5,793,592
Accrued Liabilities		739,051	32,627	771,678
Other Liabilities		94,868	-	94,868
Unearned Revenues		18,944,571	-	18,944,571
Due to Other Funds		1,331,570	2,325,318	3,656,888
Due to Other Governments		15,360,966	1,551	15,362,517
Total Liabilities		42,014,260	2,609,854	44,624,114
DEFERRED INFLOW OF RESOURCES				
Unavailable Grants		452,722	-	452,722
Unavailable Revenue - Community Development Loans		-	43,060	43,060
Total Deferred Inflow of Resources		452,722	43,060	495,782
Fund Balances				
Nonspendable				
Inventory		12,190	346,485	358,675
Prepaids		659,459	13,960	673,419
Restricted For:				
Retirement		807,851	-	807,851
Unemployment Insurance		543,616	-	543,616
Insurance		430,726	-	430,726
Tax Stabilization		92,847	-	92,847
Capital Reserve (Mortgage Tax)		843,597	-	843,597
District Attorney		22,510	-	22,510
Repairs		-	462,440	462,440
Other		-	751,338	751,338
Assigned To:				
Assigned Appropriated		250,000	-	348,998
Assigned Unappropriated		348,998	1,391,759	1,641,759
Unreserved		10,386,229	-	10,386,229
Total Fund Balances		14,398,023	2,965,982	17,364,005
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$	56,865,005	5,618,896	62,483,901

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		48,222,579
Internal service funds are used by managment to charge the cost of workers' compensation to individual funds. The assets and liabilities of this fund are included in governmental activities in the Statement of Net Position		1,690,502
Adjustment for GASB Statement No. 68, New York State retirement.		(7,545,492)
Recording of Long-Term Capital Lease		(1,699,537)
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		18,944,571
Interest on debt is recorded as an expenditure in governmental funds when it is due. On the Statement of Net Position interest is recognized as it accrues.		(942)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(28,405,478)
Net Position of Governmental Activities	$	48,570,208

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

COUNTY OF FRANKLIN
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Real Property Taxes	$ 18,281,516	-	18,281,516
Real Property Tax Items	890,021	-	890,021
Non-Property Tax Items	27,067,115	-	27,067,115
Departmental Income	12,153,871	32,302	12,186,173
Intergovernmental Charges	8,610,092	128,605	8,738,697
Use of Money and Property	423,125	912	424,037
Fines and Forfeitures	110,816	-	110,816
Sale of Property and Compensation for Loss	696,048	55,889	751,937
Miscellaneous Local Sources	1,472,507	14,937	1,487,444
Interfund Revenues	390,025	219,621	609,646
State Aid	16,216,273	3,598,198	19,814,471
Federal Aid	13,721,610	1,397,421	15,119,031
Total Revenues	100,033,019	5,447,885	105,480,904
EXPENDITURES			
General Government Support	9,407,400	108,663	9,516,063
Education	3,371,371	-	3,371,371
Public Safety	10,956,579	233,279	11,189,858
Health	11,298,484	-	11,298,484
Transportation	1,244,709	8,511,000	9,755,709
Economic Assistance and Opportunity	37,807,813	1,054,270	38,862,083
Culture and Recreation	137,824	-	137,824
Home and Community Services	8,650,011	-	8,650,011
Employee Benefits	6,517,962	-	6,517,962
Debt Service (Principal and Interest)	53,000	320,117	373,117
Total Expenditures	89,445,153	10,227,329	99,672,482
Excess of Revenues Over (Under) Expenditures	10,587,866	(4,779,444)	5,808,422
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	5,168,535	5,168,535
Transfers to Other Funds	(5,058,241)	(110,294)	(5,168,535)
Net Other Financing Sources (Uses)	(5,058,241)	5,058,241	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,529,625	278,797	5,808,422
Fund Balances, Beginning of the Year	8,591,899	2,687,185	11,279,084
Cumulative effect of change in accounting principle	276,499	-	276,499
Fund Balances, End of the Year	$ 14,398,023	2,965,982	17,364,005

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Total Net Change in Fund Balances-Governmental Funds	$	5,808,422
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of $3,697,513 did not exceed depreciation of $5,066,840 in the current year.		(1,369,327)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		250,404
Because some property taxes are not collected for several months after the County's year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.		(390,641)
In the Statement of Activities, expenses such as compensated absences and the New York State retirement incentive liability are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. For the year ended December 31, 2020, payments made to the New York State Employees' Retirement System for early retirement incentive payment exceeded amounts earned. Payments did not exceed the estimated liability for compensated absences by $239,106.		(239,106)
Adjustment for GASB Statement No. 68, New York State retirement.		(3,667,156)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net accrued interest decreased from the prior year by this amount.		51
Estimated Net Other Post Employment Benefit Obligation for 2020.		(40,924)
An internal service fund is used by the County's managment to charge the costs of workers' compensation to the individual funds. The net revenue of the internal service fund is reported with governmental activities.		210,919
Change in Net Position of Governmental Activities	$	562,642

EXHIBIT E

COUNTY OF FRANKLIN
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF DECEMBER 31, 2020

	Internal Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,689,192
Other Receivables, Net	1,310
Total Current Assets	1,690,502
Total Assets	1,690,502
NET POSITION	
Restricted for Workers' Compensation	400,000
Assigned Fund Balance	1,290,502
Total Net Position	$ 1,690,502

The accompanying notes are an integral part of these financial statements.

EXHIBIT F

COUNTY OF FRANKLIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Internal Service Fund
OPERATING REVENUES	
Miscellaneous Income	$ 11,368
Intergovernmental Charges	1,305,430
Total Operating Revenues	1,316,798
OPERATING EXPENSES	
General Governmental Support	1,106,120
Total Operating Expenses	1,106,120
Income (Loss) from Operations	210,678
NONOPERATING REVENUES (EXPENSES)	
Income on Investment	241
Net Nonoperating Revenues (Expenses)	241
Change in Net Position	210,919
Total Net Position-Beginning of the Year	1,479,583
Total Net Position-End of the Year	$ 1,690,502

The accompanying notes are an integral part of these financial statements.

EXHIBIT G

COUNTY OF FRANKLIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received From Assessments Made to Other Funds	$	1,316,082
Payments for Workers' Compensation Claims		(1,106,120)
Net Cash Provided By (Used In) Operating Activities		209,962
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received		241
Net Cash Provided By (Used In) Investing Activities		241
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		210,203
Cash and Cash Equivalents-Beginning of the Year		1,478,989
Cash and Cash Equivalents-End of the Year	$	1,689,192
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss) From Operations	$	210,678
(Increase) Decrease in Accounts Receivable		(716)
Net Cash Provided by (Used In) Operating Activities	$	209,962

The accompanying notes are an integral part of these financial statements.

EXHIBIT H

COUNTY OF FRANKLIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2020

		Private-Purpose Trusts	Custodial
ASSETS			
Cash and Cash Equivalents	$	2,919	596,309
Total Assets		2,919	596,309
NET POSITION	$	2,919	596,309

COUNTY OF FRANKLIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

		Private-Purpose Trusts	Custodial
ADDITIONS			
Miscellaneous Local Sources	$	10,716	-
DSS Custodial Fund Receipts		-	1,414,140
Miscellaneous Collections		-	92,729
DEDUCTIONS			
Home and Community Services		7,845	-
Courts and Trusts		-	232,405
DSS Custodial Fund Payments		-	1,445,101
Change in Net Position		2,871	(170,637)
Net Position-Beginning of the Year, as Restated (see Note XVII)		48	766,946
Net Position-End of the Year	$	2,919	596,309

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT INTENTIONALLY BLANK

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The County of Franklin, which was incorporated in 1808, is governed by County Law and other general laws of the State of New York and various local laws. The Franklin County Legislature, which is the legislative body responsible for the overall operation of the County of Franklin, consists of seven legislators. The Chairman of the Board serves as chief executive officer, the County manager serves as the chief operations officer, and the County treasurer serves as chief fiscal officer.

The financial reporting entity includes organizations, functions, and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

All governmental activities and functions performed for the County of Franklin are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County of Franklin, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, 39 and 61, as amended by GASB Statement No. 90.

The decision to include a potential unit in the County of Franklin's reporting entity is based on several criteria set forth in GASB Statement No. 14, 39 and 61, as amended by GASB Statement No. 90, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County of Franklin's reporting entity.

1. Included in the Reporting Entity:

a. Soil and Water Conservation District

The Franklin County Legislature has declared the County to be a Soil and Water Conservation District in accordance with provisions of the Soil and Water Conservation District Law. Significant factors requiring inclusion of the Soil

and Water Conservation District in the County of Franklin's reporting entity are as follows:

i. Members of the Board of Directors are appointed by the County Legislature.
ii. Administrative costs of the Soil and Water Conservation District are provided primarily through County appropriations.
iii. The County Legislature retains general oversight responsibilities, including monitoring Soil and Water Conservation District activities, through detailed reporting to the County Legislature by the district directors of its work and transactions in such form and for such periods as the Legislature may direct.

The Soil and Water Conservation District is part of the primary government, and reported as a special revenue fund type.

b. County of Franklin Industrial Development Agency

The County of Franklin Industrial Development Agency is a public benefit corporation that was created in 1970 by the Franklin County Board of Legislators under the provisions of Chapter 18A of the General Municipal Law to encourage economic growth and prosperity in Franklin County, New York. The Agency is exempt from federal, state, and local taxes. The Agency, although established by Franklin County, New York, is a separate entity and operates independently of Franklin County. The board of the Agency is comprised of seven members appointed by the legislature of Franklin County, New York. The members have complete responsibility for management of the Agency and accountability for its fiscal matters. The Agency is financially accountable to the County and has been identified as a component unit of the County of Franklin. In accordance with the criteria enumerated in Governmental Accounting Standards Board Statement No. 61, the Agency's financial statements are discretely presented in the County of Franklin's financial statements.

c. Franklin County Civic Development Corporation

The Corporation was created on June 23, 2010 by the Franklin County Board of Legislators under Section 402 and Section 1411 of the Not-For-Profit Corporation Law for the purpose of encouraging economic growth in Franklin County, New York. The Corporation is exempt from federal, state and local income taxes. The Corporation, although established by the Franklin County Board of Legislators, is a separate entity and operated on behalf of issuers of bonds for Franklin County. The Franklin County Civic Development Corporation is considered a component unit of the County of Franklin and is discretely presented. The Board is comprised of seven members appointed by the legislature of Franklin County. The Corporation is financially accountable to the County and has been identified as a component unit of the County of Franklin, New York. In accordance with the criteria enumerated in Governmental Accounting Standards Board Statement No. 61, the Corporation's financial statements are discretely presented in the County of Franklin's financial statements.

d. County of Franklin Solid Waste Management Authority

The County of Franklin Solid Waste Management Authority was created as a public benefit corporation under New York State Public Authorities Law Sec. 2041, Title 13-AA, Chapter 665 of the Laws of 1988 by the New York State Legislature, with powers to, among other things:

i. plan, develop, and construct solid waste management facilities;
ii. acquire interest in real and personal property and dispose of them;
iii. receive, transport, process, dispose of, sell, store, convey, recycle, and deal with solid waste and energy generated by operation of a solid waste management facility;
iv. contract with governments, including the County of Franklin and local governments within the County, in relation to its activities;
v. borrow money and issue bonds; and
vi. fix and collect rates, rentals, fees, and other charges for the use of the facilities of, or services rendered by, or any commodities furnished by, the Authority.

The Solid Waste Management Authority's Board is comprised of seven members appointed by the Legislature of Franklin County. The Authority is considered a component unit of the County and is discretely presented.

The Authority has constructed a solid waste management system (SWMS), which includes a regional landfill and three transfer stations in Franklin County (Malone, Lake Clear, and Tupper Lake). The SWMS began operations on June 6, 1994.

e. Rainbow Lake Water Protection District

The Rainbow Lake Water Protection District was created by New York County Law Section 264(A) on September 9, 1993, to provide a method of levying assessments on landowners within the District, all of whom are benefited from the Lake Kushaqua Dam and to provide for the study, maintenance, administration and ultimate replacement of the dam as well as to monitor the lake levels but not the quality of the water.

The Franklin County Legislature appoints seven Commissioners of the District, five of whom are residents of the District, one of whom is a County employee, and one of whom is an employee of the Department of Environmental Conservation. There is no salary or compensation related to serving as a commissioner. The terms of the Commissioners are four years on a staggered basis. The Rainbow Lake Water Protection District is considered a component unit of the County and is discretely presented.

Complete financial statements of individual component units can be obtained from their respective administrative offices located in Malone, New York.

2. Other Organizations Not Included in Reporting Entity

The Clinton-Essex-Franklin Library System and the North Country Community College are activities undertaken jointly with other municipalities and are excluded from these financial statements. See Note IV for additional disclosure regarding these joint ventures.

B. BASIS OF PRESENTATION

1. Government-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the County of Franklin's government-wide activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Individual funds are not displayed, but the statements distinguish governmental activities generally financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions from business-type activities generally financed in whole or in part with fees charged to external customers. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's government-wide activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Accounting

The County of Franklin uses funds to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The County's records its transactions in the fund types described below.

Fund Categories

a. **Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (sources, uses, and balances of current financial resources). The following are the County's governmental fund types.

General Fund (Major Fund)

The General Fund is the principal fund and includes all operations not required to be recorded in the other funds.

Special Revenue Funds (Nonmajor Funds)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds of the County include the following:

i. County Roads Fund - is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.
ii. Road Machinery Fund - is used to account for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.
iii. Community Development Block Grant Fund – is used to account for Community Block Grant funds received from the Department of Housing and Urban Development.
iv. Soil and Water Conservation District - is used to account for activities performed pursuant to the Soil and Water Conservation Districts Law.

Debt Service Funds (Nonmajor Funds)

Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt Service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Capital Projects Fund (Nonmajor Fund)

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction, or renovation of capital facilities and other capital assets other than those financed by the proprietary funds.

b. **Proprietary Fund Statements**- used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon the determination of operating income, Changes in net position, financial position, and cash flows. The following proprietary funds are utilized.

Enterprise Funds- used to account for operations (a) where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed and recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate. Included are the following operations:

i. Internal Service Fund - is used to account for the workers' compensation benefits program. This is a proprietary fund reported with governmental activities in the government-wide statements.

Workers' Compensation Fund - is used to account for the accumulation of resources for payment of compensation, assessments, and other obligations under the Workers' Compensation Law, Article 5.

c. **Fiduciary Fund Statements** - used to account for assets held by the local government in a trustee or custodial capacity.

Custodial funds are used for the purpose of accounting for money and property received and held in the capacity of trustee, custodian, or agent. Securities pledged by banking institutions to secure funds on deposit are not included herein since such securities are not assets of the governmental reporting entity.

Expendable Trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations.

d. **Discrete Presentation**

Franklin County Industrial Development Agency

Resources received and used for economic development are accounted for in the Industrial Development Agency. The agency's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

Franklin County Civic Development Corporation

Resources received and used for economic development are accounted for in the Civic Development Corporation. The Corporation's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

County of Franklin Solid Waste Management Authority

The Solid Waste Management Authority's financial statements are prepared using the accrual basis in accordance with generally accepted accounting principles for public authorities. The Authority's financial statements for the year ended June 30, 2020, are presented in a separate column in the combined financial statements and accounted for as a proprietary fund type.

Rainbow Lake Water Protection District

The District's financial statements are presented in separate columns in the combined financial statements and accounted for as a proprietary fund type.

C. BASIS OF ACCOUNTING, MEASUREMENT FOCUS, AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses.

The financial statements of the County of Franklin are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Beginning in 2013, the County adopted the provisions of GASB Statement No. 62 – "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States into the GASB's authoritative literature.

The County-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction took place. Non-exchange transactions, in which the County of Franklin gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis - All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County of Franklin considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the year.

Accrual Basis - Proprietary funds and component units are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the funds.

Operating income or loss reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales and services provided. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets.

Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources first, and then restricted resources as needed.

Allocation of Indirect Expenses

The County of Franklin allocates indirect expenses primarily composed of central governmental services to operating functions and programs benefitting from those services. Central services include overall County management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement, contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of service determined by various allocation methodologies. These charges are reported in the statement of activities.

Component Units

a. The Franklin County Industrial Development Agency's financial statements have been prepared in conformity with generally accepted accounting principles for industrial development agencies.
b. The Franklin County Civic Development Corporation's financial statements have been prepared in conformity with generally accepted accounting principles.
c. The County of Franklin Solid Waste Management Authority's financial statements are prepared using the accrual basis in accordance with generally accepted accounting principles for public authorities. The Authority follows the guidelines provided by the Financial Accounting Standards Board (FASB) except for those that conflict with or contradict Government Accounting Standards Board (GASB) pronouncements.
d. The Rainbow Lake Water Protection District's financial statements are prepared using the accrual basis as an enterprise fund which means that the financial statements are prepared as if the district were an independent nonprofit organization.

D. BUDGETARY DATA

1. Budget Policies

The County of Franklin's budget policies are as follows:

a. No later than October 1, the budget officer submits a tentative budget to the County Board of Legislators for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund and Special Revenue Funds.
b. After public hearings are conducted to obtain taxpayer comments, but no later than December 20, the Board of Legislators adopts the County budget.
c. The budget officer is authorized to transfer certain budgeted amounts within departments or within a fund; however, all revisions that alter total

appropriations of any department or fund must be approved by the Board of Legislators.

d. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the project. Budgets are prepared for proprietary funds primarily to establish the estimated contribution required from other funds.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Special Revenue Funds. Encumbrances are reported as restricted, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

There were no significant encumbrances included in the reporting of fund balance at December 31, 2020.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. All unencumbered budget appropriations lapse at the end of each fiscal year.

E. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. ASSETS, LIABILITIES AND FUND EQUITY

1. Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and savings instruments with an original maturity of less than three months.

2. Investments

The County of Franklin invests in authorized investment pools, funds, and U.S. Government Securities. Investments are carried at fair value. Management's intent is to hold all investments to maturity.

The County of Franklin Solid Waste Management Authority's investments are presented at cost which approximates the current market value or the value at the date management anticipates liquidating the investment. Restricted investments

consist of marketable equity securities held by the bond trustee. These investments will be liquidated and expended for the construction and acquisition of capital assets, bond interest and principal payments, and environmental and closure costs in accordance with the bond trust indentures.

The Franklin County Solid Waste Management Authority is required by local law to collateralize any of its cash deposits which are in excess of the Federal Deposit Insurance Corporation limit. The balances at June 30, 2020 were properly covered by FDIC insurance, collateral, or invested in U.S. Treasury backed securities.

All of the County of Franklin Solid Waste Management Authority's investments are either registered in the Authority's name or held in trust by a third-party custodian in the Authority's name.

3. Receivables

All receivables of the primary government are reported at their settlement amount and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Past-due accounts receivable of the Franklin County Industrial Development Agency, referred to below, are deemed immaterial to the financial statements of the reporting entity.

The County of Franklin Solid Waste Management Authority's trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that any realized losses on balances outstanding at year-end will be immaterial.

Bad debts are recognized by the Franklin County Industrial Development Agency in the year in which they are determined uncollectible. The Agency did not write off any receivables during the year ended December 31, 2020.

4. Due to and Due from Other Funds

The amounts reported on the Statement of Net Position for due to and due from other funds represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

5. Inventory

Inventory is valued at cost utilizing the first-in, first-out method.

6. Capital Assets

Capital assets are recorded at actual (historical) or estimated historical cost. Land and vehicles were recorded at historical cost. Leased equipment was recorded at the present value of the minimum lease payments at the inception of the lease. In the case of gifts and contributions, the fair market value at the time received was

used. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, ranging from 3 to 40 years, as follows:

	Estimated Useful Lives	Capitalization Threshold
Buildings	40 years	$1,000
Infrastructure	20 years	$1,000
Improvements	15 years	$1,000
Furniture, Fixtures, and Equipment	3-7 years	$1,000

Capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the financial statements of the Industrial Development Agency are as follows:

	Estimated Useful Lives	Capitalization Threshold	Depreciation Method
Buildings	40 years	$2,500	Straight Line
Building improvements	15-40 years	$2,500	Straight Line
Vehicles, furniture and equipment	5-15 years	$2,500	Straight Line

Property, plant, and equipment of the Franklin County Industrial Development Agency are recorded at cost if purchased or constructed; or at fair market value on the date of gift, if donated. Depreciation is recognized on the straight-line bases over the estimated useful life of the assets. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to operations.

The Rainbow Lake Water Protection District capitalizes all property to which it hold title or has other evidence of ownership. Property acquired by the District is recorded at cost.

Property, plant and equipment are also recorded at cost for the County of Franklin Solid Waste Management Authority. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to operations.

Depreciation for the County of Franklin Solid Waste Management Authority is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on the straight-line basis, including the landfill cells. The straight-line method approximates the cells' capacity used. The estimated lives used in determining depreciation for property, plant, and equipment vary from five to twenty years.

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial

statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability and difference during the measurement period between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The item also includes the County's contributions to the pension system (ERS Systems) subsequent to the measurement date. The second item is related to the County's other post-employment benefit liability (OPEB) amount reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item related to grant funds, loans, or other payments received in advance of the County meeting the requirements of the grant, loan, or other payment. These funds are not qualified to be currently recognized as revenue under the revenue recognition rules so the County is showing them as deferred inflows of resources. The third item is related to the County's OPEB liability amount reported in the Statement of Net Position.

8. Unearned Revenue

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County of Franklin before they have a legal claim to them, such as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County of Franklin has legal claim to the resources, the liability for deferred revenues is removed and revenues are recognized.

Unearned revenue in the General Fund consists of taxes, which are included in taxes receivable. These taxes receivable will not be collected within 60 days after the year end. Consequently, they are classified as deferred revenue.

9. Environmental and Closure Accruals

State and federal laws and regulations require that the County of Franklin Solid Waste Management Authority place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill site after closure.

The Authority maintains a reserve for closure of the regional landfill as established in the 1993 Series Bond Agreement. The balance in the reserve totaled $4,571,576 at June 30, 2020. These funds are reported herein as restricted cash equivalents and investments. The Authority meets its closure obligations through the financial assurance test and these reserve funds.

The Authority's policy regarding closure and monitoring costs for its landfills is to accrue these costs and charge them to expense over the useful operating life of each landfill. Management believes this policy accurately matches closure and monitoring costs against revenues generated by each landfill. The accrual is based on the percentage of total landfill capacity used as of the end of each year, multiplied by the total estimated closure and monitoring costs. These estimates are generated by management, with assistance from an independent consulting and engineering firm.

10. Fair Value of Financial Instruments

For the County of Franklin Industrial Development Agency, the carrying values of cash and cash equivalents, investments, accounts receivable, accrued interest, accounts payable and current portion of long-term debt and bonds payable approximate fair market value because of the short maturity of those instruments. The carrying values of the Agency's long-term debt and bonds payable approximate market value, as terms of the debt reflect current market rates and terms.

11. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as due within one year. The remaining portion of such obligations is reported as a liability in the governmental activity and due in more than one year. Long-term liabilities expected to be financed from proprietary fund or component unit operations are accounted for within those funds.

12. Fund Balance

In fiscal year 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Types Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriations. Fund balance is now broken down into five different classifications of fund balance as follows:

a. Non-Spendable:

The non-spendable fund balances include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the General Fund and County Road Fund as well as the prepaid retirement costs recorded in the General Fund.

b. Restricted:

The restricted fund balances include amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balances. The County has established the following restricted fund balances:

Retirement Reserve

This reserve is used to accumulate funds for future payments of retirement contributions. The reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the succeeding year's budget. The reserve is accounted for in the General Fund.

Health Insurance Reserve

This reserve is used to accumulate funds to pay the cost of the self-insured health insurance plan. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the succeeding year's budget. The reserve is accounted for in the General Fund.

Tax Stabilization Reserve

This reserve is used to finance an unanticipated revenue loss or an unanticipated expenditure chargeable to the eligible portion of the annual budget. This reserve may be used to lessen or prevent projected increases in excess of 2.5 percent of the real property tax levy needed to finance the eligible portion of the annual budget.

The contingency and tax stabilization reserve fund is limited to a balance not to exceed 10 percent of the eligible portion of the annual budget. This reserve is accounted for in the General Fund.

Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. The reserve is accounted for in the Capital Fund. The County has also designated a Capital reserve in the General fund for mortgage tax receipts received to be used for capital improvements with regards to County owned property.

District Attorney

This reserve is used to accumulate the County's portion of funds that the district attorney has collected from drug seizures. These funds can only be used for specific purposes as determined by the New York State Department of Justice. This reserve is accounted for in the General Fund.

c. **Committed:**
The committed portion of the fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Board.

d. **Assigned:**
The assigned portion of the fund balance includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund and Special Revenue Funds are classified as Assigned Appropriated Fund Balance. The reserve for encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year. The Economic Development Reserve and the Stop DWI Reserve are also included in the assigned unappropriated fund balance as noted by New York State. $250,000 has been designated in the General Fund as the amount estimated to be appropriated to reduce taxes for the subsequent year.

e. **Unassigned:**
The unassigned portion of the fund balance includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the County.

Order and Use of Fund Balance:
The County's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance. The unassigned portion of the fund balance includes all other General Fund net position that do not meet the definition of the above classification and are deemed to be available for general use by the County.

13. **Net Position**

The governmental and business-type activities utilize a net position presentation. Net position is categorized as net capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the

acquisition, construction or improvement of these assets reduce the balance in this category.

- Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position not restricted for any project or other purpose.

G. REVENUES AND EXPENDITURES

1. Real Property Taxes

County real property taxes are levied annually no later than December 31 and are due and become a lien on January 1. Taxes are collected during the period January 1 to March 31. Taxes for County purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County of Franklin assumes enforcement responsibility for all taxes levied in the towns.

The County of Franklin has adopted an installment plan for delinquent taxes. After taxes are turned over by the town to the County, land owners can enroll in the installment plan having a minimum 25 percent down payment of all delinquent taxes and paying monthly installments plus interest on the remaining 75 percent. This procedure includes the County's withdrawal of foreclosure on the property. The County has also adopted an partial payment plan with a minimum of a $100 payment for delinquent and current taxes.

Unpaid village taxes and school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are relevied as County taxes in the subsequent year.

2. Revolving Funds: Industrial Development Agency

The Franklin County Industrial Development Agency established a revolving loan fund offering low-interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, i.e., enhancement of the economic environment. At the end of December 31, 2002 all of the remaining revolving loan funds were transferred to the Franklin County Local Development Corporation.

3. Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Franklin County Industrial Development Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State of New York. The Franklin County Industrial Development Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary

function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

4. Insurance

Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

5. Vacation and Sick Leave and Compensatory Absences

County employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave, and unused compensatory absences. Payment to employees is determined by various rates and is subject to certain limitations.

Estimated vacation and sick leave and compensatory absences accumulated by governmental fund-type employees have been recorded as long-term debt in the government wide funds, and for business-type employees they are recorded as an expense when earned in the proprietary fund types.

Payment of vacation and sick leave recorded as long-term debt is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payments become due. The liability for compensated absences is disclosed in Note III(B)(4)(a).

6. Post-Retirement Benefits

In addition to providing pension benefits, the County of Franklin provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. In 2020 the County pays a third-party provider for all retirees over 65 years of age as supplemental insurance. The premiums are paid by the retired employees and are used to offset the cost incurred by the County. The County of Franklin had 59 retirees participating in the County Plan, 133 in the Supplemental Plan, and 27 in the Advantage Plan as of December 31, 2020. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. This statement establishes standards for the measurement, recognition, and display of other postretirement benefits expenses/expenditures and related liabilities (assets), note disclosures and required supplementary information in the financial reports of state and local government employers.

7. Brownfield Grant

The Industrial Development Agency has received a total of $253,808 from New York State Department of Environmental Conservation regarding its Brownfield Study at the Bombay facility. Upon the future sale or disposal of the site, New York State will be required to be repaid after the Agency recoups its 10% of costs.

