

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, under current law interest on the 2023 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York) and, assuming continuous compliance with certain covenants described herein and reliance on certain representations, interest on the 2023 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986 (the “Code”), except for any 2023 Bond during any period in which such 2023 Bond is held by a person who is a “substantial user” of any of the facilities with respect to which the proceeds of the 2023 Bonds are used or by a “related person” of such substantial user, as such terms are used in section 147(a) of the Code. HOWEVER, THE 2023 BONDS WILL BE “SPECIFIED PRIVATE ACTIVITY BONDS,” THE INTEREST ON WHICH WILL BE AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. See “TAX MATTERS.”

\$5,810,000

COUNTY OF FRANKLIN

SOLID WASTE MANAGEMENT AUTHORITY (NEW YORK)

**Solid Waste System Revenue Bonds,
Series 2023**

Dated: Date of Delivery

Maturity Dates: June 1, as shown on the inside cover

The County of Franklin Solid Waste Management Authority (the “Authority”) is a public benefit corporation of the State of New York. The Authority’s Solid Waste System Revenue Bonds, Series 2023 (the “2023 Bonds”) are being issued primarily to provide permanent financing for the costs of the Project (as defined herein) being undertaken by the Authority.

The 2023 Bonds are special obligations of the Authority payable solely from the sources and secured as provided in the Authority’s Solid Waste System Revenue Bond Resolution adopted June 8, 1993, as amended to date (the “Bond Resolution”).

Interest on the 2023 Bonds is payable June 1, 2024 and semiannually thereafter on June 1 and December 1 of each year. The 2023 Bonds are subject to redemption prior to maturity as described herein.

THE 2023 BONDS ARE NOT OBLIGATIONS OF THE COUNTY OF FRANKLIN, NEW YORK, THE STATE OF NEW YORK OR ANY OTHER MUNICIPALITY OR PUBLIC CORPORATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF FRANKLIN, NEW YORK, THE STATE OF NEW YORK OR ANY OTHER MUNICIPALITY OR PUBLIC CORPORATION ARE PLEDGED TO THE PAYMENT OF AMOUNTS COMING DUE UNDER THE 2023 BONDS. THE AUTHORITY HAS NO TAXING POWERS.

The 2023 Bonds will be issued as fully-registered obligations under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the 2023 Bonds. Individual purchases of interests in the 2023 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. The Bank of New York Mellon, New York, New York, is the Trustee.

The 2023 Bonds are offered subject to an approving legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Certain legal matters in connection with the issuance of the 2023 Bonds will be passed on for the Underwriter by Orrick, Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed on for the Authority by Meyer, Fuller & Stockwell PLLC, Lake George, New York. Certain legal matters will be passed on for the County by Janelle Lavigne, Esq., County Attorney. Capital Markets Advisors, LLC, Great Neck, New York is serving as Financial Advisor to the Authority. It is anticipated that the 2023 Bonds will be available for delivery through The Depository Trust Company in New York, New York on or about September 12, 2023.

RAYMOND JAMES®

Dated: August 24, 2023

MATURITY SCHEDULE

\$5,810,000

**County of Franklin Solid Waste Management Authority (New York)
Solid Waste System Revenue Bonds, Series 2023**

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP¹
2024	\$170,000	5.000%	4.120%	353151CV3
2025	195,000	5.000	4.090	353151CW1
2026	205,000	5.000	4.030	353151CX9
2027	215,000	5.000	3.960	353151CY7
2028	225,000	5.000	4.050	353151CZ4
2029	235,000	5.000	4.100	353151DA8
2030	245,000	4.000	4.130	353151DB6
2031	255,000	4.000	4.160	353151DC4
2032	265,000	4.000	4.180	353151DD2
2033	275,000	4.000	4.250	353151DE0
2034	290,000	4.000	4.300	353151DF7
2035	300,000	4.000	4.400	353151DG5
2036	310,000	4.375	4.560	353151DH3
2037	325,000	4.500	4.690	353151DJ9
2038	340,000	4.500	4.800	353151DK6

\$1,960,000 5.000% Term Bonds Maturing June 1, 2043, Yield 5.080%, CUSIP¹ 353151DL4

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The data contained herein is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for reference only. Neither the Authority, the Underwriter, nor the Trustee are responsible for the accuracy of such numbers.

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY

828 County Route 20, Constable, New York 12926
(518) 483-8270

THE AUTHORITY

Brandon Titus, Chairman
Boyce Sherwin, Treasurer
Scott Premo
Kip Cassavaw
Scott Traynor
C. Curtis Smith

Todd Perry, Executive Director

Julie Clarke, Secretary/Vice Treasurer

FINANCIAL ADVISOR

Capital Markets Advisors, LLC

CONSULTING ENGINEER

Barton & Loguidice, DPC

AUTHORITY COUNSEL

Meyer, Fuller & Stockwell PLLC

BOND COUNSEL

Norton Rose Fulbright US LLP

AUDITORS

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

ACCOUNTANT

BST & Co. CPA's

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE OR MAINTAIN THE PRICE OF THE SECURITIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED HEREBY, INCLUDING OVER-ALLOTMENT AND STABILIZING TRANSACTIONS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY, THE COUNTY OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY OF THE SECURITIES OFFERED HEREBY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION.

THERE CAN BE NO ASSURANCE THAT A SECONDARY MARKET FOR ANY OF THE SECURITIES OFFERED HEREBY WILL DEVELOP, OR IF ONE DEVELOPS, THAT IT WILL PROVIDE HOLDERS WITH LIQUIDITY OR THAT IT WILL CONTINUE FOR THE LIFE OF THE SECURITIES.

This Official Statement contains forward-looking statements, including forecasts, projections and estimates that are based on current expectations or assumptions. The inclusion in this Official Statement of such forecasts, projections, and estimates and other forward-looking statements should not be regarded as a representation by the Authority, the County or the Underwriter that such forecasts, projections, and estimates will occur. Such forecasts, projections, estimates and other forward-looking statements are not intended as representations of fact or guarantees of results and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. These forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

NONE OF THE SECURITIES OFFERED HEREBY HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

relating to the

\$5,810,000

County of Franklin Solid Waste Management Authority (New York) Solid Waste System Revenue Bonds, Series 2023

INTRODUCTION

This Official Statement, including the cover page and appendices hereto, presents information relating to the County of Franklin Solid Waste Management Authority (the “Authority”), a public benefit corporation of the State of New York (the “State”), and was prepared by the Authority in connection with the sale of its \$5,810,000 Solid Waste System Revenue Bonds, Series 2023 (the “2023 Bonds”). This Official Statement also presents certain information regarding the County of Franklin (the “County”), and the County has authorized the inclusion of such information herein.

The 2023 Bonds are being issued under the County of Franklin Solid Waste Management Authority Act, Chapter 665 of the Laws of 1988, as amended, being Title 13-I of Article 8 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (the “Act”). The 2023 Bonds are authorized by the Authority to be issued pursuant to (i) a Solid Waste System Revenue Bond Resolution adopted on June 8, 1993 and amended by a Solid Waste System Revenue Bond Series Resolution adopted on April 18, 2012 (the “Bond Resolution”), and (ii) a Solid Waste System Revenue Bond Series Resolution adopted on July 26, 2023 (the “2023 Series Resolution” and, together with the Bond Resolution, the “Resolution”).

The 2023 Bonds are being issued primarily to provide permanent financing for the Project (as herein defined). See “THE PROJECT”, “PLAN OF FINANCE” and “PROJECT FINANCING TOTAL SOURCES AND USES”.

The 2023 Bonds are special obligations of the Authority payable solely from the sources as provided in the Bond Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS”.

The Authority and the County entered into a Solid Waste Management Services Agreement, dated as of May 1, 1993, as amended from time to time, including by the Amendment to Solid Waste Management Services Agreement, dated as of May 18, 1995, the Amendment to Solid Waste Management Services Agreement dated as of May 1, 2012, and an Amendment to Solid Waste Management Services Agreement to be entered into by the County and the Authority in connection with the issuance of the 2023 Bonds (the “Services Agreement”), pursuant to which the County agreed to make certain payments to the Authority, including reimbursement for debt service on the Authority’s Bonds, in consideration for the Authority providing solid waste management services within the County.

The Services Agreement is not a general obligation of the County. Neither the full faith and credit nor the taxing power of the County are pledged to the payment of amounts coming due under the Services Agreement. The Services Agreement does not constitute “debt” within the meaning of the Constitution and statutes of the State. In accordance with State law, any amounts payable by the County under the Services Agreement to meet its contractual obligations are subject to appropriation by the Legislature of the County.

Capitalized terms not defined herein shall have the meaning given those terms in the Resolution or the Services Agreement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Authority contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the 2023 Bonds and the proceedings of the Authority with respect thereto are qualified in their entirety by reference to the definitive forms of the 2023 Bonds and such proceedings.

The factors affecting the Authority, the County's financial condition and the 2023 Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex, this Official Statement should be read in its entirety.

THE 2023 BONDS

General Description

The 2023 Bonds are authorized pursuant to the Act and the Resolution. The 2023 Bonds will be dated their date of delivery, mature on June 1 of the years and in the amounts shown on the inside cover page hereof and will bear interest payable on June 1, 2024, and semiannually thereafter on June 1 and December 1 in each year, at the rates per annum set forth on the inside cover page hereof. The Record Date for the 2023 Bonds shall be the fifteenth day of the calendar month preceding each interest payment date. The 2023 Bonds will be issued as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof under a book-entry only system, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, the securities depository for the 2023 Bonds. See "BOOK-ENTRY ONLY SYSTEM."

Optional Redemption

The 2023 Bonds maturing after June 1, 2033 are subject to redemption prior to maturity at the option of the Authority on and after June 1, 2033 at a redemption price of 100% of the principal amount thereof together with the interest accrued thereon to the date fixed for redemption. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Mandatory Sinking Fund Redemption

The 2023 Bonds maturing on June 1, 2043 are subject to mandatory redemption in part on June 1 of each of the years and in the respective principal amounts set forth below, at a redemption price of 100% of the principal amount thereof together with the interest accrued thereon to the date fixed for redemption which are required to be made in amounts sufficient to redeem the principal amounts of 2023 Bonds specified for each of the dates shown below:

<u>Maturing (June 1)</u>	<u>Principal Amount</u>
2039	\$355,000
2040	375,000
2041	390,000
2042	410,000
2043 [†]	430,000

[†] Stated maturity

Any Sinking Fund Installment may, at the option of the Authority, be reduced by all or any portion of the principal amount of 2023 Bonds subject to redemption by such Sinking Fund Installment that have been acquired or redeemed otherwise than by application of Sinking Fund Installments and have not previously been applied to such a reduction.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2023 Bond certificate will be issued for each principal amount of the 2023 Bonds maturing on a specified date and bearing interest at a specified rate, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial

ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2023 Bonds documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Agent, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Authority or Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2023 Bonds certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE AUTHORITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE 2023 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE 2023 BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE 2023 BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE 2023 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE AUTHORITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE 2023 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE 2023 BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE AUTHORITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE PROJECT

General Description

The project to be financed with proceeds of the 2023 Bonds consists of the engineering and construction work associated with the phased replacement of the Authority's registered and operational municipal solid waste ("MSW") transfer stations in Lake Clear and Malone. This will include the construction of two new transfer stations and improvements directly related to such replacements.

Lake Clear and Malone Transfer Station Construction

The project to be financed with proceeds of the 2023 Bonds consists of the engineering, construction and equipping of an approximate 6,000 square foot transfer station at both the Authority's Lake Clear and Malone current transfer locations that would meet the New York State Department of Environmental Conservation ("NYSDEC" or "DEC") requirements (the "Project"). Both stations will be similar in design and will replace the existing waste transfer stations that have been in service for approximately 30 years. The stations will allow the Authority to utilize larger trailers in moving the waste within its system and improve waste transfer efficiency. Major work items included within the Project include excavations to achieve the required subgrade separation elevations and construction of

pre-engineered metal buildings for waste transfer, traffic and roadway improvement, storm water improvements and electrical connections. To minimize operational disruptions to the Authority's system only one transfer station will be constructed at a time. Following completion of the Lake Clear station the Malone station will be completed.

Estimated Project Costs

Set forth in the table below are the estimated costs of the Project (excluding financing costs):

Construction of Lake Clear Transfer Station	\$2,400,000
Construction of Malone Transfer Station	<u>2,750,000</u>
TOTAL	\$5,150,000

PLAN OF FINANCE

The proceeds of the 2023 Bonds will be used to (a) fund a subaccount of the Construction Fund to pay for Project costs, (b) fund the Debt Service Reserve Fund and (c) pay for costs of issuance. All funds held in the Construction Fund will be disbursed by the Trustee to pay costs of the Project based on requisitions submitted to the Trustee by the Authority in accordance with the Resolution.

PROJECT FINANCING TOTAL SOURCES AND USES

Sources

Par Amount of 2023 Bonds	\$5,810,000
Net Original Issue Discount	(37,371)
Authority Equity	<u>140,290</u>
Totals	\$5,912,918

Uses

Project Costs	\$5,150,000
COI and Underwriter's Discount	253,185
Debt Service Reserve Fund Deposit	<u>509,734</u>
Totals	\$5,912,918

⁽¹⁾ Totals may not add due to rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS

General

The 2023 Bonds are special obligations of the Authority payable solely from revenues, receipts, property, rights and interests of the Authority pledged therefor or otherwise available to the Trustee under the Resolution for the payment thereof. The Authority has no taxing power.

Pledge Securing Bonds

Subject only to the right of the Authority to cause amounts to be withdrawn from the Revenue Fund and paid into the Operating Fund, the Revenues and all moneys and securities paid or to be paid to or held or to be held by the Trustee under the Resolution (but excepting any amounts deposited in the Closure Fund, the Post-Closure Monitoring Fund and the Rebate Fund), are pledged to secure the payment of the principal of, Sinking Fund Installments, redemption premium, if any, and interest on Bonds. The Revenues, as received by the Authority, any amounts payable by the County to the Authority

pursuant to the Services Agreement and other moneys pledged will immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge and the obligation to perform the contractual provisions made have priority over any or all other obligations and liabilities of the Authority, and the lien of this pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

Rate Covenant

The Authority has covenanted that it will adopt Tipping Fee schedules, User Fees imposed by the Authority or imposed by the County and subsequently forwarded to the Authority, other payments payable by the County, including County Payments, and/or other charges for the use, provision of and/or operation of the System, and will, from time to time, revise said Tipping Fee schedules, User Fees imposed by the Authority or imposed by the County and subsequently forwarded to the Authority, other payments payable by the County, including County Payments, and/or other charges in such manner that the Revenues will be sufficient for so long as any Bonds are outstanding to produce or yield, in each Fiscal Year, an amount which will at all times

- (1) be equal to the sum of:
 - (i) an amount adequate to pay all Operating Expenses of the System;
 - (ii) an amount equal to one hundred and fifteen percent (115%) of Debt Service on the Bonds with respect to such Fiscal Year, excluding any amounts required to be paid under subparagraphs (iv), (v) and (vi) of this paragraph (1) and without recourse to or withdrawal from the Debt Service Reserve Fund but taking into account any capitalized interest and any amounts withdrawn from the Rate Stabilization Fund;
 - (iii) an amount adequate to maintain the Debt Service Reserve Fund in an amount equal to one hundred percent (100%) of Maximum Annual Debt Service on the Bonds;
 - (iv) an amount, if any, provided in the Annual Budget for such Fiscal Year to be paid into the Cell Addition Fund;
 - (v) an amount adequate to maintain the Closure Fund and the Post-Closure Monitoring Fund in an amount equal to the current requirement for such Fund recommended by NYSDEC;
 - (vi) an amount, if any, provided in the Annual Budget for such Fiscal Year to be paid into the Rate Stabilization Fund; and
- (2) be adequate to comply in all respects with the terms and provisions of the Bonds, the Resolution and the Act.

For purposes of determining compliance with the requirements of the Resolution, any transfers by the Authority pursuant to the Resolution from the Rate Stabilization Fund to any other fund established under the Resolution will be treated as Revenues.

Debt Service Reserve Fund

The Bonds, including the 2023 Bonds, will be secured by a Debt Service Reserve Fund in an amount equal to the lesser of (i) the greatest amount of Aggregate Debt Service for the then current or any future Fiscal Year or (ii) the maximum amount which, in the opinion of Bond Counsel, is permitted to be deposited in the Debt Service Reserve Fund from Bond Proceeds without causing the interest on the Bonds to be includable in the gross income of the owners thereof (the “Reserve Requirement”). Amounts held for the credit of the Bonds in the Debt Service Reserve Fund may be used only to pay principal of and interest on the Bonds in the event that all other amounts held by the Trustee and available therefor are insufficient.

The Debt Service Reserve Fund shall be fully funded at closing with cash or Qualified Investments (as defined in the Bond Resolution) in an amount equal to the Reserve Requirement. Moneys in the Debt Service Reserve Fund shall not be invested in any Qualified Investment with a term to maturity of greater than ten (10) years, unless such Qualified Investment may be liquidated at or above par by or on behalf of the Trustee, in whole or in part, as needed to fund withdrawals from the Debt Service Reserve Fund. The Trustee is required to determine the value of the Debt Service Reserve Fund investments for the Bonds no less frequently than semiannually (and monthly from the date of any deficiency until such deficiency is cured).

The Authority is required to make monthly payments sufficient to restore the Debt Service Reserve Fund to the Reserve Requirement in an amount equal to (a) if the amount on deposit is less than the Reserve Requirement due to a withdrawal from such Fund, 1/12th of the amount which, when added to the aggregate on deposit in such Fund following the withdrawal, will increase the total amount on deposit in such Fund to an amount equal to the Reserve Requirement on all Outstanding Bonds as calculated on such date; and (b) if the amount on deposit is less than the Reserve Requirement due to a valuation of such Fund in accordance with the provisions of the Resolution and the applicable Series Resolutions, 1/60th of the amount which, if added to the total amount on deposit in such Fund following such valuation will increase the total on deposit in such fund to an amount equal to the Reserve Requirement on all Outstanding Bonds as calculated on such date.

Issuance of Additional Bonds

The Bond Resolution permits the issuance of Additional Bonds on a parity with Outstanding Bonds, including the 2023 Bonds. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

Non-Refunding Additional Bonds. If Additional Bonds are authorized for any purpose other than the refunding of indebtedness, a certificate of the Consulting Engineer must be delivered to the Trustee stating:

- (i) its opinion that (x) the Additional Bonds are required for casualty losses or regulatory compliance or (y) the improvement or improvements described in the Series Resolution is (or are) a part of the System being financed; and
- (ii) the estimated cost of the improvements described in the Series Resolution and its opinion that the proceeds of the Additional Bonds, together with other available moneys, will be sufficient to pay such cost;
- (iii) the estimated completion date for the construction of such improvements; and
- (iv) the estimated date when such improvements will be placed in operation.

Additional Bonds for Improvements. If Additional Bonds are authorized for Additions, Extensions or Replacements, the following, *inter alia*, must be delivered to the Trustee:

(i) A certificate of an Authorized Officer of the Authority certifying that Net Revenues adjusted as provided below for twelve (12) consecutive months out of the fifteen (15) months or the fiscal year immediately preceding the issuance of such Additional Bonds provided at least 1.15 times coverage of Maximum Annual Debt Service on all Outstanding Bonds. For purposes of this test, Net Revenues may be adjusted for:

(A) changes in Tipping Fees and User Fees charges adopted subsequent to the start of such twelve (12) month period but prior to the date of issuance of such Additional Bonds; and

(B) the estimated change in Net Revenues resulting from agreements entered into with entities outside of the County for the disposal of Solid Waste by the Authority within one (1) year following completion of any project to be funded from the proceeds of such Additional Bonds.

For purposes of determining compliance with the requirements of paragraph (i) above, any transfers by the Authority from the Rate Stabilization Fund to any other fund established under the Resolution shall be treated as Revenues.

(ii) A certificate of the Accountant setting forth, for the then current and the next five Fiscal Years, estimates of Revenues giving effect to (A) the construction of any portions of the System not yet completed if the Cost to complete such portions has been provided, or will be provided from the issuance of such Additional Bonds, (B) any adjustment of Tipping Fees and User Fees which shall have been placed in effect subsequent to the beginning of the twelve-month period referred to in paragraph (i)(A) above, as if such Revenue adjustment had been in effect from the beginning of such period until the effective date of any subsequent adjustment presumed necessary and (C) any adjustment of Tipping Fees and User Fees which, in the judgment of the Accountant, would be necessary to comply with the provisions of the Resolution, as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment;

(iii) A certificate of the Consulting Engineer setting forth (A) for the years and taking into account the assumptions specified for the certificate of the Accountant, estimates of the Operating Expenses giving effect to the construction of such portion of the System for which such Series of Additional Bonds is being issued, (B) the estimated total cost of construction of such portion of the System and (C) the estimated date of completion of such portion of the System; and

(iv) A certificate of an Authorized Officer of the Authority or the Accountant stating that the ratings of any Outstanding Bonds have not been lowered as a result of the issuance of such Additional Bonds.

Solid Waste Management Services Agreement

The Authority and the County entered into the Services Agreement, pursuant to which the County agreed to pay a Service Fee to the Authority in consideration for the Authority providing solid waste management services within the County. The Services Agreement is not a general obligation of the County. Neither the full faith and credit nor the taxing power of the County are pledged to the payment of amounts coming due under the Services Agreement. The Services Agreement does not constitute “debt” within the meaning of the Constitution and statutes of the State. In accordance with State law, any amounts payable by the County under the Services Agreement to meet its contractual obligations are subject to appropriation by the Legislature of the County. In addition, the Trustee is a third party beneficiary under the Services Agreement for purposes of directly enforcing the County’s payment obligation thereunder. See “THE SERVICES AGREEMENT” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SERVICES AGREEMENT.”

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DEBT SERVICE ON THE OUTSTANDING BONDS

The following schedule sets forth, for each 12-month period ending June 30 of the years shown, the amounts required to be paid by the Authority for the debt service for the Outstanding Bonds (including the 2023 Bonds). Totals may not add due to rounding.

Year Ending June 30,	Debt Service on the Outstanding Bonds (excluding 2023 Bonds)⁽¹⁾	Debt Service on the 2023 Bonds	Total Aggregate Debt Service on the Outstanding Bonds (including 2023 Bonds)
2024	\$2,648,968	\$363,486	\$3,012,454
2025	2,637,311	455,438	3,092,749
2026	2,642,485	455,688	3,098,173
2027	2,638,601	455,438	3,094,038
2028	1,606,456	454,688	2,061,143
2029	1,604,979	453,438	2,058,417
2030	1,601,835	451,688	2,053,522
2031	1,592,240	451,888	2,044,128
2032	1,589,259	451,688	2,040,947
2033	1,203,715	451,088	1,654,802
2034	1,196,114	455,088	1,651,201
2035	1,187,600	453,488	1,641,088
2036	1,183,174	451,488	1,634,662
2037	1,172,636	452,925	1,625,561
2038	1,161,264	453,300	1,614,564
2039	1,153,857	453,000	1,606,857
2040	1,145,338	455,250	1,600,588
2041	-	451,500	451,500
2042	-	452,000	452,000
2043	-	451,500	451,500
TOTAL	\$27,965,832	\$8,974,061	\$36,939,893

⁽¹⁾ Includes debt service on all of the Authority's outstanding Bonds, including the Bonds sold by the Authority in a private transaction in 2016 to the New York State Environmental Facilities Corporation under its Clean Water State Revolving Fund ("CWSRF") program, \$9,590,000 of which remained outstanding as of June 30, 2022 (the "EFC Bonds"). The final maturity of the EFC Bonds is July 1, 2039. The EFC Bonds qualified for an annual CWSRF interest rate subsidy, which in fiscal year 2023 was \$112,839 and will decline proportionately with the declining interest due on the EFC Bonds as they are retired over time. The debt service listed above includes the gross interest payable on the EFC Bonds without regard to the CWSRF program interest subsidy.

THE AUTHORITY

Introduction

The Authority is a New York State public benefit corporation created in 1988 pursuant to the Act. The Act authorizes the Authority, among other things, (i) to plan, develop and construct solid waste management facilities; (ii) to acquire interests in real and personal property, and to dispose of them; (iii) to 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) to contract with governments, including the County and local governments within the County, in relation to its activities; (v) to borrow money and to issue bonds; and (vi) to 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 Authority is comprised of seven members appointed by the Legislature of the County. Members serve for three (3) year terms with two (2) or three (3) such terms expiring in three (3) successive years. Each member currently serving represents a separate county election district. There is currently one vacant member position. The Legislature has resolved to permit successors to sitting members to be appointed by the County legislator representing the district of the member whose term then expires. The Act provides that members serve until their respective successors are appointed and qualify. The members of the Authority and the expiration of their terms of office are as follows:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Brandon Titus	Chairman	December 31, 2025
Boyce Sherwin	Treasurer	December 31, 2024
Scott Premo	Member	December 31, 2025
Kip Cassavaw	Member	December 31, 2023
Scott Traynor	Member	December 31, 2025
C. Curtis Smith	Member	December 31, 2024

Authority Staff

Todd Perry is the Executive Director of the Authority. Mr. Perry was appointed Executive Director of the Authority in April 2019. Previously, Mr. Perry had served since June 2016 as Landfill Engineer. He is a graduate of Rochester Institute of Technology in civil engineering.

Julie Clarke has been employed with the Authority since June 1995 as an Account Clerk/Typist. In 2010 she became part time still working for the Authority as an Account Clerk. Julie rejoined in April 2019 back to full time status as an Account Clerk and Secretary to the Board.

Including the Executive Director, who serves as the Landfill Engineer, and Julie Clarke, the Authority employs a staff of 26 full-time and three part-time employees as follows:

At the Landfill: Executive Director, Secretary/Vice Treasurer, one scale operator/typist, five Landfill operators, two mechanics, one welder, and two Landfill caretakers (13 total, including Mr. Perry and Mrs. Clarke);

Transfer Stations: 3 operators at each transfer station (total of 9) and 3 part-time operators (12 total); and

Transfer System: 4 vehicle operators.

Audited Financial Statements

The Authority operates under a June 30 fiscal year and has its financial statements audited each year. The financial statements of the Authority for fiscal year 2022 were audited by R.A. Mercer & Co., P.C. For copies of the audited financial statements of the Authority for the fiscal year ending June 30, 2022, see “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY”.

Given the relationship between the Authority and the County, including pursuant to the Services Agreement, further information regarding the County is set forth in “THE COUNTY”, “APPENDIX E – SELECTED INFORMATION REGARDING THE COUNTY” and “APPENDIX F – AUDITED FINANCIAL STATEMENTS OF THE COUNTY”.

Accounting

For fiscal years 2014 through 2018, the Authority's accountants stated, in their annual reports "on internal control over financial reporting" (the "Internal Control Reports") which accompanied the Authority's financial statements, that the Authority had a "material weakness" in its internal controls relating to the recording of expenses and related liabilities, consistent with the accrual basis of accounting used by the Authority in reporting its financial statements. Each of the Internal Control Reports also identified a significant deficiency in the Authority's internal controls related to "segregation of duties," noting that "the cash receipts [were] collected by the same person who has access to all of the accounting records."

In an effort to improve financial reporting processes and internal controls, the Authority outsourced its accounting function to BST & Co. CPAs, LLP ("BST"), effective July 1, 2020. BST is a multi-dimensional professional service firm, consisting of over 120 employees, that provide audit, accounting, tax, wealth management and advisory services to its customer base. BST currently works with over 120 state and local governments throughout the northeastern United States, including several solid waste authorities.

BST and Authority staff interact on a regular basis to help ensure the accuracy of financial information. In addition, BST interacts with the Authority's independent auditor, R.A. Mercer & Co., P.C. as part of the annual external audit process. The two most recent 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, covering June 30, 2022 and 2021, did not identify any material weaknesses or significant deficiencies in internal control over financial reporting, respectively.

State Comptroller Audit Report

In December 2017, the Office of the State Comptroller of the State (the "OSC") delivered a report on its examination of the Authority's "Solid Waste and Recycling Charges and Host Community Fees" for the period from July 1, 2015 to August 31, 2016 (the "OSC Report"). The OSC Report identified two general categories of concern and made recommendations in those two categories. The first category related to matters concerning rates and financial affairs. The second category related to the host community fees payable by the Authority under the Host Agreement with the Towns of Westville and Constable, in which the Landfill is located.

Prior to public release of the OSC Report, the OSC had reviewed its findings and recommendations with the Authority and the Authority had submitted a combined response and action plan to the OSC, a copy of which is included in the OSC Report. The OSC Report, including the Authority's responses to the OSC, is available on the OSC's website at <https://www.osc.state.ny.us/localgov/audits/publicauth/2017/franklin-county-waste.pdf>.

The Authority has responded to all OSC recommendations and implemented recommended practices and new procedures as applicable.

THE SERVICES AGREEMENT

On May 1, 1993, the Authority and the County entered into the Services Agreement. The Services Agreement contemplates that the Authority would undertake site selection, permitting, and design of the Landfill and other necessary solid waste facilities to serve the long-term needs of the County. Broad powers are delegated to the Authority for the development and operation of all interests of the Authority

in real and personal property, including any facility owned, operated, or used by the Authority (the “System”).

The Services Agreement obligates the County to deliver, or cause to be delivered, all of the municipal solid waste produced within its boundaries to the Authority and to make certain payments to the Authority in return for the Authority providing solid waste management services within the County. Conversely, the Services Agreement obligates the Authority to accept and dispose of all MSW delivered to the System by or on behalf of the County.

County Delivery Obligation; Flow Control Ordinance

The County passed a revised flow control ordinance, Local Law #3, in 2007 (the “Flow Control Ordinance”) to better enable it to meet its waste delivery obligations under the Services Agreement. The Flow Control Ordinance requires all private haulers of solid waste and recyclables within the County to deliver all of the solid waste (including recyclable materials) collected by such haulers within the County to the Authority’s facilities. Under the Flow Control Ordinance, every hauler of solid waste and/or recyclables is legally required to procure a permit from the Authority to become a Permitted Hauler. As a condition to obtaining a permit, a hauler must provide the Authority with such information as the Authority may reasonably request and must abide by the rules and regulations of the Authority. The Authority has implemented rules and regulations in regard to such matters as identification and condition of vehicles, payment of tipping fees and other charges, insurance, area(s) of collection, manner of loading, transporting, and delivery of waste, and other matters reasonably related, directly or indirectly, to the lawful, efficient, economical and safe operation of the System. The permit rules and regulations stipulate that all solid waste and recyclables collected within the County must be delivered to a facility designated by the Authority.

The Flow Control Ordinance may be enforced by administrative or legal sanctions. The Authority has implemented regulations and an administrative process to provide for revocation of the permit of any Permitted Hauler who fails to deliver solid waste collected in the County into the System or otherwise fails to abide by the rules and regulations of the Authority. The Flow Control Ordinance provides for criminal penalties of a fine of up to \$5,000 and up to 60 days in prison for violations.

The Authority has worked with the haulers in the County to eliminate the need to enforce formally the Flow Control Ordinance. The Authority believes that as a result all but a very small amount of solid waste generated in the County is delivered to its facilities.

The County and the Authority believe that the Flow Control Ordinance is consistent with the facts in the litigation known as *United Haulers Assoc. Inc., et. al. v. Oneida-Herkimer Solid Waste Management Authority, et. al.* (“*United Haulers Litigation*”) in which the United States Supreme Court found the flow control ordinances of the counties of Oneida and Herkimer, New York to be constitutional.

Tipping Fees

Persons delivering Solid Waste to the System pay a Tipping Fee with respect to such waste. Under the Services Agreement, the Authority is authorized to and has set and collects different Tipping Fees for different classes of waste and/or with respect to characteristics other than weight (e.g., per vehicle, by vehicle type, measured or estimated volume). The Tipping Fees are established and adjusted from time to time, but not more often than monthly.

Under the Services Agreement, the Tipping Fees are established in an amount that the Authority reasonably determines is necessary to currently recover its capital and other expenses incurred due to the

ownership, operation and maintenance of the System and the Authority, plus any amount paid by the County as a Service Fee Shortfall with respect to a prior Fiscal Year (such fees and expenses are collectively referred to as “Expenses”). As used in this section, “Fiscal Year” refers to the Authority’s fiscal year ending each June 30. If the County disagrees with the Tipping Fees as so established, it may request the Independent Public Accountants to review the Authority’s determination. If the Independent Public Accountants determine that the Tipping Fees have been established in amounts which are likely to produce revenues in excess of the Authority’s Expenses, the Authority is required to reduce the Tipping Fees but in no event to an amount less than the amount which is projected by the Independent Public Accountants to meet all of the Authority’s obligations under the applicable financing agreements. The determination of the Independent Public Accountants is communicated to the County and the Authority and is subject to arbitration.

Tipping Fees must be paid in cash upon acceptance of Solid Waste to the System, or in such other manner as may be determined by the Authority.

Payment of Service Fee by County; Installments

In consideration of the Authority’s performance of certain activities relating to Solid Waste disposal pursuant to the Services Agreement, the County is required to pay from its general fund to the Authority a Service Fee. The Service Fee with respect to any Fiscal Year is an amount equal to (i) Debt Service, PLUS (ii) Operating and Maintenance Costs MINUS (iii) Net Investment Earnings, if any, for such Fiscal Year; provided that in no event shall the Service Fee be less than zero.

The County is required to pay to the Authority one-twelfth of the Estimated Service Fee (as hereinafter defined) payable with respect to any Fiscal Year on the first day of each month of that Fiscal Year. The County’s obligation to pay the Estimated Service Fee is made by appropriation by the County Legislature.

Reimbursement Amount

The Authority is required under the Services Agreement to pay to the County within five (5) days after the end of each month the Reimbursement Amount, which is equal to the Tipping Fees and User Fees, if any, received by the Authority during the preceding month up to the amount forwarded as the Estimated Service Fee on an aggregate basis in such Fiscal Year from the County.

In the event the County fails to appropriate the amount necessary to pay the Estimated Service Fee in any Fiscal Year, the Authority is not obligated to pay the County any Reimbursement Amount for any month in such Fiscal Year. Instead, such Reimbursement Amount will be retained by the Authority and held by the Trustee in an amount equal to the amount which the County was obligated to pay as an Estimated Service Fee during each Fiscal Year within which the County fails to appropriate the Estimated Service Fee.

Estimated Service Fee

The Service Fee payable under the Services Agreement with respect to any Fiscal Year of the County is estimated by the Authority in writing and submitted to the County Legislature no less than 90 days prior to the beginning of such Fiscal Year (“Estimated Service Fee”) or as reasonably required by the County. The Estimated Service Fee is equal to (i) the Authority’s estimate of the amount equal to Debt Service, PLUS (ii) the Authority’s estimate of Operating and Maintenance Costs, (iii) MINUS the Authority’s estimate of Net Investment Earnings (provided that Net Investment Earnings are only credited against the Debt Service component of the Estimated Service Fee to the extent that such Net Investment Earnings are available to be applied to the payment of Debt Service). In the event an Uncontrollable

Circumstance causes Expenses to increase, the Authority is required to promptly prepare an amended Estimated Service Fee which will be the basis for payments by the County for the remainder of such Fiscal Year. If the County reasonably disagrees with the Estimated Service Fee as estimated by the Authority, it may request the Independent Public Accountants to review the estimate. The estimate of the Authority, as it may be revised by the Independent Public Accountants, as to the Estimated Service Fee payable by the County in any Fiscal Year shall be subject to arbitration. Notwithstanding the pendency of a review by the Independent Public Accountants, the County is required to promptly pay any amount determined by the Authority to be due, subject to later adjustment if determined to be appropriate by the Independent Public Accountants.

Year-End Adjustment; Accounting

The Authority is required under the Services Agreement to calculate the Actual Service Fee for each Fiscal Year. The Actual Service Fee for each Fiscal Year is equal to (i) an amount equal to Debt Service, PLUS (ii) Operating and Maintenance Costs, MINUS (iii) Net Investment Earnings MINUS (iv) the aggregate amount of all Reimbursement Amounts paid by the Authority to the County for such Fiscal Year.

The Authority is required to calculate the Year-End Adjustment for each Fiscal Year. The Year-End Adjustment is equal to (i) the Actual Service Fee MINUS (ii) the Estimated Service Fee paid by the County out of annual appropriations from the general fund, PLUS (iii) the aggregate amount of all Reimbursement Amounts paid by the Authority to the County for such Fiscal Year.

If, for any Fiscal Year the Year End Adjustment is a negative amount, such amount (a “Service Fee Surplus”) is deposited in the General Fund of the Authority; provided, however, that if such Service Fee Surplus occurs in the final year of the Services Agreement, such amount will be paid by the Authority to the County within 15 business days of the official calculation of such Service Fee Surplus.

If for any Fiscal Year the Year End Adjustment is a positive amount, the amount so determined (a “Service Fee Shortfall”) must be paid by the County to the Authority within 15 days of receipt of an invoice therefor. In the event that the County pays a Service Fee Shortfall, such amount must be repaid by the Authority to the County over the Fiscal Year subsequent to the Fiscal Year with respect to which such Service Fee Shortfall was paid and is required to be recovered through a Tipping Fee adjustment. A failure to repay such amount as specified will not constitute a default or give rise to any additional rights of the County against the Authority.

The County may request the Independent Public Accountants to review the Authority’s accounting. The Authority’s accounting, as reviewed and approved or modified by the Independent Public Accountants, is subject to arbitration. Notwithstanding the pendency of a review by the Independent Public Accountants, the County is required to promptly pay any amount determined by the Authority to be due, subject to later adjustment if determined to be appropriate by the Independent Public Accountants.

For additional information regarding the Services Agreement, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SERVICES AGREEMENT.”

Term

In connection with the issuance of 2023 Bonds, the Authority and the County will enter into an amendment to the Services Agreement to provide for the continuation of the Services Agreement, unless sooner terminated in accordance with its terms, until the date on which all outstanding Authority bonds are retired, but no later than August 1, 2048. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SERVICES AGREEMENT.”

THE SYSTEM

Components of the System

Landfill

General. The Landfill is located on a 936-acre site straddling the border between the Towns of Constable and Westville, both in Franklin County, New York. The entrance to the site is located on County Route 20. The surrounding area is rural.

The Landfill operates under a permit issued by NYSDEC under 6 NYCRR Part 360. The operating permit was originally issued in 1994, renewed in 2006 and 2014, and renewed most recently in January 2019. The current permit expires January 28, 2024, and allows disposal of 125,000 tons of acceptable municipal solid waste annually, an amount which is approximately 14.1% in excess of the Authority's average solid waste receipts, excluding waste materials which NYSDEC has approved as "alternative operating cover" ("AOC") material, over the past five years.

The 2014 NYSDEC issued permit allowed construction and operation of new, additional Cells 5, 6, and 7 at the Landfill.

The Authority acquired approximately 686 acres of the total 936-acre Landfill site in 2012 to provide for future expansion with projected capacity of approximately 17.0 million cubic yards of airspace, an amount sufficient for approximately 94.8 years¹ (from November 2015) at the annual deposition rate currently permitted. Of the total 936 acres owned by the Authority, 142 acres are approved or permitted by NYSDEC for landfilling, with the remaining acreage acting as a buffer.

The design for the original 250-acre site called for approximately 20 acres to constitute the footprint of the Landfill, with the footprint area divided into four cells approximately equal in size. After the 2012 land acquisition, additional landfill cells were designed and permitted, including Cells 5 and 6. The table below provides general information about the history of cell development at the Landfill:

Cell	Constructed	Opened*	Closed	Landfill Capacity Consumed
One	1993	1994	2001	100%
Two	1998	1999	2012	100%
Three	2003	2004	2021	100%
Four	2008	2009	2021	100%
Five	2014-15	2015	Open, in active use	95%
Six**	2019-20	2020	Open, in active use	40%

* Commenced active use.

** At current usage rates, Cell 6 is expected to be at or near capacity in the fourth quarter of 2026.

The primary components of the overall Landfill design are:

- Individual, double composite lined cells incorporating primary and secondary liner systems.
- A leachate collection and removal system consisting of collection pipes under the waste mass in the Landfill and two above-ground 1.1 million gallon, glass-lined, steel leachate storage tanks.