8. Owners' Assessments (Rainbow Lake Water Protection District)

Landowners within the District are assessed tax levies on their respective town tax bill which is levied through Franklin County. These tax levies are based on town assessment data on riparian rights and the annual budget as determined by the District Commissioners. The District retains excess operating funds at the end of the operating year, if any, for future operating periods.

9. Tax Status

The Rainbow Lake Water Protection District and the County of Franklin Industrial Development Agency are component units of the Franklin County government under New York County Law Section 264(A). As such, they are not taxable units.

H. New Accounting Standards

GASB Statement No. 83 – "Certain Asset Retirement Obligations." This statement, issued in November of 2016, addresses the accounting and financial reporting for certain asset retirement obligations.

GASB Statement No. 84 – "Fiduciary Activities." This statement, issued in January, 2017 attempts to enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

GASB Statement No. 88 – "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement." This statement, issued in April, 2018, attempts to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 90 – "Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61." This statement, issued in August, 2018, attempts to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financials statement information for certain component units.

I. Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 87 – "Leases." This statement, issued in June, 2017, attempts to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 89 – "Accounting for Interest Cost Incurred Before the End of a Construction Period." This statement, issued in June, 2018, attempts to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for interest costs incurred before the end of a construction period. The requirements of this statement are effective for the year ended December 31, 2021.

GASB Statement No. 91 – "Conduit Debt Obligations." This statement, issued in May, 2019, provides for a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related not disclosures. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 92 – "Omnibus 2020." This statement, issued in January, 2020, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 93 – "Replacement of Interbank Offered Rates." This statement, issued in March, 2020, attempts to address accounting and financial reporting implications that may result from the replacement of an interbank offered rate (IBOR). The requirements of this statement are effective for the year ended December 31, 2022.

GASB Statement No. 94 – "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This statement, issues in March, 2020, attempts to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 96 – "Subscription-Based Information Technology Arrangements." This statement, issued in May, 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangement for government end users. The requirements of this statement are effective for the year ended December 31, 2023.

GASB Statement No. 97 – "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32." This statement, issued in June, 2020, attempts to (1) increase consistency and comparability related to the reporting of certain fiduciary component units, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, OPEB plans, and employee benefit plants, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for certain Internal Revenue Code Section 457 plans. The requirements of this statement are effective for the year ended December 31, 2022.

J. PAYMENT IN LIEU OF TAXES (PILOT) (IDA)

The Industrial Development Agency enters into and administers PILOT agreements for various unrelated business entities located in Franklin County. Under the terms of the PILOT agreements, title to property owned by the unrelated business entity is transferred to the Agency for a certain period of time. The assisted business typically agrees to make PILOTS, which generally are significantly less than the real property taxes which are abated. As part of the program, the Agency generates fees for administering the PILOT agreement. These fees are reported as charges for services in the statement of revenues, expenses, and changes in net position. In 2016, the Agency entered into an agreement with EDP Renewals for the Jericho Rise Wind Farm, an approximately $156 million project in the towns of Chateaugay and Belmont, for which the Agency receives a fee of 1% of the project costs over the next five years. For the year ended December 31, 2020, the Agency received the fifth and final year installment of $312,000. The IDA Board agreed to a PILOT in the amount of $4,000/megawatt and a Host Community Agreement of $5,000/megawatt for a total of $9,000/megawatt each year for a period of 30 years. An annual escalator was agreed to which is not to be lower than 0% nor higher than 2% that will start in year 6. Further, the IDA Board consented to allocating the Economic Development Reserve Fund ($1,000/megawatt per year to be paid over the course of 5 years) to be used by Franklin County for its economic development programs.

K. FRANKLIN COUNTY LOCAL DEVELOPMENT CORPORATION

The Franklin County Industrial Development Agency created a Local Development Corporation in 1970 known as the Franklin County Local Development Corporation (the "Corporation"). The Franklin County Local Development Corporation was started to develop and cultivate a strong economic environment, which supports business and nurtures growth and new investment in the County. The County of Franklin Industrial Development Agency assigned all the loan repayments from the County Community Development Block Grant (CDBG) Projects to the Corporation for the purpose of establishing a county wide revolving loan fun. Upon the formation of the Corporation, the Agency assigned all of its rights in the CDBG assignment to the Corporation for collection and administration.

NOTE II - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND COUNTY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the County-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS VS. NET POSITION OF GOVERNMENTAL ACTIVITIES

Total fund balances of the County of Franklin's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

The costs of building and acquiring capital assets (lands, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the County as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	$ 135,495,900
Accumulated Depreciation	(87,273,321)
	$ 48,222,579

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are taxes receivable that are offset by deferred revenue in the governmental funds, and consequently are not included in fund balance.

Adjustment of Unearned Tax Revenue	$ 18,944,571

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

	Due in One Year	Due After One Year	Total
Bonds payable	$ 12,404	206,106	218,510
Leases payable	251,517	1,501,021	1,752,538
Compensated absences	119,746	1,077,713	1,197,459
New York State pension liability	-	20,227,979	20,227,979
Post-employment benefit obligations	-	27,752,527	27,752,527
	$ 383,667	50,765,346	51,149,013

As indicated in Note 1, the amounts reported on the Statement of Net Position for due to and due from other funds represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A summary of governmental interfund receivable/payable eliminations is as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 1,769,052	1,331,570
Special Revenue Fund	1,199,509	92,516
Capital Project Fund	688,327	2,232,802
	$ 3,656,888	3,656,888

Interest on short- and long-term debt is recorded as an expenditure in governmental funds when it is due, and thus requires the use of current financial resources. On the Statement of Net Position, interest is recognized as it accrues, regardless of when it is due. A summary of additional accrued interest on debt as of December 31, 2020 is as follows:

Accrued Interest	$ 942

B. STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VS. STATEMENT OF ACTIVITIES

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Differences between the governmental funds Operating Statement and Statement of Activities.

Total Revenue and Other Funding Sources of Governmental Funds

Total revenue and other funding sources of governmental funds		$ 105,480,904
Because property taxes will not be collected for several months after the County's year end, they are not considered as "available" revenues in the governmental funds.		(390,641)
Net revenues of certain internal service funds are reported with governmental activities on the Statement of Activities, net of intercompany charges.		11,609
Elimination of certain inter-County departmental revenue		(7,103,542)
Elimination of interfund revenue from governmental funds:		
Intergovernmental Charges - SWMA		(8,290,390)
Interfund transfers In	5,168,535	
Interfund transfers Out	(5,168,535)	-
Total revenues and other funding sources of governmental activities in the Statement of Activities		$ 89,707,940

Total Expenditures Reported in Governmental Funds

Total expenditures reported in governmental funds	$ 99,672,482
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The increased in the estimated liability for compensated absences exceeded payments by $239,106.	239,106
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $5,066,840 exceeded capital expenditues of $3,697,513 in the current year.	1,369,327
Repayment of lease principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	(250,404)
Certain inter-County departmental expenditures are eliminated on the Statement of Activities.	(7,103,542)
Net operating expenses of certain internal services funds are reported with governmental activities on the Statement of Net Position, less corresponding intercompany charges.	(199,310)
Home and Community Services - SWMA advances which are offset by intergovernmental charges.	(8,290,390)
GASB Statement No. 68 adjustments to New York State retirements for the change in pension liabilites from December 31, 2019 to December 31, 2020.	3,667,156
GASB Statement No. 75 adjustments for the change in other post-employment benefit liability from December 31, 2019 to December 31, 2020.	40,924
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net interest reported in the Statement of Activities is the result of accrued intest on bonds payable.	(51)
Total expenses of governmental activities	$ 89,145,298

NOTE III - DETAIL NOTES ON ALL FUNDS AND COMPONENT UNITS

A. ASSETS

1. Cash, Restricted Cash and Investments

The County investment policies are governed by state statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

a. Cash and Deposits

The County's policies regarding deposits of cash are discussed above. The table presented below is designed to disclose the level of custody credit risk assumed by the County based upon how its deposits were insured or secured with collateral at December 31, 2020. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the County or by its agent in the County's name.
Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
Category 3 - Uninsured and uncollateralized.

		Custody Credit Risk Category			
Type of Deposit	Total Bank Balance	1	2	3	Total Carrying Value
Demand Deposits	$ 1,639,022	742,612	896,510	-	1,138,636
Time Deposits	16,108,310	1,000,000	15,108,210	-	18,265,371
Cash on Hand	-	-	-	-	5,156
Total Deposits	$ 17,747,332	1,742,612	16,004,720	-	19,409,163

Reconciliation to the Statement of Net Assets and Fiduciary Fund:	
Unrestricted Cash, including Time Deposits - Governmental Activity	$ 15,716,694
Restricted Cash, including Time Deposits	3,093,241
Fiduciary Fund Cash, including Time Deposits	599,228
	$ 19,409,163

b. Restricted Assets

Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for specified uses such as Emergency 911, Unemployment and Health Insurance, County Road Projects, and Bonded Debt.

The following is a detail of restricted assets of the component unit Solid Waste Management Authority as of June 30, 2020:

Cash and Cash Equivalents	$ 15,603,153

Restricted cash and cash equivalents are held in money market funds and are legally restricted in use and purposes by the Authority bond document.

2. Taxes Receivable

At December 31, 2020, real property tax assets of $24,126,432 are reported net of the allowance for uncollectible taxes in the amount of $147,945. Current-year returned village and school taxes of approximately $4,932,194 are offset by liabilities to the villages and school districts, which will be paid no later than April 1, 2020. The remaining portion of tax assets, $19,046,293 is offset by deferred tax revenue of $18,944,571, which represents an estimate of the county tax liens that will not be collected within the first 60 days of the subsequent year. The deferred tax revenue is recorded as income in the GASB 34 reconciliation.

3. Other Receivables, Net

The following is a list of other accounts receivable as of December 31, 2020, which are stated at net realizable value. County management considers these amounts to be fully collectible, except for Not for Profit and PHN:

General Fund	
Public Health Nurses, Net	$ 94,897
Other Department Receivables	465,938
Allowance for Uncollectible	(415,000)
Special Revenue Funds	
CDBG Note Receivable	34,452
Road Machinery	52,495
Soil and Water	89,493
County Road	6,100
Internal Service Fund	
Assessments	1,310
Total Governmental Funds	329,685
Tax Assessments Receivable	218,510
Total Governmental Activities	$ 548,195
IDA (Component Unit)	
Accounts, Grants, and Fees Receivable	$ 6,850
SWMA (Component Unit)	
Accounts and Grants Receivable	658,076
Total Component Units	$ 664,926

4. Changes in Capital Assets

a. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable				
Land	$ 437,016	-	-	437,016
Construction in Progress	970,873	2,125,596	(690,128)	2,406,341
Depreciable				
Buildings	29,603,687	667,585	-	30,271,272
Equipment	16,541,664	352,366	(68,593)	16,825,437
Roads	45,163,264	1,097,508	-	46,260,772
Bridges	39,150,477	144,586	-	39,295,063
Subtotal	131,866,981	4,387,641	(758,721)	135,495,901
Accumulated Depreciation	(82,275,075)	(5,066,840)	68,593	(87,273,322)
Total	$ 49,591,906	(679,199)	(690,128)	48,222,579

Capital assets are stated at cost. Depreciation is provided by the straight-line method at rates sufficient to write-off the cost of such assets over their estimated useful lives. Depreciation expense of $5,066,840 was charged to the following functions on the Statement of Activities:

General Support	$ 808,176
Public Safety	500,685
Health	11,758
Transportation	3,573,483
Economic Assistance and Opportunity	100,546
Home and Community Service	72,192
Total	$ 5,066,840

b. Franklin County Industrial Development Agency

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets that are not depreciated				
Land	$ 154,794	-	(5,000)	149,794
Total cost of non-depreciated assets:	154,794	-	(5,000)	149,794
Capital assets that are depreciated				
Buildings and improvements	1,299,274	-	(277,833)	1,021,441
Furniture & equipment	38,143	-	-	38,143
Total cost of depreciable assets	1,337,417	-	(277,833)	1,059,584
Less Accumulated Depreciation				
Buildings and improvements	(602,153)	(32,086)	131,782	(502,457)
Furniture & fixtures	(35,476)	(522)	-	(35,998)
Total accumulated depreciation	(637,629)	(32,608)	131,782	(538,455)
Net Capital Assets	$ 854,582	(32,608)	(151,051)	670,923

During the year ended December 31, 2020, the Agency sold a warehouse that was not fully depreciated, realizing a loss of $114,511.

Total depreciation expensed during the year was $32,608.

c. Solid Waste Management Authority

	June 30, 2019	Additions/ Deletions	June 30, 2020
Nondepreciable			
Land	$ 2,064,979	-	2,064,979
Depreciable			
Land Improvements	4,565,536	-	4,565,536
Landfill Cell	21,541,775	3,303,457	24,845,232
Buildings	8,544,379	-	8,544,379
Vehicles and equipment	7,968,888	(117,505)	7,851,383
Subtotal	42,620,578	3,185,952	45,806,530
Less: Accumulated Depreciation	(27,435,234)	(1,464,185)	(28,899,419)
Total Property, Plant and Equipment	$ 17,250,323	1,721,767	18,972,090

Significant capital asset additions during the current year included the construction of Landfill Cell 6. Landfill cells include the engineering and other professional service costs incurred to bring the asset into service.

Depreciation expenses during the year ended June 30, 2020 was $1,581,000.

d. Rainbow Lake Water Protection District

The County of Franklin owns the Lake Kushaqua Dam which it acquired from the Rainbow Lake Association, Inc., for $5,000. The dam is being depreciated over its useful life before major repairs might be necessary.

A schedule of the dam and its related accumulated depreciation as of December 31, 2020, is as follows:

Dam	$ 5,000
Dam Improvements	283,369
Less Accumulated Depreciation	(25,998)
Dam, Net	$ 262,371

Depreciation expense was $6,779 for the year ended December 31, 2020.

Construction began in the fall of 2018 and was completed by Spring 2019. The cost of these improvements totaled $283,369 and are being depreciated on the straight-line basis over forty years.

B. LIABILITIES

1. Pension Plan

The County, the Solid Waste Management Authority (the "Authority"), and the Industrial Development Agency (the "Agency"), participate in the New York State and Local Employees' Retirement System (ERS). This is cost-sharing, multiple employer retirement system. ERS is included in the State's financial report as a pension trust fund.

a) Plan Description

The County, the Authority, and the Agency participate in the New York State and Local Employees' Retirement System (ERS) (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 assets 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. The Comptroller shall adopt and may amend the rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, can be found at www.osc.state.ny.us/retire/publications/index.php or it may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244

b) Funding Policies

The System is non-contributory, except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 10, 2010 who generally contribute three percent (3%) of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from three percent (3%) to six percent (6%) based on salary. Under the County of the NYSRSSL, the Comptroller annually certifies the rates expressly used in computing the employers' contributions on salaries paid during the New York State Local Retirement Systems fiscal year ending March 31.

The employer contribution rates for the ERS plan's year ending in 2020 are as follows:

Tier / Plan	Rate Range
2 751	19.7%
3 A14	16.10%-16.20%
4 A15	16.10%-16.20%
5 A15	13.40%-13.50%
6 A15	9.60%-9.70%

Prior to 2013, the Solid Waste Management Authority's contributions to the System were equal to 100% of the contributions required for each year. Beginning in 2013, the Authority elected to amortize payments with the Contribution Stabilization Program. For the years ending June 30, 2014 and 2013, the Authority elected maximum amortization of $45,069 and $56,767, respectively. The Comptroller of New York State annually determines the interest rate for the program. For the 2014 and 2013 ERS payments, rates of 3.67% and 3.00% respectively were set for each ten-year period. For FY 20 the Authority paid the full contribution of $162,127. The contribution for the year 2020 included payments on the 2013 and 2014 deferred amounts of $12,071.

A summary of the SWMA's future annual minimum maturities of the amortization at June 30, 2020, is as follows:

	Principal	Interest	Total
For the year ended June 30			
2021	$ 10,770	1,300	12,070
2022	11,127	943	12,070
2023	11,496	574	12,070
2024	5,244	191	5,435
	$ 38,637	3,008	41,645

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources

At December 31, 2020, the County, the Authority, and the Agency reported the following liabilities for their proportionate share of the net pension liability for the ERS System. The net pension liability was measured as of March 31, 2020 for ERS. The total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation. The County's, the Authority's, and the Agency's proportion of the net pension liability were based on a projection of the County's, the Authority's, and the Agency'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 ERS System in a report provided to the County, the Authority, and the Agency.

	Franklin County ERS	SWMA ERS	IDA ERS
Measurement date	March 31, 2020	March 31, 2020	March 31, 2020
Net pension liability	22,718,981	1,270,071	151,632
Authority's portion of the Plan's total net pension liability	0.08579490%	0.00479620%	0.00057260%

Of the above liability of $22,718,981, the County allocated $2,491,002 to NCCC. The County's net liability was $20,227,979.

For the year ended December 31, 2020, the County's recognized pension expense of $7,105,521 for ERS. At December 31, 2020, the County's reported deferred outflows of resources and deferred inflows of resources related to pensions was:

	County - ERS Deferred	
	Outflows	Inflows
Differenced between expected and actual experience	$ 1,337,104	-
Change of assumptions	457,453	395,003
Net difference between projected and actual earnings on pension plan investment	11,646,854	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	40,149	1,064,276
Authority's contributions subsequent to the measurement date	2,962,677	-
Less: amounts allocated to NCCC	(1,803,013)	(160,001)
Total	$ 14,641,224	1,299,278

For the year ended June 30, 2020, the Solid Waste Management Authority recognized pension expense of $403,571. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SWMA - ERS Deferred	
	Outflows	Inflows
Differences between expected and actual experience	$ 74,749	-
Change of assumptions	25,573	22,082
Net difference between projected and actual earnings on pension plan investment	651,100	-
Changes in proportion and differences between the Authority's contributions and proprotionate share of contributions	19,899	49,216
Authority's contributions subsequent to the measurement date	41,560	-
Total	$ 812,881	71,298

For the year ended December 31, 2020, the Industrial Development Agency recognized pension expense of $57,368. At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	IDA - ERS Deferred	
	Outflows	Inflows
Differences between expected and actual experience	$ 8,924	-
Change of assumptions	3,053	2,636
Net difference between projected and actual earnings on pension plan investment	77,737	-
Changes in proportion and differences between the Authority's contributions and proprotionate share of contributions	19,013	7,487
Authority's contributions subsequent to the measurement date	21,134	-
Total	$ 129,861	10,123

The County, the Authority, and the Agency had $2,962,677 ($324,840 of which was allocated to NCCC), $41,560, and $21,134 respectively in accrued contributions subsequent to the measurement date that are considered deferred outflows of resources. County and Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Franklin County ERS	SWMA ERS	IDA ERS
Year ended:			
2021	$ 1,735,014	109,078	19,260
2022	2,988,444	174,368	25,379
2023	4,006,198	228,424	31,215
2024	3,292,625	188,153	22,750
Thereafter	-	-	-

Actuarial assumptions – Franklin County / SWMA / IDA

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 valuations used the following actuarial assumptions:

	ERS
Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.8%
Salary scale	4.2%
Projected COLA	1.3%
Decrement tables	April 1, 2010- March 31, 2015 System's experience
Inflation rate	2.5%

The annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below for Franklin County, the SWMA, and the IDA.

Measurement Date	March 31, 2020	
Asset type	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	36%	4.05%
International equity	14%	6.15%
Private equity	10%	6.75%
Real estate	10%	4.95%
Absolute return strategies	2%	3.25%
Opportunistic portfolio	3%	4.65%
Real asset	3%	5.95%
Bonds and mortgages	17%	0.75%
Cash	1%	0.00%
Inflation indexed bonds	4%	0.50%
	100%	

Discount rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions form plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following table presents the County's, Authority's and Agency's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the County's, Authority's, and Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)		1% Increase (7.8%)
Employer's proportionate share of the net pension asset (liability) - Franklin County	$ 41,695,746	22,718,981	*	5,241,302
Employer's proportionate share of the net pension asset (liability) - SWMA	2,330,939	1,270,071		293,007
Employer's proportionate share of the net pension asset (liability) - IDA	278,288	151,632		34,982

* Of the above liability of $22,718,981, the County allocated $2,491,002 to North Country Community College. The County's net liability was $20,227,979.

Pension plan fiduciary net position:

The components of the collective net pension liability of ERS as of the March 31, 2020 measurement date were as follows:

Total pension liability	$	194,596,261,000
ERS fiduciary net position		168,115,682,000
Employers' net pension liability	$	26,480,579,000
ERS fiduciary net position as a percentage of total pension liability		86.39%

Prepaid Expense to the pension plan

The employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2020 represent the projected employer contribution for the period of January 1, 2020 through March 31, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2020 amounted to $659,459, $0 and $5,284 for the County, the Authority, and the Agency respectively.

Tiers

Membership Tiers-Pension legislation enacted in 1973, 1976, 1983, 2010, and 2012 established distinct classes of membership. The tier status of a member determines eligibility for benefits, formula used in the calculation of benefits, death benefit coverage, service crediting, whether or not a member has required contributions, and member loan provisions. Listed below are the tiers for ERS members:

Tier 1 – Members who enrolled before July 1, 1973
Tier 2 – July 1, 1973 through July 26, 1976
Tier 3 – July 27, 1976 through August 31, 1983
Tier 4 – September 1, 1983 through December 31, 2009
Tier 5 – January 1, 2010 through March 31, 2012
Tier 6 – April 1, 2012 and after

Vesting
Members who joined ERS prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require 10 years of service credit to be 100% vested.

c) Benefits

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with more than twenty years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five of more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of twenty-four additional months. Final average salary is the average of wages earned in the three highest consecutive years. For Tier 1 members who joined on or after September 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4 and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with between twenty and thirty years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than thirty

years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over thirty years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55, with reduced benefits. Tier 3 and 4 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages of earned in the highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with twenty years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than twenty years of service, an additional benefit of 2% of final average salary is applied for each year of service over twenty years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

2. Unavailable Revenue

The following are unavailable revenues:

Social Services Advances and Other (General Fund)	$	452,722
Community Development Loans (CDBG Fund)		43,060
Total	$	495,782

3. Advances from County (RLWD)

Franklin County issued a bond anticipation note during the 2018 fiscal year in the amount of $270,000. On November 19, 2019, the bond anticipation note was refinanced by a general obligation serial bond in the amount of $230,500 specifically for the Lake Kushaqua Dam Project. The bond matures in fifteen (15) years and pays an interest rate of 3.45%.

The District's liability to Franklin County is carried on the statement of financial position as a liability, Advances from County, since Franklin County is the debtor. Franklin County will bill the District annually for the principal and interest payment due on the bond. The District has increased its tax levy to accommodate the annual bond payment.

The five year maturity schedule is as follows:

	Principal	Interest	Total
Fiscal Year 12/31/21	$ 12,403	7,539	19,942
Fiscal Year 12/31/22	12,831	7,111	19,942
Fiscal Year 12/31/23	13,274	6,668	19,942
Fiscal Year 12/31/24	13,732	6,210	19,942
Fiscal Year 12/31/25 and thereafter	166,270	33,151	199,421
TOTALS	$ 218,510	60,679	279,189

4. Long-Term Debt

The changes in the County of Franklin's long-term indebtedness during the year ended December 31, 2020 are summarized as follows:

	Balance 01/01/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Governmental Activities:					
Dam Project Serial Bond 2019	$ 230,500	-	11,990	218,510	12,404
Capital Leases Liability	2,002,941	-	250,404	1,752,537	251,517
Compensated Absences	958,353	239,107	-	1,197,460	119,746
Post Employmnet Benefits	27,825,378	5,004,953	5,077,804	27,752,527	-
Net Pension Liability	5,461,591	14,766,388	-	20,227,979	-
Total Long-Term Liabilities	$ 36,478,763	20,010,448	5,340,198	51,149,013	383,667

The changes in the County of Franklin Solid Waste Management Authority long-term indebtedness during the year ended June 30, 2020 are summarized as follows:

	Balance 7/1/2019	Additions	Reduction	Balance 6/30/2020	Due Within One Year
Bonds payable - principal	$ 28,135,000	-	890,000	27,245,000	1,695,000
Bond premium	657,883	-	111,392	546,491	-
Total bonds payable	28,792,883	-	1,001,392	27,791,491	1,695,000
Long-term debt payable	490,226	-	263,392	226,834	124,094
Net pension liability	327,674	1,104,524	162,127	1,270,071	-
Total long-term debt	$ 29,610,783	1,104,524	1,426,911	29,288,396	1,819,094

a. Compensated Absences

Pursuant to contractual agreements, County employees are entitled to accrue an unlimited amount of sick leave and carry forward annually 21 days (or more with written permission of department head) of vacation leave. Upon retirement, unused sick leave may be converted to additional retirement credit up to a maximum of 165 days. No payments are made for unused sick leave. Specific years for payment of compensated absences are not determined.

i. Governmental Activities

The liability for these fringe benefits computed at current pay rates at December 31, 2020, amounts to $1,197,460 and is recorded in the governmental funds.

b. Other Post-Employment Benefits

Plan Descriptions:

The County's defined benefit other post-employment benefits plan (OPEB) provides benefits for all permanent full-time general and public safety employees of the County. The plan is a single-employer defined benefit OPEB plan administered by the County. Article 11 of the State Compiled Statures grants the authority to establish and amend the benefit terms and financing requirements to the County legislature. No assets are accumulated in a trust that meets the criteria in paragraph 5 of GASB Statement No. 75. The Plan does not issue financial statements and is not a trust. Eligibility for benefits is based on covered employees who retire from the County at age 55 or older and have met vesting requirements.

Benefits Provided:

The County provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services.

Employees Covered by Benefit Terms:
At December 31, 2020, the total number of participants in the OPEB plan was comprised as follows:

Retirees and survivors	174
Terminated vested employees	-
Actives	492
Total	666

Total OPEB Liability:
The County's total OPEB liability of $27,752,527 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs:
The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2019_b). The short-term (first 4 years) trend rates were based on the recent premium rate history for Franklin County. The long-term (after 4 years) trend rates were based on the following assumptions:

Rate of inflation: 2.2%
Rate of growth in real income / GDP per capita: 1.6%
Extra trend due to technology and other factors: 1.3%
Health share of GDP resistance point: 25%

Salary increases – 3.5%

Mortality – actives – The RPH-2014 mortality table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019.

Mortality – retirees – The RPH mortality table for healthy annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2019.

Discount rate – 2.74% as of the measurement date. Source: Bond Buyer Weekly 20-Bond GO Index.

	Total OPEB Liability
Balance at December 31, 2019	$ 27,825,378
Changes for the year:	
Service cost	1,058,391
Interest	1,152,837
Changes in benefit terms	(618,939)
Differences between expected and actual experience	(2,927,292)
Changes in assumptions or other inputs	2,793,725
Benefit payments	(1,531,573)
Net changes	(72,851)
Balance at December 31, 2020	$ 27,752,527

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate

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

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increace (3.74%)
Total OPEB liability	$ 30,588,815	27,752,527	25,238,302

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

The following table presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a rate that is 1% higher or lower than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increace
Total OPEB liability	$ 24,552,877	27,752,527	31,618,649

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

For the year ended December 31, 2020, the County recognized OPEB expense of $1,449,570. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	2,508,509
Changes of assumptions or other inputs	2,920,535	1,276,163
Employer contributions subsequent to the measurement date	1,408,646	-
Total	$ 4,329,181	3,784,672

Years ending December 31,	Amount
2021	$ (142,719)
2022	(142,719)
2023	(142,719)
2024	(142,718)
2025	(274,343)
2026 and thereafter	(18,919)

c. Serial Bonds

The County of Franklin, like most governmental units, borrows money in order to acquire land or equipment or to construct and improve buildings. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized by the County to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

i. The County issued a General Obligation Serial Bond on November 19, 2019 at an interest rate of 3.45% for the Lake Kushaqua Dam Project. Interest and principal are charged annually, which has a maturity date of November 19, 2034. The bond had an outstanding balance due at December 31, 2020 of $218,510. Accrued interest of $942 was recorded as of December 31, 2020.

d. Leases Payable

i. In 2015, the County entered into a long-term capital lease agreement for the lease of various pieces of security equipment. As a result of this lease agreement, the County recorded capital asset acquisitions of $132,104 in 2015 and $411,166 in 2016. These assets are being depreciated in accordance with the County's policies. This lease was paid in full during 2020.

ii. In 2017, the County entered into a long-term lease agreement to finance the cost of placing into service several energy efficient capital improvements to County owned buildings and property as well as the acquisition of several pieces of equipment. As a result of this lease agreement, the County recorded capital asset acquisitions of $1,893,875. These assets are being depreciated in accordance with the County's policies. The lease includes options to purchase the leased equipment for varying prices each year. The following is a schedule of future principal and interest payments due:

Year	Principal	Interest	Total	Purchase Option Price
2021	$ 145,517	42,318	187,835	1,298,751
2022	109,734	38,026	147,760	1,187,356
2023	117,463	34,789	152,252	1,068,350
2024	125,549	31,324	156,873	941,391
2025	121,917	27,620	149,537	818,213
2026-2030	740,426	79,145	819,571	From $686,987 to $74,038.
2031	73,931	2,181	76,112	-
	$ 1,434,537	255,403	1,689,940	

I. In January 2019 the County entered in a long-term lease agreement to finance the cost of voting machines and software. The total price of $424,000. At the end of the term the County will own the machines. The lease consists of 8 annual payments of $53,000.

Annual Payments	
8/1/2021	$ 53,000
8/1/2022	53,000
8/1/2022	53,000
8/1/2023	53,000
8/1/2024	53,000
	$ 265,000

e. Maturity Schedule

The following is a summary of bond principal maturities and interest requirements.

Year	Principal	Interest
2021	$ 12,403	7,539
2022	12,831	7,111
2023	13,274	6,668
2024	13,732	6,210
2025	14,206	5,736
2026-2030	78,727	20,983
2031-2034	73,337	6,433
Total	$ 218,510	60,680

f. Debt Limits

It is the opinion of the County of Franklin and its legal counsel that the courthouse lease obligation does not constitute debt for the purposes of the State Constitution and New York State Local Finance Law, nor does it have to be reported as debt on a statement pursuant to Title 9 of the Finance Law. Generally accepted accounting principles, however, require that the leases be treated as a liability regardless of their status under state law.

At December 31, 2020, the outstanding long-term indebtedness of the County aggregated $51,096,013. Of this amount, $0 was subject to the constitutional debt limit.

5. Long-Term Debt- Component Units

a. Bonds Payable -Solid Waste Management Authority

A summary of the Solid Waste Management Authority's bonds payable at June 30, 2020, is as follows:

	Issue Date	Original Amount	Interest Rate(s)	Final Maturity	Outstanding at June 30, 2020
EFC Bonds Payable	Aug-16	$ 11,342,974	.8% to 5.0%	Jul-39	10,030,000
Revenue Bonds	May-12	4,810,000	2.0% to 5.0%	Jun-32	3,535,000
Revenue Bonds	Mar-15	8,550,000	3.0% - 5.0%	Jun-40	7,525,000
Revenue Bonds	Jun-19	6,155,000	4.0%	Jun-27	6,155,000
					$ 27,245,000

A summary of the Authority's future minimum annual maturities for bonds payable and bond interest is as follows:

For the Year Ending June 30,	Principal	Interest
2021	$ 1,695,000	843,260
2022	1,750,000	789,286
2023	1,800,000	732,524
2024	1,870,000	668,282
2025	1,930,000	601,015
2026-2030	7,570,000	2,069,034
2031-2035	5,340,000	1,130,685
2036-2040	5,290,000	422,864
	$ 27,245,000	7,256,950

Interest expense on the above indebtedness was $787,283 for the year ended June 30, 2020, when bond related amortization costs are included. Interest paid was $861,442 for the year ended June 30, 2020.

b. Capital Leases - Solid Waste Management Authority

A summary of the Solid Waste Management Authority's capital lease liabilities at June 30, 2020 is as follows:

First Niagara Leasing, Inc. capital lease payable in annual installments of $35,190 including interest at 2.54%, due August, 2021, secured by equipment.	$ 34,318
Caterpillar Financial Services, capital lease payable in semiannual installments of $71,244 including interest at 2.5%, due November, 2022, secured by equipment.	139,860
Key Government Finance capital lease payable in semiannual installments of $11,337 including interest at 5.0%, due September, 2023, secured by equipment.	52,656
	226,834
Less: current portion	(124,094)
	$ 102,740

Interest expense incurred and paid on the above indebtedness was $15,562 for the year ended June 30, 2020.

A summary of the Authority's future annual minimum maturities of long-term debt at June 30, 2020, is as follows:

For the year ending June 30,	2021	$ 124,094
	2022	91,676
	2023	11,064
		$ 226,834

6. Other Liabilities

The following is a summary of other liabilities as of December 31, 2020:

a. Primary Government

Governmental Activities	
Overpayments	$ 94,868
Accrued Liabilities	771,678
Total Governmental Activities	866,546
Accrued Interest	942
Total Primary Government	$ 867,488

b. Component Unit

Solid Waste Management Authority

i. Environmental and Closure Accrual for Landfill

State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only 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 an operating expense in each period based on landfill capacity used as of each balance sheet date. The $5,600,000 reported as landfill closure and post closure care liability at June 30, 2020 represents the cumulative amount reported to date based on the use of 53 percent of the estimated capacity of the landfill at June 30, 2020. The Authority will recognize the remaining estimated cost of closure and post closure care of $6,296,689 as the remaining capacity is filled. These amount is based on what it would cost to perform all closure and post closure care in 2020. The Authority expects to close the landfill in the year 2045. Actual cost may be higher 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 a fund to finance closure and post closure care. The Authority is in compliance with these requirements, and at June 30, 2020 investments of $4,571,576 are held for these purposes. These are reported as restricted assets on the balance sheet. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

A summary of the environmental and closure accrual, which includes the consulting engineer's estimate of the cost for environmental compliance, landfill closure, and post-closure through June 30, 2020, based on the Authority's operating plan approved by the State of New York is as follows:

Total landfill capacity		3,987,420 cubic yards
Total landfill capacity used through June 30, 2020		2,111,658 cubic yards
Percentage of total landfill capacity		52.96%
Estimated closure and post-closure costs	$	11,896,689
Environmental and closure accrual	$	5,600,000
Anticipated closure date		2074

ii. Accrued Interest

Accrued interest payable $ 124,890

7. Operating Lease

The County has one lease for the District Attorney who is paying month-to-month.

The County also has five separate copier lease agreements. All five leases are for a term of 60 month. The monthly payment amounts on these leases are $496, $475, $911, $1,006, and $3,135.

The County entered into a fleet management agreement to dispose of all County vehicles and replace them with a new fleet. The lease agreement has various schedules and addenda based on the delivery date of the vehicles leased. The monthly lease payments vary depending on delivery date and value of the vehicles leased.

C. DUE TO/FROM OTHER FUNDS

Due to/from other funds at December 31, 2020, were as follows:

	Due To	Due From
Major Governmental Activities		
General	$ 1,331,570	1,769,052
Other Governmental Activities		
County Road	7,516	1,199,509
Road Machinery	85,000	-
Capital Projects	2,232,802	688,327
Total	$ 3,656,888	3,656,888

These amounts are eliminated with the GASB Statement No. 34 conversion.

D. INTERFUND TRANSFERS RECONCILIATION

Operating transfers in (other sources) and operating transfers out (other uses) for the year ended December 31, 2020 were as follows:

Fund	Other Sources	Other Uses
Major Governmental Activities		
General	$ -	5,058,241
Other Governmental Activities		
County Roads	3,617,002	24,964
Road Machinery	666,144	85,000
Capital Projects	585,179	330
Debt Service	300,210	-
	$ 5,168,535	5,168,535

These amounts are eliminated with the GASB Statement No. 34 conversion. Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. FUND BALANCE CLASSIFICATIONS

The following funds have reserved portions of their fund balances for these designated purposes:

Fund	Purpose	Balance
General	**Non spendable fund balance**	
	Inventory	$ 12,190
	Prepaid	659,459
	Total non spendable fund balanc	$ 671,649
	Restricted fund balance	
	Retirement	$ 807,851
	Unemployment insurance	543,616
	Insurance	430,726
	Tax stabilization	92,847
	Capital reserve (mortgage tax)	843,597
	District attorney	22,510
	Total restricted fund balance	$ 2,741,147
	Assigned fund balance	
	Assigned, appropriated	$ 250,000
	Stop DWI	32,172
	Economic development	316,826
	Total Assigned fund balance	$ 598,998
Special Revenue Funds		
	Non spendable fund balance	
Road machinery	Inventory	$ 346,485
Soil and water	Prepaids	13,960
	Total non spendable fund balanc	$ 360,445
	Restricted fund balance	
Soil and water	Special reserve	$ 751,338
County roads	Repairs	462,440
	Total restricted fund balance	$ 1,213,778
	Assigned fund balance	
Road machinery	Assigned unappropriated	$ 361,180
County roads	Assigned unappropriated	891,838
CDBG	Assigned unappropriated	525
Soil and water	Assigned unappropriated	138,169
Debt service	Assigned unappropriated	47
	Total assigned fund balance	$ 1,391,759

F. DEFERRED COMPENSATION PLAN

Employees of the County of Franklin may elect to participate in the County's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. The County of Franklin has adopted GASB 32 with regard to financial reporting of deferred compensation plans in accordance with IRC Section 457. The County has established Citistreet as the trustee of its existing deferred compensation plan. Since the County is not the trustee for the plan, the plan does not meet the criteria for inclusion in the County's financial statements. Therefore, at December 31, 2020, the $12,281,984 market value of deferred compensation plan assets is no longer displayed in the Agency Fund within the financial statements.

NOTE IV- JOINT VENTURES

The following are activities undertaken jointly with other municipalities which are excluded from the financial statements. Separate financial statements are issued for such joint ventures.

A. JOINT PUBLIC LIBRARY

The Clinton-Essex-Franklin Library System is jointly sponsored by Clinton, Essex, and Franklin Counties under provisions of Article 5 of the Education Law. As a joint venture, separate financial statements are published by the library. Each County's financial participation in the joint venture for the year ended December 31, 2020, was as follows:

Clinton	$	44,899
Essex	$	24,990
Franklin	$	7,837

The following is a summary of financial information included in unaudited financial statements issued for the joint venture as of and for the year ended December 31, 2020:

Total Assets	$	1,664,703
Total Liabilities		376,175
Fund Equity:		
Reserved		205,995
Unreserved		1,082,533
Total Fund Equity		1,288,528
Total Revenues (2020)	$	1,251,619
Total Expenses (2020)	$	1,285,317

B. JOINT COMMUNITY COLLEGE

The North Country Community College is jointly sponsored by Franklin and Essex Counties under provisions of Article 126 of the Education Law. As a joint venture, separate financial statements are published by the community college. The two counties' financial participation in the joint venture for the 2019 - 2020 fiscal year is as follows:

Franklin	$ 1,240,000
Essex	$ 1,240,000

The following is a summary of the financial information from the unaudited financial statements issued for the joint venture as of and for the year ended August 31, 2020:

Total Assets and Deferred Outflows of Resources	$ 15,286,278
Total Liabilities and Deferred Inflows of Resources	(22,840,644)
Net Position	$ (7,554,366)
Total Revenues (2019-20)	$ 16,762,115
Total Expenditures (2019-20)	$ 18,994,207

NOTE V - COMMITMENTS AND CONTINGENCIES

A. LITIGATION AND SUBSEQUENT EVENTS

The County has a total of 8 active tort claims pending as of December 31, 2020. The County is also named in land claims by the Akwesasne Mohawk Indians seeking the return of claimed land and money damages. County management, after considering all relevant facts, including the opinion of the County attorney and outside counsel in certain instances, is of the opinion that such litigation will not, in the aggregate, have a material adverse effect on the County's financial position.

The following are unpaid taxes on Indian Land Claims as of December 31, 2020, and are recorded as Accounts Receivable and Deferred Revenue:

	School Taxes	School Interest and Penalty	Town and County Tax	Base Lien Amount
Fort Covington	$ 261,598	24,923	515,914	867,546
Bombay	3,524,283	359,825	2,434,899	6,316,502
	$ 3,785,881	384,748	2,950,813	7,184,048

B. SELF-INSURED HEALTH INSURANCE

The County of Franklin incurs costs related to a self-insured employee health plan. The health plan's objectives are to formulate, develop, and administer a program of health insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Lifetime Benefits Solutions, the health plan claims administrator, bills the County for approved benefits due employees. The County of Franklin has stop-loss insurance, for medical coverage only, to provide protection for claims in excess of $125,000 per individual and a specific insurance limit of $375,000. Liabilities of the health plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including frequency and amount payouts, and are based on a five-week lag per the health plan administrator. The balance of claim liabilities during the past fiscal year is as follows:

Unpaid Claims, Beginning of Fiscal Year	$ 510,044
Plus: Incurred Claims (including IBNR's)	5,448,987
Less: Claim Payments	(5,555,502)
Unpaid Claims, End of Fiscal Year	$ 403,529

C. FEDERAL AND STATE GRANTS

The local government has received grants totaling over $35 million which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowance and a request for a return of funds to the federal and state governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

D. UNEMPLOYMENT INSURANCE

The County of Franklin provides unemployment insurance through direct billings from the New York State Unemployment Insurance Fund. For the year ended December 31, 2020, the County paid $10,846 of benefits from the unemployment insurance reserve. The County had no liability outstanding at December 31, 2020 for unpaid, unasserted claims.

E. SELF-INSURED WORKERS' COMPENSATION

The County of Franklin sponsors and participates in a self-insurance plan for workers' compensation under Local Law No. 3, 1991, pursuant to Article 5 of the Workers' Compensation Law. The self-insurance plan is open to any eligible municipality or public entity for participation. There were 23 participants, including the County of Franklin, at December 31, 2020. The County is responsible for the administration of the self-insurance plan and its reserves and accounts for this self-insurance plan on the modified accrual basis in the Workers' Compensation Fund. The designated reserved retained earnings at December 31, 2020, were $400,000. Additionally, the County has specific excess coverage for workers' compensation and employers' liability insurance for catastrophic losses.

F. OTHER INSURANCE

The County of Franklin is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters' etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

G. SERVICES AGREEMENT AND COMMITMENTS AND CONTINGENCIES

Solid Waste Management Authority

On May 1, 1993, the Solid Waste Management Authority entered into a services agreement with the County of Franklin, whereby the County will cause to be delivered to the Authority substantially all solid waste produced within the County. This agreement commenced upon operation by the Solid Waste Management Authority and will continue until the later of (a) the twentieth anniversary of the operation commencement date, or (b) the maturity date of outstanding Authority indebtedness, provided, however, that in no event shall the agreement have a term of greater than twenty-five years from the latest date of execution of the services agreement. The agreement was renewed on May 1, 2012 and the provisions extended accordingly.

In consideration of the Authority's performance of certain activities relating to solid waste disposal, the County shall pay a service fee equal to the Authority's estimated debt service, plus operating and maintenance costs less estimated net investment earnings, if any, for each fiscal year, provided that in no event shall the service fee be less than zero. The County of Franklin shall pay the Authority one-twelfth of the current fiscal year's estimated service fee on the first day of each month.

Service fees paid by the County of Franklin to the Solid Waste Management Authority for the year ended June 30, 2020, totaled $7,415,412.

The Solid Waste Management Authority is required to reimburse the County an amount equal to total tipping and user fees received in the prior month up to the aggregate estimated service fee paid by the County, as described above. Under this agreement, the Authority reimbursed the County $7,415,412 for the year ended June 30, 2020. The Authority owed Franklin County $0 at June 30, 2020.

Within ninety days of the end of each fiscal year, the Authority shall calculate a year-end adjustment which represents the Authority's actual service fee; calculated using the cash basis of accounting, less amounts paid by the County plus the aggregate amount of all Authority reimbursements to the County. A service fee surplus for any year end shall be maintained by the Authority in its operating cash account, provided that if such service fee surplus occurs in the final year of the services agreement, such amount shall be remitted to the County. A service fee shortfall for any year end shall be paid to the Authority by the County.

The Authority did not have any revenue sources accounting for more than 10% of the Authority's operating revenue.

The Authority has no commitments to contractors for capital projects in process at June 30, 2020. All capital projects were completed and resulting assets were placed in service. Retainage in the amount of $159,207 was held at June 30, 2020 and is reflected as a liability.

NOTE VI - NET WORKING CAPITAL

		Net Working Capital (Deficit)	Current Assets	Current Liabilities
Solid Waste Management Authority	$	72,176	3,985,521	3,913,345
Civic Development Corporation		11,693	12,618	925
Industrial Development Agency		876,940	907,080	30,140

NOTE VII - TOBACCO SETTLEMENT PAYMENTS

In January 1997, the State of New York filed a lawsuit against the tobacco industry, seeking to recover the costs that the State and local governments had incurred in treating smoking related illnesses. Under an agreement reached with the tobacco industry referred to as the Master Settlement Agreement (MSA), the State and counties are entitled to receive annual payments. Payments received under the agreement in 2020 totaled $692,708 and are recorded in the General Fund account - Other Compensation for Loss.

NOTE VIII - TRIBE-STATE GAMING COMPACT BETWEEN ST. REGIS MOHAWK TRIBE AND STATE OF NEW YORK

In 2004, the State of New York enacted legislation providing for an appropriation of revenue from slot machines at the tribal casino located in Akwesasne. The County of Franklin and the County of St. Lawrence shall receive 50% of the negotiated 25% of the net draw from slot machines made available to the Counties by the State. The County recorded no revenue or expenses to the Towns due to the COVID-19 pandemic.

NOTE IX – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 30, 2021, the date on which the financial statements were available to be issued.

Management of the Rainbow Lake Water Protection District has evaluated subsequent events through February 1, 2021 which is the date the financial statements of the District were available to be issued.

Management of the Solid Waste Management Authority has evaluated subsequent events between June 30, 2020 and March 29, 2021, the date on which the financial statements were available to be issued.

Management of the Civic Development Corporation evaluated subsequent events through December 31, 2020 and March 15, 2021, the date on which the financial statements were available to be issued.

Management of the Industrial Development Agency has evaluated subsequent events through December 31, 2020 and March 15, 2021, which is the date the financial statements were available to be issued.

NOTE X – RECONCILIATION OF NET CAPITAL ASSETS

Capital assets, net of depreciation		$ 48,222,579
Debt issued to acquire capital assets:		
Capital leases	(1,752,537)	(1,752,537)
Net investment in capital assets		$ 46,470,042

NOTE XI – OPERATING LEASES (INDUSTRIAL DEVELOPMENT AGENCY)

In 2018, the Agency entered into a rental agreement for office and storage space with The County of Franklin ("the County") in the County building located at 355 Main Street, Malone, New York. The lease term commencing on September 6, 2018 for a one-year term was renewed until August 31, 2020 and for an additional year beginning September 1, 2020. Either party may terminate at the end of the term by giving the other party written notice of at least 60 days. Rent is $1 annually for the 12-month period and fees of $200 per month for cleaning, maintenance, and trash removal.

NOTE XII – LEASES (INDUSTRIAL DEVELOPMENT AGENCY)

The Agency leases space to tenants under various operating leases on a month-to-month basis. The leases are cancelable with a stipulation the tenant provide at least thirty (30) days written notice.

NOTE XIII– TAX ABATEMENTS

The County, through its Industrial Development Agency (IDA) and its Local Development Agency (LDC) programs, in an attempt to attract and maintain economic development and job growth in the County, has the ability to induce business with property tax abatement as part of a payments in lieu of taxes (PILOT) program. Total taxes abated during the year ended December 31, 2020 were $81,184.

NOTE XIV – RELATED PARTY TRANSACTIONS (SWMA)

The Authority has agreements with Franklin County and the Village of Malone to accept waste generated from government departments at no charge up to agreed upon limits. During the year ended June 30, 2020, the Authority accepted at no charge $12,244 from Franklin County and $28,828 from the Village of Malone of waste generated by governmental departments.

NOTE XV – COVID-19 PANDEMIC

Since March, 2020, the United States has been in the midst of a national health emergency related to the COVID-19 pandemic. The ultimate consequences of this pandemic on a national, regional, and local level are unknown at this time, but the economic impact could potentially be significant. The ultimate impact of this pandemic on the County cannot be reasonably determined or estimated at this time.

NOTE XVI – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2020, the County implemented GASB Statement No. 84, *Fiduciary Activities.* The implementation of Statement No. 84 resulted in a change to the reporting of beginning net position in the General Fund and the Custodial Funds.

	General Fund	Custodial Funds
Net position - beginning, as previously stated	$ 8,591,899	-
GASB Statement No. 84 implementation	276,499	766,946
Net position - beginning, as restated	$ 8,868,398	766,946

THIS PAGE LEFT INTENTIONALLY BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE YEARS *

	2020	2019	2018
Measurement date	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB liability			
Service Cost	$ 1,058,391	1,257,168	1,132,959
Interest	1,152,837	1,011,167	1,047,997
Differences between expected and actual experience in the measurement of the total OPEB liability	(2,927,292)	-	-
Change in benefit terms	(618,939)	-	-
Changes in assumptions or other inputs	2,793,725	(1,786,627)	921,348
Benefit payments	(1,531,573)	(1,587,074)	(1,526,760)
Net change in OPEB liability	(72,851)	(1,105,366)	1,575,544
Total OPEB liability - beginning, as restated	27,825,378	28,930,744	27,355,200
Total OPEB liability - ending	$ 27,752,527	27,825,378	28,930,744
Covered payroll	$ 21,092,998	20,014,266	19,895,400
Total OPEB liability as a percentage of covered payroll	131.57%	139.03%	145.41%

Notes to schedule:
Changes of assumption: Changes of assumptions and other inputs reflect the effects of the discount rate each period. The following are the discount rates used in each period.

2018	3.44%
2019	4.10%
2020	2.74%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST SIX YEARS *

	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Authority's proportion of the net pension liability	0.4796200%	0.0046247%	0.0048963%	0.0043805%	0.0043757%	0.0046574%
Authority's proportionate share of the net pension liability	$ 1,270,071	327,674	158,024	411,605	702,317	157,340
Authority's covered-employee payroll	$ 1,310,842	1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.9%	26.3%	13.0%	36.8%	67.6%	12.2%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST SIX YEARS *

	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Agency's proportion of the net pension liability	0.0005726%	0.0005187%	0.0001849%	0.0003402%	0.0003563%	0.0362000%
Agency's proportionate share of the net pension liability	$ 151,632	36,750	5,968	31,964	57,180	12,230
Agency's covered-employee payroll	$ 132,348	126,435	109,273	111,919	123,646	119,487
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	114.6%	29.1%	5.5%	28.6%	46.2%	10.2%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
NORTH COUNTRY COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
LAST SIX YEARS *

	Year Ended August 31,					
	2020	**2019**	**2018**	**2017**	**2016**	**2015**
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
College's proportion of the net pension liability	0.0094091%	0.0086277%	0.0086377%	0.0078716%	0.0093710%	0.0091200%
College's proportionate share of the net pension liability	$ 2,491,591	611,304	278,777	739,639	1,436,495	296,428
College's covered-employee payroll	$ 2,557,556	2,355,119	2,201,554	2,089,414	1,891,231	1,998,431
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	97.4%	26.0%	12.7%	35.4%	76.0%	14.8%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 3

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS -
EMPLOYEES' RETIREMENT SYSTEM
LAST SIX YEARS *

FRANKLIN COUNTY	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 2,637,836	2,595,637	2,573,081	2,609,025	2,297,606	2,660,124
Contributions in relation to the contractually required contribution	(2,637,836)	(2,595,637)	(2,573,081)	(2,609,025)	(2,297,606)	(2,660,124)
Contribution deficiency (excess)	-	-	-	-	-	-
County's covered-employee payroll	$ 19,687,516	19,687,516	18,930,938	18,563,719	19,077,655	19,198,460
Contributions as a percentage of covered-employee payroll	13.4%	13.2%	13.6%	14.1%	12.0%	13.9%

SWMA	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 41,560	39,372	154,433	149,003	125,912	207,475
Contributions in relation to the contractually required contribution	(41,560)	(39,372)	(154,433)	(149,003)	(125,912)	(207,475)
Contribution deficiency (excess)	-	-	-	-	-	-
County's covered-employee payroll	$ 1,310,842	1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Contributions as a percentage of covered-employee payroll	3.2%	3.2%	12.8%	13.3%	12.1%	16.0%

IDA	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 21,134	19,809	17,119	17,757	19,616	23,474
Contributions in relation to the contractually required contribution	(21,134)	(19,809)	(17,119)	(17,757)	(19,616)	(23,474)
Contribution deficiency (excess)	-	-	-	-	-	-
County's covered-employee payroll	$ 132,348	126,435	109,273	111,919	123,646	119,487
Contributions as a percentage of covered-employee payroll	16.0%	15.7%	15.7%	15.9%	15.9%	19.6%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 3 con't

COUNTY OF FRANKLIN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS -
EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)
LAST SIX YEARS *

NCCC	Year Ended August 31,					
	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 290,400	287,373	277,233	283,270	305,062	388,801
Contributions in relation to the contractually required contribution	(290,400)	(287,373)	(277,233)	(283,270)	(305,062)	(388,801)
Contribution deficiency (excess)	$ -	-	-	-	-	-
County's covered-employee payroll	$ 2,557,556	2,355,119	2,201,554	2,089,414	1,891,231	1,998,431
Contributions as a percentage of covered-employee payroll	11.4%	12.2%	12.6%	13.6%	16.1%	19.5%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 4

COUNTY OF FRANKLIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
BUDGETARY FUND BALANCE - JANUARY 1	$ 8,591,899	8,591,899	8,591,899	-
RESOURCES (INFLOWS):				
Real Property Taxes	17,635,980	17,635,980	18,281,516	645,536
Real Property Tax Items	1,896,887	1,896,887	890,021	(1,006,866)
Non-Property Tax Items	24,633,400	24,724,584	27,067,115	2,342,531
Departmental Income	12,306,741	12,563,118	12,153,871	(409,247)
Intergovernmental Charges	8,687,992	8,689,982	8,610,092	(79,890)
Use of Money and Property	413,448	413,448	423,125	9,677
Fines and Forfeitures	88,724	137,861	110,816	(27,045)
Sale of Property and Compensation for Loss	610,000	610,000	696,048	86,048
Miscellaneous Local Sources	4,284,209	4,475,019	1,472,507	(3,002,512)
Interfund Revenues	386,582	386,582	390,025	3,443
State Aid	16,389,059	19,026,158	16,216,273	(2,809,885)
Federal Aid	9,179,279	10,035,514	9,086,687	(948,827)
Amounts Available for Appropriation	96,512,301	100,595,133	95,398,096	(5,197,037)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General Government Support	12,680,771	13,277,904	9,460,400	3,817,504
Education	4,270,683	3,911,883	3,371,371	540,512
Public Safety	10,663,763	11,433,563	10,956,579	476,984
Health	9,975,866	11,764,108	11,298,484	465,624
Transportation	1,845,765	1,903,838	1,244,709	659,129
Economic Assistance and Opportunity	36,770,538	37,787,866	33,172,890	4,614,976
Culture and Recreation	150,181	163,022	137,824	25,198
Home and Community Services	8,819,610	8,887,472	8,650,011	237,461
Employee Benefits	7,412,486	7,412,486	6,517,962	894,524
Debt Service	-	53,000	-	53,000
Transfers to Other Funds	4,667,635	4,701,573	5,058,241	(356,668)
Total Charges to Appropriations	97,257,298	101,296,715	89,868,471	11,428,244
BUDGETARY FUND BALANCE - DECEMBER 31	7,846,902	7,890,317	14,121,524	6,231,207
Prior Period Adjustment	-	-	276,499	276,499
ADJUSTED BUDGETARY FUND BALANCE - DECEMBER 31	$ 7,846,902	7,890,317	14,398,023	6,507,706