¹ The 94.8 years of projected capacity is based on the assumption that additional landfill cells can be constructed on the 686 acres assuming a tons-to-cubic-yard conversion of 0.62 tons per cubic yard of landfill air space.

- A landfill gas control system that consists of 25,000 feet of horizontal gas collection wells in Cell 1, and seven vertical gas collection wells in Cells 2 and 3, which are evacuated by two 250 cfm (cubic feet per minute) regenerative blowers to the flare. In the future and not as part of the Project, the Authority intends to install two 750 cfm blowers and flares for gas collected from wells similar to those in Cells 2, 3 and 4 in Cells 5, 6 and 7 as phased Landfill build-out progresses and as gas volumes increase.
- An operations and maintenance facility, a scale house, office and a leachate loading and storage facility.
- Various facility roads and storm water controls.

Cells 1 through 3 utilize a berm penetration type leachate collection system. Cell 4 was built using a side riser system and Cells 5, 6 and 7 are designed with this same system, which the Authority has found to be easier to build and operate. The leachate is sent to the leachate storage tanks through a 3-6 inch, double-wall containment force main for Cells 1 through 3. Six to 10 inch double wall leachate force main pipes serve Cells 4 through 7. The stored leachate is trucked to the Village of Malone wastewater treatment plant.

The double composite liner system components for Cells 2 through 6 consist of, from bottom to top, a groundwater pressure relief system, a drainage layer, a twenty-four inch secondary clay liner, a 60 millimeter, high density polyethylene (HDPE) secondary liner, a 12 inch secondary collection layer with collection piping, a 12 inch structural fill layer, a geosynthetic clay liner (“GCL”), a 60 millimeter HDPE primary liner and a 24 inch primary collection layer with leachate collection piping.

The double composite liner system design for Cell 1 is similar to that in Cells 2 through 4, except that Cell 1 used an 18 inch primary clay liner component instead of the 12 inch structural fill layer and GCL.

The drainage layer material in Cells 3 and 4 is coarser than that in Cells 1 and 2. This system is less expensive to build and is more porous than the original design used in Cells 1 and 2. The liner systems designed for Cells 5, 6, and 7 are similar to the liner systems used in Cells 3 and 4.

Capacity

Remaining Capacity. The capacity of the Landfill is currently evaluated on an annual basis. As of January 1, 2023 the Authority has estimated that the remaining capacity in Cells 5 and 6 is approximately 473,922 cubic yards, which is sufficient for approximately 3.8 years of operations at anticipated disposal rates, or through October 2026. See “– Potential Capacity” and “AUTHORITY RESERVES – Cell Addition Fund.”

In addition to MSW and construction and demolition debris, the Authority accepts AOC material. AOC materials include incinerator ash, petroleum contaminated soils and sludges from paper mill processing and publicly owned sewage treatment works. AOC materials are used at the Landfill as an alternative to soil as a daily cover material. The Authority charges a tipping fee for AOC materials and has been able to generate additional revenues for air space that otherwise would be consumed by non-revenue materials.

Potential Capacity. The Authority completed a final environmental impact statement (“FEIS”) in February 2009 addressing the then proposed long-term expansion of the Landfill. The FEIS proposed the acquisition of 586 acres of land, all of which, plus an additional 100 acres, was acquired in 2012, with

320 acres acquired south of County Route 20 and 366 acres acquired to the north. The current estimated approved build-out capacity is 17,000,000 cubic yards (approximately 1,100,000 of which have been used through 2022).

With the additional 686 acres acquired in 2012, the maximum additional build out of the Landfill footprint is estimated at 142 acres with a total maximum disturbance of approximating 165 acres (including the approximately 20 acre footprint of Cells 1 through 4). The remaining 544 acres of the 2012 acquisition, including land both north and south of County Route 20, as well as portions of the original 250 acres not part of the Landfill footprint, will be used for buffer area and will be considered for potential wetland mitigation in the future. In addition to the 936-acre Landfill site, the Authority owns surrounding parcels totaling approximately 128 acres.

In January 2014, the Authority received a permit to develop approximately 25 acres as three new landfill cells (namely, Cells 5, 6 and 7), including approximately 20 acres of the 142 acres proposed in the FEIS, with the other five acres of the new cells being airspace above the lined area of Cell 1. Cells 5 and 6 have been constructed to date and are in operation. Cell 7 is anticipated to be designed in 2024, constructed during 2025 and 2026 and put into operation during 2027. See “AUTHORITY RESERVES – Cell Addition Fund.”

Operations

Acceptable Waste. Only wastes that are authorized in the operating permit are accepted at the Landfill. This includes MSW generated by households, commercial establishments, local industries and public institutions. Construction and demolition material is also accepted. Ash from incinerators, sludge from paper mills, non-hazardous petroleum contaminated soil and sludge from public owned sewage treatment works are accepted as AOC materials (described below) for use as daily cover and drainage material. Prohibited wastes include hazardous materials, bulk liquid wastes, junk automobiles and medical waste.

For all non-MSW waste, the generator must provide certified analytical test data to demonstrate that such waste is non-hazardous. Additionally, Landfill staff conducts random tests on waste to ensure compliance with standards. To date, no non-compliant waste is known to have been accepted.

Air Space Management. The Authority places a high level of importance on managing air space within the operating Landfill cells. Surveys of the cell area are performed on a minimum of a biannual basis and often on a monthly basis. The data from these surveys is used to calculate the volume of waste in place in the operational cell. This information is combined with waste tonnage data from the scale to determine Landfill compaction efficiency. Compaction is closely monitored to ensure maximum airspace utilization and efficiency.

Cover Material Management; AOC Materials. Since operations began in 1994, the Authority has evaluated many different cover materials to determine which are most efficient and cost effective. NYSDEC regulations require that all waste deposited in the Landfill be covered with at least six inches of cover material by the close of business on each working day. The Authority strives to utilize cover materials that are revenue generating and that do not count against NYSDEC permitted tonnage limitations. The most suitable cover materials are those which NYSDEC has determined to be acceptable as AOC materials. Over the years, the Authority has used several types of approved AOC materials, depending on market availability, including wood incinerator ash, MSW incinerator ash, paper mill sludge, contaminated soils and sewage treatment plant sludge. On-site mined soils are used only when revenue generating AOC materials are not available. Additionally, the tonnage of AOC materials, up to 20% of the annual permitted MSW acceptance, is not counted when calculating the tonnage of waste for

purposes of determining compliance with the annual tonnage limitations. The cover material evaluation program is ongoing as the availability of cover material and alternate cover material technologies are constantly changing and evolving.

Operational Efficiencies. Since the Authority began operating the Landfill in 1994, many operating efficiency improvements have been made. The most significant are:

- Extensive use of AOC materials to conserve air space.
- Improved compaction to conserve air space and increase Landfill life.
- Development of in-house engineering capability to reduce engineering consultant costs.
- More use of Authority personnel, rather than outside contractors, in construction activities, including closure preparation work and excavation for new cells.

Environmental Monitoring

Inspections. The Authority performs a wide variety of daily, weekly, monthly, quarterly, and annual inspections of site facilities, equipment and systems to monitor compliance with a variety of environmental regulations.

Groundwater Monitoring. As part of the operating permit, NYSDEC requires that the groundwater quality at wells at and around the Landfill footprint be monitored quarterly to ensure that no contamination of groundwater from the operation of the Landfill occurs. Groundwater monitoring began prior to construction of the Landfill. Samples of water from the monitoring wells are sent to a certified laboratory for analysis. The resulting data is evaluated by a consulting hydrogeologist, whose analysis is forwarded to the Authority. The Authority provides the analysis and data to NYSDEC. To date, all readings have been within established water quality thresholds.

Surface Water Management. A surface water management program is in effect at the Landfill to minimize erosion and sediment in surface water discharges from the site. Where soil is exposed to surface water, erosion and silting is controlled through ditches, swales and culverts that lead to surface water management impoundments. These impoundments control the rate of discharge and allow for the settling of any sediments prior to discharge offsite.

Leachate Management. The Authority has an extensive leachate management program in place. This program includes monitoring and maintenance of the leachate piping system, leachate tank monitoring and maintenance, and leachate transportation. Leachate is treated at the Village of Malone Wastewater Treatment Facility pursuant to a Leachate Treatment Agreement executed by the Authority and the Village of Malone. The Authority maintains an agreement with the City of Plattsburgh for backup leachate disposal.

Landfill Gas Management. The Authority monitors Landfill gas generation through a specific program of testing and observation. Authority personnel regularly monitor Landfill gas levels at specific points around the site. Landfill gas is recovered by two Rotron 250 cfm blowers drawing from seven vertical gas collection wells and over 25,000 feet of horizontal leachate recirculation and gas recovery lines. The Landfill gas collected is combusted in a flare. The Landfill gas collection system is expanded periodically through the installation of additional vertical wells and additional horizontal piping, as construction and operation of the Landfill progresses and the volume of Landfill gas increases over time.

Transfer Stations

The Authority operates three transfer stations within the County located in, respectively, Malone, Lake Clear and Tupper Lake. Together, the transfer stations handle approximately 19,000 tons of waste annually. Approximately 5,000 tons of MSW and construction and demolition debris pass through the Tupper Lake transfer station each year, with the remaining tonnage passing through the Malone and Lake Clear stations. The Project includes the upgrading and replacement of the transfer station buildings at the Lake Clear and Malone stations. These two stations handle the majority of the Authority's waste transfer operations and the planned upgrades and building replacements will improve the overall efficiency of waste transfer operations by the Authority by allowing larger trailers to be utilized and reducing the number of trips required to move the waste. Increases to environmental protection will also be provided by containing all waste to be transferred within a secure structure and collecting any leachate or liquids that may drain from the waste and preventing it from entering the environment.

Each transfer station is equipped with a scale, scale house and computer operated weighing system. All delivered waste is weighed and charged on a weight basis. There is a compactor at each station to compact solid waste. There are three loading docks at each transfer station to load open top containers with bulk materials. Containers are provided for recycling paper, cardboard, glass, metal and plastic. The computer scale system transfers operational data to the Landfill office once per day.

All transfer stations have registrations issued by NYSDEC. Following the proposed upgrades, the Lake Clear and Malone stations will remain as registered transfer stations by the NYSDEC.

Host Community Fees

The Authority entered into a Host Community Agreement (the "Host Agreement") in March 2009 with the Towns of Constable and Westville, each of which contains a portion of the Landfill site. The Host Agreement expired December 31, 2019, subject to three five-year automatic renewals unless any party gives notice of non-renewal to the other parties at least 60 days prior to the applicable expiration date. The first of such five-year renewal terms expires December 31, 2024.

Pursuant to the Host Agreement, the Authority pays a quarterly host community fee to each of the Towns of Westville and Constable for each ton of municipal solid waste received at the Landfill based on the number of tons of MSW received and the tipping fees paid on the MSW during the preceding three months. By the terms of the Host Agreement, the fee per ton increases in steps as the annual tonnage of solid waste received increases. The Host Agreement also provides for increases in fees based upon increases in the per ton tipping fee for in-County Waste with the percentage increase in the fee under the Host Agreement matching the percentage change in the tipping fees for in-County Waste. The Host Agreement does not apply to AOC materials, notwithstanding that the Authority collects tipping fees for the material. The fees currently paid by the Authority under the Host Agreement are as follows:

<u>Annual Tonnage of Waste Received</u>	<u>Current Per Ton Fee Paid to Each Town</u>
0-49,999	\$ 0.55
50,000-74,999	0.83
75,000-99,999	0.85
100,000-124,999	1.00
125,000-149,999*	1.25
150,000-175,000*	1.50

* Amounts in excess of current permit limits.

The aggregate Host Agreement fees payable to the Towns in each of the past five fiscal years of the Authority (ending June 30) were as follows:

Fiscal Year (ending June 30)	Host Community Fees Paid
2018	\$100,643
2019	85,078
2020	86,357
2021	101,577
2022	107,779

The Host Agreement provides that so long as it remains in effect, no Host Community shall, nor shall any Host Community directly or indirectly encourage any other party to, challenge or oppose the issue of permits for the expansion, construction or operating of the landfill by the Authority.

Waste Quantities and Control

Generalized Annual Summary; Waste Received by Authority in Tons

The following table summarizes waste and AOC materials received at the Landfill in tons in the 2017 through 2022 fiscal years:

	2017	2018	2019	2020	2021	2022
MSW						
Franklin County	34,209	34,566	33,198	37,246	41,984	44,623
Out-of-County	22,768	23,134	24,207	52,931	45,728	59,224
Total	56,977	57,700	57,405	90,177	87,712	103,847
AOC Materials						
Franklin County	11,612	2,966	5,940	3,908	6,577	6,355
Out-of-County	14,631	19,026	25,285	36,075	28,131	32,949
Total	26,243	21,992	31,225	39,983	34,708	39,304
TOTAL TONNAGE	83,220	79,692	88,630	130,160	122,420	143,151

Tipping Fee History and Current Tipping Fees

The Authority decided in 1996 to reduce the in-County tipping fee for bulk quantities of waste collected by commercial haulers from \$120 to \$85 per ton to attract waste. The fee remained at that level until 2004.

In 2004, the Authority introduced a graduated fee scale, under which the larger the volume of waste delivered, the lower the unit cost for disposal. Loads less than one ton historically represent approximately 24% of the in-County tonnage, but account for 40% of the in-County revenue. The graduated fee schedule has been very effective and to date has been increased only once since its introduction in 2004.

In 2007, the County adopted a local law which enabled the Authority to introduce flow control to ensure that commercial haulers collecting in the County use Authority facilities. The introduction of flow control increased the annual tonnage from in-County commercial haulers by 8,000 tons or 50% of what the Authority had previously been handling. Since then, the tonnage of commercial waste deliveries has remained constant. Tipping fees for in-County commercial haulers have been increased once since the

introduction of flow control. The ability of the Authority to adopt flow control in the County has had an overall positive effect on cash flow.

The Authority Board in 2014 increased the graduated in-County tipping fees and the fees for in-County commercial haulers by an average of \$9 per ton.

The Authority Board decided in April 2019 to increase rates in the Authority's 2020 fiscal year (commencing July 1, 2019) for in-County MSW and construction and demolition debris subject to flow control by \$15 per ton, with those rates to be further increased by another \$15 per ton in fiscal year 2021, and, beginning in the Authority's 2022 fiscal year (commencing July 1, 2021), to be subject to an automatic annual 2% increase (subject to change by the Board at any time). Rates were increased for the Authority's 2020 fiscal year and 2021 fiscal year, and in 2021, the Authority Board decided not to implement the planned annual 2% increase. Rates currently in effect have been in effect since July 1, 2021.

The Authority will increase out-of-County commercial hauler (a/k/a spot market) rates, which are not subject to flow control, as the market allows.

Fees Charged County Residents for Solid Waste Disposal

Weight (in lbs)	Flat Fee
<40	\$ 8.00
41-60	13.00
61-100	19.00
101-200	27.00
201-300	33.50
301-400	40.00
401-500	47.00
501-600	53.50
601-700	60.50
701-800	67.50
801-900	74.00
901-1,000	81.00
1,001-1,999	148.00
2,000	130.00

In-County Commercial Hauler Rates

Fee Per Ton at Transfer Station	Fee Per Ton at Landfill
130.00	115.00

Spot market waste (commercial hauler waste from outside the County) is accepted at tipping fees determined and negotiated, as necessary, by the Authority's Executive Director, and intended to reflect current market prices, which the Authority staff regularly monitors. The Authority Board has by resolution authorized the Executive Director to set and negotiate spot market tipping fees within Board-established guidelines and subject to periodic Board review of the fees charged.

Since 2008, most AOC materials received by the Authority have been contaminated soils and wastewater treatment plant sludges. Sludges are accepted at \$45 per ton. Contaminated soils are accepted on a per case basis with prices fluctuating. The standard rate is \$45 per ton with a discount for larger volumes.

Marketing

The Authority has made a commitment to actively market available Landfill airspace. The Executive Director leads the marketing program. The Authority's landfill is located 45 miles from Montreal and 90 miles from Ottawa. The Authority believes that the proximities to these large markets generate an opportunity to develop additional solid waste revenues at market prices. This additional revenue, if realized, would solidify the financial operations of the Authority. The Authority is currently working on developing relationships with companies able to benefit from the Authority's proximity to these markets.

The Authority began receiving waste from the transfer station operated by the St. Regis Mohawk Tribe Environmental Division in October 2012 under a contract that expires January 1, 2026. This is an additional 3,000 tons of MSW on an annual basis.

Changes Affecting Waste Volumes

Several changes over the past 25 years have allowed the Authority to increase Landfill capacity, enhance waste volumes and generate additional revenue:

- In 2006, the Authority's permitted annual tonnage was increased to 125,000 tons per year. The maximum daily disposal rate for municipal solid waste is 690 tons plus additional AOC materials. These limits are in excess of the Authority's historic waste receipts.
- The Authority upgrades its landfill operations equipment as replacements are needed to take advantage of design improvements and follows operating procedures designed to increase the density of the material deposited in the Landfill, thereby increasing its total volume capacity.

Essex County Solid Waste

Since 2001, the Authority has supplied disposal capacity to Essex County at the Landfill. Approximately 12,000 tons per year is delivered from Essex County to the Landfill at a tipping fee of \$42.00 per ton. Since 2013, these Essex County waste deliveries have been under an agreement between the Authority and Essex County that expired January 1, 2018, subject to renewal for an additional five-year term if the parties can agree upon the renewal term tipping fee. The Authority continued to accept solid waste, and Essex County continued to deliver solid waste, under the terms of the expired agreement. In early May 2019, the Authority and Essex County reached agreement on a five-year contract extension through December 31, 2024 that included an increase in the tipping fee to \$45.00 per ton in the first year of the extension term, with the tipping fee being further increased \$1.00 per ton in each of the four remaining years.

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Competition

The Authority closely monitors pricing and customer service practices at competitive waste disposal facilities. Reported prices for commercial waste disposal at several of the competitive solid waste disposal facilities as of July 2023 include:

Transfer Station(s) (TS) or Landfill (Lf)	In-County Tipping Fee at Transfer Stations (\$ per ton MSW)	In-County Tipping Fee at Landfill (\$ per ton MSW)	Out-of-County Tipping Fee (\$ per ton MSW)
Essex County TSs ¹	125.00	No Landfill	125.00
Herkimer County TS ²	62.00	No Landfill ²	N/A
Clinton County Lf and TSs ³	93.05	70.75	95.00
Development. Auth. of North Country (DANC) ⁴	No Transfer Station	50.00	50.00
St. Lawrence County TS ⁵	134-166.00	Uses DANC	N/A
Lewis County ⁶	90.00	Uses DANC	N/A
Jefferson County ⁷	123.00	Uses DANC	N/A
The Authority	130.00⁸	115.00	40 to 115

The Authority believes that it is currently competitive with other facilities in the area given transportation costs and the dynamics of the waste market.

¹ Essex County has several transfer stations, but no landfill, and brings its waste to the Authority. See “—*Essex County Solid Waste*.”

² Herkimer County is part of the Oneida-Herkimer Solid Waste Management Authority (“OHSWMA”), which operates a landfill in Oneida County that only accepts wastes from Oneida and Herkimer Counties, as do the OHSWMA transfer stations. No out-of-county waste is accepted in the OHSWMA system. Non-contract (spot) pricing is \$115.00 per ton.

³ Clinton County owns a landfill and transfer stations that are operated by Casella Waste under a lease agreement.

⁴ DANC owns and operates a landfill in Jefferson County that accepts wastes from Jefferson, Lewis, St. Lawrence and Hamilton Counties, each of which owns and operates transfer stations for the collection of waste for transport to the DANC landfill.

⁵ Uses DANC landfill for disposal. Does not accept out-of-county waste. Residential drop-off waste is accepted at a \$166/ton rate, and waste from commercial haulers is accepted at \$134/ton rate.

⁶ Uses DANC landfill for disposal.

⁷ Primarily uses DANC landfill for disposal.

⁸ See “—*Tipping Fee History and Current Tipping Fees*” for information regarding approved rate increases.