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 5

COUNTY OF FRANKLIN
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
BUDGETARY FUND BALANCE, JANUARY 1	$ 2,475,544	2,475,544	2,475,544	-
RESOURCES (INFLOWS):				
Departmental Income	6,500	6,500	6,724	224
Use of Money and Property	24,000	24,000	182	(23,818)
Intergovernmental Charges	-	-	-	-
Sale of Property and Compensation for Loss	5,150	5,150	49,647	44,497
Interfund Revenues	253,200	253,200	171,313	(81,887)
State Aid	-	291,899	179,399	(112,500)
Transfers from Other Funds	4,367,426	4,367,426	4,283,146	(84,280)
Amounts Available for Appropriation	4,656,276	4,948,175	4,690,411	(257,764)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public Safety	-	-	233,279	(233,279)
Transportation	5,373,876	5,670,426	4,760,769	909,657
Total Charges to Appropriations	5,406,276	5,702,826	5,104,012	598,814
BUDGETARY FUND BALANCE, DECEMBER 31	$ 1,725,544	1,720,893	2,061,943	341,050

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A - Budget-to-Actual Reconciliation

An explanation of the differences between bugetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

		GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$	95,398,096	4,690,411
Revenues not included in budgetary comparison, not part of the adopted budget, including subrecipient grants		4,634,923	5,040,620
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes		-	(4,283,146)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds	$	100,033,019	5,447,885
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	$	89,868,471	5,104,012
Expenditures not included in budgetary comparison, not part of the adopted budget, including subrecipient grants		4,634,923	5,233,281
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		(5,058,241)	(109,964)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds	$	89,445,153	10,227,329

THIS PAGE LEFT INTENTIONALLY BLANK

SUPPLEMENTARY INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

SCHEDULE 6

COUNTY OF FRANKLIN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 747,155	47	411,822	1,159,024
Cash and Cash Equivalents- Restricted	751,338	-	-	751,338
Other Receivables, Net	182,540	-	-	182,540
State and Federal Receivables	116,812	-	1,160,040	1,276,852
Inventories	347,346	-	-	347,346
Prepaid Expenses	13,960	-	-	13,960
Due From Other Funds	1,199,509	-	688,327	1,887,836
Total Assets	3,358,660	47	2,260,189	5,618,896
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts Payable	222,971	-	27,387	250,358
Accrued Liabilities	32,627	-	-	32,627
Due To Other Governments	1,551	-	-	1,551
Due To Other Funds	92,516	-	2,232,802	2,325,318
Total Liabilities	349,665	-	2,260,189	2,609,854
Deferred Inflow of Resources				
Unavailable Revenue - Community Development Loans	43,060	-	-	43,060
Fund Balances				
Nonspendable:				
Inventory	346,485	-	-	346,485
Prepaid	13,960	-	-	13,960
Restricted:				
Repairs	462,440	-	-	462,440
Other	751,338	-	-	751,338
Assigned				
Assigned Unappropriated	1,391,712	47	-	1,391,759
Total Fund Balances	2,965,935	47	-	2,965,982
Total Liabilities, Deferred Inflow or Resources and Fund Balances	$ 3,358,660	47	2,260,189	5,618,896

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Departmental Income	$ 32,302	-	-	32,302
Intergovernmental Charges	-	19,942	108,663	128,605
Use of Money and Property	827	-	85	912
Sale of Property and Compensation for Loss	55,889	-	-	55,889
Miscellaneous Local Sources	14,937	-	-	14,937
Interfund Revenues	219,621	-	-	219,621
State Aid	1,304,289	-	2,293,909	3,598,198
Federal Aid	-	-	1,397,421	1,397,421
Total Revenues	1,627,865	19,942	3,800,078	5,447,885
EXPENDITURES				
General Government Support	-	-	108,663	108,663
Public Safety	233,279	-	-	233,279
Transportation	4,760,769	-	3,750,231	8,511,000
Economic Assistance and Opportunity	1,054,270	-	-	1,054,270
Debt Service (Principal and Interest)	-	320,117	-	320,117
Total Expenditures	6,048,318	320,117	3,858,894	10,227,329
Excess of Revenues Over (Under) Expenditures	(4,420,453)	(300,175)	(58,816)	(4,779,444)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	4,283,146	300,210	585,179	5,168,535
Transfers To Other Funds	(109,964)	-	(330)	(110,294)
Net Other Financing Sources (Uses)	4,173,182	300,210	584,849	5,058,241
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(247,271)	35	526,033	278,797
Fund Balances-Beginning of the Year	3,213,206	12	(526,033)	2,687,185
Fund Balances-End of the Year	$ 2,965,935	47	-	2,965,982

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 8

COUNTY OF FRANKLIN
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2020

	Road Machinery Fund	County Roads Fund	CDBG Fund	Soil and Water Conservation District	Total Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	$ 514,148	168,897	10,684	53,426	747,155
Cash and Cash Equivalents- Restricted	-	-	-	751,338	751,338
Other Receivables, Net	52,495	6,100	34,452	89,493	182,540
State and Federal Receivables	100,000	16,812	-	-	116,812
Inventories	346,485	-	-	861	347,346
Prepaid Expenses	-	-	-	13,960	13,960
Due From Other Funds	-	1,199,509	-	-	1,199,509
Total Assets	1,013,128	1,391,318	45,136	909,078	3,358,660
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	217,061	5,910	-	-	222,971
Accrued Liabilities	3,402	23,614	-	5,611	32,627
Due To Other Governments	-	-	1,551	-	1,551
Due To Other Funds	85,000	7,516	-	-	92,516
Total Liabilities	305,463	37,040	1,551	5,611	349,665
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue - Community Development Loans	-	-	43,060	-	43,060
Fund Balances					
Nonspendable:					
Inventory	346,485	-	-	-	346,485
Prepaid	-	-	-	13,960	13,960
Restricted:					
Repairs	-	462,440	-	-	462,440
Other	-	-	-	751,338	751,338
Assigned:					
Assigned, Unappropriated	361,180	891,838	525	138,169	1,391,712
Total Fund Balances	707,665	1,354,278	525	903,467	2,965,935
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 1,013,128	1,391,318	45,136	909,078	3,358,660

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 9

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Road Machinery Fund	County Roads Fund	CDBG Fund	Soil and Water Conservation District	Total Special Revenue Funds
REVENUES					
Departmental Income	$ -	6,724	-	25,578	32,302
Use of Money and Property	80	102	525	120	827
Sale of Property and Compensation for Loss	49,590	57	-	6,242	55,889
Miscellaneous Local Sources	-	-	-	14,937	14,937
Interfund Revenues	153,313	18,000	-	48,308	219,621
State Aid	141,899	37,500	-	1,124,890	1,304,289
Total Revenues	344,882	62,383	525	1,220,075	1,627,865
EXPENDITURES					
Public Safety	-	233,279	-	-	233,279
Transportation	1,070,220	3,690,549	-	-	4,760,769
Economic Assistance and Opportunity	-	-	-	1,054,270	1,054,270
Total Expenditures	1,070,220	3,923,828	-	1,054,270	6,048,318
Excess of Revenues Over (Under) Expenditures	(725,338)	(3,861,445)	525	165,805	(4,420,453)
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds	666,144	3,617,002	-	-	4,283,146
Transfers To Other Funds	(85,000)	(24,964)	-	-	(109,964)
Net Other Financing Sources	581,144	3,592,038	-	-	4,173,182
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(144,194)	(269,407)	525	165,805	(247,271)
Fund Balances-Beginning of the Year	851,859	1,623,685	-	737,662	3,213,206
Fund Balances-End of the Year	$ 707,665	1,354,278	525	903,467	2,965,935

The accompanying independent auditors' report should be read in conjunction with these statements.

SCHEDULE 10

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF NET POSITION
COMPONENT UNITS
AS OF DECEMBER 31, 2020 AND JUNE 30, 2020

	IDA December 31, 2020	CDC December 31, 2020	SWMA June 30, 2020	RLWPD December 31, 2020	Total
ASSETS					
Cash and Cash Equivalents	$ 868,789	12,618	3,158,156	22,689	4,062,252
Restricted Cash and Cash Equivalents	-	-	13,936,444	-	13,936,444
Restricted Investments	-	-	1,666,709	-	1,666,709
Other Receivables, Net	6,850	-	658,076	-	664,926
Other Assets	31,441	-	169,289	-	200,730
Land	149,794	-	2,064,979	-	2,214,773
Capital Assets, Net of Depreciation	521,129	-	16,907,111	262,371	17,690,611
Total Assets	1,578,003	12,618	38,560,764	285,060	40,436,445
DEFFERED OUTFLOW OF RESOURCES					
Deferred Amount on ERS Pension	129,861	-	812,881	-	942,742
Total Deferred Outflows of Resources	129,861	-	812,881	-	942,742
LIABILITIES					
Accounts Payable	11,513	925	1,310,154	-	1,322,592
Accrued Liabilities	18,627	-	652,757	-	671,384
Other Liabilities	-	-	5,259,207	218,510	5,477,717
Long-Term Liabilities	-	-	-		
Due and Payable Within One Year	-	-	1,819,094	-	1,819,094
Due and Payable After One Year	151,632	-	27,469,302	-	27,620,934
Total Liabilities	181,772	925	36,510,514	218,510	36,911,721
DEFFERED INFLOW OF RESOURCES					
Deferred Inflows on ERS Pension	10,123	-	71,298	-	81,421
Total Liabilities and Deferred Inflow of Resources	191,895	925	36,581,812	218,510	36,993,142
NET POSITION					
Net Investment in Capital Assets	670,923	-		43,861	714,784
Unrestricted Net Position	845,046	11,693	2,791,833	22,689	3,671,261
Total Net Position	$ 1,515,969	11,693	2,791,833	66,550	4,386,045

The accompanying notes are an integral part of these financial statements.

COUNTY OF FRANKLIN
COMBINING STATEMENTS OF ACTIVITIES
COMPONENT UNITS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND JUNE 30, 2020

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position — Business-Type Activities				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	IDA	CDC	SWMA	RLWPD	Total
Business-Type Activities:								
IDA (FYE 12/31/20)								
Administration	$ 377,936	3,250	100,000	(274,686)				(274,686)
CDC (FYE 12/31/20)								
Administration	2,425	-	-		(2,425)			(2,425)
SWMA (FYE 6/30/20)								
Landfill Operations	14,008,210	16,504,278	-			2,496,068		2,496,068
RLWPD (FYE 12/31/20)								
Water District Operations	21,819	-	-				(21,819)	(21,819)
Total Component Units	$ 14,410,390	16,507,528	100,000					2,197,138
General Revenues (Expenses):								
Loss on Asset Disposition				(90,910)	-	-	-	(90,910)
Water District Tax Revenues				-	-	-	32,500	32,500
Restricted Investment Earnings				24,822	1	247,041	-	271,864
Total General Revenues				(66,088)	1	247,041	32,500	213,454
Change in Net Position				(340,774)	(2,424)	2,743,109	10,681	2,410,592
Net Position-Beginning of the Year				1,856,743	14,117	48,724	55,869	1,975,453
Net Position-End of the Year				$ 1,515,969	11,693	2,791,833	66,550	4,386,045

The accompanying notes are an integral part of these financial statements.

FEDERAL AWARDS INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

COUNTY OF FRANKLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Funding Agency, Pass Through Agency, and Program Title	Federal CFDA Number		Pass-Through Entitiy Identifying Number	Pass-Through to Subrecipients	Expenditures 2020	Program Expenditures By Dept.
Pass Through Agency - NYS Department of Health and Human Services						
SNAP Cluster						
Supplemental Nutrition Assistance Program (SNAP)Administrative Costs	10.561		N/A	$	644,232	
Total U.S. Department of Agriculture						644,232
U.S. Department of Health & Human Services:						
Pass Through Agency - NYS Office of the Aging						
Balancing Incentive Program/ SHINE (Cluster)	93.778		N/A		82,791	
Title III-D	93.043		N/A		7,036	
Title III-E	93.052		N/A		28,871	
Title III-E (CARES FUNDING)	93.052	@	N/A		15,880	
Aging Cluster:						
III-B	93.044		N/A	64,266		
III-B (CARES FUNDING)	93.044	@	N/A	27,954		
Nutrition III-C	93.045		N/A	87,805		
Nutrition III-C (CARES FUNDING)	93.045	@	N/A	64,976		
Nutrition III-C (FAMILIES FIRST CORONAVIRUS RESPONSE ACT))	93.045	@	N/A	32,680		
Commodity Foods-NSIP	93.053		N/A	109,108		
Aging Cluster					386,789	
HIICAP	93.779		N/A		21,300	
MIPA	93.071		N/A		10,442	
						553,109
Pass Through Agency - NYS Department of Family Assistance						
Social Services Block Grant (Title XX)	93.667		N/A		492,208	
Temporary Assistance for Needy Families(TANF) (INCLUDES FLEXIBLE FUND FOR FAMILY SERVICES)	93.558		N/A		3,434,146	
Low Income Home Energy Assistance and WRAP	93.568	*	N/A		5,153,020	
Child Care and Development Block Grant	93.575/93.596		N/A		139,748	
Child Support Enforcement (Title IV - D)	93.563		N/A		306,485	
Foster Care (Title IV-E)	93.658	*	N/A		1,148,017	
Adoption	93.659		N/A		21,210	
						10,694,834
Pass Through Agency - NYS Health Department						
Medical Assistance Program(Medicaid; Title XIX) (Cluster)	93.778	*	N/A		809,932	
Immunization Action Plan	93.268		C025026/C0248291		19,440	
Childhood Lead Poisoning Prevention	93.994		C020606		11,971	
Early Intervention Administration	84.181		C027479		15,404	
Federal Reimbursement/CSHCN	93.994		C021551		9,963	
						866,710
Pass Through Agency - NYS Office of Mental Health						
Federal Medicaid Administrative Salary Sharing (Cluster)	93.778	*	N/A		108,502	108,502
Pass Through Agency - Health Research Incorporated						
Public Health Emergency Preparedness Program	93.069		C023328		33,063	
Public Health Emergency Preparedness Program (CARES FUNDING)	93.069	@			7,700	
Epidemiology and Laboratory Capacity for Infectious Diseases(CARES FUNDING)	93.323	@			73,979	
Public Health Emergency Response (CARES FUNDING)	93.354	@			14,278	
						129,020
Total U.S. Depatment of Health and Human Services						12,352,175
U.S. Department of Transportation:						
Pass Through Agency - NYS Department of Transportation						
Public Transportation (FTA Section 5311)(CARES FUNDING)	20.509	@ *	GDV-DOT-08762	389,665		
RTAP	20.509		N/A	99		
Formula Grants for Rural Areas					389,764	
Federal Aid Highway Program(HBRR/STP)	20.205		3337850/390095121	1,397,421		
Highway Planning and Construction Cluster					1,397,421	
Ignition Interlock	20.601		N/A	3,357		
Highway Safety Cluster					3,357	
Total U.S. Department of Transportation						1,790,542
U.S. Department of Homeland Security						
Pass Through Agency - New York State Division of Homeland Security and Emergency Services						
Homeland Security Grant Program- SHSP	97.067		WM C970590/WM C970580 WM C970560	117,545		
Cyber Security Grant Program	97.067		WM17181880	6,344		
Operation Stonegarden	97.067		WM19970599	217,889		
Homeland Security Grant Program					341,778	
Total U.S. Department of Homeland Security						341,778

See accompanying Notes to Schedule of Expenditures of Federal Awards.

U.S. Department of Justice:							
State Criminal Alien Assitance Program (SCAAP)	16.606	N/A				45,350	
Pass Through Agency- New York State Division Criminal Justice							
Bullet Proof Vests	16.607	N/A				385	
Byrne Discretionary Program (DA)	16.579	T103223			13,505		
Byrne/JAG	16.579	T101944			7,000	20,505	
Federal Equitable Sharing	16.922	NY016013A				20,011	
Total U.S. Department of Justice							86,251
Total Federal Financial Assistance Program Expenditures			$	0			15,214,978
MEDICAID CLUSTER (Various Pass-through Above)							
Balancing Incentive Program/ SHINE (Cluster)	93.778					82,791	
Medical Assistance Program(Medicaid; Title XIX) (Cluster)	93.778					809,932	
Federal Medicaid Administrative Salary Sharing (Cluster)	93.778					108,502	
Total Medicaid Cluster							1,001,225

@ CARES FUNDING/FAMILIES FIRST CORONAVIRUS RESPONSE ACT
*** Major Program**
See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF FRANKLIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County of Franklin under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial assistance programs administered by Franklin County, New York, an entity as defined in the financial statements, except that it does not include the federal financial assistance programs, if any, of the Franklin County Industrial Development Agency.

2. PASS-THROUGH PROGRAMS

Where the County of Franklin receives funds from a government entity other than the federal government ("pass-through"), the funds are accumulated based upon the Catalog of Federal Domestic Assistance ("CFDA") number advised by the pass-through grantor. Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in the County's financial management system.

3. NONMONETARY FEDERAL PROGRAMS

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "non-monetary programs". During the fiscal year ended December 31, 2020, Franklin County distributed over $10.0 million worth of food stamps to eligible persons participating in the Food Stamps Program (CFDA Number 10.561). This amount is not included in the schedule of expenditures of federal awards, only the portion for administrative reimbursement and emergency are included

In 2008, the State started to pay for all regular HEAP payments to individuals instead of the County. For 2020, the State paid $4,634,923 in HEAP benefits to eligible directly

Franklin County residents. This amount is included in the schedule of expenditures of federal awards.

NOTE C - INDIRECT COSTS / INDIRECT COST RATE

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The County did not elect to use the 10 per cent de minimum indirect cost rate as permitted under Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE D - MATCHING COSTS

Matching costs, i.e., the County of Franklin's share of certain program costs, are not included in the Schedule of Expenditures of Federal Awards.

NOTE E – DONATED PERONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During the year ended December 31, 2020, the County received donated personal protective equipment from the following agencies:

- New York State
- New York State Office for the Aging
- Ford Motor Company
- United Way
- NYMIR
- Liberty – St. Lawrence Gas

The fair market value of the donated equipment was not available.

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Julie L. Jagoda-Booth, CPA
Kathryn A. Larracuente, CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983

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*

To the Chairman and Members
of the Legislature
County of Franklin
Malone, New York 12953

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 governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin (the "County"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 31, 2021. Our report includes a reference to other auditors who audited the financial statements of the Franklin County Industrial Development Agency and the Franklin County Civic Development Agency, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-002 (SWMA audit) that we consider to be significant deficiencies.

Compliance and Other Matters

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

County of Franklin's Response to Findings

The County of Franklin's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

R.A. MERCER & CO., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 31, 2021

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Julie L. Jagoda-Booth, CPA
Kathryn A. Larracuente, CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983

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

To the Chairman and Members
of the Legislature
County of Franklin
Malone, New York 12953

Report on Compliance for Each Major Federal Program

We have audited the County of Franklin's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

R.A. MERCER & CO., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 31, 2021

COUNTY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I – Summary of Auditors Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ______ yes __x_ no

Significant deficiency(ies) identified? __x___ yes ____none reported

Noncompliance material to financial statements noted? _____ yes __x___ no

Federal Awards

Internal control over major programs;

Material weakness(es) identified? _____ yes __x__ no

Significant deficiency(ies) identified? _____ yes __x__ none reported

Type of auditors report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __x__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.568	Low Income Home Energy Assistance and WRAP
93.658	Foster Care (Title IV-D)
93.778	Medical Assistance
20.509	Public Transportation

Dollar threshold used to distinguish between type A and type B programs: **$ 750,000**

Auditee qualified as low-risk auditee? _x_yes ____ no

Section II – Financial Statement Findings

2020-001 (2015-002) Segregation of Duties (Solid Waste Management Authority) (Significant Deficiency)

Condition: We noted that cash receipts are collected by the same person who has access to all of the accounting records. The Authority's bookkeeper collects all cash and deposits the receipts each day and prepares the bank reconciliations. The bookkeeper also handles cash disbursements and the creation of new vendors. The bookkeeper has access to the payroll system and is entering employee time and processing payroll. This represents a segregation of duties problem. Additionally, the bookkeeper is responsible for assigning user rights and passwords in the scale software system.

Recommendation: Although we noted the Authority has implemented several mitigating controls to help detect errors or irregularities, due to the small size of the Authority's office staff, a perfect set of controls may not be possible. Therefore, we recommend that the Board be aware of the segregation of duties problem and continue to implement both preventative and detective controls over the business operating functions to help reduce the risk of misuse of the Authority's assets.

Management's Response: The Authority recognizes the segregation of duty problems. We will continue to implement preventative and detective controls when possible to minimize the misuse of Authority assets.

Section III – Federal Award Findings and Questioned Costs

No Findings Over Federal Awards

COUNTY OF FRANKLIN
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

The following items were audit findings noted in the December 31, 2019 audit report.

2018-002 (2015-002) Segregation of Duties (Solid Waste Management Authority) (Significant Deficiency)

Condition: We noted that cash receipts are collected by the same person who has access to all of the accounting records. The Authority's bookkeeper collects all cash and deposits the receipts each day and prepares the bank reconciliations. The bookkeeper also handles cash disbursements and the creation of new vendors. The bookkeeper has access to the payroll system and is entering employee time and processing payroll. This represents a segregation of duties problem. Additionally, the bookkeeper is responsible for assigning user rights and passwords in the scale software system.

Recommendation: Although we noted the Authority has implemented several mitigating controls to help detect errors or irregularities, due to the small size of the Authority's office staff, a perfect set of controls may not be possible. Therefore, we recommend that the Board be aware of the segregation of duties problem and continue to implement both preventative and detective controls over the business operating functions to help reduce the risk of misuse of the Authority's assets.

Current Status: This comment is reported on again as 2020-001.

2019-001: Late Reporting (Solid Waste Management Authority) (Significant Deficiency)

Condition: We noted that various payroll reports to the federal and state governments were filed late and payments to these entities were also late. We noted that deferred compensation withheld from employees' paychecks were also paid late. We noted that the required reports to the New York State Public Authorities Reporting Information Systems (the "PARIS" system) have not been filed in the past several years. We noted the Secretary of the Board and bookkeeper were responsible for various reporting items where were either not completed or filed late. We noted that minutes, bank reconciliations, and payments of bills were all late or not completed. We also noted that financial information was either not reported to the Board on a timely basis or not reported to the Board at all during the year.

Recommendation: Based on the facts that the Secretary to the Board and bookkeeper were terminating in 2019, we recommend that management have a checklist of all required filing and completion dates and designate responsibility to certain staff. We recommend that management review this checklist monthly for timely reporting.

Current Status: This comment has been cleared.

THIS PAGE LEFT INTENTIONALLY BLANK

Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Julie L. Jagoda-Booth, CPA
Kathryn A. Larracuente, CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND CONTROLS OVER STATE TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chairman and Members
of the Legislature
County of Franklin
Malone, New York 12953

Compliance

We have audited the compliance of the County of Franklin with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on each of its state transportation assistance program tested for the year ended December 31, 2020. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questions costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state transportation assistance programs.

Auditors' Responsibility

Our responsibility is to express and opinion on compliance for each of the County of Franklin's, New York State's transportation assistance programs tested based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Draft part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about the County of Franklin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program tested. However, our audit does not provide a legal determination on the County of Franklin's compliance with those requirements.

Opinion

In our opinion, the County of Franklin complied in all material respects with the requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs tested for the year ended December 31, 2020.

Internal Control over Compliance

The management of the County of Franklin is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered the County of Franklin's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state transportation assistance program tested and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Franklin internal control over compliance.

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

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

Schedule of State Transportation Assistance Expended

We have audited the financial statements of the County of Franklin as of and for the year ended December 31, 2020 and have issued or report thereon dated July 31, 2021. Our audit was performed for the purpose of forming an opinion on the County of Franklin's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft part 43 of NYCRR and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the County of Franklin's management and the New York State Department of Transportation, however, this report is a matter of public record and its distribution is not limited.

R.A. MERCER & CO, P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 31, 2021

COUNTY OF FRANKLIN
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2020

Program Title	NYDOT Contract/Ref. Number	Expenditures
CHIPS Capital Reimbusrement Project	720000	$ 1,474,719
EWR	720000	201,758
PAVE NY	720000	320,656
Marchicelli/bond Match for Federal Aid Highway	PIN775373.121	14,634
State Transit Operating Assistance (STOA) (18B)	1000002590	63,141
State Transit Operating Assistance (STOA) (Dedicated)	1000002590	781,237
State Transit Operating Assistance (STOA) (Deferred)	1000002590	(251,068)
Total		$ 2,605,077

COUNTY OF FRANKLIN
NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2020

A. General

The accompanying Schedule of State Transportation Assistance Expended of the County of Franklin presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

B. Basis of Accounting

The accompanying Schedule of State Transportation Expended is presented using the accrual basis of accounting.

C. Indirect Costs

No indirect costs allocated to any of these projects.

D. Matching Costs

For the Marchicelli program the County match is 5% of the costs as follows:

PIN775373.121	$14,634

E. Amounts Paid to Subrecipients

The County had no subrecipients with these grants.

F. Deferred STOA

Based on the annual report filed by the County, additional STOA funds were deferred in the amount of $251,068 to 2021.

COUNTY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE TRANSPORTATION ASSISTANCE EXPENDED FOR THE YEAR ENDED DECEMBER 31, 2020

Summary of Audit Results:

Internal Control over state transportation assistance expended:

Material weakness(es) identified	No
Reportable conditions identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for programs tested:	Unmodified

Identification of State transportation Assistance Programs tested:

<u>Name</u>

CHIPS- Capital Reimbusements
EWR
PAVE NY
State portion of Marchicelli
State Transit Operating Assistance (STOA)

Compliance Findings and Questioned Costs:

No matters were reported.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**Financial Statements as of
March 31, 2022
Together with
Independent Auditor's Report
and Single Audit Reports**

Bonadio & Co., LLP
Certified Public Accountants

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

TABLE OF CONTENTS

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 23, 2022

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

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

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bonadio & Co., LLP

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

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

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

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

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

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

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

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

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

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

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

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the fiscal year ended March 31, 2022. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

Financial Highlights

- As of March 31, 2022, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by $162.8 Million. Of this amount, $2.7 Million is unrestricted and undesignated and may be used to meet the Authority's ongoing obligations.
- The Authority's total revenues (operating and non-operating) were $26.2 Million and $24.8 Million in 2022 and 2021, respectively.
- The Authority's total expenses (operating and non-operating) were $29.0 Million and $28.8 Million in 2022 and 2021, respectively.

Overview of the Financial Statements

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

Financial Statements

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

Budget vs. Actual

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

Summary of Operations and Change in Net Position

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

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

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

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

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

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

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

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

At March 31, 2022, the Board of Directors designated the Authority's unrestricted net position for the following uses:

Administrative reserve / supplemental insurance	$ 4,000,000
Infrastructure development	223,107
Capital reserves	1,209,525
Materials Management - tip fee stabilization, and landfill gas reserves	6,009,351
Economic development fund	5,360,595
Affordable housing	3,000,000
	$ 19,802,578

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

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

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

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

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

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

Summary of Operating Revenue

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

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

Summary of Operating Expenses

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

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

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

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

Summary of Operating Expenses (Continued)
The following is a breakdown of the Authority's total operating expenses by natural classification:

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

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

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

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

Non-Operating Revenue (Expense) (Continued)

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

Postemployment Benefits

The Authority contributes to the cost of eligible retirees' individual health care premiums after 15 years of service, provided that the employee was employed at the Authority at the time of retirement. Employees hired after April 1, 2008 require 20 years of service. The Authority has recorded a liability for other postemployment benefits in the amount of $5,322,887. The Authority has a board designated investment account in the amount of $5,635,379 for other postemployment benefits.

Capital Assets

At the end of 2022, the Authority had $80,951,826 (net of accumulated depreciation) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications Network, Water Quality facilities, Engineering, equipment and vehicles. This amount represents a decrease of $2,822,415 or 3.4% over last year. The decrease is mainly due to the Southern Expansion at the Material Management Facility. The detail of capital asset activity and balances for the various categories is included in notes to the financial statements.

Long-Term Debt Administration

As of March 31, 2022, the Authority has the following revenue bond series outstanding:

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

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

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

Credit Ratings

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

Request for Information

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2022
(With Comparative Totals for 2021)

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

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
(With Comparative Totals for 2021)

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

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation
GASB requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. These classifications are defined as follows:

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

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

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

Comparative Financial Statements
The financial statements include certain prior year summarized comparative information in total but not in the same detail used for current year presentation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Accounts Receivable

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

Accrued Unbilled Revenues

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

Loans Receivable

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

Allowance for Loan Losses

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

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

Investments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses

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

Income Tax Status

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

Estimates

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

3. NET POSITION

Restricted Net Position

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

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

3. NET POSITION (Continued)

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

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

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

4. CONTRACTUAL AGREEMENTS

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

Host Community Agreement
In 1993, the Authority entered into an agreement with the Town of Rodman (the Town) to locate a Materials Management Facility within the Town. This agreement requires the Authority to pay a quarterly fee, which is adjusted each year by the consumer price index, on a per-ton of waste received basis. The agreement also requires a minimum host community fee of $50,000 for each year the Materials Management Facility is in actual operation. This agreement was revised in fiscal year 2011. Under the terms of the revised agreement, the Town receives a 75% reduction in tipping fees. Additionally, the Authority pays the Town 50% of the first $100,000 of the proceeds from the sale of energy at the gas-to-energy plant, 25% of the next $100,000 of proceeds and 10% thereafter. Host community benefits expense was $833,666 in 2022.

4. CONTRACTUAL AGREEMENTS (Continued)

Gas-to-Energy Plant Agreement

In fiscal year 2009, the Authority entered into a lease agreement with a Company for the construction and operation of a gas-to-energy plant at the Materials Management Facility. The Company constructed the plant and installed the necessary equipment on the Authority's property in order to convert the methane gas produced by the Materials Management Facility into energy. The title for the plant was transferred to the Authority. The Authority entered into a direct financing lease with the Company for the plant and equipment for $1 per year plus 50% of revenues derived from the energy created for a period of 20 years. As this lease is a direct financing lease, the related assets are not included in the Authority's financial statements at year-end. This lease includes two five-year renewal options and a $1 purchase agreement for the equipment at the end of the lease. The contingent rental benefits related to this agreement amounted to $546,832 in 2022, and are recorded separately on the accompanying Statement of Revenue, Expenses and Change in Net Position.

Water Agreement

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

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

Wastewater Agreement

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

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

Project Development Agreement

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

5. ACCOUNTS RECEIVABLE

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

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

Total deposits of cash and cash equivalents not controlled by the Trustee (including certificates of deposit and money market funds) are as follows at March 31, 2022:

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

Custodial Credit Risk

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

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

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

Fair Value

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

The Authority has the following fair value measurements as of March 31, 2022:

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

Custodial Credit Risk - Deposits

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

	Bank Balance	Carrying Amount
Cash and cash equivalents	$ 6,624,162	$ 5,749,003
Cash and cash equivalents - restricted	12,629,622	12,629,622
	$ 19,253,784	$ 18,378,625
Covered by FDIC insurance	$ 500,155	
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name	19,175,552	
	$ 19,675,707	

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

7. RESTRICTED ASSETS

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

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

For restricted assets, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than $25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured. All restricted assets were fully secured at March 31, 2022.

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

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

8. LOANS RECEIVABLE

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

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

8. LOANS RECEIVABLE (Continued)

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

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

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

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

The following summarizes the ending loan receivable balances individually and collectively evaluated for impairment, as well as the allowance for loan loss allocation for each at March 31, 2022.

	Ending Loan Balance			Allowance for Loan Losses		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Loans Individually Evaluated for Impairment	Loans Collectively Evaluated for Impairment	Total
Commercial loans	$30,379,229	$ -	$30,379,229	$ -	$ 351,932	$ 351,932

There were no impaired loans at March 31, 2022.

9. CAPITAL ASSETS

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

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

10. LONG-TERM LIABILITIES

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

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

	Long-Term Portion Beginning Balance	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance
Direct Borrowings:					
Unsecured loan payable to the State of New York in annual payments of $50,000 through March 2040. This loan does not bear interest.	$ 914,000	$ -	$ (50,000)	$ 50,000	$ 814,000
Loan payable to the U.S. Department of Agriculture Rural Development in annual payments of $91,104, including interest at 4.50% through April 2036. The Authority's regional waterline assets secure this loan.	977,669	-	(47,109)	49,229	881,331
Note payable to NYS Housing Trust Fund. Principal is due in full on December 31, 2038 and is only payable upon loan repayment from ultimate loan recipient. This note does not bear interest. Funds were used to make an economic development loan.	600,000	-	-	-	600,000
Unsecured note payable to the Village of Cape Vincent requiring quarterly payments ranging from $7,028 to $7,100, including interest at 2.0% through March 2049.	601,577	-	(16,212)	16,497	568,868
Loans payable	$ 3,093,246	$ -	$ (113,321)	$ 115,726	$ 2,864,199

10. LONG-TERM LIABILITIES (Continued)

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

	Beginning Balance	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance
Series 2015 bonds maturing in annual amounts ranging from $225,000 to $490,000 through 2041 bearing interest ranging from 2.00% to 4.50%.	$ 7,275,000	$ -	$ (270,000)	$ 275,000	$ 6,730,000
Series 2019 bonds maturing in annual amounts ranging from $240,000 to $650,000 through 2044 bearing interest ranging from 4.00% to 5.00%.	10,480,000	-	(250,000)	260,000	9,970,000
Unamortized bond (discount)/premium	1,307,584	-	(55,278)	-	1,252,306
Bonds payable	$ 19,062,584	$ -	$ (575,278)	$ 535,000	$ 17,952,306

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

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

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

11. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

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

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The Authority is in compliance with these requirements, and, at March 31, 2022, investments of $23,250,790 are held for these purposes. These investments are reported in restricted assets on the Statement of Net Position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

Replacement

The Authority charges various tipping fees depending on the type of waste accepted at the Facility. Included in the tipping fee are charges per ton for the replacement of the Facility's equipment and infrastructure. The Authority considers the funds collected from these fees as restricted net assets as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2022, tipping fees of approximately $417,200 and were set aside for replacement. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for their specific purpose, they are reclassified to capital assets.

Liner

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

Wetlands Mitigation

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

11. MATERIALS MANAGEMENT FACILITY (Continued)

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

12. COMMITMENTS AND CONTINGENCIES

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

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

13. PENSION PLAN

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

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

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

13. PENSION PLAN (Continued)

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

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

At March 31, 2022, the Authority reported a liability of $19,480 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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

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

At March 31, 2022, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

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

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

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

13. PENSION PLAN (Continued)

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

Actuarial Assumptions

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

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

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

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

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

13. PENSION PLAN (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension (liability) asset would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

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

Pension Plan Fiduciary Net Position

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

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

14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Employees Covered by Benefit Terms

At March 31, 2022, the following employees were covered by the benefit terms:

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

OPEB Liability

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Changes in the OPEB Liability

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

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

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

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

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

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

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

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

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

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	$ 259,524	$ 259,524	$ 248,401	$ 248,401	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.					
Interest	187,290	187,290	169,281	169,281						
Changes of benefit terms	-	-	-	-						
Differences between expected and actual experience	-	(862,191)	-	(99,163)						
Changes in assumptions	-	-	-	208,511						
Benefit payments	(74,049)	(67,705)	(59,298)	(53,275)						
Total change in total OPEB liability	372,765	(483,082)	358,384	473,755						
Total OPEB liability - beginning	4,950,122	5,433,204	5,074,820	4,601,065						
Total OPEB liability - ending	$ 5,322,887	$ 4,950,122	$ 5,433,204	$ 5,074,820						
Covered-employee payroll	$ 4,081,382	$ 3,819,887	$ 4,287,573	$ 3,679,648						
Total OPEB liability as a percentage of covered-employee payroll	130.4%	129.6%	126.7%	137.9%						

Notes to schedule:

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

	2022	2021	2020	2019	2018–2013
Discount rate	3.29%	3.29%	3.29%	3.29%	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

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

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

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.0195636%	0.0198206%	0.0184752%	0.0177834%	0.0175474%	0.0168838%	0.0167435%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Proportionate share of the net pension liability (asset)	$ 19,480	$ 5,248,617	$ 1,309,024	$ 573,949	$ 1,648,794	$ 2,709,904	$ 565,635			
Covered-employee payroll	$ 5,847,483	$ 5,642,812	$ 5,462,255	$ 4,970,504	$ 4,620,918	$ 4,355,501	$ 4,052,840			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.33%	93.01%	23.96%	11.55%	35.68%	62.22%	13.96%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%			

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

	Last 10 Fiscal Years									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 890,375	$ 796,667	$ 766,847	$ 714,456	$ 683,563	$ 659,418	$ 601,067	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Contributions in relation to the contractually required contribution	890,375	796,667	766,847	714,456	683,563	659,418	601,067			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
Covered-employee payroll	$ 5,847,483	$ 5,642,812	$ 5,462,255	$ 4,970,504	$ 4,620,918	$ 4,355,501	$ 4,052,840			
Contributions as a percentage of covered-employee payroll	15.23%	14.12%	14.04%	14.37%	14.79%	15.14%	14.83%			

Bonadio & Co., LLP
Certified Public Accountants

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

June 23, 2022

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 23, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

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

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

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

June 23, 2022

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

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

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

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

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

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

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

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Bonadio & Co., LLP

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Grant or Pass Through Number	Expenditures to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through Jefferson County: Home Investment Partnerships Program	14.239	M19-DC360512	$ 1,109,642	$ 1,144,642
Passed through Village of Massena: Community Development Block Grant	14.228	711HO329-16	9,467	9,467
Passed through Town of Gouverneur: Community Development Block Grant	14.228	464HR324-19	45,561	52,101
Total Community Development Block Grants			55,028	61,568
Total U.S. Department of Housing and Urban Development:			1,164,670	1,206,210
U.S. DEPARTMENT OF DEFENSE:				
Direct: Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation	12.003	HQ00052010028	N/A	1,007,470
Total expenditures of federal awards				$ 2,213,680

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

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

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

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

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

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

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

7. The program tested as a major program was Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation, Assistance Listing #12.003.

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

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

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

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Financial Statements As of
March 31, 2023

Together With Independent
Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Table of Contents
March 31, 2023

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 22, 2023

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

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

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the year ended March 31, 2023, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

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.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

ALBANY • BUFFALO • DALLAS • EAST AURORA • NEW YORK CITY • ROCHESTER • RUTLAND, VT • SYRACUSE • UTICA

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

Auditor's Responsibilities For the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

Other Matters
Report on Summarized Comparative Information
We have previously audited the Authority's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 22, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bonadio & Co., LLP

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

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

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

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

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

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

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

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

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

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

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the fiscal year ended March 31, 2023. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

Pages noted as unaudited do not include numbers adjusted for GASB 87 for FY22.

Financial Highlights

- As of March 31, 2023, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by $159.7 Million. Of this amount, $2.3 Million is unrestricted and undesignated and may be used to meet the Authority's ongoing obligations.
- The Authority's total revenues (operating and non-operating) were $28.8 Million and $26.2 Million in 2023 and 2022, respectively.
- The Authority's total expenses (operating and non-operating) were $31.8 Million and $29.0 Million in 2023 and 2022, respectively.

Overview of the Financial Statements

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

Financial Statements

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

Budget vs. Actual

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

Summary of Operations and Change in Net Position

	2023	2022	Change	% Change
Operating revenue	$ 28,441,824	$ 27,110,570	$ 1,331,254	4.9%
Operating expenses	(31,204,352)	(28,323,726)	2,880,626	10.2%
Operating loss	(2,762,528)	(1,213,156)	(1,549,372)	127.7%
Non-operating revenue, net	(277,634)	(1,587,426)	1,309,792	82.5%
Change in net position	$ (3,040,162)	$ (2,800,582)	$ (239,580)	8.6%

- Operating revenues increased $1.3 Million or 4.9%. The main increase was at the Materials Management Facility where revenue increased $1.6 million or 16.9%. This was due to a combination of 29,580 additional tons received in FY2023 versus FY2022 and an increase in tip fees in order to fund facility reserves for future cell builds, cell closures and to replace equipment.

- Operating expenses increased $2.9 Million or 10.2% due to:
  -Depreciation and amortization increased $1.4 Million, with the majority due to the depreciation for Materials Management cells 12&13 which began at the end of FY22 and will be fully depreciated by FY27.
  -Closure and post closure costs increased $479 Thousand. This 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.
  -Operating and maintenance increased $422 Thousand 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 net non-operating revenue of $1.3 Million is primarily due to an increase in investment income due to better interest rates and a reduction in market adjustments.

Financial Position Summary

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

	2023	2022	Change	% Change
Assets:				
Current assets	$ 12,829,761	$ 10,110,783	$ 2,718,978	26.9%
Loans receivable, net	30,999,447	30,027,297	972,150	3.2%
Investments	15,898,601	16,965,130	(1,066,529)	-6.3%
Funds held by trustee	837,843	799,937	37,906	4.7%
Other postemployment benefit reserve fund	5,751,911	5,627,433	124,478	2.2%
Restricted assets	84,317,735	82,724,838	1,592,897	1.9%
Net pension asset	1,725,909	-	1,725,909	100.0%
Capital assets, net	77,111,360	81,108,008	(3,996,648)	-4.9%
Total assets	$ 229,472,567	$ 227,363,426	$ 2,109,141	0.9%
DEFERRED OUTFLOWS	$ 4,067,981	$ 4,937,285	$ (869,304)	-17.6%
Liabilities:				
Current liabilities	5,356,630	4,133,594	1,223,036	29.6%
Other liabilities (long-term)	60,406,137	58,834,460	1,571,677	2.7%
Total liabilities	$ 65,762,767	$ 62,968,054	$ 2,794,713	4.4%
DEFERRED INFLOWS	$ 8,034,258	$ 6,548,972	$ 1,485,286	22.7%
Net Position:				
Invested in capital assets, net of related debt	57,697,867	60,948,685	(3,250,818)	-5.3%
Restricted	80,067,819	79,327,533	740,286	0.9%
Unrestricted	21,977,837	22,507,467	(529,630)	-2.4%
Total net assets	$ 159,743,523	$ 162,783,685	$ (3,040,162)	-1.9%

- Current assets increased $2.7 Million or 26.9% due to cash and cash Equivalents increasing by $1.3 Million due to timing and Telecommunications Accounts Receivable increasing by $1.3 Million due to pending USAC payments and a pending customer business being sold.
- Loans receivable, net increased $972 Thousand or 3.2% due to additional loans that were closed on in FY23.
- Investments decreased $1.1 Million or 6.3% due to a transfer of $1 Million for planned capital project spending at the Materials Management Facility.
- Restricted assets increased $1.6 Million or 1.9% due to the increase to Materials Management Reserves and the sale of the recycling transfer station in Harrisville, NY.
- Net pension assets increased $1.7 Million or 100%. Each year the Authority complies with GASB 68 requirements. FY22 reflected a net liability and in FY23 reflected a net asset.

- Capital Assets decreased $4 Million or 4.9% 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 FY22 and will be fully depreciated by FY27.
- Current liabilities increased $1.2 Million or 29.6% primarily as a result of an increase in accounts payable of $1.1 Million, which is due to the timing of large capital project payments and the current year USAC service provider payables due.
- Other liabilities increased $1.6 Million or 2.7% due to increase in deferred revenue of $1.8 Million mainly from the addition of five large Telecommunications contracts for FY23.

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

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

Administrative reserve / supplemental insurance	$ 4,000,000
Infrastructure development	223,107
Capital reserves	867,621
Materials Management - tip fee stabilization and landfill gas reserves	6,241,367
Economic development fund	5,314,979
Affordable housing	3,000,000
	$ 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.

	2023	2022	Change	% Change
Service and usage revenue:				
Materials Management Facility	$10,875,020	$9,303,739	$1,571,281	16.9%
Water Quality operations	7,401,371	6,416,693	984,678	15.3%
Telecommunications Network	6,260,163	6,170,721	89,442	1.4%
Housing and Economic Development	277,247	115,074	162,173	140.9%
Engineering	517,566	1,086,412	(568,846)	-52.4%
Total service and usage revenue	25,331,367	23,092,639	2,238,728	9.7%
Grants from government sources	1,681,338	2,480,763	(799,425)	-32.2%
Interest received from outstanding loans	445,801	516,853	(71,052)	-13.7%
Landfill gas to energy revenue	572,551	546,832	25,719	4.7%
Miscellaneous operating revenue	410,767	473,483	(62,716)	-13.2%
Total operating revenue	$ 28,441,824	$ 27,110,570	$ 1,331,254	4.9%

- Materials Management Facility revenues increased $1.57 Million or 16.9% due to a combination of an additional 29,580 in tons received in FY 23 and from an increase in tip fees that began in Jan 2022 in order to fund facility reserves for future cell builds, to replace equipment, and for cell closures.
- Water Quality operations revenues increased $985 Thousand 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 revenues decreased $569 Thousand 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 revenues increased $162 Thousand 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: Materials Management, Water Quality, Telecommunications Network, Housing and Economic Development, Engineering, and Administration.

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

	2023	2022	Change	% Change
Functional expenses:				
Materials Management facility	$13,617,882	$11,869,352	$1,748,530	14.7%
Water Quality	6,910,383	5,965,986	944,397	15.8%
Telecommunications Network	8,636,236	7,813,491	822,745	10.5%
Housing and Economic Development	1,302,736	1,399,713	(96,977)	-6.9%
Engineering	504,790	1,086,583	(581,793)	-53.5%
Administration	232,325	194,770	37,555	19.3%
Total functional expenses	$ 31,204,352	$ 28,329,895	$ 2,874,457	10.1%

- Materials Management Facility expenses increased $1.7 Million or 14.7% due to an increase in fuel costs of $175 Thousand 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 FY22 and will end in FY27.
- Water Quality expenses increased $944 Thousand or 15.8% as a result of an increase in water purchases of $212 Thousand from increased water use and an increase in salaries of $541 Thousand, mainly from the move of Engineering employees in FY23 to Water Quality for management services contracts.
- Telecommunications expenses increased $823 Thousand or 10.5% because of an increase in depreciation expense of $299 Thousand, equipment maintenance contracts of $80 Thousand, offnet circuit leases for $119 Thousand, and overall increase in operation expense due to inflation.
- Engineering expenses decreased $582 Thousand 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:

	2023	2022	Change	% Change
Operating expenses:				
Depreciation and amortization	$10,323,899	$8,896,356	$1,427,543	16.0%
Salaries and fringe benefits	8,974,296	8,752,283	222,013	2.5%
Wastewater treatment	1,668,209	1,706,280	(38,071)	-2.2%
Community benefits	1,169,859	967,077	202,782	21.0%
Water purchases	873,649	660,743	212,906	32.2%
Operating and maintenance	4,865,834	4,443,932	421,902	9.5%
General and administrative	2,051,634	2,104,877	(53,243)	-2.5%
Closure and post-closure costs	1,276,972	798,347	478,625	60.0%
Total operating expenses	$ 31,204,352	$ 28,329,895	$ 2,874,457	10.1%

- Salaries and wages expense increased $222 Thousand or 2.5% due to annual wage increases.
- Operating and maintenance expense increased by $422 Thousand or 9.5% mainly due to inflation and additional Telecommunications expenses associated with offnet circuit leases.

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

	2023	2022	Change	% Change
Non-operating revenue (expense):				
Investment income	$298,999	($953,096)	$1,252,095	131.4%
Gain on sale of capital assets	66,122	13,500	52,622	389.8%
Bond Issuance Costs	(20,000)	-	(20,000)	-100.0%
Interest expense	(622,755)	(647,830)	25,075	-3.9%
Total	$ (277,634)	$ (1,587,426)	$ 1,309,792	82.5%

- Investment income increased $1.3 Million or $131.4% 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. The Authority has recorded a liability for other postemployment benefits in the amount of $4,462,715. The Authority has a board designated investment account in the amount of $5,766,268 for other postemployment benefits.

Capital Assets
At the end of 2023, the Authority had $77,111,360 (net of accumulated depreciation) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications Network, Water Quality facilities, Engineering, equipment and vehicles. This amount represents a decrease of $3,996,648 or 4.9% over last year. The decrease is mainly due to depreciation of cells of the Southern Expansion at the Material Management Facility. The detail of capital asset activity and balances for the various categories is included in the notes to the financial

Long-Term Debt Administration
As of March 31, 2023, the Authority has the following revenue bond series outstanding:

Development Authority of the North Country Bond Series	Bonds Outstanding as of March 2023	Bonds Outstanding as of March 2022	Principal Due 2024
Series 2015	$ 6,730,000	$ 7,005,000	$ 285,000
Series 2019	9,970,000	10,230,000	275,000
Total	$ 16,700,000	$ 17,235,000	$ 560,000

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

Loans, Contract and Capital Lease Payables	Loans Outstanding as of March 2023	Loans Outstanding as of March 2022	Principal Due 2024
Loans payable	$ 2,864,198	$ 2,979,925	$ 118,226

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Statement of Net Position
March 31, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,010,512	$ 5,749,003
Accounts receivable, net	4,382,833	3,123,568
Accrued unbilled revenue	605,762	538,407
Interest receivable	189,069	104,035
Inventory	16,280	18,209
Prepaid expense and other current assets	625,305	577,561
Total current assets	12,829,761	10,110,783
Loans receivable, net	30,999,447	30,027,297
Investments	15,898,601	16,965,130
Funds held by trustee	837,843	799,937
Other postemployment benefits reserve fund	5,751,911	5,627,433
Restricted assets	84,317,735	82,724,838
Net pension asset	1,725,909	-
Capital assets, non-depreciable	4,964,496	2,498,088
Capital assets, net of accumulated depreciation/amortization	72,146,864	78,609,920
Total assets	229,472,567	227,363,426
DEFERRED OUTFLOWS		
Other postemployment benefits	234,811	159,451
Pension	3,833,170	4,777,834
Total deferred outflows	4,067,981	4,937,285
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	2,579,390	1,463,209
Current portion of long-term liabilities	733,207	763,335
Accrued expenses	695,735	652,201
Interest payable	115,634	119,838
Current portion of unearned revenue	1,232,664	1,135,011
Total current liabilities	5,356,630	4,133,594
Economic development revolving loan fund	10,800,488	10,639,558
Unearned revenue, net of current portion	7,597,180	5,814,376
Long-term liabilities, net of current portion	42,008,469	42,380,526
Total liabilities	65,762,767	62,968,054
DEFERRED INFLOWS		
Other postemployment benefits	2,081,166	847,267
Pension	5,953,092	5,701,705
Total deferred outflows	8,034,258	6,548,972
NET POSITION		
Net investment in capital assets	57,697,867	60,948,685
Restricted	80,067,819	79,327,533
Unrestricted	21,977,837	22,507,467
Total net position	$ 159,743,523	$ 162,783,685

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Statement of Revenue, Expenses and Change in Net Position
For the Year Ended March 31, 2023
(With Comparative Totals for 2022)

	2023	2022
OPERATING REVENUE:		
Customer billings	$ 25,331,367	23,092,639
Grant revenue	1,681,338	2,480,763
Loan interest income	445,801	516,853
Landfill gas to energy revenue	572,551	546,832
Other revenue	410,767	473,483
Total operating revenue	28,441,824	27,110,570
OPERATING EXPENSES:		
Depreciation and amortization	10,323,899	9,024,880
Salaries	6,877,883	6,381,596
Fringe benefits	2,096,413	2,370,687
Operation and maintenance	3,721,386	3,231,402
Wastewater treatment	1,668,209	1,706,280
Water purchases	873,649	660,743
Community benefits	1,169,859	967,077
Closure and post-closure costs	1,276,972	798,347
Grants	507,985	296,215
Office and administrative	375,126	334,503
Insurance	544,932	460,081
Automobile	338,215	345,983
Utilities	223,650	231,825
Materials and supplies	322,197	289,007
Professional fees	187,952	472,356
Computer	291,440	310,095
NYS administrative assessment	122,000	122,000
Repairs and maintenance	206,199	108,466
Bad debt expense (recovery)	76,386	212,183
Total operating expenses	31,204,352	28,323,726
Total operating loss	(2,762,528)	(1,213,156)
NON-OPERATING REVENUE (EXPENSE):		
Investment income	298,999	(953,096)
Gain on sale of capital assets	66,122	13,500
Bond issuance costs	(20,000)	-
Interest expense	(622,755)	(647,830)
Total non-operating revenue (expense)	(277,634)	(1,587,426)
CHANGE IN NET POSITION	(3,040,162)	(2,800,582)
NET POSITION - beginning of year	162,783,685	165,584,267
NET POSITION - end of year	$ 159,743,523	$ 162,783,685

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Statement of Cash Flows
For the Year Ended March 31, 2023
(With Comparative Totals for 2022)

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 26,191,151	$27,536,136
Receipts from grants	1,777,083	1,644,799
Cash payments to suppliers	(11,909,302)	(14,541,102)
Cash payments to employees	(6,834,349)	(6,334,497)
Net cash flow from operating activities	9,224,583	8,305,336
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(7,045,126)	(6,084,479)
Proceeds from sale of capital assets	816,953	24,038
Payments on long-term debt	(774,085)	(761,360)
Interest paid	(646,959)	(650,652)
Net cash flow from capital and related financing activities	(7,649,217)	(7,472,453)
CASH FLOW FROM INVESTING ACTIVITIES:		
Receipts of interest	1,020,672	553,736
Unrealized loss on investments	(806,707)	(1,496,877)
Net proceeds (purchases) of investments	1,066,529	11,970,246
Deposits into other postemployment benefit reserve fund	(124,478)	(4,012)
Net proceeds (purchases) of restricted assets	(1,431,967)	(11,660,444)
Change in funds held by trustee	(37,906)	(1,593)
Net cash flow from investing activities	(313,857)	(638,944)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,261,509	193,939
CASH AND CASH EQUIVALENTS - beginning of year	5,749,003	5,555,064
CASH AND CASH EQUIVALENTS - end of year	$ 7,010,512	$ 5,749,003
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING		
Operating loss	$ (2,762,528)	$ (1,213,156)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation and amortization	10,323,899	9,024,880
Amortization of debt issuance costs	(55,277)	(55,277)
Bad debt expense	76,386	212,183
Change in deferred outflows of resources	869,304	(763,627)
Change in deferred inflows of resources	1,485,286	5,534,498
Landfill closure and post-closure care costs	1,273,873	(387,870)
Postemployment benefits expense	(860,172)	372,765
Change in:		
Accounts receivable	(1,335,651)	(716,594)
Accrued unbilled revenue	(67,355)	(31,625)
Loans receivable	(972,150)	3,408,766
Inventory	1,929	(17,743)
Prepaid expenses and other assets	(47,744)	(18,504)
Accounts payable and accrued expenses	1,159,715	(1,067,135)
Unearned revenue	1,880,457	(747,088)
Net pension asset	(1,725,909)	-
Net pension liability	(19,480)	(5,229,137)
Net cash flow from operating activities	$ 9,224,583	$ 8,305,336

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation
GASB requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. These classifications are defined as follows:

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

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

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

Comparative Financial Statements
The financial statements include certain prior year summarized comparative information in total but not in the same detail used for current year presentation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2022, from which the summarized information was derived.

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

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

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

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

Allowance for Loan Losses
The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on past collection experience and an analysis of outstanding amounts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged to the provision for loan losses. An allowance for loan losses of $357,780 was considered necessary at March 31, 2023.

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

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

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

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

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

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

Capital assets also include lease assets with a term greater than one year. The Authority does not implement a capitalization threshold for leased assets. Lease assets are amortized on a straight-line basis over the term of the lease.