Financial Performance

Operating Results

The following table shows a summary of the statements of revenues, expenses and changes in net position as shown in the Authority's audited financial statements since fiscal year 2018:

Fiscal Year Ended June 30:	2018	2019	2020	2021	2022
REVENUES					
Solid waste fees	\$ 6,472,925	\$ 7,038,794	\$ 8,911,549	\$ 8,941,687	\$ 10,678,938
Recycling fees	115,229	121,513	125,397	125,667	121,267
Service Fees-Franklin County	6,485,709	6,969,584	7,415,412	8,627,758	9,555,088
Grant Income	16,567	-	-	-	-
Miscellaneous Income	34,655	42,953	37,662	27,280	11,356
Total Revenue	\$ 13,125,085	\$ 14,172,844	\$ 16,490,020	\$ 17,722,392	\$ 20,366,649
OPERATING EXPENSES					
Operations and maintenance	\$ 3,081,621	\$ 3,696,697	\$ 3,665,053	\$ 3,341,664	\$ 6,399,871
General and Administration	897,081	997,691	782,261	742,052	776,908
Depreciation	1,555,474	1,508,260	1,581,000	1,494,271	2,895,391
Amortization	97,850	97,850	-	-	-
Service fees-Franklin County	6,485,709	6,969,584	7,415,412	8,627,758	9,555,088
Total Operating Expenses	\$ 12,117,735	\$ 13,270,082	\$ 13,443,726	\$ 14,205,745	\$ 19,627,258
OPERATING INCOME	\$ 1,007,350	\$ 902,762	\$ 3,046,294	\$ 3,516,647	\$ 739,391
OTHER INCOME (EXPENSE)					
Interest income	\$ 110,603	\$ 205,055	\$ 247,041	\$ 52,513	\$ 40,308
Interest expense	(662,236)	(660,676)	(809,033)	(799,433)	(655,154)
Rental and Transport Income	27,105	26,740	14,258	-	-
Miscellaneous	(63,668)	(255,728)	-	-	-
Total Other Income	\$ (36,563)	\$ (684,609)	\$ (547,734)	\$ (746,920)	\$ (614,846)
Excess of revenues over expenses	\$ 392,049	\$ 218,153	\$ 2,498,560	\$ 2,769,727	\$ 124,545
NET POSITION:					
Beginning of year	\$ (561,478)	\$ (169,429)	\$ 48,724	\$ 7,661,165	\$ 10,430,892
Change in Accounting	-	-	-	-	-
Prior Period Adjustment	-	-	5,113,881	-	-
End of year	\$ (169,429)	\$ 48,724	\$ 7,661,165	\$ 10,430,892	\$ 10,555,437

Historical Cash Flows

The Authority's cash flows for fiscal years 2018 through 2022 are set forth in the following table:

Fiscal Year Ending June 30:	2018	2019	2020	2021	2022
Cash From Customers	\$ 6,724,347	\$ 7,000,064	\$ 9,255,776	\$ 8,917,328	\$10,722,897
Service Fee from County	6,485,709	6,969,584	7,415,412	8,627,758	9,555,088
Interest	110,603	205,055	247,041	52,513	40,308
Subtotal	\$13,320,659	\$14,174,703	\$16,918,229	\$17,597,599	\$20,318,293
Cash Payments for Goods & Services	\$ 2,002,701	\$ 2,123,218	\$ 2,351,403	\$ 2,778,421	\$ 5,005,088
Less: Cell Closure Costs Funded from Cell Closure Funds & Payments for Costs from Construction Fund	-	-	-	-	(2,684,976)
Adjusted Cash Payments for Goods and Services	\$ 2,002,701	\$ 2,123,218	\$ 2,351,403	\$ 2,778,421	\$ 2,320,112
Cash Payments for Salaries and Benefits	\$ 2,143,902	\$ 1,870,470	\$ 2,272,629	\$ 2,081,296	\$ 1,990,057
Operating Payments	\$ 4,146,603	\$ 3,993,688	\$ 4,624,032	\$ 4,859,717	\$ 4,310,169
Bond Issuance Costs	90,773	255,728	-	-	-
Bond Issuance Costs Funded by Bond Issue Proceeds	-	-	-	-	-
Lease Payments	209,994	194,758	263,392	142,982	121,122
Net Revenues Before Debt Service	\$ 8,873,289	\$ 9,730,529	\$12,030,805	\$12,594,900	\$15,887,002
Principal	\$ 877,974	\$ 890,000	\$ 890,000	\$ 1,255,000	\$ 1,750,000
Interest (Net of EFC Subsidy)	683,440	667,926	929,026	883,730	794,438
Debt Service	\$ 1,561,414	\$ 1,557,926	\$ 1,819,026	\$ 2,138,730	\$ 2,544,438
Net Revenues After Debt Service	\$ 7,311,875	\$ 8,172,603	\$10,211,779	\$10,434,749	\$13,342,564
Debt Service Coverage Prior to County Reimbursement	5.68	6.25	6.61	5.89	6.24
Net Revenues Before Debt Service	\$ 8,873,289	\$ 9,730,529	\$12,294,197	\$12,594,900	\$15,887,002
Less: Reimbursement to Franklin County	6,485,709	6,969,584	7,415,412	8,627,758	9,555,088
Plus: DSRF Releases	-	-	-	-	-
Plus: Authority Cash, Funds and Accounts Available for Debt Service	106,269	3,022,463	3,158,156	3,590,353	3,431,694
Net Revenues After County Reimbursement	\$ 2,493,849	\$ 5,783,408	\$ 7,773,549	\$ 7,557,495	\$ 9,763,608
Plus Available Cash					
Net Revenues After Debt Service & County Reimbursement Plus Cash	\$ 932,435	\$ 4,225,482	\$ 5,954,523	\$ 5,418,765	\$ 7,219,170
Debt Service Coverage After Reimbursement to the County Plus Cash	1.60	3.71	4.27	3.53	3.84

Operating Projections

The Authority has prepared projections of its operations through 2028 that are set forth below. The projections are based on certain assumptions with respect to future events. While the Authority believes such assumptions to be reasonable, they are dependent upon future events and actual conditions may differ from those assumed. The projections reflect the Authority's analysis through the date of this Official Statement and will not be updated prior to the delivery of the 2023 Bonds. Please note that the projections have not been audited by the Authority's independent accountant and have not been prepared in accordance with generally accepted accounting principles. Rather, the projections have been prepared by the Authority on a cash basis and do not reflect accruals.

Assumptions Used in Projections

The 2023 – 2028 projections were developed using the following assumptions:

- 2023 cash revenues from customers will be \$11,064,000, by extrapolation of actual (unaudited) revenues of \$10,142,471 for eleven months out to twelve months.
- 2024 through 2028 cash revenues from customers will increase by (i) 3% over the prior year through (i) some combination of (A) increased solid waste (spot market or in-County) or AOC receipts and (B) higher spot market tipping fees, and (ii) the approved 2% annual increase in the tipping fees on in-County MSW subject to flow control.
- Cash received from interest income will decrease in future years commensurate with declines in interest rates.
- For all years, cash payments for goods and services will increase 4% year over year.
- For years 2024 through 2027, cash payments for salaries and benefits will increase at the rates negotiated into the Authority's existing labor agreement with the UPSEU, and that thereafter, such payments will increase 2.5% year over year.
- Pursuant to the Services Agreement, the Estimated Service Fee from County will be calculated annually as the estimated amount needed to cover debt service (net of investment earnings) and expenses. For this purpose, expenses include Landfill and transfer stations O&M costs, recycling, waste transportation, general and administrative, and deposits to the closure and post-closure monitoring funds.
- The Authority is required to reimburse to the County an amount equal to the lesser of collected tipping fees or the Estimated Service Fee paid by the County. It is assumed that all Estimated County Service Fees will be paid back to the County in accordance with the Services Agreement.
- The Authority will permanently finance the Project with the 2023 Bonds. It is assumed the 2023 Bonds will be sold in the amount of \$5,635,000 with an interest rate of 4.74% and a final maturity in 2043. The operating projections have not been updated for the pricing of the 2023 Bonds.
- Amounts withdrawn from the Closure and Post Closure Monitory Funds and the Cell Addition Fund will be spent within the year of withdrawal.

County of Franklin Solid Waste Management Authority
Operating Projections
2023-2028

	2023	2024	2025	2026	2027	2028
CASH FROM CUSTOMERS	\$11,064,000	\$11,395,920	\$11,737,798	\$12,089,932	\$12,452,629	\$12,826,208
SERVICE FEE FROM THE COUNTY	9,787,595	9,000,000	9,000,000	9,000,000	9,000,000	8,000,000
INTEREST INCOME	500,000	400,000	350,000	300,000	250,000	250,000
SUBTOTAL	\$21,351,595	\$20,795,920	\$21,087,798	\$21,389,932	\$21,702,629	\$21,076,208
CASH PAYMENTS FOR GOODS, SERVICES & CAPEX	3,800,000	3,952,000	4,110,080	4,274,483	4,445,463	4,623,281
CASH PAYMENTS FOR SALARIES & BENEFITS	2,150,000	2,214,500	2,280,935	2,349,363	2,443,338	2,504,421
LEASE PAYMENTS	118,110	106,774	106,772	61,917	0	0
OPERATING PAYMENTS	\$6,068,110	\$6,273,274	\$6,497,787	\$6,685,763	\$6,888,800	\$7,127,702
NET REVENUES BEFORE DEBT SERVICE	\$15,283,485	\$14,522,646	\$14,590,011	\$14,704,169	\$14,813,829	\$13,948,506
PRINCIPAL (2012, 2015, 2016 & 2019 BONDS)	1,800,000	1,870,000	1,930,000	2,010,000	2,080,000	1,125,000
2023 Bonds – PRINCIPAL	-	160,000	180,000	190,000	200,000	210,000
INTEREST (2012, 2015, 2016 & 2019 BONDS)	750,026	670,742	603,572	533,557	464,816	393,214
2023 Bonds – INTEREST	-	195,707	264,025	255,025	245,525	235,525
EFC INTEREST SUBSIDY	(114,787)	(110,687)	(106,297)	(101,661)	(96,698)	(91,405)
EFC ADMINISTRATIVE COST	21,775	20,650	19,525	18,374	17,199	16,011
DEBT SERVICE	\$2,457,014	\$2,806,412	\$2,890,825	\$2,905,295	\$2,910,842	\$1,888,345
NET REVENUES	\$12,826,471	\$11,716,234	\$11,699,185	\$11,798,873	\$11,902,988	\$12,060,161
DEBT SERVICE COVERAGE PRIOR TO COUNTY REIMBURSEMENTS	6.22	5.17	5.05	5.06	5.09	7.39
NET REVENUES BEFORE DEBT SERVICE	\$15,283,485	\$14,522,646	\$14,590,011	\$14,704,169	\$14,813,829	\$13,948,506
LESS: REIMBURSEMENT TO FRANKLIN COUNTY	9,787,595	9,000,000	9,000,000	9,000,000	9,000,000	8,000,000
NET REVENUE BEFORE DEBT SERVICE AFTER COUNTY REIMBURSEMENT	5,495,890	5,522,646	5,590,011	5,704,169	5,813,829	5,948,506
PLUS: AUTHORITY CASH, FUNDS & ACCT	1,195,000	2,389,214	3,444,007	4,481,752	5,619,185	6,860,733
NET REVENUE BEFORE DEBT SERVICE AFTER COUNTY REIMBURSEMENT + CASH	\$6,690,890	\$7,911,860	\$9,034,018	\$10,185,921	\$11,433,015	\$12,809,239
DEBT SERVICE COVERAGE AFTER REIMBURSEMENT TO THE COUNTY PLUS CASH	2.72	2.82	3.13	3.51	3.93	6.78
NET REVENUES AFTER DEBT SERVICE & COUNTY REIMBURSEMENTS	3,038,876	2,716,234	2,699,185	2,798,873	2,902,988	4,060,161
NET REVENUES AFTER DEBT SERVICE & COUNTY REIMBURSEMENTS PLUS CASH	\$4,233,876	\$5,105,447	\$6,143,192	\$7,280,625	\$8,522,173	\$10,920,895
Starting Balance Cell Addition Fund (CAF)	\$3,006,422	\$4,189,644	\$5,089,644	\$3,689,644	\$689,644	\$1,589,644
Deposit to CAF	1,183,222	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Withdrawal from CAF	-	(100,000)	(2,400,000)	(4,000,000)	(100,000)	(100,000)
Ending Balance CAF	\$4,189,644	\$5,089,644	\$3,689,644	\$689,644	\$1,589,644	\$2,489,644
Starting Balance Closure and Post Closure Fund (C&PC) Fund	\$3,284,962	\$3,946,402	\$4,607,842	\$5,269,282	\$5,930,722	\$4,092,162
Deposit to C&PC Fund	661,440	661,440	661,440	661,440	661,440	661,440
Withdrawal from C&PC Fund	-	-	-	-	(2,500,000)	-
Ending Balance C&PC Fund	\$3,946,402	\$4,607,842	\$5,269,282	\$5,930,722	\$4,092,162	\$4,753,602
Net Cash after Deposits to Funds	\$2,389,214	\$3,444,007	\$4,481,752	\$5,619,185	\$6,860,733	\$9,259,455

AUTHORITY RESERVES

Provision for Landfill Closure and Post-Closure Costs

The Authority is required by State environmental regulations to provide to NYSDEC an annual, detailed written estimate (the “Closure Cost Estimate”) in current dollars of the cost of retaining a third party to close the largest active portion of the Landfill requiring final cover. A second estimate (the “Post Closure Cost Estimate”) must also be provided to include the cost to retain a third party to conduct post closure care of the Landfill for a 30-year period after final closure. These estimates are then adjusted on an annual basis to reflect inflation, interest rates, total airspace remaining and any changes to the closure plan of the Landfill or closed Landfill maintenance costs. The Authority uses an independent third-party consulting engineer to provide these estimates.

These estimates are reflected in the Authority’s annual budget. The Authority each year provides an amount that, when combined with amounts previously set aside and to be set aside in the future and interest earnings at a permitted and reasonable rate on those amounts deposited, will produce an amount equal to the total of the Authority’s Closure Cost Estimate and Post Closure Cost Estimate at the time when those funds are required. The Authority deposits one-twelfth of the annual amount each month to the closure and post closure accounts. On an annual basis the moneys from the closure and post closure accounts are transferred into the Closure and Post-Closure Monitoring Funds held by the Trustee.

The Authority has accrued funds in the Closure and Post-Closure Monitoring Funds that are in compliance with the funding requirements described above. As of June 30, 2023, the amount on deposit in the Closure and Post-Closure Monitoring Funds was \$3,979,808.39 (unaudited). Amounts held in the Closure and Post-Closure Monitoring Funds are NOT pledged to secure the 2023 Bonds. The Authority’s costs of closure of Cells 3 and 4 in 2021 were \$2,489,000 and closure was completed on November 15, 2021. The amount of the most recent Post Closure Cost Estimate is \$1,080,000 per year.

Cell Addition Fund

The Cell Addition Fund is a discretionary fund into which the Authority deposits remaining revenues, after provision for debt service, operating and maintenance costs, required closure and post-closure deposits and any other deposits required under the Resolution, in anticipation of future cell construction funding requirements. As of June 30, 2023, the amount on deposit in the Cell Addition Fund was \$4,387,082.14. Amounts held in the Cell Addition Fund are NOT pledged to secure the 2023 Bonds.

The Authority’s Consulting Engineer provide the Authority with estimates of the costs of constructing the next required Landfill cell. The Authority then sets aside funds annually in the Cell Addition Fund in amounts anticipated to be sufficient to cover the development and construction of the next cell at the time when funds are needed. This practice, if consistently followed, could reduce or eliminate the need to borrow for construction of Landfill cells in the future. The Authority intends to provide for new cell construction accruals in its future budgeting, however, no assurance can be provided that contributions will be made to the Cell Addition Fund at any time in the future.

Contributions to the Cell Addition Fund are not a NYSDEC requirement.

The projections included herein anticipate the deposit to the Cell Addition Fund of \$1,183,222 in the Authority’s 2023 fiscal year and \$1,000,000 annually thereafter, and the accumulation of those deposits through 2024, at or about which time the Authority expects funds will be needed to pay the costs of design and construction of a new Cell 7. See “THE SYSTEM – Components of the System – Capacity.” Assuming the Authority is able to make the projected deposits, and there are no intervening

withdrawals, the Authority expects the accumulated deposits will be sufficient to cover a substantial portion of the expected amount required for construction of Cell 7. However, no assurance can be provided that contributions will be made to the Cell Addition Fund as projected, or that there will no intervening withdrawals, or that the Cell 7 construction costs, which are not known with certainty at this time, will be not be substantially higher than the Authority is currently expecting.

AUTHORITY LABOR-RELATED OBLIGATIONS

Pension

The Authority participates in the New York State Local Employees' Retirement System ("ERS") and the Public Employees' Group Life Insurance Plan (the "Systems"). These are cost-sharing, multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State (the "Comptroller") serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

For employees who joined the Systems after January 27, 1976, and prior to January 1, 2010, employees contribute 3% for their first 10 years of membership. Employees who joined on or after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. With the exception of ERS tier V and VI employees, employees in the System more than 10 years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. The Authority is required to contribute at an actuarially determined rate. The required contributions for the current year and four preceding years were:

2023	\$182,405
2022	195,439
2021	166,241
2020	162,127
2019	180,471

Prior to 2013, the Authority's contributions to the System were equal to 100% of the required amount for each year. For fiscal years 2013 and 2014, the Authority elected to defer and amortize a portion of its payments under the State's Contribution Stabilization Program. For the year ending June 30, 2013, the Authority elected maximum amortization of \$56,767 and made a current contribution of \$116,470. For the year ending June 30, 2014, the Authority elected amortization of \$45,069 and made a current contribution of \$158,423. For all subsequent years, the Authority made its required contributions in full.

The Comptroller annually determines the interest rate of deferred amounts under the Contribution Stabilization Program. For the 2013 and 2014 ERS deferred payments, rates of 3.0% and 3.67%, respectively, were set for the 10-year amortization period. The contribution made by the Authority for each year from 2015 through 2023 included approximately \$12,070 as amortization of the 2013 and 2014

deferred amounts. Contributions to ERS required for year 2024 will include a similar amount in amortization of the 2013 and 2014 deferrals.

For additional information, see Note 8 to the audited financial statements of the Authority for the fiscal year ending June 30, 2022 attached hereto as APPENDIX D.

GASB Statement No. 45 and OPEB

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). The Authority is not required to pay and does not pay, for any post-retirement health care benefits or other non-pension benefits.

Employee Contracts

The Authority has 27 full-time and three part-time employees, 27 of which are members of the United Public Service Employee Union (“UPSEU”). The current contract with UPSEU covers the period from July 1, 2022 through June 30, 2027.

SUMMARY OF CONCLUSIONS OF THE CONSULTING ENGINEER

The Authority has engaged Barton & Loguidice DPC to review the Authority’s existing facilities. The conclusions of the Consulting Engineer in its letter dated August 18, 2023 (a copy of which is attached hereto as APPENDIX A) are as follows:

- The Authority’s existing landfill (i) is in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable NYSDEC permit provisions, and (ii) has been subjected to periodic groundwater monitoring in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable permits issued by the NYSDEC, and such groundwater monitoring to date has not indicated a need for future landfill repair, reconstruction, mitigation or remediation measures beyond ordinary landfill maintenance activities.
- Each of the Authority’s transfer stations will be maintained in good repair (ordinary wear and tear excepted) and will be fully capable of performing the functions for which it was designed through the projected term of the 2023 Bonds, assuming routine maintenance and replacement of equipment and other transfer station facility components as their useful lives expire.
- The Authority has in place a maintenance and component replacement program which, if funded at levels contemplated by the projected cash flows, is adequate to provide for the continued operation of the system at current levels through the term of the 2023 Bonds.
- The assumptions provided as part of and used in the preparation of the projected cash flows are reasonable, and projected cash flows appear to incorporate such assumptions into the underlying calculations. The estimate of Operating Expenses, taking into account the improvements to be financed by the 2023 Bonds as shown in the projected cash flows are reasonable.
- The proceeds of the 2023 Bonds, together with the Authority’s equity contribution, as shown under “PROJECT FINANCING TOTAL SOURCES AND USES”, will provide sufficient funding to construct and operate the Project.