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

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

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

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

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

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

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

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

3. NET POSITION

Restricted Net Position

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

Community rental housing program	$13,162,260
Community development loan fund	9,702,563
Affordable housing program	22,360,403
Army water and sewer line reserves	1,800,000
Regional waterline operating and debt service reserves	404,885
Wetlands mitigation	321,895
Reserve for liner expansion and replacement	17,015,518
Reserve for open access telecommunication networks	6,950,831
Closure/post closure prefunding reserve	8,349,464
Total restricted net position	$80,067,819

Unrestricted

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

The Authority maintains the following in unrestricted net position as of March 31, 2023:

Board designated net position:	
Administrative reserve / supplemental insurance	$ 4,000,000
Infrastructure development	223,107
Capital reserves	867,621
Materials Management - tip fee stabilization and landfill gas reserves	6,241,367
Economic development fund	5,314,979
Affordable housing	3,000,000
Total board designated net position	19,647,074
Undesignated net position	2,330,763
Total unrestricted net position	$21,977,837

4. CONTRACTUAL AGREEMENTS

Materials Management Agreement

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

Host Community Agreement

In 1993, the Authority entered into an agreement with the Town of Rodman (the Town) to locate a Materials Management Facility within the Town. This agreement requires the Authority to pay a quarterly fee, which is adjusted each year by the consumer price index, on a per-ton of waste received basis. The agreement also requires a minimum host community fee of $50,000 for each year the Materials Management Facility is in actual operation. This agreement was revised in fiscal year 2011. Under the terms of the revised agreement, the Town receives a 75% reduction in tipping fees. Additionally, the Authority pays the Town 50% of the first $100,000 of the proceeds from the sale of energy at the gas-to-energy plant, 25% of the next $100,000 of proceeds and 10% thereafter. Host community benefits expense was $1,021,625 in 2023.

Gas-to-Energy Plant Agreement

In fiscal year 2009, the Authority entered into a lease agreement with a Company for the construction and operation of a gas-to-energy plant at the Materials Management Facility. The Company constructed the plant and installed the necessary equipment on the Authority's property in order to convert the methane gas produced by the Materials Management Facility into energy. The title for the plant was transferred to the Authority. The Authority entered into a direct financing lease with the Company for the plant and equipment for $1 per year plus 50% of revenues derived from the energy created for a period of 20 years. As this lease is a direct financing lease, the related assets are not included in the Authority's financial statements at year-end. This lease includes two five-year renewal options and a $1 purchase agreement for the equipment at the end of the lease. The contingent rental benefits related to this agreement amounted to $572,551 in 2023, and are recorded separately on the accompanying Statement of Revenue, Expenses and Change in Net Position.

Water Agreement

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

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

Wastewater Agreement

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

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

Project Development Agreement

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

5. ACCOUNTS RECEIVABLE

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

Materials Management Facility	$ 849,217
Water Quality	522,478
Telecommunications Network	2,748,326
Engineering	12,302
Other	387,926
	4,520,249
Less: Allowance for doubtful accounts	(137,416)
	$4,382,833

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

Total deposits of cash and cash equivalents not controlled by the Trustee (including certificates of deposit and money market funds) are as follows at March 31, 2023:

Demand deposits	$6,242,814
Time deposits	767,698
	$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.

All investments were fully secured at March 31, 2023. Total investments by type are as follows at March 31, 2023:

Money market	$ 3,503,350
United States Treasury obligations/Government agencies	5,773,881
Certificates of deposit	6,621,370
	$15,898,601

In addition, investments included in footnote 7 related to restricted assets and other postemployment benefits reserve fund were fully secured.

Fair Value

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

The Authority has the following fair value measurements as of March 31, 2023:

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

Custodial Credit Risk - Deposits

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

	Bank Balance	Carrying Amount
Cash and cash equivalents	$ 8,060,770	$ 7,010,512
Other deposits included in restricted assets or investments	12,165,948	12,165,948
	$20,226,718	$19,176,460
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	$20,460,344	
	$20,960,499	

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

7. RESTRICTED ASSETS AND OTHER POSTEMPLOYMENT BENEFITS RESERVE FUND

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

Landfill Closure and Post-Closure Care	$23,823,844
Telecommunications Network	9,630,003
Replacement and Liner at Materials Management Facility	16,924,755
Affordable Housing Program	14,155,631
North Country Economic Development	8,149,364
Community Rental Housing Program	4,834,800
Community Development Loan Fund	3,228,146
Army Water and Sewer Line	2,750,327
Regional Waterline Operating and Debt Service Reserves	498,970
Wetlands Mitigation	321,895
	$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, 2023.

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

Certificates of deposit	$35,429,435
United States Treasury obligations/Government agencies	27,985,629
Money market funds	20,743,018
Accrued interest receivable	159,653
	$84,317,735

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

Certificates of deposit	$ 4,634,486
United States Treasury obligations/Government agencies	990,802
Money market funds	126,623
	$ 5,751,911

8. LOANS RECEIVABLE

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

Loans receivable:	
Affordable Housing Program	$ 9,491,621
Community Rental Housing Program	11,930,197
Community Development Loan Fund	7,039,185
North Country Economic Development Loan Fund	2,645,524
Development Authority Economic Development Loan Fund	250,700
	31,357,227
Less allowance for loan loss	(357,780)
Loans receivable, net	$30,999,447

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2023.

	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	> 90 Days	Total Past Due	Total Loans Receivable
Affordable Housing Program	$ 9,449,701	$ 41,883	$ 37	$ -	$ -	$ 41,920	$ 9,491,621
Development Authority Economic Development Loan Fund	250,700	-	-	-	-	-	250,700
Community Rental Housing Program	11,924,764	-	-	5,433	-	5,433	11,930,197
Community Development Loan Fund	7,033,410	4,417	1,358	-	-	5,775	7,039,185
North Country Economic Development Loan Fund	2,640,066	5,458	-	-	-	5,458	2,645,524
Total	$31,298,641	$ 51,758	$ 1,395	$ 5,433	$ -	$ 58,586	$31,357,227

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

Balance, beginning of year	351,932
Additional Allowance for Doubtful Accounts	5,848
Balance, end of year	357,780

The following summarizes the ending loan receivable balances individually and collectively evaluated for impairment, as well as the allowance for loan loss allocation for each at March 31, 2023.

	Ending Loan Balance			Allowance for Loan Losses		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Loans Individually Evaluated for Impairment	Loans Collectively Evaluated for Impairment	Total
Commercial loans	$ 31,357,227	$ -	$ 31,357,227	$ -	$ 357,780	$ 357,780

There were no impaired loans at March 31, 2023.

9. CAPITAL ASSETS

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

	Balance April 1, 2022	Additions	Transfers	Disposals	Balance March 31, 2023
Land	$ 1,706,699	$ -	$ -	$ (86,475)	$ 1,620,224
Construction-in-progress	791,389	6,965,269	(4,412,386)	-	3,344,272
Total non-depreciable assets	2,498,088	6,965,269	(4,412,386)	(86,475)	4,964,496
Construction:					
Materials Management Facility	104,960,647	-	480,927	(609,705)	104,831,869
Water Quality	42,074,782	-	24,861	-	42,099,643
Telecommunications network	47,256,903	-	1,891,561	-	49,148,464
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	10,449,715	70,106	1,210,545	(879,385)	10,850,981
Water Quality	2,501,180	-	-	-	2,501,180
Telecommunications network	21,952,647	-	464,036	-	22,416,683
Engineering	77,839	-	-	-	77,839
General and administrative	695,087	9,751	-	(21,818)	683,020
Vehicles:					
Materials Management Facility	35,854	-	-	(35,854)	-
Water Quality	56,470	-	-	-	56,470
General and administrative	1,006,890	-	340,456	(144,661)	1,202,685
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	(2,973)	27,146
Total at cost	231,352,439	79,857	4,412,386	(1,694,396)	234,150,286
Less: Accumulated depreciation for:					
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)
Total accumulated depreciation	(152,898,701)	(10,230,919)	-	1,059,634	(162,069,986)
Right-to-use Leased Assets, being amortized:					
Buildings	284,706	32,956	-	(36,682)	280,980
Total Right-to-use Leased Assets, being amortized	284,706	32,956	-	(36,682)	280,980

Less accumulated amortization for:					
Buildings	(128,524)	(122,574)	-	36,682	(214,416)
Total accumulated amortization	(128,524)	(122,574)	-	36,682	(214,416)
Total depreciable/amortized assets, net	78,609,920	(10,240,680)	4,412,386	(634,762)	72,146,864
Total capital assets, net	81,108,008	(3,275,411)	-	(721,237)	77,111,360

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

	Balance April 1, 2021, as restated	Additions	Transfers	Disposals	Balance March 31, 2022
Land	$ 1,706,699	$ -	$ -	$ -	$ 1,706,699
Construction-in-progress	22,741,933	6,074,671	(28,025,215)	-	791,389
Total non-depreciable assets	24,448,632	6,074,671	(28,025,215)	-	2,498,088
Construction:					
Materials Management Facility	82,087,542	9,806	22,873,833	(10,534)	104,960,647
Water Quality	40,533,779	-	1,541,003	-	42,074,782
Telecommunications network	45,936,608	-	1,320,295	-	47,256,903
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	10,242,376	-	207,339	-	10,449,715
Water Quality	2,501,180	-	-	-	2,501,180
Telecommunications network	19,869,902	-	2,082,745	-	21,952,647
Engineering	77,839	-	-	-	77,839
General and administrative	695,087	-	-	-	695,087
Vehicles:					
Materials Management Facility	35,854	-	-	-	35,854
Water Quality	56,470	-	-	-	56,470
General and administrative	1,048,589	-	-	(41,699)	1,006,890
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	-	30,119
Total at cost	203,369,651	9,806	28,025,215	(52,233)	231,352,439

Less: Accumulated depreciation for:					
Construction	(119,559,867)	(6,441,121)	-	-	(126,000,988)
Equipment	(23,699,888)	(2,272,496)	-	-	(25,972,384)
Vehicles	(709,006)	(182,741)	-	41,699	(850,048)
Leasehold improvements	(75,281)	-	-	-	(75,281)
Total accumulated depreciation	(144,044,042)	(8,896,358)	-	41,699	(152,898,701)
Right-to-use Leased Assets, being amortized:					
Buildings	284,706	-	-	-	284,706
Total Right-to-use Leased Assets, being amortized	284,706	-	-	-	284,706
Less accumulated amortization for:					
Buildings	-	(128,524)	-	-	(128,524)
Total accumulated amortization	-	(128,524)	-	-	(128,524)
Total depreciable/amortized assets, net	59,610,315	(9,015,076)	28,025,215	(10,534)	78,609,920
Total capital assets, net	84,058,947	(2,940,405)	-	(10,534)	81,108,008

10. LONG-TERM LIABILITIES

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

	Balance as of April 1, 2022	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2023
Loans payable	$ 2,979,925	$ -	$ (115,727)	$ 118,226	$ 2,745,972
Bonds payable	17,235,000	-	(535,000)	560,000	16,140,000
Premium on bonds	1,252,306	-	(55,277)	-	1,197,029
Net pension liability - ERS	19,480	-	(19,480)	-	-
OPEB liability	5,322,887	-	(860,172)	-	4,462,715
Lease liability	156,668	32,956	(123,358)	54,981	11,285
Landfill liability	15,427,610	1,273,873	-	-	16,701,483
Due to U.S. Army	749,985	-	-	-	749,985
Total long-term liabilities	$43,143,861	$ 1,306,829	$ (1,709,014)	$ 733,207	$42,008,469

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

	Balance as of April 1, 2021, as restated	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2022
Loans payable	$ 3,093,246	$ -	$ (113,321)	$ 115,726	$ 2,864,199
Bonds payable	17,755,000	-	(520,000)	535,000	16,700,000
Premium on bonds	1,307,584	-	(55,278)	-	1,252,306
Net pension liability (asset) - ERS	5,248,617	-	(5,229,137)	-	19,480
OPEB liability	4,950,122	372,765	-	-	5,322,887
Lease liability	284,706	-	(128,038)	112,609	44,059
Landfill liability	15,815,480	-	(387,870)	-	15,427,610
Due to U.S. Army	749,985	-	-	-	749,985
Total long-term liabilities	$49,204,740	$ 372,765	$ (6,433,644)	$ 763,335	$42,380,526

Long-term debt revenue loan activity for the year ended March 31, 2023 was as follows:

Loans payable	Balance as of April 1, 2022	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2023
Direct Borrowings:					
Unsecured loan payable to the State of New York in annual payments of $50,000 through March 2040. This loan does not bear interest.	$ 864,000	$ -	$ (50,000)	$ 50,000	$ 764,000
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)	51,444	$ 829,886
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)	16,782	552,086
Loans payable	$2,979,925	$ -	$ (115,727)	$ 118,226	$2,745,972

Long-term debt revenue bond activity for the year ended March 31, 2023 was as follows:

Bonds payable	Balance as of April 1, 2022	Increases	Decreases	Due Within One Year	Long-Term Portion Ending Balance as of March 31, 2023
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)	$ 285,000	$ 6,445,000
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)	275,000	9,695,000
Bonds payable	$17,235,000	$ -	$ (535,000)	$ 560,000	$16,140,000

Future Minimum Payments
The future minimum payments for the Authority's financing arrangements are as follows as of March 31, 2023:

	Principal	Interest	Total
2024	$ 678,226	$ 654,700	$ 1,332,926
2025	696,109	630,587	1,326,696
2026	723,813	603,989	1,327,802
2027	751,625	575,909	1,327,534
2028	784,552	546,983	1,331,535
2029 – 2033	4,382,997	2,266,855	6,649,852
2034 – 2038	5,051,121	1,408,798	6,459,919
2039 – 2043	5,057,609	550,409	5,608,018
2044 – 2048	1,410,555	52,620	1,463,175
2049 – 2050	27,591	552	28,143
	$19,564,198	$ 7,291,402	$26,855,600

Interest Paid
Interest paid on all financing arrangements during the years ended March 31, 2023 and March 31, 2022 were $646,959 and $643,997, respectively.

11. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Materials Management Facility (the Facility) landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs are incurred in phases as needed and post-closure care costs will be paid near or after the date that the landfill stops accepting waste. The Authority reports a portion of these closure and post-closure care costs as a liability in each period based on landfill capacity used as of the Statement of Net Position date. The Authority has $25,050,947 set aside for landfill closure and post-closure care liability at March 31, 2023, which represents the cumulative amount reported to date based on the use of 39% of the estimated capacity of both landfills. The Authority will recognize the remaining estimated cost of closure and post-closure care of approximately $72.5 million 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 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, and at March 31, 2023, investments of $23,823,844 are held for these purposes. These investments are reported in restricted assets on the Statement of Net Position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

Replacement

The Authority charges various tipping fees depending on the type of waste accepted at the Facility. Included in the tipping fee are charges per ton for the replacement of the Facility's equipment and infrastructure. The Authority considers the funds collected from these fees as restricted net assets as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2023, tipping fees of $1,277,380 were set aside for replacement. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for their specific purpose, they are reclassified to capital assets.

Liner
The 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 39 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 2023, tipping fees of $1,532,855 were set aside for the liner reserve. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for the cell build outs, they are reclassified to capital assets.

Wetlands Mitigation
In 2015, the Authority established a wetlands mitigation account in order to fund the future expansion of the Facility. The Authority considers these to be restricted net assets as the Facility is required by law to mitigate the wetlands at the Facility in order to expand. The balance in this reserve was $321,895 at March 31, 2023.

Investment Income
The Authority has set aside funds in order to meet the future financial obligations of the Facility including closure and post-closure costs, replacement, liner and debt repayments. Investment income on these funds is recorded as revenue/(loss) in the accompanying Statement of Revenue, Expenses and Change in Net Position and amounted to $9,948 in 2023.

12. COMMITMENTS AND CONTINGENCIES

Commitments
The Authority entered into a lease agreement with the New York State Office of General Services (NYSOGS) for office space effective September 1, 2020 and expiring on August 31, 2023. Under the terms of the lease, monthly payments of $8,884 are required. Total rental expense charged to operations amounted to $133,472 during the year ended March 31, 2023.

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

13. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

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

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

Contributions

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

2023	$ 663,000
2022	$ 890,000
2021	$ 797,000

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

At March 31, 2023, the Authority reported an asset of $1,725,909 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

The Authority's proportion measured at March 31, 2022 was 0.0211131% which was a increase of 0.0015495% from its proportion measured at March 31, 2021 of 0.0195636%.

For the year ended March 31, 2023, the Authority recognized pension expense of $106,496.

At March 31, 2023, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 130,705	$ 169,532
Changes in assumptions	2,880,349	48,603
Net difference between projected and actual 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
Contributions subsequent to measurement date	663,129	-
	$3,833,170	$5,953,092

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

2023	$ (409,318)
2024	(616,501)
2025	(1,464,723)
2026	(292,509)
	$ (2,783,051)

The Authority recognized $663,129 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022, which will be recognized in the year ended March 31, 2024.

Actuarial Assumptions

The total pension liability measured at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuations used the following actuarial assumptions:

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	3.30%
International equity	15%	5.85%
Private equity	10%	6.50%
Real estate	9%	5.00%
Opportunistic/Absolute Return Strategy	3%	4.10%
Credit	4%	3.78%
Real assets	3%	5.80%
Fixed income	23%	0.00%
Cash	1%	-1.00%
	100%	

	2023		
	1% Decrease (4.9%)	Current assumption (5.9%)	1% Increase (6.9%)
Proportionate share of net pension liability (asset)	4,442,471	(1,725,909)	(6,885,462)

Pension Plan Fiduciary Net Position
The components of the current-year net pension asset of the employers as of March 31, 2022 were as follows:

	Pension Plan's Fiduciary Net Position (Dollars in Thousands)	Authority's Proportionate Share of Plan's Fiduciary Assumption Net Position (Dollars in Thousands)	Authority's Allocation Percentage As Determined By the Plan
Total pension liability	$ 223,874,888	$ 47,267	0.0211131%
Net position	(232,049,473)	(48,993)	0.0211131%
Net pension liability (asset)	(8,174,585)	(1,726)	0.0211131%
Fiduciary net position as a percentage of total pension liability	103.65%	103.65%	

14. OTHER POSTEMPLOYMENT BENEFITS

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

Employees Covered by Benefit Terms
At March 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently	18
Active employees	63
Total participants	81

OPEB Liability

The Authority's total OPEB liability of $4,462,715 was determined by using an actuarial valuation as of March 31, 2023.

Actuarial Assumptions and Other Inputs

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:

Salary Increase Rate	3.00%
Discount Rate	4.75%
Health Care Cost Trend Rate	5.00%
Actuarial Cost Method	Entry Age Actuarial Accrued Liability Cost Method
Mortality Rates	Based on Active and Retired Lives – The RP-2014 Mortality Table with separate rates for males and females and for actives and retirees

Changes in the OPEB Liability

OPEB Liability as of March 31, 2022	$5,322,887
Service cost	275,575
Interest	184,189
Difference between changes in actual and expected	92,006
Changes in assumptions	(1,349,365)
Benefit payments	(62,577)
OPEB Liability as of March 31, 2023	$4,462,715

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	2023		
	Decrease (3.75%)	Rate (4.75%)	1% Increase (5.75%)
OPEB Liability	$5,333,521	$4,462,715	$3,776,189

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

	2023		
	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
OPEB Liability	$3,724,997	$4,462,715	$5,406,871

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended March 31, 2023, the Authority recognized OPEB expense of $360,944. At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

2024	$ (98,820)
2025	(98,820)
2026	(98,820)
2027	(98,820)
2028	(98,820)
Thereafter	(1,352,255)
	$ (1,846,355)

15. LEASES

The Authority leases office space from various buildings. The leases contain renewal options. Lease agreements are summarized as follows:

Description	Inception Date	Term (in months)	Interest Rate/ Discount Rate	Total Initial Lease Liability
NYS OGS State Office Building	4/1/2021	29	3.29%	$ 248,024
Canton Office	6/1/2022	36	3.29%	$ 32,956
Washington Street "HSBC Building"	4/1/2021	17	3.29%	$ 36,682

Activity of lease liabilities for the year ended March 31, 2022 is summarized as follows:

Balance As of April 1, 2021, As Restated	Additions	Subtractions	Ending Balance As of March 31, 2022	Amount Due Within One Year
$ 284,706	$ -	$ (128,038)	$ 156,668	$ 112,609

Annual requirements to amortize long-term obligations and related interest for the year ended March 31, 2022 are as follows:

	Principal	Interest	Total
2023	$ 112,609	$ 3,364	$ 115,973
2024	44,059	363	44,422
Total	$ 156,668	$ 3,727	$ 160,395

Activity of lease liabilities for the year ended March 31, 2023 is summarized as follows:

Balance As of April 1, 2022	Additions	Subtractions	Ending Balance As of March 31, 2023	Amount Due Within One Year
$ 156,668	$ 32,956	$ (123,358)	$ 66,266	$ 54,981

Annual requirements to amortize long-term obligations and related interest for the year ended March 31, 2023 are as follows:

	Principal	Interest	Total
2024	$ 54,981	$ 961	$ 55,942
2025	11,285	234	11,519
Total	$ 66,266	$ 1,195	$ 67,461

16. RESTATEMENT

Change in Accounting Principle

During the year ended March 31, 2023, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* GASB Statement No. 87 enhances the relevance and consistency of information of the Authority's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. These changes were incorporated in the Authority's financial statements and had no effect on the beginning net position, as the net book value of the leased asset equaled the amount of the lease liability.

	Net Position
Balance at March 31, 2021, as previously reported	$ 165,584,267
Adjustments:	
Net book value leased asset	284,706
Lease liability	(284,706)
Balance at April 1, 2021, as restated	$165,584,267

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Supplementary Information
Schedule of Revenue, Expenses and Change in Net Position By Department
For the Year Ended March 31, 2023

	General and Administration	Solid Waste Management Facility	Water and Waste Water Operations	Telecommunication Network	Housing and Economic Development	Engineering	Total
OPERATING REVENUE:							
Customer billings	$ -	$ 10,875,020	$ 7,401,371	$ 6,260,163	$ 277,247	$ 517,566	$ 25,331,367
Grant revenue	8,945	172,232	179,430	942,645	378,086	-	1,681,338
Loan interest income	-	-	-	-	445,801	-	445,801
Landfill gas to energy revenue	-	572,551	-	-	-	-	572,551
Other revenue	151,310	206,738	4,392	9,883	38,444	-	410,767
Total operating revenues	160,255	11,826,541	7,585,193	7,212,691	1,139,578	517,566	28,441,824
OPERATING EXPENSES:							
Depreciation and amortization	316,661	5,157,996	917,373	3,923,526	-	8,343	10,323,899
Salaries	1,281,413	1,728,711	1,824,640	1,456,958	316,326	269,835	6,877,883
Fringe benefits	290,089	623,060	644,883	342,539	94,795	101,047	2,096,413
Operation and maintenance	8,612	1,601,985	94,436	1,918,549	25,863	71,941	3,721,386
Wastewater treatment	-	464,612	1,203,597	-	-	-	1,668,209
Water purchases	-	-	873,649	-	-	-	873,649
Community benefits	-	1,021,625	-	-	148,234	-	1,169,859
Closure and post-closure costs	-	1,276,972	-	-	-	-	1,276,972
Grant	-	-	-	-	507,985	-	507,985
Office and administrative	99,496	86,975	101,943	54,538	7,678	24,496	375,126
Insurance	18,432	224,919	129,939	156,016	-	15,626	544,932
Bad debt	-	-	-	70,142	5,848	396	76,386
Automobile	6,092	9,145	224,383	83,694	-	14,901	338,215
Utilities	-	82,370	135,438	5,842	-	-	223,650
Materials and supplies	-	322,197	-	-	-	-	322,197
Professional fees	76,760	40,341	3,654	18,158	49,039	-	187,952
Computer	186,404	14,616	26,600	29,998	750	33,072	291,440
NYS administrative assessment	-	47,887	34,138	33,417	-	6,558	122,000
Repairs and maintenance	-	13,273	192,926	-	-	-	206,199
Engineering allocation	-	32,426	39,093	13,861	1,630	(87,010)	-
Administrative allocation	(2,051,634)	868,772	463,691	528,998	144,588	45,585	-
Total operating expenses	232,325	13,617,882	6,910,383	8,636,236	1,302,736	504,790	31,204,352
Total operating income (loss)	(72,070)	(1,791,341)	674,810	(1,423,545)	(163,158)	12,776	(2,762,528)
NON-OPERATING REVENUE (EXPENSE):							
Investment income	148,748	9,948	23,073	137,112	(19,882)	-	298,999
Gain on sale of capital assets, net	36,211	29,911	-	-	-	-	66,122
Bond issuance costs	-	-	(20,000)	-	-	-	(20,000)
Interest expense	(3,827)	(564,821)	(54,107)	-	-	-	(622,755)
Total non-operating revenue (expense)	181,132	(524,962)	(51,034)	137,112	(19,882)	-	(277,634)
CHANGE IN NET POSITION	$ 109,062	$ (2,316,303)	$ 623,776	$ (1,286,433)	$ (183,040)	$ 12,776	$ (3,040,162)

Schedule II

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Supplementary Information
Schedule of North Country Economic Development Fund Activity
For the Year Ended March 31, 2023

		Total
Fund balance - beginning of year	$	10,639,558
Loan interest income		76,133
Recovered bad debt income		2,100
Investment interest income		93,134
Mark to market adjustment		830
Investment banking fees		(3,267)
Consulting expense		(8,000)
Change in fund balance		160,930
Fund balance - end of year	$	10,800,488
Assets restricted for North Country Economic Development		
Investments	$	8,149,364
Loan interest receivable		5,600
Loans receivable		2,645,524
Total fund balance	$	10,800,488

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended March 31, 2023

	Last 10 Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability						Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.				
Service cost	$ 275,575	$ 259,524	$ 259,524	$ 248,401	$ 248,401					
Interest	184,189	187,290	187,290	169,281	169,281					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience	92,006	-	(862,191)	-	(99,163)					
Changes in assumptions	(1,349,365)	-	-	-	208,511					
Benefit payments	(62,577)	(74,049)	(67,705)	(59,298)	(53,275)					
Total change in total OPEB liability	(860,172)	372,765	(483,082)	358,384	473,755					
Total OPEB liability - beginning	5,322,887	4,950,122	5,433,204	5,074,820	4,601,065					
Total OPEB liability - ending	$ 4,462,715	$ 5,322,887	$ 4,950,122	$ 5,433,204	$ 5,074,820					
Covered-employee payroll	$ 4,585,487	$ 4,081,382	$ 3,819,887	$ 4,287,573	$ 3,679,648					
Total OPEB liability as a percentage of covered-employee payroll	97.3%	130.4%	129.6%	126.7%	137.9%					

Notes to schedule:

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

	2023	2022	2021	2020	2019	2018–2014
Discount rate	4.75%	3.29%	3.29%	3.29%	3.29%	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

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

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

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

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended March 31, 2023

	Last 10 Fiscal Years									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0211131%	0.0195636%	0.0198206%	0.0184752%	0.0177834%	0.0175474%	0.0168838%	0.0167435%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.	
Proportionate share of the net pension liability (asset)	$ (1,725,909)	$ 19,480	$ 5,248,617	$ 1,309,024	$ 573,949	$ 1,648,794	$ 2,709,904	$ 565,635		
Covered-employee payroll	$ 5,970,353	$ 5,847,483	$ 5,642,812	$ 5,462,255	$ 4,970,504	$ 4,620,918	$ 4,355,501	$ 4,052,840		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-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 liability (asset)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%		

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Required Supplementary Information
Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended March 31, 2023

	Last 10 Fiscal Years									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 663,129	$ 890,375	$ 796,667	$ 766,847	$ 714,456	$ 683,563	$ 659,418	$ 601,067	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.	
Contributions in relation to the contractually required contribution	663,129	890,375	796,667	766,847	714,456	683,563	659,418	601,067		
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Covered-employee payroll	$ 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-employee payroll	11.11%	15.23%	14.12%	14.04%	14.37%	14.79%	15.14%	14.83%		

Bonadio & Co., LLP
Certified Public Accountants

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

June 22, 2023

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York), as of and for the year ended March 31, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 22, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

Report on Compliance and Other Matters

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

Purpose of This Report

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

June 22, 2023

Directors of
Development Authority of the North Country

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Development Authority of the North Country's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2023. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2023.