- The Authority's projected funding for closure and post closure costs relating to Cells 1-6, if funded at levels contemplated by the projected cash flows, will provide sufficient funds for closure and post closure for Cells 1- 6 as required by current New York State environmental regulations.
- The Authority's facilities are each (i) operating within NYSDEC requirements currently in effect and (ii) currently being operated in substantial compliance with their respective operating permits and/or registrations as applicable.
- The Authority has facilities, personnel and procedures which make it capable of providing continued solid waste disposal services under the Services Agreement in satisfaction of its obligation thereunder to provide such services, and the Consulting Engineer foresees no service failure by the Authority under the Services Agreement.
- Assuming continued operation of the existing system by the Authority as in the recent past, and the operation of Cells 5 and 6 in compliance with the Part 360 Permit and the Title V Air Permit referred to above, the Consulting Engineer is not aware of reasons why (i) the Authority's future landfill expansion permits for expansions beyond Cell 6 will not be granted, or (ii) the Authority's future operating permits and operating authorizations will not be granted and renewed in accordance with NYSDEC's current permitting practices for a term or cumulative terms of at least the proposed term of the 2023 Bonds.
- Cells 6 will provide future solid waste disposal capacity through late 2026 at current disposal levels.

THE COUNTY

General

The County is located in northern New York State along the border with Canada. The County has a population of 46,373 according to the U.S. census data. For additional information regarding the County, including certain financial information, see "APPENDIX E – SELECTED INFORMATION REGARDING THE COUNTY".

Waste Delivery Obligation Under the Services Agreement

The System was originally designed to operate under a flow control regimen and currently does so. The County is obligated under the Services Agreement to cause all Solid Waste (excluding scrap held for recycling and sewage sludge) generated within its boundaries to be delivered to facilities within the System designated by the Authority. In order to meet its obligations under the Services Agreement, the County enacted flow control laws known as Local Law No. 7 of 1992 and Local Law No. 3 of 2007. For its part, the Authority sized and designed the System to handle all of the municipal solid waste expected to be generated by all the residents and businesses in the County.

State and County Not Liable on Authority Bonds

The Act expressly provides that neither the State nor the County shall be liable on the Bonds of the Authority and such Bonds shall not constitute debt of the State or the County.

STATE SOLID WASTE LEGISLATION AND REGULATIONS; WASTE MANAGEMENT PLANS

New York State Environmental Regulations

NYSDEC has promulgated a comprehensive set of regulations (the “Part 360 Regulations”) designed to regulate the design, construction and operation of solid waste management facilities of all types, including the permitting of such facilities. All of the Authority’s facilities and operations are subject to the Part 360 Regulations. The Part 360 Regulations provide, among other things, permits for solid waste management facilities may not be issued for a period of more than five years, subject to renewal on application. The Part 360 Regulations are revised from time to time by NYSDEC to reflect changes in State Legislation and NYSDEC policy and to conform with applicable Federal laws and regulations. The Part 360 Regulations were adopted under authority granted to NYSDEC in the State Environmental Conservation Law.

Under the Part 360 Regulations, the failure of a permittee, such as the Authority, to operate in compliance with the terms of its permit can result in the imposition of administrative fines, the curtailment of permitted activities or the withdrawal of the permit.

New York State Solid Waste Management Act and Plan

Other State laws also relate to solid waste management. The New York State Solid Waste Management Act, as enacted by Chapter 70 of the Laws of 1988 of the State (the “Solid Waste Management Act”), established as State policy solid waste management priorities, in order of preference for solid waste disposal options: waste reduction, recycling and reuse, waste-to-energy, and landfilling.

The most recent State Waste Management Plan submitted by NYSDEC to the Governor and the State Legislature was completed in December 2010 and is entitled “Beyond Waste: A Sustainable Materials Management Strategy for New York State.” The 2010 State Waste Management Plan includes information on the status of solid waste management in the State; discusses solid waste disposal methods; describes progress in meeting State solid waste management goals from 1987 to 2010, particularly in the area of recycling and reuse. NYSDEC has published a “Draft New York State Solid Waste Management Plan: Building the Circular Economy Through Sustainable Materials Management (2023-2032),” which was available for public comment through June 29, 2023. The Authority does not expect that the provisions of the proposed draft plan, if finalized, would have a significant impact on the Authority’s facilities or operations.

Solid Waste Management Plan of Authority

The Solid Waste Management Act of 1988 also required the Authority to develop a Solid Waste Management Plan (the “Plan”). The Plan, which is non-binding and advisory only, was initially approved by the NYSDEC in April 1991 and a Plan modification was approved by NYSDEC in 2006. The overall objective of the Plan is the formulation, adoption and implementation of a program to meet the Authority’s solid waste disposal requirements for at least a 20-year period. The Plan presented a long-term waste management system, including waste management facilities for recycling, waste transportation and waste disposal. The primary goal of the Plan was the development of cost-effective systems for solid waste management using reliable, proven technologies that are environmentally sound, while allowing flexibility for future technological changes. The current NYSDEC-approved Plan update extends through 2025. The current regulations require that a comprehensive update to the Local Solid Waste Management Plan (LSWMP) be provided to NYSDEC every two years.

LITIGATION

At the time of delivery of and payment for the 2023 Bonds, the County and the Authority will certify that there is no litigation of any nature then pending or threatened to restrain or enjoin the issuance of the 2023 Bonds.

LEGALITY FOR INVESTMENT AND DEPOSIT

Pursuant to the Act, the 2023 Bonds are securities in which all public officers and bodies of the State and all municipalities, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and saving associations, including savings and loan associations, investment companies and other persons carrying on a banking business, and administrators, guardians, executors, trustees or other fiduciaries and all other persons who are now or may hereafter be authorized to invest in bonds or notes or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them. The Act also makes the 2023 Bonds securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities for any purposes for which the deposit of bonds or other obligations of the State is now or hereafter may be authorized.

CONTINUING DISCLOSURE

Historic Performance

Performance Prior to March 2015

In May 2012, the Authority delivered an official statement related to its \$4,810,000 Solid Waste System Revenue Bonds, Series 2012 (the “2012 OS”) in which the Authority stated incorrectly that both the Authority and the County were in compliance with their continuing disclosure obligations under certain undertakings previously entered into by the Authority and the County related to Bonds of the Authority issued in 2003 (the “2003 Continuing Disclosure Undertakings”). The 2003 Continuing Disclosure Undertakings were entered into under Rule 15c2-12 (as the same may be amended or officially interpreted from time to time, the “Rule”) promulgated by the Securities and Exchange Commission (the “Commission”).

The 2003 Continuing Disclosure Undertakings required the Authority and the County to file their respective audited financial statements (“Audited Financial Statements”) and certain financial and operating data (the “Annual Information”) with the nationally recognized municipal securities information repositories (the “NRMSIRs”), as described in the Rule at that time, on or before the later of 180 days after the end of each entity’s respective fiscal year or 60 days following the receipt of each entity’s respective Audited Financial Statements. Additionally, the 2003 Continuing Disclosure Undertakings required the Authority to file notice upon the occurrence of certain events in a timely manner with the NRMSIRs (“Event Filings”).

The Authority’s and the County’s record of performance under the 2003 Continuing Disclosure Undertakings in the five years prior to the Authority’s delivery of the 2012 OS revealed several instances of non-compliance by the Authority and the County with the 2003 Continuing Disclosure Undertakings that were not noted in the 2012 OS and made the Authority’s statement that both it and the County were in compliance incorrect.

Specifically, as to the Authority, for its fiscal year ending June 30, 2010, the Authority’s Annual Information was filed approximately two months late, and for its fiscal year ending June 30, 2011, the

Authority's Audited Financial Statements and Annual Information were filed approximately one month late. Also, no Event Filing was made in a timely manner for the change in the outlook by Standard & Poor's Ratings Services ("S&P") with respect to S&P's "A" rating of the Authority from "stable" to "negative" on April 30, 2012. An Event Filing with respect to this change was filed on March 17, 2014.

As to the County, there were no Annual Financial Statement filings and no Annual Information submissions for the fiscal years ending December 31, 2009 through 2012, inclusive. The County Audited Financial Statements for the fiscal years ending December 31, 2009, 2011, and 2012 were filed with EMMA in March 2014 and the County Audited Financial Statements for the fiscal year ending December 31, 2010 was filed in April 2012. The Annual Information for the fiscal years ending December 31, 2009 through 2011, inclusive was filed in March 2014. The Annual Information for the fiscal year ending December 31, 2012 was filed in December 2013.

In March 2014, the Authority and the County each established procedures, and each signed a contract with its financial advisor for assistance with continuing disclosure obligations, to better ensure that all future filings are made in a timely manner. Notwithstanding these contracts, Event Filings were not made in a timely manner with respect to the change of the S&P rating of the County from "A" to "A-" and the change of the S&P rating of the Authority from "A-" to "BBB+" on September 12, 2014. Event Filings with respect to these changes were filed on January 6, 2015.

Also, for its fiscal year 2013, the County did not file its Annual Information or its Audited Financial Statements until October 17, 2014 and October 14, 2014, approximately seven weeks after the date required by the 2003 Continuing Disclosure Undertakings.

Commission's MCDC Initiative

In the fall of 2014, the Authority and the County self-reported the deficiencies described above (except with regard to the late filings of the County's fiscal year 2013 information and audit) to the Commission in response to the Commission's Municipalities Continuing Disclosure Initiative Cooperation ("MCDC Initiative") and, in so doing, agreed to consent to certain settlement terms with the Commission described in the Commission's release describing the MCDC Initiative if the Commission chose to commence an enforcement proceeding.

The Authority subsequently received notice from the Commission stating that the Commission did not intend to commence an enforcement action against the Authority as a result of its self-reported instances of non-compliance with its obligations under the Rule and the 2003 Continuing Disclosure Undertakings.

Commission Cease and Desist Order on County

On August 24, 2016, the Commission instituted "cease-and-desist proceedings" (the "Proceedings") against the County pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") as a result of the County's self-reported deficiencies. In anticipation of the possible institution of the Proceedings, the County, pursuant to the MCDC Initiative, had submitted an "offer of settlement" ("Offer") which the Commission accepted, without admitting or denying the findings, except as to the Commission's jurisdiction over it and the subject matter of the Proceedings, which were admitted. In the offer of settlement, the County consented to the entry of the "Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order" (the "Order"). Pursuant to the Order, the County has undertaken to cease and desist from committing or causing any violations and any future violations of

Section 17 (a)(2) of the Securities Act and to comply with the undertakings as set forth in paragraphs a. through e. below:

a. Within 180 days of the entry of the Order, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer at the County responsible for ensuring compliance by the County with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training.

b. Within 180 days of the entry of the Order, comply with existing continuing disclosure undertakings, including updating past delinquent filings if by the County is not currently in compliance with its continuing disclosure obligations.

c. Disclose in a clear and conspicuous fashion the terms of the settlement in any final official statement for an offering by the County within five years of the institution of the proceedings.

d. Certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and the County has agreed to provide such evidence. The certification and supporting material must be submitted no later than the one-year anniversary of the institution of the Proceedings.

e. Cooperate with any subsequent investigation by the Commission's Division of Enforcement regarding the false statement(s) and/or material omission(s), including the roles of individuals and/or other parties involved.

For good cause shown, the Commission staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

In accordance with the Order, the County established procedures so that it may meet its undertakings and has made a timely certification to the Commission of its compliance with the terms of the Order.

Performance After February 2015

In March 2015, the Authority delivered an official statement related to its Solid Waste System Revenue Bonds, Series 2015A and Series 2015B (the "2015 OS") in which the Authority stated that both the Authority and the County were in compliance with their continuing disclosure obligations under certain undertakings previously entered into by the Authority and the County related to Bonds of the Authority issued in 2003 and 2012 (the "Continuing Disclosure Undertakings"). The Continuing Disclosure Undertakings were entered into under the Rule.

The 2012 Continuing Disclosure Undertakings were similar to the 2003 Continuing Disclosure Undertakings except that filings were required on or before the later of six months after the end of each entity's respective fiscal year or 60 days following the receipt of each entity's respective Audited Financial Statements.

The Authority's and the County's record of performance under the Continuing Disclosure Undertakings in the five years prior to the Authority's delivery of the 2015 OS reveals only one instance of non-compliance with the Continuing Disclosure Undertakings that were not noted in the 2015 OS, namely the late filing of the County's fiscal year 2013 information noted above.

Except for the late filing of the County's 2013 fiscal year information and audit, the other instances of non-compliance with the Continuing Disclosure Undertakings after February 2015 were as follows: (i) the Authority filed its Annual Information and Audited Financial Statements for its 2016 fiscal year with EMMA approximately four months late, and the Authority's fiscal year 2014 Audited Financial Statements were posted to EMMA approximately one week late; (ii) the Authority filed its Annual Information for its 2018 fiscal year approximately four days late; (iii) no Event Filing was made in a timely manner for the rating change by S&P on the Authority's outstanding bonds to A from BBB+ (an Event Filing with respect to this change was filed on April 27, 2023); (iv) the County failed to file its Annual Information and Audited Financial Statements for its 2014 fiscal year on the Authority's EMMA page (although the documents were filed on a timely basis on the County's EMMA page); (v) the County filed its Audited Financial Statements for fiscal year 2018 approximately two months late; (vi) the County filed its Annual Information for fiscal years 2018, 2019 and 2021 between approximately three weeks and approximately two months late; and (vii) certain information required to be included in the County's Annual Information for fiscal years 2017 through 2021 was not included in the filed Annual Information (such information for fiscal year 2022 was filed on August 16, 2023; as noted in such filing, historical data for previous years is not readily available to the County or the Authority). No notice of failure to timely file Audited Financial Statements or Annual Information was filed for any of the foregoing.

Continuing Disclosure Obligations with Respect to 2023 Bonds

In accordance with the requirements of the Rule, the Authority and the County will agree to provide, or cause to be provided, certain information to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") (i) certain annual financial information and operating data and (ii) notices of the occurrence of certain enumerated events as set forth in the continuing disclosure agreement to be entered into by the Authority and the County upon the issuance of the 2023 Bonds (the "2023 Continuing Disclosure Undertaking"). The form of the 2023 Continuing Disclosure Undertaking is set forth in "APPENDIX H – FORM OF CONTINUING DISCLOSURE UNDERTAKING."

FINANCIAL ADVISOR

Capital Markets Advisors, LLC, Great Neck, New York is serving as Financial Advisor to the Authority with respect to the issuance of the 2023 Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the 2023 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to ensure compliance with the undertaking by the Authority to provide continuing secondary market disclosure.

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter") has agreed to purchase the 2023 Bonds subject to certain conditions, and to pay therefor a price of \$5,722,944.05 (representing the principal amount of the 2023 Bonds, less net original issue discount of \$37,371.10, less an underwriting discount of \$49,684.85). The Underwriter will be obligated to purchase all the 2023 Bonds, if any 2023 Bonds are purchased.

The prices and other terms respecting the offering and sale of the 2023 Bonds may be changed from time to time by the Underwriter after the 2023 Bonds are released for sale, and the 2023 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the 2023 Bonds into investment accounts. In connection with the offering of the 2023 Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the 2023 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

RATING

S&P Global Ratings (“S&P”) has assigned the 2023 Bonds a rating of “A” with a stable outlook. Such rating and outlook reflect only the view of S&P and any explanation of the significance of such rating and outlook may only be obtained from S&P. There is no assurance that the rating or outlook will remain in effect for any given period of time or that the rating will not be lowered, suspended or withdrawn entirely, or the outlook revised, if, in the judgment of S&P, circumstances so warrant. Any such lowering, suspension or withdrawal of the rating or change in the rating outlook might have an adverse effect on the market price or marketability of the 2023 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, and sale of the 2023 Bonds will be subject to the approving opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. The opinion of Bond Counsel will be in substantially the form included herein as APPENDIX G. In addition, Bond Counsel will opine as to the authorization and validity of the Services Agreement. Certain legal matters will be passed on for the Authority by Meyer, Fuller & Stockwell PLLC, Lake George, New York. Certain legal matters will be passed on for the County by Janelle Lavigne, Esq., County Attorney. Certain legal matters in connection with the issuance of the 2023 Bonds will be passed on for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

TAX MATTERS

Bond Counsel Opinion

In the opinion of Bond Counsel, interest on the 2023 Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The Internal Revenue Code of 1986 (the “Code”) imposes certain requirements that must be met subsequent to the issuance and delivery of the 2023 Bonds for interest thereon to be and remain excluded from the gross income of the owners thereof for federal income tax purposes. The Authority has made in or pursuant to the Resolution, a Certificate of Determination and the Tax Certificate to be delivered by the Authority in connection with the issuance of the 2023 Bonds certain representations and covenants to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2023 Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Bond Counsel, under current law, in reliance on the representations of the Authority and, assuming continuous compliance with its covenants mentioned herein, interest on the 2023 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes, except for any 2023 Bond during any period in which such 2023 Bond is held by a person who is a “substantial user” of any of the facilities with respect to which the proceeds of the 2023 Bonds are used or by a “related person” of such substantial user, as such terms are used in section 147(a) of the Code. Failure by

the Authority to comply with the requirements of the Code and its covenants regarding the use, expenditures, and investment of the proceeds of the 2023 Bonds and, if required, the timely payment of certain investment earnings to the United States Treasury may cause interest on the 2023 Bonds to become included in gross income of the owners thereof for federal income tax purposes retroactive to the date of issue of the 2023 Bonds. The opinion of Bond Counsel with respect to the exclusion from gross income of the interest on the 2023 Bonds for federal income tax purposes may not be relied upon to the extent that such exclusion is adversely affected as a result of any action taken or not taken in reliance upon the opinion or advice of counsel other than Bond Counsel.

In the further opinion of Bond Counsel, interest on the 2023 Bonds will be treated as an item of tax preference for purposes of computing the federal alternative minimum tax on individuals. The Code contains other provisions that could result in tax consequences, upon which Bond Counsel renders no opinion, as a result of ownership of the 2023 Bonds or the inclusion in certain computations of interest that is excluded from gross income.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, which generally include corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than one billion dollars in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income for a taxable year generally consists of the net income or loss of the taxpayer set forth in the taxpayer's applicable financial statement for such taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the 2023 Bonds. Prospective purchasers that could be subject to this minimum tax should consult their tax advisors regarding the potential effect of owning the 2023 Bonds.

Bond Counsel's opinion will not be a guarantee of a result, but rather will represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service (the "IRS" or the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion will not be binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2023 Bonds is commenced, under current procedures the IRS is likely to treat the Authority as the "taxpayer," and the owners of the 2023 Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2023 Bonds, the Authority may have different or conflicting interest from the owners of the 2023 Bonds. Public awareness of any future audit of the 2023 Bonds could adversely affect the value and liquidity of the 2023 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel will express no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of the 2023 Bonds. Prospective purchasers should be aware that the ownership of tax exempt obligations, such as the 2023 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial asset securitization investment trust (FASIT), corporations subject to the alternative minimum tax on adjusted financial statement earnings, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and taxpayers who may be eligible for the earned income tax credit. Prospective purchasers of the 2023 Bonds should consult their tax advisors as to the applicability and impact of any such collateral consequences.

A copy of the form of opinion of Bond Counsel relating to the 2023 Bonds is attached as APPENDIX G.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the 2023 Bonds purchased as part of the initial public offering over the issue price thereof is “original issue discount.” The amount of original issue discount that has accrued and is properly allocable to an owner of a 2023 Bond with original issue discount (a “Discount Bond”) will be excluded from the gross income of the owner thereof for federal income tax purposes to the same extent as interest on that 2023 Bond. In general, the issue price of a maturity of the 2023 Bonds is the first price at which a substantial amount of 2023 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers), which may differ from the price shown on the inside cover page of this Official Statement, and the amount of original issue discount will accrue on a semiannual basis over the term of the 2023 Bond on the basis of a constant yield method based on the compounding of interest. A purchaser’s adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss upon disposition (including sale, redemption or payment on maturity) of such Discount Bond for federal income tax purposes.