Basis for Opinion on Major Federal Program

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

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

Responsibilities of Management For Compliance

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

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

Auditor's Responsibilities For the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Bonadio & Co., LLP

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2023

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Grant or Pass Through Number	Expenditures to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through Jefferson County:				
Home Investment Partnerships Program	14.239	M19-DC360512	$ 517,626	$ 552,626
Passed through St. Lawrence County:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR309-21	150,126	193,269
Passed through Town of Gouverneur:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	464HR122-20	144,905	175,400
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			295,031	368,669
Total U.S. Department of Housing and Urban Development:			812,657	921,295
U.S. DEPARTMENT OF DEFENSE:				
Direct:				
Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation	12.003	HQ00052210013	N/A	179,430
Total expenditures of federal awards				$ 1,100,725

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2023

Part I **Summary of Auditor's Results**

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiencies identified?	☐ Yes	☑ None reported
Noncompliance material to financial statements noted?	☐ Yes	☑ None reported

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiencies identified?	☐ Yes	☑ None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☑ No

Identification of major programs:

AL Number	Program Title
14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

The Authority was considered a low-risk auditee for the year ended March 31, 2023.

Part II **Financial Statement Findings**

There were no financial statement findings reported.

Part III **Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs that were required to be reported under the Uniform Guidance.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

Financial Statements as of
March 31, 2021
Together with
Independent Auditor's Report
and Single Audit Reports

Bonadio & Co., LLP
Certified Public Accountants

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

TABLE OF CONTENTS

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 23, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York) as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2021, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

ALBANY • BATAVIA • BUFFALO • DALLAS • EAST AURORA • NY METRO AREA • ROCHESTER • RUTLAND • SYRACUSE • UTICA

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters
Report on Summarized Comparative Information
We have previously audited the Authority's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bonadio & Co., LLP

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

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

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

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

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

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

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

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

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

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

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

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the fiscal year ended March 31, 2021. 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, 2021, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by $165.6 Million. Of this amount, $7.3 Million is unrestricted and undesignated and may be used to meet the Authority's ongoing obligations.
- The Authority's total revenues (operating and non-operating) were $24.8 Million and $29.1 Million in 2021 and 2020, respectively.
- The Authority's total expenses (operating and non-operating) were $28.8 Million and $28.3 Million in 2021 and 2020, respectively.

Overview of the Financial Statements

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

Financial Statements

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

Budget vs. Actual

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

Summary of Operations and Change in Net Position

	2021	2020	Change	% Change
Operating revenue	$ 24,166,486	$ 26,277,512	$ (2,111,026)	-8.0%
Operating expenses	(28,180,091)	(27,628,491)	551,600	2.0%
Operating loss	(4,013,605)	(1,350,979)	(2,662,626)	197.1%
Non-operating revenue, net	21,584	2,136,895	(2,115,311)	-99.0%
Change in net position	$ (3,992,021)	$ 785,916	$ (4,777,937)	-607.9%

- Operating revenues decreased $2.1 Million during 2021. The decrease in revenues are primarily attributable to the following:
    - Customer Billings within Materials Management decreased $566 Thousand due to a shortfall of 19,662 in projected tons.
    - Waste Diversion revenue of $716 Thousand was unrealized, as the activity was directly invoiced by the vendor to the corresponding counties. An offset expense was also unrealized.
    - Grant revenue decreased $1.3 Million due to minimal new loans closed on in 2021, compared to several significant grants closed on in 2020 within the Community Development Loan Fund.

- Operating expenses increased $552 Thousand during 2021. The increase in expenses are primarily attributable to the following:
    - Pension expense increased $961 Thousand due to an increase in the NYSLRS Liability in 2021. An overall pension adjustment of $1 Million was allocated between the different departments. The $1 Million pension adjustment was made pursuant to GASB 68 and does not affect cash.
    - Grant expense increased $431 Thousand mainly due to a $1 Million grant paid back to Jefferson County per the existing agreement.

- The decrease in net non-operating revenue of $2.1 Million is primarily due to a decrease in interest income as interest rate yields have decreased on Authority held investments. No new bonds were issued in 2021.

Financial Position Summary

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

	2021	2020	Change	% Change
Assets:				
Current assets	$ 9,354,516	$ 9,845,456	$ (490,940)	-5.0%
Loans receivable, net	33,436,063	35,679,849	(2,243,786)	-6.3%
Investments	28,935,376	28,867,100	68,276	0.2%
Funds held by trustee	798,344	12,812,620	(12,014,276)	-93.8%
Other postemployment benefit reserve fund	5,623,421	5,479,083	144,338	2.6%
Restricted assets	70,903,951	72,793,330	(1,889,379)	-2.6%
Capital assets, net	83,774,241	72,559,395	11,214,846	15.5%
Total assets	$ 232,825,912	$ 238,036,833	$ (5,210,921)	-2.2%
DEFERRED OUTFLOWS	$ 4,173,658	$ 1,587,159	$ 2,586,499	163.0%
Liabilities:				
Current liabilities	$ 5,934,095	$ 5,086,073	$ 848,022	16.7%
Other liabilities (long-term)	64,466,734	64,419,509	47,225	0.1%
Total liabilities	$ 70,400,829	$ 69,505,582	$ 895,247	1.3%
DEFERRED INFLOWS	$ 1,014,474	$ 542,122	$ 472,352	87.1%
Net Position:				
Invested in capital assets, net of related debt	$ 63,132,501	$ 63,417,964	$ (285,463)	-0.5%
Restricted	67,322,582	67,981,385	(658,803)	-1.0%
Unrestricted	35,129,184	38,176,939	(3,047,755)	-8.0%
Total net assets	$ 165,584,267	$ 169,576,288	$ (3,992,021)	-2.4%

- Loans receivable, net decreased $2.2 Million primarily due to the following:
  - Loan from St Lawrence IDA in the amount of $750,000 that was repaid in 2021 related to the DANC Economic Development Fund.
  - Decrease of $1.2 Million related to the Affordable Housing program and a $479 Thousand decrease related to the North Country Economic Development Loan Fund both attributed to no new loans issued in 2021 and continued paydown of debt.
- Funds held by trustee decreased $12.0 Million as 2019 bond proceeds were used to complete the southern expansion.
- Capital assets, net increase of $11.2 Million mainly attributed to the southern expansion

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

At March 31, 2021, the board of directors designated the Authority's unrestricted net position for the following uses:

Administrative reserve / supplemental insurance	$ 4,000,000
Infrastructure development	223,107
Capital reserves	9,063,946
Materials Management - tip fee stabilization, and landfill gas reserves	6,063,156
Economic development fund	5,486,722
Affordable housing	3,000,000
	$ 27,836,931

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

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

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

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

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

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

Summary of Operating Revenue

	2021	2020	Change	% Change
Service and usage revenue:				
Materials Management Facility	$ 8,526,460	$ 9,093,189	$ (566,729)	-6.2%
Water Quality operations	5,424,945	5,081,903	343,042	6.8%
Telecommunications network	6,275,593	6,445,131	(169,538)	-2.6%
Housing and economic development	141,017	145,500	(4,483)	-3.1%
Engineering	1,151,971	1,444,831	(292,860)	-20.3%
Total service and usage revenue	21,519,986	22,210,554	(690,568)	-3.1%
Grants from government sources	1,110,679	2,413,110	(1,302,431)	-54.0%
Interest received from outstanding loans	478,172	635,972	(157,800)	-24.8%
Miscellaneous operating revenue	1,057,649	1,017,876	39,773	3.9%
Total operating revenue	$ 24,166,486	$ 26,277,512	$ (2,111,026)	-8.0%

- Materials Management Facility revenues decreased $567 Thousand or 6.2%. The decrease was the result of a decrease in tonnage received at the facility from approximately 227,000 tons in 2020 to 207,000 tons in 2021.
- Water Quality operations revenue increased $343 Thousand due to an increase in customer billings attributed to additional projects in 2021.
- Engineering revenue (customer billings) decreased $293 Thousand or 20.3% due to less initiatives undertaken with the COVID-19 pandemic. Many projects were either delayed or on hold for a substantial part of the year.
- Grants from government sources decreased $1.3 Million or 54.0%. The decrease is due to minimal new loans closed on in 2021, compared to several significant grants closed on in 2020 within the Community Development Loan Fund.

Summary of Operating Expenses

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

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

	2021	2020	Change	% Change
Functional expenses:				
Materials Management facility	$ 10,681,563	$ 11,276,600	$ (595,037)	-5.3%
Water Quality	5,631,872	4,891,002	740,870	15.1%
Telecommunications network	8,279,626	7,693,048	586,578	7.6%
Housing and economic development	2,039,037	2,135,529	(96,492)	-4.5%
Engineering	1,195,679	1,393,965	(198,286)	-14.2%
Administration	352,314	238,347	113,967	47.8%
Total functional expenses	$ 28,180,091	$ 27,628,491	$ 551,600	2.0%

- Materials Management Facility expenses decreased $595 Thousand or 5.3%. The decrease is due to a number of factors:
    - $128 Thousand decrease in bond issuance costs as no bonds were issued in 2021,
    - $115 Thousand decrease in wastewater treatment expenses related to decrease in the number of gallons of wastewater treated by City of Watertown, and
    - $833 Thousand decrease in depreciation costs as the liner for cells 10 and 11 became fully depreciated in the prior year.
- Water Quality expenses increased $741 Thousand or 15.1% as a result of:
    - $192 Thousand in depreciation as a result of upgrades to the valves,
    - $80 Thousand in sewage treatment expenses, and
    - $200 Thousand in pension expense mainly associated with NYSLRS Liability.
- Telecommunications expenses increased by $587 Thousand or 7.6% as a result of:
    - $206 Thousand in pension expense mainly associated with NYSLRS Liability and
    - $108 Thousand in depreciation as a result of various projects placed in service right at prior years end.
- Housing and economic development expenses decreased $96 Thousand or 4.5% primarily in bad debt expense. An allowance for doubtful accounts was established in FY2020 for loan receivables.
- Engineering expenditures decreased $198 Thousand or 14.2% primarily in salaries which decreased $118 Thousand.

Summary of Operating Expenses (Continued)
The following is a breakdown of the Authority's total operating expenses by natural classification:

	2021	2020	Change	% Change
Operating expenses:				
Depreciation and amortization	$ 7,732,197	$ 8,266,325	$ (534,128)	-6.5%
Salaries and fringe benefits	9,809,043	8,648,346	1,160,697	13.4%
Wastewater treatment	1,243,889	1,272,973	(29,084)	-2.3%
Community benefits	823,177	861,006	(37,829)	-4.4%
Water purchases	621,586	569,593	51,993	9.1%
Operating and maintenance	5,055,915	5,172,708	(116,793)	-2.3%
General and administrative	2,170,806	1,985,649	185,157	9.3%
Closure and post-closure costs	723,478	851,891	(128,413)	-15.1%
Total operating expenses	$ 28,180,091	$ 27,628,491	$ 551,600	2.0%

- Depreciation and amortization expenses decreased by 6.5% to approximately $7.7 Million as cells 10 and 11 became fully depreciated in the prior year, offset by several projects in Telecommunications and Water Quality operations placed into service at prior year end.
- Salaries and fringe benefits increased by $1.2 Million or 13.4% mainly due to the NYSLRS liability increase in 2021. The overall pension expense adjustment of $1 Million was allocated between the different departments, effecting benefit expense.
- Wastewater treatment expense decreased by $29 Thousand or 2.3% primarily due to a decrease in the number of gallons of wastewater treated by City of Watertown.
- Community benefits expense decreased by $38 Thousand or 4.4% related to the decrease in tonnage received at the Materials Management Facility.
- Operating and maintenance expenses decreased $117 Thousand or 2.3% due mainly to a $56 Thousand reduction in fuel costs at the Materials Management Facility.
- General and administrative costs increased by $185 Thousand or 9.3% due to $147 Thousand increase in pension expense due to the NYSLRS liability adjustment and $72 Thousand increase in consulting due to expensing cost incurred for office building relocation review.
- Closure and post-closure costs decreased by $128 Thousand or 15.1% related to the decrease in tonnage.

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

	2021	2020	Change	% Change
Non-operating revenue (expense):				
Investment income	$ 599,600	$ 2,702,220	$ (2,102,620)	-77.8%
Gain on sale of capital assets	81,466	81,291	175	0.2%
Bond issuance costs	-	(128,848)	128,848	-100.0%
Interest expense	(659,482)	(517,768)	(141,714)	27.4%
Total	$ 21,584	$ 2,136,895	$ (2,115,311)	-99.0%

- Investment income decreased $2.1 Million or 77.8% as interest rate yields have decreased on Authority held investments.
- Bond issuance costs decreased as no new bonds were issued in 2021.

Postemployment Benefits
The Authority contributes to the cost of eligible retirees' individual health care premiums after 15 years of service, provided that the employee was employed at the Authority at the time of retirement. Employees hired after April 1, 2008 require 20 years of service. The Authority has recorded a liability for other postemployment benefits in the amount of $4,950,122. The Authority has a board designated investment account in the amount of $5,630,540 for other postemployment benefits.

Capital Assets
At the end of 2021, the Authority had $83,774,241 (net of accumulated depreciation) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications Network, Water Quality facilities, Engineering, equipment and vehicles. This amount represents an increase of $11,214,846 or 15.5% over last year. The increase is mainly due to the Southern Expansion and Material Management Facility. The detail of capital asset activity and balances for the various categories is included in notes to the financial statements.

Long-Term Debt Administration
As of March 31, 2021, the Authority has the following revenue bond series outstanding:

Development Authority of the North Country Bond Series	Bonds Outstanding as of March 2021	Bonds Outstanding as of March 2020	Principal Due 2022
Series 2015	$ 7,275,000	$ 7,540,000	$ 270,000
Series 2019	10,480,000	10,720,000	250,000
Total	$ 17,755,000	$ 18,260,000	$ 520,000

In addition to the bonds, the Authority had loans payable as of March 31, 2021 as follows:

Loans, Contract and Capital Lease Payables	Outstanding as of March 2021	Outstanding as of March 2020	Principal Due 2022
Loans payable	$ 3,093,246	$ 3,537,588	$ 113,323

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF NET POSITION
FOR THE YEAR ENDED MARCH 31, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,555,064	$ 5,619,390
Accounts receivable, net	2,619,157	2,962,770
Accrued unbilled revenue	506,782	502,787
Interest receivable	113,990	178,708
Inventory	466	5,301
Prepaid expense and other current assets	559,057	576,500
Total current assets	9,354,516	9,845,456
LOANS RECEIVABLE, net	33,436,063	35,679,849
INVESTMENTS	28,935,376	28,867,100
FUNDS HELD BY TRUSTEE	798,344	12,812,620
OTHER POSTEMPLOYMENT BENEFITS RESERVE FUND	5,623,421	5,479,083
RESTRICTED ASSETS	70,903,951	72,793,330
CAPITAL ASSETS, net	83,774,241	72,559,395
Total assets	232,825,912	238,036,833
DEFERRED OUTFLOWS		
Other postemployment benefits	171,716	183,981
Pension	4,001,942	1,403,178
Total deferred outflows	4,173,658	1,587,159
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	2,577,443	1,945,663
Current portion of long-term debt	633,323	616,008
Accrued expenses	605,102	498,147
Interest payable	122,660	125,448
Current portion of unearned revenue	1,995,567	1,900,807
Total current liabilities	5,934,095	5,086,073
ECONOMIC DEVELOPMENT REVOLVING LOAN FUND	10,479,115	10,412,025
DUE TO U.S. ARMY	749,985	749,985
UNEARNED REVENUE, net of current portion	5,700,908	5,538,166
NET PENSION LIABILITY	5,248,617	1,309,024
LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY	15,815,480	18,432,664
TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY	4,950,122	5,433,204
LONG-TERM DEBT, net of current portion	21,522,507	22,544,441
Total liabilities	70,400,829	69,505,582
DEFERRED INFLOWS		
Other postemployment benefits	898,478	87,497
Pension	115,996	454,625
Total deferred outflows	1,014,474	542,122
NET POSITION		
Net investment in capital assets	63,132,501	63,417,964
Restricted	67,322,582	67,981,385
Unrestricted	35,129,184	38,176,939
Total net position	$ 165,584,267	$ 169,576,288

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2021
(With Comparative Totals for 2020)

	2021	2020
OPERATING REVENUE:		
Customer billings	$ 21,519,986	$ 22,210,554
Grant revenue	1,110,679	2,413,110
Loan interest income	478,172	635,972
Other revenue	1,057,649	1,017,876
Total operating revenue	24,166,486	26,277,512
OPERATING EXPENSES:		
Depreciation and amortization	7,732,197	8,266,325
Salaries	6,223,254	5,951,184
Fringe benefits	3,585,789	2,697,162
Operation and maintenance	3,462,598	3,334,521
Wastewater treatment	1,243,889	1,272,973
Water purchases	621,586	569,593
Community benefits	823,177	861,006
Closure and post-closure costs	723,478	851,891
Grants	1,162,316	731,175
Office and administrative	427,718	447,032
Insurance	434,326	413,768
Automobile	322,998	318,917
Utilities	154,122	144,944
Materials and supplies	232,455	243,597
Professional fees	467,025	324,985
Computer	286,038	291,871
NYS administrative assessment	122,000	122,000
Repairs and maintenance	179,167	155,324
Bad debt expense (recovery)	(24,042)	630,223
Total operating expenses	28,180,091	27,628,491
Total operating loss	(4,013,605)	(1,350,979)
NON-OPERATING REVENUE (EXPENSE):		
Investment income	599,600	2,702,220
Gain on sale of capital assets	81,466	81,291
Bond issuance costs	-	(128,848)
Interest expense	(659,482)	(517,768)
Total non-operating revenue, net	21,584	2,136,895
CHANGE IN NET POSITION	(3,992,021)	785,916
NET POSITION - beginning of year	169,576,288	168,790,372
NET POSITION - end of year	$ 165,584,267	$ 169,576,288

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021
(With Comparative Totals for 2020)

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 25,575,227	$21,848,111
Receipts from grants	1,376,888	3,013,611
Cash payments to suppliers	(14,845,402)	(12,827,091)
Cash payments to employees	(6,116,299)	(5,907,771)
Net cash flow from operating activities	5,990,414	6,126,860
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(19,026,122)	(13,591,466)
Proceeds from sale of capital assets	160,545	84,976
Proceeds from issuance of long-term debt	-	12,179,428
Payment of bond issuance costs	-	(128,848)
Payments on long-term debt	(949,342)	(763,783)
Interest paid	(662,270)	(519,425)
Net cash flow from capital and related financing activities	(20,477,189)	(2,739,118)
CASH FLOW FROM INVESTING ACTIVITIES:		
Receipts of interest	913,361	1,973,989
Unrealized loss on investments	(249,043)	748,730
Net purchases of investments	(68,276)	11,246,408
Deposits into other postemployment benefit reserve fund	(144,338)	(759,813)
Net purchases of restricted assets	1,956,469	(6,725,800)
Change in funds held by trustee	12,014,276	(11,541,658)
Net cash flow from investing activities	14,422,449	(5,058,144)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(64,326)	(1,670,402)
CASH AND CASH EQUIVALENTS - beginning of year	5,619,390	7,289,792
CASH AND CASH EQUIVALENTS - end of year	$ 5,555,064	$ 5,619,390
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating loss	$ (4,013,605)	$ (1,350,979)
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation and amortization	7,732,197	8,266,325
Amortization of debt issuance costs	(55,277)	-
Bad debt expense	(24,042)	630,223
Change in Deferred outflows of resources	(2,586,499)	772,292
Change in Deferred inflows of resources	472,352	(1,406,318)
Landfill closure and post-closure care costs	(2,617,184)	791,570
Postemployment benefits expense	(483,082)	358,384
Change in:		
Accounts receivable	367,655	(409,794)
Accrued unbilled revenue	(3,995)	(97,873)
Loans receivable	2,243,786	(1,539,649)
Inventory	4,835	10,424
Prepaid expenses and other assets	17,443	(118,152)
Accounts payable and accrued expenses	738,735	(515,971)
Unearned revenue	257,502	1,303
Net pension liability	3,939,593	735,075
Net cash flow from operating activities	$ 5,990,414	$ 6,126,860

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation
GASB requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. These classifications are defined as follows:

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

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

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

Comparative Financial Statements
The financial statements include certain prior year summarized comparative information in total but not in the same detail used for current year presentation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2020, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications
Certain reclassifications have been made to the 2020 financial statements to conform to the current year presentation.

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

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

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

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

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

Allowance for Loan Losses
The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on past collection experience and an analysis of outstanding amounts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged to the provision for loan losses. An allowance for loan losses of $381,373 was considered necessary at March 31, 2021.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

3. NET POSITION

Restricted Net Position
The Authority maintains the following in restricted net position as of March 31, 2021:

Community rental housing program	$ 13,253,803
Community development loan fund	8,582,165
Affordable housing program	22,681,751
Army water and sewer line reserves	1,800,000
Regional waterline operating and debt service reserves	532,058
Wetlands mitigation	1,312,332
Reserve for liner expansion and replacement	12,359,374
Reserve for open access telecommunication networks	6,801,099
Total restricted net position	$ 67,322,582

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

The Authority maintains the following in unrestricted net position as of March 31, 2021:

Board designated net position:	
Administrative reserve / supplemental insurance	$ 4,000,000
Infrastructure development	223,107
Capital reserves	9,063,946
Materials Management - tip fee stabilization, recycling and landfill gas reserves	6,063,156
Economic development fund	5,486,722
Affordable housing	3,000,000
	27,836,931
Undesignated net position	7,292,253
Total unrestricted net position	$ 35,129,184

4. CONTRACTUAL AGREEMENTS

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

Host Community Agreement
In 1993, the Authority entered into an agreement with the Town of Rodman (the Town) to locate a Materials Management Facility within the Town. This agreement requires the Authority to pay a quarterly fee, which is adjusted each year by the consumer price index, on a per-ton of waste received basis. The agreement also requires a minimum host community fee of $50,000 for each year the Materials Management Facility is in actual operation. This agreement was revised in fiscal year 2011. Under the terms of the revised agreement, the Town receives a 75% reduction in tipping fees. Additionally, the Authority pays the Town 50% of the first $100,000 of the proceeds from the sale of energy at the gas-to-energy plant, 25% of the next $100,000 of proceeds and 10% thereafter. Host community benefits expense was $719,411 in 2021.

Gas-to-Energy Plant Agreement
In fiscal year 2009, the Authority entered into a lease agreement with a Company for the construction and operation of a gas-to-energy plant at the Materials Management Facility. The Company constructed the plant and installed the necessary equipment on the Authority's property in order to convert the methane gas produced by the Materials Management Facility into energy. The title for the plant was transferred to the Authority. The Authority entered into a direct financing lease with the Company for the plant and equipment for $1 per year plus 50% of revenues derived from the energy created for a period of 20 years. As this lease is a direct financing lease, the related assets are not included in the Authority's financial statements at year-end. This lease includes two five-year renewal options and a $1 purchase agreement for the equipment at the end of the lease. The contingent rental benefits related to this agreement amounted to $525,681 in 2021, and are recorded in other revenue on the accompanying statement of revenue, expenses and change in net position.

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

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

4. CONTRACTUAL AGREEMENTS (Continued)

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

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

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

5. ACCOUNTS RECEIVABLE

Accounts receivable are due within one year and consisted of the following at March 31, 2021:

Materials Management Facility	$ 930,036
Water Quality	230,100
Telecommunications network	1,101,065
Engineering	59,619
Other	353,416
	2,674,236
Less: Allowance for doubtful accounts	(55,079)
	$ 2,619,157

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

Total deposits of cash and cash equivalents not controlled by the Trustee (including certificates of deposit and money market funds) are as follows at March 31, 2021:

Demand deposits	$ 5,989,004
Time deposits	1,560,497
	$ 7,549,501

Custodial Credit Risk

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

All investments were fully secured at March 31, 2021. Total investments by type are as follows at March 31, 2021:

Money Market	$ 11,918,954
United States Treasury obligations/Government agencies	4,631,733
Certificates of deposit	12,384,689
	$ 28,935,376

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Fair Value

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

The Authority has the following fair value measurements as of March 31, 2021:

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

Custodial Credit Risk - Deposits

At March 31, 2021, the carrying amounts of the Authority's cash and cash equivalents held in time deposit accounts was $5,555,064 and the amount of restricted assets held in time deposit accounts was $14,323,539 and was exposed to custodial credit risk as follows:

	Bank Balance	Carrying Amount
Cash and cash equivalents	$ 6,154,534	$ 5,555,064
Restricted assets	14,323,539	14,323,539
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	20,406,250	
	$ 20,906,405	

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

7. RESTRICTED ASSETS

Restricted assets are held for the following purposes at March 31, 2021:

Landfill Closure and Post-Closure Care	$ 15,576,249
Telecommunications Network	10,504,654
Replacement and Liner at Materials Management Facility	12,307,608
Affordable Housing Program	10,602,801
North Country Economic Development	7,932,147
Community Rental Housing Program	5,111,408
Community Development Loan Fund	4,101,547
Army Water and Sewer Line	2,967,503
Wetlands Mitigation	1,312,332
Regional Waterline Operating and Debt Service Reserves	487,702
	$ 70,903,951

7. RESTRICTED ASSETS (Continued)

For restricted assets, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than $25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured. All restricted assets were fully secured at March 31, 2021.

Restricted assets consisted of the following at March 31, 2021:

Certificates of deposit	$ 41,287,405
United States Treasury obligations/Government agencies	11,682,905
Money market funds	17,826,088
Accrued interest receivable	107,553
	$ 70,903,951

8. LOANS RECEIVABLE

Loans receivable are summarized as follows at March 31, 2021:

Loans receivable:	
Affordable Housing Program	$ 13,397,436
Community Rental Housing Program	11,744,867
Community Development Loan Fund	6,079,793
North Country Economic Development Loan Fund	2,547,053
Development Authority Economic Development Loan Fund	48,287
	33,817,436
Less allowance for loan loss	(381,373)
Loans receivable, net	$ 33,436,063

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2021.

	Current	30 - 59 Days	60 - 89 Days	≥ 90 Days	Total Past Due	Non-accrual	Total Loans Receivable
Affordable Housing Program	$ 13,355,553	$ 41,883	$ -	$ -	$ 41,883	$ -	$ 13,397,436
Development Authority Economic Development Loan Fund	48,287	-	-	-	-	-	48,287
Community Rental Housing Program	11,744,867	-	-	-	-	-	11,744,867
Community Development loan fund	6,074,699	5,094	-	-	5,094	-	6,079,793
North Country Economic Development loan fund	2,544,970	2,083	-	-	2,083	-	2,547,053
Total	$ 33,768,376	$ 49,060	$ -	$ -	$ 49,060	$ -	$ 33,817,436

8. LOANS RECEIVABLE (continued)

Activity in the allowance for loan losses is as follows for the year ended March 31, 2021:

Balance, beginning of year	$ 402,173
Loans charged off	(20,800)
Allowance provisions	-
Balance, end of year	$ 381,373

The following summarizes the ending loan receivable balances individually and collectively evaluated for impairment, as well as the allowance for loan loss allocation for each at March 31, 2021.

	Ending Loan Balance			Allowance for Loan Losses		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Loans Individually Evaluated for Impairment	Loans Collectively Evaluated for Impairment	Total
Commercial loans	$33,817,436	$ -	$33,817,436	$ -	$ 381,373	$ 381,373

There were no impaired loans at March 31, 2021.

9. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2021 was as follows:

	Balance April 1, 2020	Additions	Transfers	Disposals	Balance March 31, 2021
Land	$ 1,620,224	$ -	$ 86,475	$ -	$ 1,706,699
Construction-in-progress	12,971,762	17,717,982	(7,888,570)	(59,241)	22,741,933
Total non-depreciable assets	$ 14,591,986	$ 17,717,982	$ (7,802,095)	$ (59,241)	$ 24,448,632
Construction:					
Materials Management Facility	$ 75,969,476	$ -	$ 6,118,066	$ -	$ 82,087,542
Water Quality	40,518,779	-	15,000	-	40,533,779
Telecommunications network	44,927,385	169,719	839,504	-	45,936,608
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	9,404,640	951,180	144,172	(257,616)	10,242,376
Water Quality	2,126,388	-	374,792	-	2,501,180
Telecommunications network	19,502,342	57,001	-	310,559	19,869,902
Engineering	77,839	-	-	-	77,839
General and administrative	683,520	11,567	-	-	695,087
Vehicles:					
Materials Management Facility	35,854	-	-	-	35,854
Water Quality	56,470	-	-	-	56,470
General and administrative	988,854	118,673	-	(58,938)	1,048,589
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	-	30,119
Total at cost	194,575,972	1,308,140	7,491,534	(5,995)	203,369,651
Less: Accumulated depreciation and amortization for:					
Construction	(114,336,595)	(5,223,272)	-	-	(119,559,867)
Equipment	(21,630,468)	(2,314,567)	-	245,147	(23,699,888)
Vehicles	(566,219)	(194,358)	-	51,571	(709,006)
Leasehold improvements	(75,281)	-	-	-	(75,281)
Total accumulated depreciation and amortization	(136,608,563)	(7,732,197)	-	296,718	(144,044,042)
Total depreciable assets, net	$ 57,967,409	$ (6,424,057)	$ 7,491,534	$ 290,723	$ 59,325,609
Total capital assets, net	$ 72,559,395	$ 11,293,925	$ (310,561)	$ 231,482	$ 83,774,241

10. FINANCING ARRANGEMENTS

Loans payable activity for the year ended March 31, 2021 was as follows:

	Long Term Portion Beginning Balance	Increases	Decreases	Due Within One Year	Long Term Portion Ending Balance
Direct Borrowings:					
Unsecured loan payable to the State of New York in annual payments of $50,000 through March 2040. This loan does not bear interest.	$ 964,000	$ -	$ (50,000)	$ (50,000)	$ 864,000
Loan payable to the U.S. Department of Agriculture Rural Development in annual payments of $91,104, including interest at 4.50% through April 2036. The Authority's regional waterline assets secure this loan.	1,022,749	-	(45,080)	(47,111)	930,558
Note payable to NYS Housing Trust Fund. Principal is due in full on December 31, 2038 and is only payable upon loan repayment from ultimate loan recipient. This note does not bear interest. Funds were used to make an economic development loan.	600,000	-	-	-	600,000
Note payable to New York Job Development Authority. Principal is due in full on April 25, 2028 with one-third principal payments due in the 5th, 7th and final year of the note. The note bears interest at 1.0% commencing on June 30, 2019.	333,333	-	(333,333)	-	-
Unsecured note payable to the Village of Cape Vincent requiring quarterly payments ranging from $7,028 to $7,100, including interest at 2.0% through March 2049.	617,506	-	(15,928)	(16,213)	585,365
Loans payable	$ 3,537,588	$ -	$ (444,341)	$ (113,323)	$ 2,979,923

10. FINANCING ARRANGEMENTS (Continued)

Long-term debt revenue bond activity for the year ended March 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Due Within One Year	Long Term Portion Ending Balance
Series 2015 bonds maturing in annual amounts ranging from $225,000 to $490,000 through 2041 bearing interest ranging from 2.00% to 4.50%.	$ 7,540,000	$ -	$ (265,000)	$ (270,000)	$ 7,005,000
Series 2019 bonds maturing in annual amounts ranging from $240,000 to $650,000 through 2044 bearing interest ranging from 4.00% to 5.00%.	10,720,000	-	(240,000)	(250,000)	10,230,000
Unamortized bond (discount)/premium	1,362,861	-	(55,277)	-	1,307,584
Long-term revenue bond liabilities	$ 19,622,861	$ -	$ (560,277)	$ (520,000)	$ 18,542,584

Future Minimum Payments
The future minimum payments for the Authority's financing arrangements are as follows as of March 31, 2021:

	Principal	Interest	Total
2022	$ 633,323	$ 698,495	$ 1,331,818
2023	650,726	677,576	1,328,302
2024	678,226	654,700	1,332,926
2025	696,109	630,587	1,326,696
2026	723,813	603,989	1,327,802
2027 – 2031	4,069,459	2,579,563	6,649,022
2032 – 2036	4,881,749	1,764,254	6,646,003
2037 – 2041	5,827,773	874,812	6,702,585
2042 – 2046	2,605,720	180,225	2,785,945
2047 – 2051	81,348	3,271	84,619
	$ 20,848,246	$ 8,667,472	$ 29,515,718

Interest Paid
Interest paid on all financing arrangements during the years ended March 31, 2021 and March 31, 2020 were $662,270 and $488,471, respectively.

11. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Materials Management Facility (the Facility) landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs are incurred in phases as needed and post-closure care costs will be paid near or after the date that the landfill stops accepting waste. The Authority reports a portion of these closure and post-closure care costs as a liability in each period based on landfill capacity used as of the Statement of Net Position date. The $15,815,480 reported as landfill closure and post-closure care liability at March 31, 2021 represents the cumulative amount reported to date based on the use of 91% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated cost of closure and post-closure care of approximately $1,739,000 as the remaining estimated capacity is filled. These amounts are based on what it is estimated it would cost to perform all closure and post-closure care through 2055. The Authority expects to close the currently permitted landfill in 2025. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The Authority is in compliance with these requirements, and, at March 31, 2021, investments of $15,576,249 are held for these purposes. These investments are reported in restricted assets on the statement of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

Replacement

The Authority charges various tipping fees depending on the type of waste accepted at the Facility. Included in the tipping fee are charges per ton for the replacement of the Facility's equipment and infrastructure. The Authority considers the funds collected from these fees as restricted net assets as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2021, tipping fees of approximately $620,100 and were set aside for replacement. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for their specific purpose they are reclassified to capital assets.

Wetlands Mitigation

In 2015, the Authority established a wetlands mitigation account in order to fund the future expansion of the Facility. The Authority considers these to be restricted net assets as the Facility is required by law to mitigate the wetlands at the Facility in order to expand. The balance in this reserve was $1,312,332 at March 31, 2021.

Investment Income

The Authority has set aside funds in order to meet the future financial obligations of the Facility including closure and post-closure costs, replacement and debt repayments. Investment income on these funds is recorded as revenue/(loss) in the accompanying Statement of Revenue, Expenses and Change in Net Position and amounted to approximately $225,900 in 2021.

12. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority entered into a lease agreement with the New York State Office of General Services (NYSOGS) for office space effective September 1, 2020 and expiring on August 31, 2023. Under the terms of the lease, monthly payments of $8,884 are required. Total rental expense charged to operations amounted to $151,010 during the year ended March 31, 2021.

Contingencies

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

13. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

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

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

Contributions

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

2021	$797,000
2020	$767,000
2019	$714,000

13. PENSION PLAN (Continued)

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

At March 31, 2021, the Authority reported a liability of $5,248,617 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2021, the Authority's proportion was 0.0198206%.

For the year ended March 31, 2021, the Authority recognized pension expense of approximately $1,800,000.

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

At March 31, 2021, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 308,902	$ -
Changes in assumptions	105,682	91,255
Net difference between projected and actual earnings on pension plan investments	2,690,696	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	99,995	24,741
Contributions subsequent to measurement date	796,667	-
	$ 4,001,942	$ 115,996

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

2022	$ 524,291
2023	775,686
2024	992,106
2025	797,196
	$ 3,089,279

The Authority recognized $796,667 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2020, which will be recognized as a reduction of the net pension liability in the year ended March 31, 2022.

13. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuations used the following actuarial assumptions:

	March 31, 2020
Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	4.2% indexed by service
Investment rate of return	6.8% compounded annually, net of investment expenses
Projected cost of living adjustments	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2020 are summarized in the following table:

Asset type	Target allocations	Long-term expected real rate of return
Domestic equity	36%	4.05%
International equity	14%	6.15%
Private equity	10%	6.75%
Real estate	10%	4.95%
Absolute return	2%	3.25%
Opportunistic portfolio	3%	4.65%
Real asset	3%	5.95%
Bonds and mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-indexed bonds	4%	0.50%
	100%	

13. PENSION PLAN (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension (liability) asset calculated using the discount rate of 6.8% at March 31, 2021, as well as what the Authority's proportionate share of the net pension (liability) asset would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

		2021	
	1% Decrease (5.8%)	Current assumption (6.8%)	1% Increase (7.8%)
Proportionate share of net pension asset (liability)	$ 9,632,695	$ 5,248,617	$ 1,210,863

Pension Plan Fiduciary Net Position

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

	Pension Plan's fiduciary net position	Authority's proportionate share of Plan's fiduciary assumption net position	Authority's allocation percentage as determined by the Plan
Total pension liability	$ 194,596,261,000	$ 38,570,147	0.0198206%
Net position	(168,115,682,000)	(33,321,537)	0.0198206%
Net pension liability (asset)	$ 26,480,579,000	$ 5,248,610	0.0198206%
Fiduciary net position as a percentage of total pension liability	86.39%	86.39%	

14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Employees Covered by Benefit Terms

At March 31, 2021, the following employees were covered by the benefit terms:

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

OPEB Liability

The Authority's total OPEB liability of $4,950,122 was determined by using an actuarial valuation and measurement date of March 31, 2021.

Actuarial Assumptions and Other Inputs

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

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

Changes in the OPEB Liability

OPEB Liability as of March 31, 2020	$	5,433,204
Service cost		259,524
Interest		187,290
Changes in actual and expected		(862,191)
Benefit payments		(67,705)
OPEB Liability as of March 31, 2021	$	4,950,122

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	2021		
	1% Decrease (2.29%)	Discount Rate (3.29%)	1% Increase (4.29%)
OPEB Liability	$ 6,053,765	$ 4,950,122	$ 4,098,945

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

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

	2021		
	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
OPEB Liability	$ 4,027,480	$ 4,950,122	$ 6,164,687

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

For the year ended March 31, 2021, the Authority recognized OPEB expense of $340,164. At March 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Amortization of the difference between actual and expected experience	$ -	$ 898,478
Amortization of changes of assumptions or other inputs	171,716	-
	$ 171,716	$ 898,478

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

2022	$ (38,946)
2023	(38,946)
2024	(38,946)
2025	(38,946)
2026	(38,946)
Thereafter	(532,032)
	$ (726,762)

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL SCHEDULE OF REVENUE, EXPENSES AND CHANGE IN NET POSITION BY DEPARTMENT
FOR THE YEAR ENDED MARCH 31, 2021

	General and Administration	Solid Waste Management Facility	Water and Waste Water Operations	Telecommunications Network	Housing and Economic Development	Engineering	Total
OPERATING REVENUE:							
Customer billings	$ -	$ 8,526,460	$ 5,424,945	$ 6,275,593	$ 141,017	$ 1,151,971	$ 21,519,986
Grant revenue	5,851	248,245	-	-	855,120	1,463	1,110,679
Loan interest income	-	-	-	-	478,172	-	478,172
Other revenue	191,829	802,247	13,451	16,500	33,622	-	1,057,649
Total operating revenues	197,680	9,576,952	5,438,396	6,292,093	1,507,931	1,153,434	24,166,486
OPERATING EXPENSES:							
Depreciation and amortization	254,175	3,080,866	786,673	3,582,745	-	27,738	7,732,197
Salaries	1,154,302	1,659,522	1,189,357	1,261,520	332,373	626,180	6,223,254
Fringe benefits	526,753	1,104,600	757,827	624,108	207,946	364,555	3,585,789
Operation and maintenance	15,028	1,620,141	112,615	1,629,815	6,400	78,599	3,462,598
Wastewater treatment	-	225,903	1,017,986	-	-	-	1,243,889
Water purchases	-	-	621,586	-	-	-	621,586
Community benefits	-	719,411	-	-	103,766	-	823,177
Closure and post-closure costs	-	723,478	-	-	-	-	723,478
Grant	-	-	-	-	1,162,316	-	1,162,316
Office and administrative	184,063	60,514	59,104	78,794	5,476	39,767	427,718
Insurance	18,663	179,539	85,572	124,090	-	26,462	434,326
Bad debt	-	-	-	(3,242)	(20,800)	-	(24,042)
Automobile	1,018	22,654	195,562	91,294	-	12,470	322,998
Utilities	-	66,717	83,807	3,598	-	-	154,122
Materials and supplies	-	232,455	-	-	-	-	232,455
Professional fees	175,886	23,503	3,243	191,909	72,484	-	467,025
Computer	193,232	14,874	13,745	27,799	750	35,638	286,038
NYS administrative assessment	-	49,900	31,054	34,052	-	6,994	122,000
Repairs and maintenance	-	23,227	155,940	-	-	-	179,167
Engineering allocation	-	29,918	35,705	12,726	2,347	(80,696)	-
Administrative allocation	(2,170,806)	844,341	482,096	620,418	165,979	57,972	-
Total operating expenses	352,314	10,681,563	5,631,872	8,279,626	2,039,037	1,195,679	28,180,091
Total operating income	(154,634)	(1,104,611)	(193,476)	(1,987,533)	(531,106)	(42,245)	(4,013,605)
NON-OPERATING REVENUE (EXPENSE):							
Interest income	113,332	225,901	48,608	101,761	109,998	-	599,600
Gain on sale of capital assets, net	19,433	62,033	-	-	-	-	81,466
Bond issuance costs	-	-	-	-	-	-	-
Interest expense	-	(600,079)	(59,403)	-	-	-	(659,482)
Total non-operating revenue (expense)	132,765	(312,145)	(10,795)	101,761	109,998	-	21,584
CHANGE IN NET POSITION	$ (21,869)	$ (1,416,756)	$ (204,271)	$ (1,885,772)	$ (421,108)	$ (42,245)	$ (3,992,021)

The accompanying notes are an integral part of these schedules.

Schedule II

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL SCHEDULE OF NORTH COUNTRY ECONOMIC DEVELOPMENT FUND ACTIVITY (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2021

		Total
Funds held for others - beginning of year	$	10,412,025
Loan interest income		70,623
Recovered bad debt income		8,000
Investment income		88,114
Mark to market adjustment		(991)
Investment fees		(3,392)
Consulting expense		(8,000)
Bad debt expense		(87,264)
Change in fund		67,090
Funds held for others - end of year	$	10,479,115
Assets held for North Country Economic Development		
Investments	$	7,928,501
Loan interest receivable		3,561
Loans receivable		2,547,053
Funds held for others	$	10,479,115

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2021

	Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	$ 259,524	$ 248,401	$ 248,401	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.						
Interest	187,290	169,281	169,281							
Changes of benefit terms		-	-							
Differences between expected and actual experience	(862,191)	-	(99,163)							
Changes in assumptions		-	208,511							
Benefit payments	(67,705)	(59,298)	(53,275)							
Total change in total OPEB liability	(483,082)	358,384	473,755							
Total OPEB liability - beginning	5,433,204	5,074,820	4,601,065							
Total OPEB liability - ending	$ 4,950,122	$ 5,433,204	$ 5,074,820							
Covered-employee payroll	$ 3,819,887	$ 4,287,573	$ 3,679,648							
Total OPEB liability as a percentage of covered-employee payroll	129.6%	126.7%	137.9%							

Notes to schedule:

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

	2021	2020	2019	2018–2012
Discount rate	3.29%	3.29%	3.29%	Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

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

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

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2021

	Last 10 Fiscal Years									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	0.020%	0.018%	0.018%	0.018%	0.017%	0.017%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.			
Proportionate share of the net pension liability (asset)	$ 5,248,617	$ 1,309,024	$ 573,949	$ 1,648,794	$ 2,709,904	$ 565,635				
Covered-employee payroll	$ 5,642,812	$ 5,462,255	$ 4,970,504	$ 4,620,918	$ 4,355,501	$ 4,052,840				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	93.01%	23.96%	11.55%	35.68%	62.22%	13.96%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%				

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2021

	Last 10 Fiscal Years									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 796,667	$ 766,847	$ 714,456	$ 683,563	$ 659,418	$ 601,067	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available			
Contributions in relation to the contractually required contribution	796,667	766,847	714,456	683,563	659,418	601,067				
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
Covered-employee payroll	$ 5,642,812	$ 5,462,255	$ 4,970,504	$ 4,620,918	$ 4,355,501	$ 4,052,840				
Contributions as a percentage of covered-employee payroll	14.12%	14.04%	14.37%	14.79%	15.14%	14.83%				

Bonadio & Co., LLP
Certified Public Accountants

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

June 23, 2021

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 23, 2021.

Internal Control Over Financial Reporting

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

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

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

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

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

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

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

June 23, 2021

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

Report on Compliance for Each Major Federal Program

We have audited the Development Authority of the North Country's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2021. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2021.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

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

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

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

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

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

Bonadio & Co., LLP

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2021

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant or Pass Through Number	Expenditures to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through Jefferson County: Home Investment Partnerships Program	14.239	M19-DC360512	$ 672,246	$ 707,246
Passed through Town of Ogdensburg: Community Development Block Grant	14.228	464HR324-19	3,410	3,410
Passed through Town of Gouverneur: Community Development Block Grant	14.228	464HR324-19	181,759	211,739
Total Community Development Block Grants			185,169	215,149
Total U.S. Department of Housing and Urban Development:			857,415	922,395
U.S. DEPARTMENT OF DEFENSE:				
Direct: Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	HQ00051810035	N/A	96,978
Total expenditures of federal awards				$ 1,019,373

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

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

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2021

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

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

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

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

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

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

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

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

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.

CASE STUDIES

The Development Authority of the North Country has completed multiple grant projects of similar size and scope including a $19 million ARRA grant, a $2.2 million NY State public emergency grant, a $2.2 Million Telemedicine Grant, and several others. We have chosen to showcase two very recent projects; Tupper Lake NBRC Grant and the ConnectALL Pilot Grant. We chose these projects as references because they are similar to the Municipal Infrastructure Program Grant with which we are applying. These projects are similar because in each case the Development Authority designed, constructed, and owns the infrastructure and SLIC Network Solutions provides the residential broadband service on the DANC infrastructure. A description of the projects and key metrics is shown below:

Tupper Lake NBRC Grant

The primary goal of this grant was to better utilize an existing DANC fiber line running through the community of Tupper Lake, to ensure that this fiber backbone benefits the businesses, residents, and economic development opportunities in the Town and Village of Tupper Lake.

The project was developed based on a survey done by the Tupper Lake broadband committee that showed that businesses and residents in the village area had very poor service, high prices, and the time to repair was typically several days.

The project created a municipal broadband network in Tupper Lake. The initial network included 5.5 miles of fiber for the business community; created 3 wireless hot-spots; and provided broadband access to 125 unserved homes via wireless technology, offering affordable broadband while positioning the town for enhanced services. Because the primary focus was the business community, DANC included an integrated 10Gbps GPON platform with active Ethernet for customers that required that service.

The project completed in late 2023 and customer activations recently commenced due to some last minute design changes.

The Town of Tupper Lake and DANC created an RFP to select a service provider and SLIC Network Solutions was the awarded service provider for the Tupper Lake GPON project.

ConnectALL Pilot Program Grant - Diana and Pitcairn

This project included a partnership with the New York Power Authority (NYPA) and was funded by the NY State ConnectALL office. The goal was to connect rural residential users across two northern NY Counties; Lewis and St. Lawrence counties. A secondary goal was to interconnect to NYPA optical ground wire (OPGW) to use for connecting to the customers in a rural area.

The total project included 40 miles of construction and passed 541 homes. Many of the homes are remote and some are seasonal.

10GPON technology was selected as the platform for this project. The service provider selected was SLIC Network Solutions because they specialize in residential last mile, already provide service in the area, and have many technicians in close proximity to assure rapid repair times.

Although this project was very recently turned up, DANC already has 77 users and customers are very happy.

DESCRIPTION	**TUPPER LAKE NBRC GRANT**	**CONNECTALL PILOT PROJECT - DIANA AND PITCAIRN**
Number of addresses served	445 included in the grant with an additional 1700 homes included in the design to allow for growth.	541
Number of businesses subcontracted	2 – but no marketing has occurred yet.	None as of yet – but very few businesses in the area.
Route miles constructed - Total costs - Make Ready - Permitting	5.5 $250,000 $2,500 (Municipal Electric) $13,000 for Perm 75	40 $2,300,000 $860,000 $74,000 (higher due to NYPA interconnect)
Technology Deployed	Integrated 10 Gbps GPON and active Ethernet for businesses	10 Gbps GPON
Service level Commitment Offered	4 hours to respond to site	4 hours to respond to site
Advertised download speed	Up to 1 Gbps	Up to 1 Gbps
Advertised upload speed	Up to 1 Gbps	Up to 1 Gbps
Monthly price for service	$72	$63
Signal latency and service reliability		
Project Delays	Finalizing agreement – Due to delays in each organization (DANC, Tupper Lake and SLICFiber), the agreement took 6 months to finalize.	Make Ready was considerably longer than expected.

Franklin County Project Timeline

Project Start Date * **6/1/2024**

Tasks	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Milestone	Q1 2026	Milestone	Q2 2026	Q3 2026	Q4 2026	Milestone
Design & Engineering													
Place Material Orders													
Submit Pole Applications													
Environmental Assessment Design													
Make Ready Surveys													
Make Ready Construction													
Environmental Assessment Approval													
Materials Delivered													
Fiber Construction													
Fiber Test and Turn-Up													
Installations at Homes/Businesses													
Milestones													
50% of Total Project Completed							**12/31/2025**						
Estimated Time to 1st Connections									**4/1/2026**				
100% of Total Project Completed													**12/31/2026**

* Based on CAO estimated date of 5/24/2024 for execution of incentive proposal

DANC Franklin County East Project

Network Design

Description of Technology:

In order to provide a full suite of comprehensive services, DANC and SLICFiber have combined to provide a combination GPON/active Ethernet network that will connect to the existing DANC middle mile network. The network will include 144 strands of fiber, 36 of which will be reserved for last mile residential fiber over the GPON platform. The remaining fiber will be connected to the existing DANC 2000 mile middle mile network for connectivity to one of 23 service providers to allow for competitive services for business customers. In addition to residential broadband we will offer dark fiber, wavelength, and active Ethernet services up to 100 gbps.

The network will start in the existing DANC Central Office in Saranac Lake. Utilizing the existing Central Office allows us to provide the services without an additional network node saving capital expenses. Additionally, customers will have access to the existing DWDM and 100 G Ethernet services available in Saranac Lake.

DANC will overlash the existing DANC network for 0.7 miles, then construct 35.8 miles of new fiber.

1. This project is composed of several distinct geographic and topological segments which utilize a common suite of electronics and physical infrastructure for last mile delivery of services. Middle mile and backhaul specifics are dependent on location, but at the core all use an MPLS capable network to deliver services to the last mile/distribution nodes.

2. For this project we will employ Nokia passive optics (Gigabit Passive Optical Network) XGS-PON (or equivalent) to power a Fiber-to-the-Premise architecture, making available voice and gigabit-capable data connections for every home passed. This technology is considered the premier solution in rural Fiber-to-the-Home applications. We will utilize the FX-4 and FX-8 hardware with 10Gb capable optics.

3. Our architecture employs a distributed split model with each PON port feeding a 1:8 splitter in the field which then cascades to 8 additional 1:4 splitters in proximity to customer locations. By the design, each PON port is configured to serve no more than 32 customers. The plant is designed for 100% coverage of locations. Using standard optics, we limit the maximum distance from the PON (OLT) port to less than 20km. In some instances, using long range optics, we will extend to a maximum of 40km to ensure efficient use of fiber and electronic resources. At each covered location we will terminate fiber into a Nokia XS-010X-Q 10G ONT to provide Internet and Voice services.

4. All connections are hard spliced in the field, reducing the possibility of connectorized failures and/or dirty connections effect on quality. Drops are hard spliced into the splitters, and at the service location there is an externally mounted splice box transitioning from drop fiber to flex

fiber that is also hard spliced. A pigtail is hard spliced on the terminal end of the flex fiber utilizing an SC-APC connector into the ONT.

5. OLTS will be installed in Nokia all-weather, heated, and air-conditioned enclosures (cabinets). Each enclosure is mounted on a 10x10 concrete pad with a post mounted roof to protect the enclosure (and servicing technicians) from direct weather. The enclosure is connected to commercial power and a standby propane generator (22 kw Eaton EGENA22) with an automatic transfer switch. The generator is exercised weekly and report status via standard SNMP traps. This project does not anticipate the need for additional cabinets beyond those already deployed.

6. Cabinets (access nodes) are located on private easements, and locations are determined by the centralization of the areas served.

7. ONTs will consist of Nokia XS-010X-Q ONT and optional Beacon 2 managed wireless router (or equivalent products). This combination is a carrier class direct fiber connected unit that provides 10Gb ports, POTS port, coupled with a Wifi 6 2x2 MIMO router with dual GB ethernet ports. It supports a full suite of gateway services including DHCP, Firewall, NAT, and parental controls to provide a secure, safe broadband experience for users. QoS is supported to ensure voice traffic is prioritized. Voice services are delivered to the ONT via a dedicated VLAN using MGCP. All units are deployed with Voice Lifeline service power sources with an option for an in-home, 8-hour battery backup and alarm monitoring. Customers will be given the option to upgrade to a 24-hour battery backup solution. The UPS provides backup of voice services compliant to Telcordia GR-909.

8. OLTs will consist of Nokia 7360 16 port multi-pon Access Platform (or equivalent). The 7360 consists of 1RU, 2 card units with a shared 100Gb backplane that provides 10G ethernet transport, and XGS-PON service delivery in hot swappable line cards. Each card is cable of supporting up to 16 XGS-PON ports, which in our deployed configuration will support up to 512 locations per card. The dual card configuration provides redundancy for uplink and transport, and each location will be dual homed for continuous service.

9. Our design will deploy XGS Dual rate SFP optics for service delivery, providing a symmetrical 10Gbps/s connection per PON. This configuration allows us to deploy service at extremely low oversubscription rates – and in many cases, depending on customer selected packages, results in zero over subscription per PON, providing significant expansion capability on the existing platform.

10. Each OLT will be connected to the transport network, either Nokia or Ciena (described below) via dual 10Gbp/s XFP with up to 80km backhaul capability. Interfaces will be configured utilizing ITU ERPS, RSTP and Link Aggregation as appropriate.

11. Cabinets are connected in a dual ring configuration, using physically redundant fiber paths when available.

12. Middle mile and backhaul architecture builds on the existing SLIC network, connecting the Nokia and Cienna backbone to the new cabinet, and expansion of existing cabinets.

13. Locations will be connected to Nokia gear in new cabinets. The traffic from these cabinets will be backhauled to the existing SLIC Transport Network which consists Nokia chassis connected in a ring configuration.

15. The entire network is backhauled to Tier 1 providers via the Development Authority of the North Country (DANC) Open Access Telecomm Network. DANC's network consists of an1,800-mile dual-ring, protected fiber network throughout the northern half of New York State. DANC's network consists of 29 strategically placed central offices and is powered by Ciena 6500 series and Infinera DWDM segments.

16. All data traffic is currently backhauled to a Juniper MX480 located in Potsdam, NY. A second MX480 of is installed in the Malone, NY PoP. The MX480 is connected via (4) 10Gbp/s protected circuits provided by DANC and connecting to 109 Warren St in Syracuse, NY. There is also (1) 10Gb/s connecting to the Internet Exchange in Montreal Canada which provides direct access to Amazon Webservice, Google, Microsoft and others. From Syracuse we have a (3) 10 Gbps/s connections to the Internet via Cogent and a fourth 10Gbp/s connection to Windstream. SLIC is also awaiting regulatory approval for the acquisition of Westelcom, which will provide alternate physical pathing as well as leveraging peering relationships with Netflix, Google, Microsoft and others in order to offload significant associated traffic on the SLIC data network and to provide improved accessibility times.

Demonstration of Currently Functional Network Meeting CAO Requirements Elsewhere:

This is the same network architecture deployed, with the exception of the upgrade to XGS-PON that was deployed in support of the Connect NY and New York Broadband programs and currently passes 45,000 locations across seven counties of the North Country.