Original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, an owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year. The accrual of original issue discount and its effect on the redemption, sale, or other disposition of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of such 2023 Bonds is sold to the public may be determined according to rules that differ from those described above. Owners of Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bonds and with respect to state and local tax consequences of owning and disposing of such Discount Bonds.

Bond Premium

The excess, if any, of the tax basis of 2023 Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such 2023 Bonds as inventory, stock in trade, or for sale to customers in the ordinary course of business) over the amount payable at maturity is “Bond Premium.” Bond Premium is amortized over the term of such 2023 Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of such 2023 Bonds are required to decrease their adjusted basis in such 2023 Bonds by the amount of amortizable Bond Premium attributable to each taxable year such 2023 Bonds are held. The amortizable Bond Premium on such 2023 Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, Bond Premium on such 2023 Bonds is treated as an offset to qualified stated interest received on such 2023 Bonds. Owners of such 2023 Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of Bond Premium upon sale, redemption, or other disposition of such 2023 Bonds and with respect to the state and local income tax consequences of owning and disposing of such 2023 Bonds.

Persons considering the purchase of 2023 Bonds with original issue discount or with initial bond premium should consult with their own tax advisors with respect to the accrual of original issue discount or the determination of amortizable bond premium on such 2023 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2023 Bonds. Bond Counsel will express no opinion regarding the tax accounting treatment of original issue discount or bond premium.

Backup Withholding

Interest paid on the 2023 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not by itself, affect the excludability of interest on the 2023 Bonds from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the 2023 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (i) are not “exempt recipients,” and (ii) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner’s federal income tax liability provided the required information is furnished to the IRS.

Future Tax Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax exemption or the market value of the 2023 Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding any future, pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

ADDITIONAL INFORMATION

This Official Statement is not to be construed as a contract or agreement between the Authority or the County and the purchasers or holders of any of the 2023 Bonds. Any statements made in this Official Statement involving matters of opinion, whether expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, in any circumstances, create any implication that there has been no change in affairs of the Authority or the County since the date hereof.

Additional information, including copies of the Services Agreement and the Resolution, may be obtained upon request from the office of the Authority at 828 County Route 20, Constable, New York, 12926.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

**COUNTY OF FRANKLIN SOLID WASTE
MANAGEMENT AUTHORITY**

By: /s/ Brandon Titus
Chairman

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APPENDIX A

LETTER OF BARTON & LOGUIDICE DPC, CONSULTING ENGINEER

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LETTER OF BARTON & LOGUIDICE, D.P.C., CONSULTING ENGINEER

August 24, 2023

Mr. Todd Perry
County of Franklin
Solid Waste Management Authority
828 County Route 20
Constable, New York 12926

Re: Review of the Authority's Solid Waste Management Facilities and System Operations

File: 814.013.001

Dear Mr. Perry:

We have prepared this letter at the request of the County of Franklin Solid Waste Management Authority (the "Authority") in connection with its issuance of its \$5,810,000 Solid Waste System Revenue Bonds, Series 2023 (the "Authority Bonds"). We hereby consent to this letter being appended to and summarized in the Official Statement of the Authority dated August 31, 2023 (the "Official Statement") relating to the Authority Bonds.

In order to develop information required for this letter, we have:

- (a) interviewed employees of the Authority,
- (b) reviewed the plans (to the extent currently available) for the construction of the improvements to be financed with the proceeds of the Authority Bonds,
- (c) reviewed the projected cash flows and related assumptions prepared by the Authority (and included in the Preliminary Official Statement under the heading "THE SYSTEM – Five-Year Operating Projections"),
- (d) reviewed the Services Agreement between the Authority and the County of Franklin (the "Services Agreement"), and
- (e) reviewed such other facilities, documents, permits, reports and materials, as we deemed necessary, including, without limitation, the following:
 - (1) the physical condition of, the remaining capacity of, the environmental compliance monitoring reports with respect to, and the New York State Department of Environmental Conservation ("NYSDEC") and other governmental permits and authorizations relating to the Authority's existing six-cell landfill facility located on Authority property straddling the border between the Towns of Constable and Westville, both in Franklin County (the "Site");



- (2) the physical condition of all support and ancillary facilities at the Authority's landfill, such as the maintenance shop, offices, truck scale, pump stations, leachate piping and tanks, litter control fence, and on-site access roads;
- (3) the physical condition and operating authorizations (permits and registrations) issued by NYSDEC for the Authority's three transfer stations;
- (4) the capabilities and capacities of the Authority's equipment and staff as related to the Services Agreement;
- (5) the overall organization, purpose and management of the Authority's reserve accounts for closure, post closure, future cell construction, debt repayment, and equipment reserves;
- (6) the Authority's compliance status with regard to all operating permits and authorizations currently in effect for the landfill, transfer stations and related and ancillary facilities;
- (7) the Draft (9-25-2008) and Final (2-26-2009) Environmental Impact Statements for the County of Franklin Solid Waste Management Authority's Proposed Landfill Expansion, which provide a detailed description and environmental analyses of the proposed landfill expansion project, including the portion of the expansion project to be financed with proceeds of the Authority Bonds;
- (8) the Phase 1 Expansion 6 NYCRR PART 360 and Title V Air Permit Application Documents (Revised December 2013), which consist of multiple engineering reports and drawings, all of which were approved by NYSDEC via its January 29, 2014 issuance of the Part 360 permit and the January 16, 2014 issuance of the Title V permit for the Authority's landfill expansion project including current renewals of these permits; and
- (9) a number of other items relating to the expansion, such as the Authority's Modification to Final Solid Waste Management Plan (2006), historical construction costs for recent expansions at the facility and regional construction costs for similar facilities.

With respect to item (e)(8) above, we note that the Authority has completed all environmental reviews and received all environmental approvals and permits required for construction and operation of Cell No. 6, as described in the Preliminary Official Statement. Specifically:

- (a) In February 2009, the Authority completed a Final Environmental Impact Statement, in accordance with the requirements of the New York State Environmental Quality Review Act (SEQRA), that examined potential environmental impacts associated with the maximum proposed build-out of an expanded multi-cell lined landfill on property adjoining the Authority's existing four-cell landfill. The maximum proposed lined landfill footprint was estimated at 142 acres, all but five acres of which is in addition to the 20 acres of the existing four-cell landfill footprint. Due to its overall size, the landfill expansion will be permitted and constructed in phases.
- (b) In March 2009, a SEQRA Findings Statement was adopted by the Authority's Board of Directors, which marked the final step in the Authority's SEQRA environmental review process for the proposed landfill expansion project.
- (c) On January 16, 2014, NYSDEC issued a Title V Air Permit for the landfill expansion project.



- (d) On January 29, 2014, NYSDEC issued a construction and operation permit under 6 NYCRR Part 360 (the "Part 360 Permit") for the first phase of the proposed landfill expansion, which included Cells 5, 6, and 7, which will be constructed sequentially, in numerical order, to meet the Authority's needs for landfill capacity.
- (e) On January 28, 2019, NYSDEC issued a renewal of the construction and operation permit under 6 NYCRR Part 360 (the "Part 360 Permit") for the first phase of the proposed landfill expansion, which includes Cells 5, 6 and 7, which will be constructed sequentially, in numerical order, to meet the Authority's need for landfill capacity. Currently Cells 5 and 6 have been constructed and are operational.

The Project consists of the engineering and construction work associated with the phased replacement of the Authority's registered and operational municipal solid waste ("MSW") transfer stations in Lake Clear and Malone. This will include the construction of two new transfer stations and improvements directly related to such replacements (the "Project").

We have estimated the cost of construction, including the final engineering design, public bidding and construction observation, at approximately \$5,150,000, being undertaken with proceeds of the Authority Bonds together with the Authority's equity contribution. Additional costs related to bond issuance and financing requirements result in a total project financing of approximately \$5,810,000.

All of the improvements to other Authority facilities being undertaken with proceeds of the Authority Bonds are expected to be completed by the first quarter of 2026.

Based on (a) our experience with the operations of the Authority and familiarity with its facilities and properties, including the Site, as a result of being the Authority's general engineering services firm since early 2003, (b) our familiarity with and observations of the performance of the Authority's staff, and (c) our interviews with Authority staff and our reviews of facilities, documents, permits, reports and materials referred to above, (d) our familiarity with the plans for the construction and operation of the proposed landfill expansion and costs associated therewith, and (e) our familiarity with the operations and associated costs of solid waste management facilities in Upstate New York, we offer the opinions listed below.

- A. The Authority's existing landfill (i) is in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable NYSDEC permit provisions, and (ii) has been subjected to periodic groundwater monitoring in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable permits issued by the NYSDEC, and such groundwater monitoring to date has not indicated a need for future landfill repair, reconstruction, mitigation or remediation measures beyond ordinary landfill maintenance activities.
- B. Each of the Authority's transfer stations will be maintained in good repair (ordinary wear and tear excepted) and will be fully capable of performing the functions for which it was designed through the projected term of the 2023 Bonds, assuming routine maintenance and replacement of equipment and other transfer station facility components as their useful lives expire.
- C. The Authority has in place a maintenance and component replacement program which, if funded at levels contemplated by the projected cash flows, is adequate to provide for the continued operation of the system at current levels through the term of the Authority 2023 Bonds.



- D. The assumptions provided as part of and used in the preparation of the projected cash flows are reasonable, and projected cash flows appear to incorporate such assumptions into the underlying calculations. The estimate of Operating Expenses, taking into account the improvements to be financed by the 2023 Bonds as shown in the projected cash flows are reasonable.
- E. The proceeds of the 2023 Bonds, together with the Authority's equity contribution, as shown under "PROJECT FINANCING TOTAL SOURCES AND USES", will provide sufficient funding to construct and operate the Project.
- F. The Authority's projected funding for closure and post closure costs relating to Cells 1-6, if funded at levels contemplated by the projected cash flows, will provide sufficient funds for closure and post closure for Cells 1- 6 as required by current New York State environmental regulations.
- G. The Authority's facilities are each (i) operating within NYSDEC requirements currently in effect and (ii) currently being operated in substantial compliance with their respective operating permits and/or registrations as applicable.
- H. The Authority has facilities, personnel and procedures which make it capable of providing continued solid waste disposal services under the Services Agreement in satisfaction of its obligation thereunder to provide such services, and we foresee no service failure by the Authority under the Services Agreement.
- I. Assuming continued operation of the existing system by the Authority as in the recent past, and the operation of Cells 5 and 6 in compliance with the Part 360 Permit and the Title V Air Permit referred to above, we are not aware of reasons why (i) the Authority's future landfill expansion permits for expansions beyond Cell 6 will not be granted or (ii) the Authority's future operating permits and operating authorizations will not be granted and renewed in accordance with NYSDEC's current permitting practices for a term or cumulative terms of at least the proposed term of the bonds.
- J. Cell 6, will provide future solid waste disposal capacity through late 2026 at current disposal levels.

Respectfully submitted,

BARTON & LOGUIDICE, D.P.C.

A handwritten signature in blue ink, appearing to read 'Chad W. Hutton'.

Chad W. Hutton, P.E.
Vice President

CWH/jms

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

This summary of the Resolution and the Series Resolution, each as proposed to be in effect upon the delivery of the 2023 Bonds, is qualified in its entirety by reference to such documents, copies of which are available from the Authority. Capitalized terms not defined herein shall have the meaning given those terms in the Bond Resolution or the 2023 Series Resolution.

Definitions

“2023 Bonds” means the Authority’s Solid Waste System Revenue Bonds, Series 2023.

“Accountant” means the certified public accountant or firm of certified public accountants appointed from time to time by the Authority.

“Act” means the County of Franklin Solid Waste Management Authority Act, being Chapter 665 of the Laws of 1988 of the State and constituting Title 13-1 of the Public Authorities Law of the State, as amended.

“Additional Bonds” means one or more series of additional bonds of the Authority which are authenticated and delivered or to be authenticated and delivered pursuant to the Resolution; provided, however, that such term shall not include Subordinate Obligations.

“Aggregate Debt Service” means, for any period of twelve (12) consecutive calendar months and as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series then Outstanding.

“Applicable Law” means any law, regulation, requirement or order of any federal, state or local agency, court or other governmental body, applicable from time to time to the acquisition, design, construction, equipping, testing, start-up, financing, ownership, possession or operation of the System or the performance of any obligations under any agreement entered into in connection therewith.

“Authorized Officer of the Authority” means the Chairman, Vice Chairman or Executive Director of the Authority or any other person authorized by resolution of the Authority.

“Authority” means the County of Franklin Solid Waste Management Authority, a public body corporate and politic constituting a public benefit corporation of the State created, organized and existing under the Act.

“Bond” or “Bonds” means any of the bonds of the Authority authenticated and delivered under and pursuant to the Resolution or a Series Resolution; provided, however, that such term shall not include Subordinate Obligations.

“Bond Anticipation Notes” as used in the Resolution shall mean any of the notes issued pursuant to the Resolution.

“Bond Purchase Agreement” shall mean the bond purchase agreement by and between the Authority and an Underwriter pertaining to the Bonds.

“Bond Year” means each one year period (or shorter period from the date of issue) that ends at the close of business on the day in the calendar year selected by the Authority, or if a date is not selected by the Authority, each one year period ending on the anniversary of the issuance of a given Series.

“Business Day” means a day on which banks located in the State are not required or authorized to remain closed and the New York Stock Exchange is not closed.

“C&D Landfill” means the construction and demolition debris landfills to be constructed by the Authority.

“Capitalized Interest” means, for any particular Series, that portion of the proceeds of the Bonds of such Series, if any, required by the Resolution or the Series Resolution authorizing such Series to be deposited in a subaccount established for such Series in the Capitalized Interest Account in the Debt Service Fund, for the purpose of funding the payment of a portion of the interest on the Bonds of such Series.

“Closure” means the closure of a Landfill in accordance with regulations of NYSDEC.

“Closure Plan” means the detailed plan submitted to and approved by NYSDEC detailing the methods of Closure, Cost of Closure, Cost of Post-Closure Monitoring, and methods of Post-Closure Monitoring, as the same shall be amended and adjusted as approved by NYSDEC from time to time, but not less often than annually.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the applicable temporary, proposed, or final regulations promulgated thereunder by the United States Treasury Department.

“Completion Date” means the date on which the certificates required by the Resolution with respect to any improvements financed pursuant thereto are filed with the Trustee.

“Consulting Engineer” means any nationally recognized independent engineer or firm of licensed professional engineers retained by the Authority.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement by and between the Authority and the Trustee pertaining to the Authority’s obligations under Rule 15c2-12(b)(5) adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Cost of Closure” means the written estimate of the cost of Closure or hiring a third party to close the largest area of all Landfills ever requiring final cover at any time during their operation when the extent and manner of their operation would make Closure the most expensive, in accordance with the Closure Plan, as the same may be modified from time to time.

“Cost of Post-Closure Monitoring” means the written estimate of the cost of hiring a third party to conduct post-closure care and maintenance for a Landfill for the entire period of Post-Closure Monitoring in accordance with the Closure Plan, as the same may be modified from time to time.

“Costs of Issuance” means all items of expense directly or indirectly related to the authorization, issuance, offering and sale of Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals (including without limitation accountants, attorneys, engineers, underwriters and financial advisors), costs of credit ratings, Credit Facility fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, or any other cost, charge or fee in connection with the original issuance of Bonds. For purposes of this definition, the term “Bonds” includes Bond Anticipation Notes and other forms of indebtedness.

“County Payments” means the payments the County will make to the Authority in accordance with the Solid Waste Management Services Agreement.

“Credit Facility” means any irrevocable letter of credit, surety bond, bond insurance, loan agreement or other credit arrangement provided by a financial institution or insurance company or association pursuant to which the Authority or the Trustee is entitled to obtain funds to pay the principal or Redemption Price of and interest on Bonds or Subordinate Obligations.

“Dated Date” shall mean each date of delivery of the Bonds.

“Debt Service” means, for any period, as of any date of calculation and with respect to any Series, an amount equal to the sum of (1) interest accruing during such period on such Series of Bonds, except to the extent that such interest is to be paid from the Capitalized Interest Account (or any subaccount therein) and (ii) that portion of each Principal Installment for such Series deemed to accrue daily in equal amounts from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) prior to its due date, or from the date of issuance of the Bonds of such Series, whichever is later; such interest and Principal Installments to be calculated on the assumption that Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding by reason, but only by reason, of the payment of each Principal Installment, plus accrued interest, if any, on its due date.

“Defeasance Obligations” means (i) any direct non-callable obligations of the United States of America or securities that are fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee of the full faith and credit of the United States of America have been pledged, (ii) any obligations of any state of the United States of America or political subdivision of such state (collectively “Municipal Bonds”) which Municipal Bonds are (a) fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holders of the Municipal Bonds, or (b) rated in the highest rating category by Moody’s Investors Service, Inc. and Standard & Poor’s Corporation, or their successors, (iii) certificates or other instruments that evidence the ownership, the right to payments of the principal of or interest on direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and (iv) United States Treasury Certificates of Indebtedness, Notes and Bonds, State and Local Government Series. No such Defeasance Obligations may be subject to redemption prior to maturity other than at the option of the holder thereof, except for Municipal Bonds under (ii) above, which may be subject to redemption prior to maturity provided that irrevocable instructions have been given to the trustee for such securities as to redemption or maturity date and, provided further, that if such securities are outstanding to maturity, no sinking or retirement fund will act to redeem any portion of such securities prior to maturity.

“Determination Certificate” means a certificate executed by the Chairman or Vice-Chairman of the Authority, as the case may be, in accordance with the Series Resolution, determining details of the Bonds.

“Estimated Aggregate Debt Service” means, for any Fiscal Year and as of any date of calculation, the sum of the amounts of Debt Service for such year with respect to all Series of Bonds then Outstanding; provided, however, that in computing such Estimated Aggregate Debt Service, any Variable Interest Rate Bonds shall be deemed to bear interest at all times, to the maturity date thereof, at the Estimated Average Interest Rate applicable thereto.

“Estimated Average Interest Rate” means, with respect to any Variable Interest Rate Bonds, the interest rate specified in clauses (i) or (ii) (as applicable) of the definition of Variable Interest Rate Bonds.

“Financial Guaranty” has the meaning specified in the Resolution.

“Fiscal Year” means the period of twelve calendar months ending with June 30 of any calendar year or such other period of twelve (12) consecutive calendar months designated by the Authority as its fiscal year.

“Guaranteed Investment Contracts” or “GICs” has the meaning specified in subparagraph (i) of Qualified Investments.

“Improvements” mean the original Regional Landfill and any additional cells built in the future, one or more C&D Landfills and Transfer Stations.

“Initial Bonds” means the Authority’s Solid Waste System Revenue Bonds, Series 1993.

“Interest Payment Date” means each date on which interest is payable on the Bonds as provided in any applicable Series Resolution.

“Investment Income” means investment income including, but not limited to, any gain resulting from the sale, call or exchange of a bond or other obligation purchased or otherwise acquired by the Trustee, whether or not such bond or other obligation is interest-bearing, any statute or rule of law to the contrary notwithstanding.

“Landfill” means any landfill designated for use by the Authority, including, without limitation, the Regional Landfill and the C&D Landfill.

“Liquidity Facility” means any Credit Facility provided by a financial institution or insurance company or association which has been rated not lower than the [second] highest rating category by Moody’s Investors Service, Inc. or Standard & Poor’s Corporation, which is payable on proper demand in accordance with the terms under which such Liquidity Facility was issued or as otherwise provided in any applicable Series Resolution.

“Maximum Annual Debt Service” means the maximum amount of Estimated Aggregate Debt Service for the then current or any future Fiscal Year.

“Maximum Interest Rate” means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, which may (but need not) be set forth in the Series Resolution authorizing such Bond, that shall be the maximum rate of interest such Bond may at any time bear; provided, however, that should the Authority obtain insurance or other coverage which provides that any increase in the Variable Interest Rate above a threshold rate will be reimbursed or paid by the insurer, such threshold rate will be deemed to be the Maximum Interest Rate. The insurer providing such insurance policy shall be an insurer whose insurance policies are rated in the highest rating category by Standard & Poor’s Corporation and Moody’s Investors Service, Inc. or their successors.

“Minimum Interest Rate” means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest which may (but need not) be set forth in the Series Resolution authorizing such Bond, that shall be the minimum rate of interest such Bond may at any time bear.

“Net Revenues” means the Revenues during such period less Operating Expenses for such period.

“NYSDEC” means the New York State Department of Environmental Conservation.

“Official Statement” means the final Official Statement of the Authority, issued with respect to the offering of the 2023 Bonds for purchase.

“Operating Expenses” means the Authority’s reasonable and necessary current expenses of maintaining, repairing and operating the System, including without limiting the generality of the foregoing, Operating and Maintenance Costs as defined in the Solid Waste Management Services Agreement (exclusive of payments to the County pursuant to such Agreement), all administrative, general and commercial expenses (including the administrative expenses of the Authority allocable to the System, as the Authority shall determine), insurance and surety bond premiums, payments for the billing and collection of service charges, engineering, legal and accounting fees and any taxes which may be lawfully imposed on the Authority or its income or operations or the property under its control, ordinary and current rentals of equipment or other property, usual expenses of maintenance and repair, and any other current expenses required to be paid by the Authority under the provisions of the Resolution or by law, all to the extent properly and directly attributable to the System, the expenses, any payments to pension, retirement, life insurance, or health insurance, the liabilities and compensation of the Trustee required to be paid hereunder and any fees and charges in connection with disposal of solid waste by the Authority outside the County, but not including any reserves for operation, maintenance, repair or capital improvements or any allowance for depreciation, amortization, interest on Bonds, or similar charges.

“Option Bonds” means Bonds which by their terms may be tendered by and at the option of the holder thereof for purchase from the holder prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the holder thereof.

“Outstanding” means (i) when used with reference to Subordinate Obligations, “Outstanding” shall be as said term is defined in the resolution, indenture or other instrument of the Authority authorizing the issuance of such Subordinate Obligations; and (ii) when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except

- (a) any Bond cancelled by the Authority or the Trustee at or before said date; and
- (b) any Bond deemed to be paid; and
- (c) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the provisions of the Resolution; and
- (d) any Bond purchased, redeemed or paid pursuant to the Resolution; and
- (e) any Bonds for which moneys held by the Trustee for the payment of the interest, principal and redemption premium, if any, due on any date are set aside in trust pending such payment for the holders of such Bonds entitled thereto, after the due date thereof except as provided in (f) below; and
- (f) any Bonds for which moneys held by the Trustee for payment of the Redemption Price together with interest to the redemption date are set aside in trust for the account of the holders of the Bonds to be redeemed, after the redemption date.

“Parity Reimbursement Obligation” shall mean a Reimbursement Obligation, the payment of which is secured by a pledge of, and a lien on, Net Revenues on a parity with the pledge and lien created by the Resolution.

“Pay-in Period” means, with respect to the Closure Fund, the number of years remaining in the term of the Operating Permit, and with respect to the Post-Closure Monitoring Fund, the number of years remaining until sums for Post-Closure Monitoring are required.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Preliminary Official Statement” means the Preliminary Official Statement of the Authority issued with respect to the offering of the 2023 Bonds for purchase.

“Post-Closure Monitoring” means the requirement to monitor the Landfill as set forth in 6 NYCRR 360-2.15 or as otherwise required by Applicable Law.

“Principal Installment” means, as of any particular date of calculation and with respect to any Series, an amount of money equal to (1) the principal amount of Bonds (including [a] any amount designated in, or determined pursuant to, the applicable Series Resolution, as the “principal amount” with respect to any Bonds which do not pay full current interest for all or any part of their term, [b] the Tender Option Price of any Option Bonds which may be tendered to the Authority for purchase or payment during such period of calculation and prior to the stated maturity thereof in accordance with the terms of the Series Resolution authorizing such Option Bonds, unless such amount is secured by a Credit Facility which is not in default and [c] the principal amount of any Parity Reimbursement Obligation) of such Series Outstanding which mature (or so tendered for purchase or payment) on a certain future date (or are so tendered), for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Bonds of such Series Outstanding, plus the sinking fund redemption premiums, if any, which may be applicable upon redemption of such Bonds on such future date or (iii) if such future date coincides as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

“Project” means the engineering, construction and equipping of two replacement solid waste transfer stations at the Authority’s existing Lake Clear Transfer Station and Malone Transfer Station locations and related infrastructure improvements, including incidental expenses, for the Authority.

“Qualified Investments” means the following, to the extent the same are legal for investments of funds of the Authority:

(a) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee (“Direct Obligations”);

(b) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FNMA”); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“GNMA”); guaranteed participation certificates

and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financials of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and Resolution Funding Corporation Securities;

(c) Direct obligations, or mutual funds solely consisting of, any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s Investors Service and “A” or better by Standard & Poor’s Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s Investors Service and “A” or better by Standard & Poor’s Corporation;

(d) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, “P-1” by Moody’s Investors Service and “A-1” or better by Standard & Poor’s Corporation;

(e) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term “Bank Deposit” rating of “P-1” by Moody’s and a “Short-Term CD” rating of “A-1” or better by Standard & Poor’s Corporation;

(f) Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3,000,000.00, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(g) Investments in money-market funds rated “AAAm” or “AAAm-G” by Standard & Poor’s Corporation;

(h) Repurchase agreements collateralized by Direct Obligations, GNMA’s, FNMA’s or FHLMC’s with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated “P-1” or “A3” or better by Moody’s Investors Service and “A-1” or “A-” or better by Standard & Poor’s Corporation, provided:

(i) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(ii) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent (“Agent”) for the Trustee, and such third party is (A) a Federal Reserve Bank, (B) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000.00 or (C) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written

confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

(iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities as created for the benefit of the Trustee; and

(iv) the repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(v) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%;

(i) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by a nationally recognized rating agency in its highest rating category, and by at least one other nationally recognized rating agency in either of its two highest rating categories, for comparable types of debt obligations.

“Rebate Amount” shall have the meaning set forth in the Tax Certificate.

“Record Date” means, with respect to a particular Series of Bonds, the fifteenth day of the calendar month (whether or not a Business Day), if the interest payment date for such Series is the first day of the immediately following month, or the first day of the calendar month (whether or not a Business Day), if the interest payment date for such Series is the fifteenth day of the same month, unless otherwise provided by the Series Resolution authorizing such Series.

“Redemption Price”, in the case of any particular Bond, means the principal amount of such Bond plus the applicable premium, if any, payable on the date it is to be redeemed.

“Regional Landfill” means the multi-cell landfill located in the County and owned and operated by the Authority as part of the System.

“Reimbursement Amount” means the amount the Authority is required to pay to the County in accordance with the Solid Waste Management Services Agreement.

“Reimbursement Obligation” shall mean the obligation of the Authority to directly reimburse the issuer of a Credit Facility for amounts paid by such issuer thereunder, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument.

“Reserve Requirement” means as of any date of calculation, an amount equal to the lesser of (i) the greatest amount of Aggregate Debt Service for the then current or any future Fiscal Year or (ii) the maximum amount which, in the opinion of Bond Counsel, is permitted to be deposited in the Debt Service Reserve Fund from Bond Proceeds without causing the interest on the Bonds to be includable in the gross income of the owners thereof; provided, however, that for purposes of this definition, “Aggregate Debt Service” shall be computed in accordance with the definition of said term herein with the exception that in any such computation involving Variable Interest Rate Bonds, each such Variable Interest Rate Bond shall be deemed to bear interest at all times, to the maturity date thereof, at the Estimated Average Interest Rate applicable thereto.

“Resolution” means the Solid Waste System Revenue Bond Resolution adopted by the Authority on June 8, 1993 as it may be amended and supplemented.

“Revenues” means County Payments and any other payments made by the County to the Authority regardless of whether such payments are reimbursed to the County, Tipping Fees, User Fees and Investment Income, excluding any other money, except for grants the receipt of which is conditioned for a specific purpose.

“Serial Bonds” means Bonds of a Series which mature in successive annual installments.

“Series” means, collectively, the Initial Bonds and all Additional Bonds and Refunding Bonds authenticated and delivered on original issuance and identified pursuant to the Series Resolution authorizing such Bonds as a separate Series of Bonds.

“Series Resolution”

(1) as used in the Bond Resolution, means a resolution of the Authority authorizing the issuance of one or more Series of Bonds and adopted by the Authority in which the Authority shall without limitation, describe the general terms of the Bonds being issued, name the Trustee, redemption provisions and purposes for which the Additional Bonds are issued; and

(2) as used in the Series Resolution and the Official Statement, means the Solid Waste System Revenue Bond Series Resolution, relating to the Bonds and adopted by the Authority on July 26, 2023.

“Sinking Fund Installment” means, as of any particular date of computation and with respect to the Bonds then Outstanding, the amount of money required by any Series Resolution to be set aside at all events in a single Fiscal Year for retirement of such Bonds, but does not include any amount payable by the Authority by reason only of the maturity of such Bonds. Sinking Fund Installments shall be adjusted as follows:

Bonds purchased with money expended by the Trustee from the Sinking Fund for purchase or redemption of Bonds and money expended by the Authority for the purchase of Bonds in a principal amount in excess of the required Sinking Fund Installments with respect to bonds subject to redemption by operation of the Sinking Fund, shall be applied to the reduction of all or part of future Sinking Fund Installments required to be made by the Resolution or any Series Resolution in the chronological order of the dates such payments of such installments are required to be made with respect to the Series of Bonds so purchased or redeemed. Any such Bonds purchased by the Trustee or the Authority shall be applied at 100% of the principal amount thereof.

“Sinking Fund Redemption Price” means, with respect to any Bond, the principal amount thereof, plus the applicable premiums, if any, payable, upon the redemption thereof from moneys accumulated in the Sinking Fund by reason of the payment of Sinking Fund Installments.

“Solid Waste” means any garbage, refuse, other discarded material, including solid, liquid, semisolid or contained gaseous material resulting from industrial, commercial, mining and agricultural operations, and from community activities, recyclable materials, compostable materials from residential, commercial, industrial and institutional generators, construction and demolition debris, and other waste which the Authority may dispose of or recycle in the System, or otherwise as provided in the Solid Waste Management Services Agreement; provided, however, that in no event shall Solid Waste include any materials that are Hazardous Waste, Infectious Waste, Sludge not permitted to be disposed of at the Landfills or the Transfer Stations by the NYSDEC, oil, solvents, gasoline and other flammable liquids and

other material excluded from the definition of Solid Waste pursuant to Applicable Law, including 40 CFR Section 261.4 as published and amended from time to time.

“Solid Waste Management Plan” means the plan submitted by the Authority and approved by NYSDEC in March of 1991 and updated in 2006, as amended from time to time, providing for the development of an integrated solid waste management system by the Authority.

“Solid Waste Management Services Agreement” which means a Solid Waste Management Services Agreement, between the County and the Authority, dated as of May 1, 1993, as amended, supplemented, or otherwise modified from time to time, including by the amendments dated May 18, 1995 and May 1, 2012.

“Solid Waste Project” means the development, acquisition, construction and/or equipping of a portion of the System.

“State” means the State of New York.

“Subordinate Obligations” means any bonds, notes or other evidences of indebtedness of the Authority issued pursuant to and complying with the provisions of the Resolution.

“System” means all interests of the Authority in real and personal property, including any facility owned, operated or used by the Authority.

“Tax Certificate” means for any Series the Tax Regulatory Agreement, Arbitrage Certificate or similar document executed by the Authority setting forth the tax requirements applicable to that Series.

“Tender Option Price” means, with respect to any Option Bond tendered for purchase or payment in accordance with the Series Resolution authorizing such Option Bond, an amount equal to the principal amount of such Option Bond plus the interest accrued and unpaid thereon to the date of such tender.

“Tipping Fees” means the rates charged by the Authority to Persons delivering Solid Waste to the System.

“Transfer Stations” means any facility for receiving and consolidating Solid Waste for purposes of transshipping it to the Landfills, or any other Solid Waste management facility that may be established by the Authority as part of the System, including the transfer stations to be located in the Towns of Altamont, Bellmont, Dickinson, Fort Covington, Harriestown and Malone.

“Trustee” means The Bank of New York Mellon, New York, New York, and its successor or successors, pursuant to the Resolution.

“Underwriter” means the underwriter or underwriters specified in a Bond Purchase Agreement.

“User Fees” means any charges, not including Tipping Fees, established by the County or the Authority for the provision of and/or use of the System chargeable to any Person for the disposal and/or recycling of Solid Waste by the Authority.

“Variable Interest Rate” shall mean a variable interest rate to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds. The method of computing such variable interest rate shall be specified in the Series Resolution authorizing such Series of Bonds; provided that, such Variable Interest

Rate may be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Series Resolution.

“Variable Interest Rate Bonds” means Bonds which bear a Variable Interest Rate. Variable Interest Rate Bonds issued or to be issued under the Resolution shall, for all purposes of calculation, be assumed to bear interest at a fixed rate equal to the higher of (i) 9.2% per annum or (ii) the highest variable rate borne over the preceding 24 months by Outstanding Variable Interest Rate Bonds (issued under the Resolution) or, if no such Variable Interest Rate Bond is at the time Outstanding under the Resolution, by variable rate debt for which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued.

Summary of Certain Provisions of the 2023 Series Resolution

The following summarizes certain provisions of the 2023 Series Resolution to which reference is made for the detailed provisions thereof.

Principal Amount, Designation and Series. Subject to the adoption of a resolution of the Board of Legislators of the County approving the issuance of the 2023 Bonds pursuant to section 147(f) of the Code, there is hereby authorized a Series of bonds under the 2023 Series Resolution, which shall be designated and shall be distinguished from the bonds of all other Series by the title “Solid Waste System Revenue Bonds, Series 2023,” or such other title or series designation as shall be determined in a Determination Certificate, which shall be in an aggregate principal amount not exceeding \$6,000,000 and which shall constitute Additional Bonds authorized by Section 315 of the Bond Resolution. The 2023 Bonds shall be sold to the Underwriter pursuant to the Bond Purchase Agreement.

Purpose of the Bonds. The proceeds of the Bonds shall be used to: (i) finance the Project; (ii) fund a portion of the Debt Service Reserve Fund, and (iii) pay for a portion of the costs of issuance of the Bonds.

Application of Proceeds of 2023 Bonds. Simultaneously with the delivery of the 2023 Bonds, the proceeds thereof, including accrued interest and premium, if any, paid by the underwriter of the 2023 Bonds shall be deposited or credited by the Trustee as set forth in the Determination Certificate.

To Maintain Tax-Exempt Status of the 2023 Bonds.

It is the intention of the Authority that the interest on the 2023 Bonds be excludable from the gross income of the owners thereof for federal income tax purposes, except for any 2023 Bond for any period that such 2023 Bond is owned by a person who is a “substantial user” of the Project or a “related person” of such substantial user within the meaning of section 147(a) of the Code. To that end, the Authority covenants with the Trustee for the benefit of the holders of the 2023 Bonds, to take each action necessary to assure, and to refrain from taking any action that would adversely affect, the treatment of the 2023 Bonds as obligations described in section 103(a) of the Code, the interest on which is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes, (other than interest accruing on any 2023 Bonds during any period owned by a “substantial user” of the Project or a “related person” of such substantial user within the meaning of section 147(a) of the Code).

The Authority agrees to execute and deliver in connection with the issuance of the 2023 Bonds the Tax Certificate, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the 2023 Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

The Chairman, Vice-Chairman or Executive Director of the Authority is hereby authorized and directed to approve in the Determination Certificate such amendments to the Series Resolution as Bond Counsel shall require in connection with the delivery of any opinion of Bond Counsel relating to the tax-exempt status of the 2023 Bonds. Any such amendments approved by the Chairman, Vice-Chairman or Executive Director of the Authority, as the case may be, shall be deemed to be a part of the Series Resolution at all times.

Authorization of Chairman, Vice-Chairman or Executive Director to Issue, Sell and Execute the Bonds. Subject to the provisions of the Bond Resolution and the Series Resolution, the power to issue and sell the 2023 Bonds authorized pursuant hereto is hereby delegated to the Chairman, Vice-Chairman or Executive Director of the Authority. The Chairman, Vice-Chairman or Executive Director of the Authority may sell such 2023 Bonds at public or private sale, at a discount or premium, as the Chairman, Vice-Chairman or Executive Director of the Authority shall determine is most favorable to the Authority, and in compliance with any rules of the State Comptroller applicable thereto. Such 2023 Bonds shall be of terms (including, but not limited to, interest rates, maturity and prior redemption), form and contents, and shall be sold in such manner and at such time, as may be prescribed by said Chairman, Vice-Chairman or Executive Director of the Authority, consistent with the provisions of the Bond Resolution and the Series Resolution. The Chairman, Vice-Chairman or Executive Director of the Authority is hereby authorized and directed to execute by manual or facsimile signature on behalf of the Authority the 2023 Bonds issued pursuant to the Series Resolution and the Secretary is hereby authorized and directed to affix the seal of said Authority to such 2023 Bonds and to attest such seal by manual or facsimile signature. If the Chairman, Vice-Chairman or Executive Director of the Authority is unavailable or unable to perform the duties set forth in the Series Resolution, the Treasurer of the Authority shall undertake to perform the same in place of the Chairman, Vice-Chairman or Executive Director of the Authority.

Determination Certificate. The Chairman, Vice-Chairman or Executive Director of the Authority, as the case may be, shall execute and deliver the Determination Certificate prior to the issuance, sale and delivery of the 2023 Bonds.

Additional Documents, Instruments, and Certificates.

- (a) The Authority shall enter into a Continuing Disclosure Agreement, dated as of the date of delivery of the 2023 Bonds for the benefit of the holders of the 2023 Bonds in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities Exchange Act of 1934 and the authorization herein shall deem the Continuing Disclosure Agreement to constitute a contract with the holders of the 2023 Bonds.
- (b) The distribution by the Authority and the Underwriter of the Preliminary Official Statement is hereby authorized, ratified, and confirmed.
- (c) The Chairman, Vice-Chairman or Executive Director of the Authority is hereby authorized and directed to execute and deliver such additional documents, instruments and certificates as the Chairman, Vice-Chairman or Executive Director of the Authority deems necessary or desirable in connection with the issuance of the 2023 Bonds as contemplated by the Series Resolution, including, without limitation, the execution and delivery of the Official Statement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and an amendment to the Solid Waste Management Services Agreement.
- (d) All actions heretofore taken by the officers and agents of the Authority with respect to the issuance, sale, and delivery of the 2023 Bonds, including all actions taken by the Executive Director of the Authority relating to section 147(f) of the Code, or in connection with or

related to any of the agreements or documents referenced in the Series Resolution, are hereby approved, confirmed, and ratified.

Summary of Certain Provisions of the Bond Resolution

The following summarizes certain provisions of the Bond Resolution to which reference is made for the detailed provisions thereof.

Additional Bonds

Purposes

After the execution, authentication and delivery of the Initial Bonds, provided no Event of Default shall have occurred and be continuing, one or more Series of Additional Bonds of the Authority may be authorized to be issued at any time and from time to time pursuant to and in accordance with the Act for the following purposes:

(1) *Completion.* Raising funds to pay any part of the cost of the completion of the System to be financed by the issuance of Additional Bonds, any capitalized interest, issuance costs and any increase of the Debt Service Reserve Fund, the Closure Fund, the Post-Closure Monitoring Fund and any other reserve funds reasonably required and incidental thereto; or

(2) *Additions, Extensions, Replacements.* Raising funds to pay the cost of acquisition or construction of extended, additional or replacement Solid Waste disposal sites, including the cost of construction on or about such sites of all appurtenances and equipment necessary or suitable for their maintenance or operation; all or any property, rights, easements and franchises deemed by the Authority to be necessary or useful and convenient therefor; any capitalized interest and any issuance costs; and any increase of the Debt Service Reserve Fund, the Closure Fund, the Post-Closure Monitoring Fund and any other reserve funds reasonably required and incidental thereto; or

(3) *Refunding.* Refunding any Bonds (including Additional Bonds); or

(4) *Casualty Losses.* Raising funds to pay the additional costs over and above the proceeds of insurance and amounts paid to the Authority for the reconstruction of destroyed or damaged portions of the System including any cost thereof and including capitalized interest and any increase of the Debt Service Reserve Fund incidental thereto; or

(5) *Regulatory Compliance.* Raising funds to pay any part of the cost of complying with the *requirements* of the United States Environmental Protection Agency or any State or federal regulatory agency having jurisdiction over the System.

Issuance of Additional Bonds

(a) The Trustee shall not authenticate or deliver to the Authority upon its order any Additional Bonds unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(1) a copy of the applicable Series Resolution or Resolutions of the Authority authorizing the Additional Bonds, certified by the Chairman or Vice-Chairman of the Authority, as required in the Resolution;

(2) a written opinion of counsel (who may be counsel to the Authority) approving the form of such applicable Series Resolution or Resolutions and stating that its (or their) terms and provisions conform with the requirements of the Act and of the Resolution, and that the order, certificates and proceeds of the Authority so delivered or paid to the Trustee as provided in this Section hereinafter constitute compliance with the conditions stated herein for the authentication and delivery of such Additional Bonds;

(3) the written order of the Authority, signed by the Chairman or Vice Chairman of the Authority, ordering the Trustee to authenticate and deliver such Additional Bonds, stating the amount of the proceeds of sale thereof and directing the application of such proceeds in accordance with the Resolution;

(4) any other moneys of the Authority certified by an Authorized Officer of the Authority as being available for the payment of the costs of the improvements to be financed with the proceeds of the Additional Bonds on the date when the Additional Bonds are issued and delivered, to be held by the Trustee in the Construction Fund;

(5) if such Additional Bonds are authorized for any purpose other than the refunding of indebtedness, a certificate of the Consulting Engineer stating:

(i) its opinion that (x) the Additional Bonds are required for casualty losses or regulatory compliance or (y) the improvement or improvements described in the Series Resolution is (or are) a part of the System being financed; and

(ii) the estimated cost of the improvements described in the Series Resolution and its opinion that the proceeds of the Additional Bonds, together with other available moneys, will be sufficient to pay such cost;

(iii) the estimated completion date for the construction of such improvements;
and

(iv) the estimated date when such improvements will be placed in operation.

(6) a written opinion or opinions similar in substance to the opinion given in connection with the issuance of the Initial Bonds;

(7) an original or certified copy of all other documents and instruments executed and delivered in connection therewith; and

(8) if Option Bonds shall be issued under the Resolution or any Series Resolution, then the Authority shall furnish to the Trustee a Liquidity Facility in such an amount that would accommodate an election by all Bondholders to purchase or redeem the entire aggregate Outstanding principal amount of such Series of Option Bonds at the Tender Option Price.

(b) If such Additional Bonds are authorized for Additions, Extensions or Replacements, the Trustee shall not authenticate such Additional Bonds unless theretofore or simultaneously therewith there shall have further been delivered or paid to the Trustee the following:

(1) a certificate of the Accountant stating that he has audited the books and records of the Authority and has ascertained from such examination and audit that all payments required by the Resolution to be paid into the Debt Service Fund and Sinking Fund prior to the beginning of the month on which such Additional Bonds are authenticated have been made; all interest due on the Bonds has been paid or funds for the payment thereof have been deposited with the Trustee; all matured Bonds have been paid or funds for the payment thereof have been deposited with the Trustee; and the Debt Service Reserve Fund is at the required levels as of the month preceding the month in which the Additional Bonds are issued;

(2) A certificate of the Authority, signed by the Chairman or Vice Chairman of the Authority, stating that the Authority has adopted fee schedules, user charges and/or other charges for the use and/or operation of such facilities being financed by the proceeds of such Additional Bonds, to be implemented as of the Completion Date of such facilities;

(3) A certificate of an Authorized Officer of the Authority certifying that Net Revenues, adjusted as provided below, for twelve (12) consecutive months out of the fifteen (15) months or the fiscal year immediately preceding the issuance of such Additional Bonds provided at least 1.15 times coverage of Maximum Annual Debt Service on all Outstanding Bonds. For purposes of this test, Net Revenues may be adjusted for:

(a) changes in Tipping Fees and User Fees charges adopted subsequent to the start of such twelve (12) month period but prior to the date of issuance of such Additional Bonds; and

(b) the estimated change in Net Revenues resulting from agreements entered into with entities outside of the County for the disposal of Solid Waste by the Authority within one (1) year following completion of any project to be funded from the proceeds of such Additional Bonds.

For purposes of determining compliance with the requirements of the Resolution, any transfers by the Authority from the Rate Stabilization Fund to any other fund established under this Resolution shall be treated as Revenues.

(4) A certificate of the Accountant setting forth, for the then current and the next five Fiscal Years, estimates of Revenues giving effect to (A) the construction of any portions of the System not yet completed if the Cost to complete such portions has been provided, or will be provided from the issuance of such Additional Bonds, (B) any adjustment of Tipping Fees and User Fees which shall have been placed in effect subsequent to the beginning of the twelve-month period referred to in paragraph (1) of this Subsection (b), as if such Revenue adjustment had been in effect from the beginning of such period until the effective date of any subsequent adjustment presumed necessary and (C) any adjustment of Tipping Fees and User Fees which, in the judgment of the Accountant, would be necessary to comply with the provisions of the Resolution, as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment;

(5) A certificate of the Consulting Engineer setting forth (A) for the years and taking into account the assumptions specified for the certificate of the Accountant pursuant to paragraph (4) above, estimates of the Operating Expenses giving effect to the construction of such portion of the System for which such Series of Additional Bonds is being issued, (B) the estimated total cost of construction of such portion of the System and (C) the estimated date of completion of such portion of the System;

(6) A certificate of an Authorized Officer of the Authority stating that either (a) no Event of Default has occurred and is continuing under the Resolution or any applicable Series Resolution or, (b) an Event of Default has occurred and is continuing and the application of the proceeds of sale of such Additional Bonds as required by the applicable Series Resolution will cure any such existing Event of Default;

(7) A certificate of an Authorized Officer of the Authority or the Accountant stating that the ratings of any Outstanding Bonds have not been lowered as a result of the issuance of such Additional Bonds;

(8) The amount, if any, to be deposited in the Debt Service Reserve Fund so that the balance in such Fund shall equal the Reserve Requirement immediately after delivery of such Additional Bonds; and

(9) Such further documentation and money, if any, as are required by the provision of any Series Resolution.

(c) The Bonds of any such Series authorized for Completion of the System shall be authenticated and delivered by the Trustee upon receipt by it of:

(1) a certificate signed by an Authorized Officer of the Authority stating that the moneys on deposit in the applicable account of the Construction Fund are insufficient to pay such costs; and

(2) a certificate signed by the Consulting Engineer stating that the proceeds of such Additional Bonds are sufficient to complete the costs of the System.

Refunding Bonds

(a) One or more Series of Refunding Bonds may be issued at any time (1) to refund Outstanding Bonds of one or more Series, or (2) to refund one or more maturities within a Series or any Bonds of one or more maturities within one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Series Resolution authorizing such Bonds.

(b) Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by it of:

(1) Instructions to the Trustee to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions;

(2) If the Bonds to be refunded are not by their terms subject to redemption or will not be redeemed within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to mail the notice provided for in the Resolution to the Holders of the Bonds being refunded;

(3) Either (A) moneys in an amount sufficient, as provided in the Resolution, to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for the benefit of and assigned to the respective holders of the Bonds to be refunded, or (B) Defeasance Obligations and

any moneys, in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of subsection (b) of the Resolution, which Defeasance Obligations and moneys shall be held in trust and used only as provided in said subsection (b); and

(4) Such further documents and moneys, if any, as are required by the provisions of any applicable Series Resolution.

(c) The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied, simultaneously with the delivery of such Bonds, for the purpose of making deposits in such Funds and Accounts under the Resolution as shall be provided by the Series Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Series Resolution.

Bond Anticipation Notes

Whenever the Authority shall authorize a Series of Bonds, the Authority may, by resolution, authorize the issuance of notes (and renewals thereof) in anticipation of such Series and the proceeds of such notes shall only be expended for the same purpose or purposes for which the proceeds of such Series may be expended. The principal of and interest on such notes (and any renewals thereof) shall be payable from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have priority over any other pledge of such proceeds created by the Resolution. The Authority may also pledge the Net Revenues to the payment of the interest on such notes on a parity with the pledge created by the Resolution.

Credit Facilities, Liquidity Facilities and Financial Guaranties

(a) In connection with the issuance of any Series of Bonds, the Authority may obtain or cause to be obtained one or more Credit Facilities, Liquidity Facilities or Financial Guaranties (collectively or singularly, a "Facility"). In connection therewith the Authority may enter into such agreements with the issuer of such Facility providing for, *inter alia*: (1) the payment of fees and expenses to such issuer for the issuance of such Facility; (2) the terms and conditions of such Facility and the Series of Bonds affected thereby; and (3) the security, if any, to be provided for the issuance of such Facility.

(b) The Authority may secure such Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, Tender Option Price, or redemption provisions as specified by the Authority in the applicable Series Resolution. The Authority may also in an agreement with the issuer of such Facility agree to directly reimburse such issuer for amounts paid under the terms of such Facility, together with interest thereon (the "Reimbursement Obligation"); provided, however, that no Reimbursement Obligation shall be created, for purposes of the Resolution, until amounts are paid under such Facility. Any such Reimbursement Obligation (a "Parity Reimbursement Obligation") may be secured by a pledge of, and a lien on, Net Revenues on a parity with the pledge created by the Resolution and provided that the issuer of the Credit Facility shall be subrogated to the rights of the Bondholders paid in full by such issuer pursuant to such Credit Facility. Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Facility which gave rise to such Parity Reimbursement Obligation relates.

(c) Any such Facility shall be for the benefit of and secure, or provide for the payment or purchase price of, such Series of Bonds or portion thereof as specified in the applicable Series Resolution.

Construction Fund

Establishment of Construction Fund

The Construction Fund shall be held by the Trustee. That portion of the proceeds of the Initial Bonds to be paid to the Trustee and other moneys of the Authority available for the payment of the costs of any Solid Waste Project shall be deposited in the Construction Fund. The moneys in the Construction Fund shall be held by the Trustee in trust and applied to pay the cost of any Solid Waste Project and are pledged, pending application to such payment of such cost, for the security of the payment of the principal of and interest on the Bonds and shall at all times be subject to the lien of such pledge. Investment Income earned in the Construction Fund, if any, shall remain in the Construction Fund until the certificates required have been filed with the Trustee.

Payments from the Construction Fund

The Trustee shall during and upon completion of construction of any Solid Waste Project make payments from the Construction Fund in the amounts, at the times, in the manner, and on the other terms and conditions set forth below. Before any such payment shall be made, the Authority shall file with the Trustee:

(a) its requisition therefor, signed by its Executive Director, stating in respect of each payment to be made:

- (1) the name of the person, firm or corporation to whom payment is due;
- (2) the amount to be paid; and
- (3) the purpose for which the obligation was incurred;

(b) its certificate attached to the requisition, signed by its Executive Director, certifying:

(1) that obligations in the stated amounts have been incurred by the Authority in or about the development, operation or construction of any Solid Waste Project and that each item thereof is a proper charge against the Construction Fund and is a proper cost and has not been paid;

(2) that there has not been filed with or served upon the Authority notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of any of the moneys payable under such requisition to any of the persons, firms, or corporations named in such requisition, or if any such lien, attachment or claim has been filed or served upon the Authority, that such lien, attachment or claim has been released or discharged; and

(3) that such requisition contains no item representing payment on account of any retained percentages which the Authority is at the date of such certificate entitled to retain; and

(c) in the case of payments made for labor or to contractors, builders or materialmen in connection with the development and construction of the System or payments made for machinery, materials or equipment or for the restoration of property damaged or destroyed in connection with such construction a certificate, signed by the engineer employed by the Authority to supervise such development and construction and attached to such requisition, certifying that each such obligation has been properly incurred; and that in so far as such obligation was incurred for work, materials, supplies or equipment, such work was actually performed or such materials, supplies or equipment were actually furnished or installed

in or about the development and construction of the System or such materials, supplies or equipment were fabricated for the construction of the System.

Disposition of Balance of Construction Fund

The Trustee shall withdraw from the Construction Fund and pay into the General Fund any balance in such fund, or any part thereof, in the amounts, at the times, in the manner, and on the other terms and conditions set forth below. Before any such withdrawal and payment shall be made, the Authority shall file with the Trustee:

- (a) its requisition therefor, signed by its Chairman or Vice Chairman, stating the amount of such payment;
- (b) its certificate attached to the requisition signed by its Chairman or Vice Chairman, certifying:
 - (1) that the Improvements financed with the moneys in such fund have been completed in accordance with the provisions of the Resolution or any additional Improvements have been completed as required by any Series Resolution; and
 - (2) that the sum stated in the certificate is sufficient to pay, and is required to be reserved in the Construction Fund to pay, all items of cost of the System financed with the moneys in such fund then remaining unpaid, including the estimated amount of any such items the amount of which is not finally determined and all claims against the Authority arising out of the construction of the System; and
- (c) a certificate signed by the Executive Director and attached to such requisition, certifying that the Improvements financed with the moneys in the Construction Fund have been completed.

Subordinate Obligations

(a) The Authority may issue evidences of indebtedness subordinate in priority of payment to Bonds issued pursuant to the provisions of the Resolution, such Subordinate Obligations to be payable out of certain moneys as may from time to time be available for the purpose of payment thereof as determined by resolution of the Authority; provided, however, that nothing relating to the issuance and payment of any Subordinate Obligations shall conflict with the provisions of the Resolution. The Authority may, by resolution, provide for various priorities in the liens and pledges securing Subordinate Obligations, and nothing in the Resolution shall be construed so as to require that the payment of, or pledges securing, Subordinate Obligations be on a parity inter se.

(b) The Authority may also issue Subordinate Obligations to refund any Subordinate Obligations issued as provided in the Resolution or to refund Outstanding Bonds of one or more Series or one or more maturities within a Series. Such Subordinate Obligations issued for refunding purposes may be payable out of such amounts in the Subordinate Obligations Fund as may from time to time be available therefor.

(c) An event of default under any issue of Subordinate Obligations may not by itself cause an Event of Default under the Resolution.

Rate Covenant and Flow of Funds

Rate Covenant

The Authority covenants that it will, as of commencement of operation of any portion of the System, adopt Tipping Fee schedules, User Fees imposed by the Authority or imposed by the County and subsequently forwarded to the Authority, other payments payable by the County, including County Payments, and/or other charges for the use, provision of and/or operation of the System, and will, from time to time, revise said Tipping Fee schedules, User Fees imposed by the Authority or imposed by the County and subsequently forwarded to the Authority, other payments payable by the County, including County Payments, and/or other charges in such manner that the Revenues will be sufficient for so long as any Bonds shall be Outstanding to produce or yield, in each Fiscal Year, an amount which will at all times

(1) be equal to the sum of:

(i) an amount adequate to pay all Operating Expenses of the System;

(ii) an amount equal to one hundred and fifteen percent (115%) of Debt Service on the Bonds with respect to such Fiscal Year, excluding any amounts required to be paid under subparagraphs (iv), (v) and (vi) of this paragraph (1) and without recourse to or withdrawal from the Debt Service Reserve Fund but taking into account any capitalized interest and any amounts withdrawn from the Rate Stabilization Fund;

(iii) an amount adequate to maintain the Debt Service Reserve Fund in an amount equal to one hundred percent (100%) of Maximum Annual Debt Service on the Bonds;

(iv) an amount, if any, provided in the Annual Budget for such Fiscal Year to be paid into the Cell Addition Fund;

(v) an amount adequate to maintain the Closure Fund and the Post Closure Monitoring Fund in an amount equal to the current requirement for such Fund as approved by NYSDEC;

(vi) an amount, if any, provided in the Annual Budget for such Fiscal Year to be paid into the Rate Stabilization Fund; and

(2) be adequate to comply in all respects with the terms and provisions of the Bonds, the Resolution and the Act.

For purposes of determining compliance with the requirements of the Resolution, any transfer by the Authority pursuant to the Resolution from the Rate Stabilization Fund to any other fund established under the Resolution shall be treated as Revenues.

Establishment of Funds

The Resolution establishes and creates the following special funds and accounts:

(a) Solid Waste System Revenue Bonds Revenue Fund (the “Revenue Fund”);

(b) Solid Waste System Revenue Bonds Operating Fund (the “Operating Fund”);

(c) Solid Waste System Revenue Bonds Debt Service Fund (the “Debt Service Fund”) within which shall be two accounts, the “Capitalized Interest Account” and the “Debt Service Account”;

(d) Solid Waste System Revenue Bonds Sinking Fund (the “Sinking Fund”);

(e) Solid Waste System Revenue Bonds Debt Service Reserve Fund (the “Debt Service Reserve Fund”);

(f) Solid Waste System Revenue Bonds Cell Addition Fund (the “Cell Addition Fund”);

(g) Solid Waste System Revenue Bonds General Fund (the “General Fund”);

(h) Solid Waste System Revenue Bonds Closure Fund (the “Closure Fund”);

(i) Solid Waste System Revenue Bonds Post-Closure Monitoring Fund (the “Post-Closure Monitoring Fund”);

(j) Solid Waste System Rebate Fund (the “Rebate Fund”);

(k) Solid Waste System Cost of Issuance Fund (the “Cost of Issuance Fund”);

(l) Solid Waste System Revenue Bonds Rate Stabilization Fund (the “Rate Stabilization Fund”); and

(m) Solid Waste System Revenue Bonds Environmental Compliance Fund (the “Environmental Compliance Fund”), within which shall be two accounts, the “Closure Account” and the “Post-Closure Monitoring Account”;

Each of said Funds shall be held by the Trustee except the Operating Fund, Cell Addition Fund and General Fund which shall be held by the Authority and the Subordinate Obligations Fund, which shall be held as set forth in the resolution providing for the issuance of such obligations.

Pledge Securing the Bonds

Subject only to the right of the Authority to cause amounts to be withdrawn from the Revenue Fund and paid into the Operating Fund, the Revenues and all moneys and securities paid or to be paid to or held or to be held by the Trustee under the Resolution (but excepting any amounts deposited in the Closure Fund, the Post-Closure Monitoring Fund and the Rebate Fund), are pledged to secure the payment of the principal of, redemption premium, if any, and interest on Bonds. This pledge shall be valid and binding from and after the Issuance Date of the Initial Bonds. The Revenues, as received by the Authority, any amounts payable by the County to the Authority pursuant to the Services Agreement and other moneys pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge and the obligation to perform the contractual provisions made shall have priority over any or all other obligations and liabilities of the Authority, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

Annual Budget

(a) The Authority covenants and agrees that, for the purpose of providing for, regulating and controlling the disbursement of moneys for Operating Expenses, it will adopt a budget for the period beginning with the Issuance Date and ending on the next succeeding June 30 and that it will, prior to the first day of each Fiscal Year commencing after such Issuance Date, adopt a budget for such Fiscal Year. Each such budget is referred to in the Resolution as the "Annual Budget".

(b) Each Annual Budget shall be prepared in such manner as to show the amounts to be expended from the Operating Fund for Operating Expenses of the System and the purposes for which such amounts shall be expended during the Fiscal Year for which such Annual Budget is adopted. The Annual Budget shall show the amounts estimated to be required for such purposes during each calendar month of the Fiscal Year for which the budget is adopted.

(c) Not less than ninety (90) days prior to the first day of any Fiscal Year, the Authority shall prepare and file with the Executive Director and the Trustee a preliminary budget which shall, in form and content, comply with the requirements prescribed for an Annual Budget by subsection (b) hereinabove.

(d) Until an Annual Budget has been adopted for a Fiscal Year, the preliminary budget for such Fiscal Year, if it has been prepared, or otherwise the last previously adopted Annual Budget, shall be deemed to provide for, and regulate and control expenditures during such Fiscal Year from the Operating Fund for Operating Expenses, and the amounts to be paid into the Cell Addition Fund, all as provided in the Resolution.

(e) The Authority may at any time as necessary during any Fiscal Year to reflect unanticipated changes in estimates of future construction costs, Operating Expenses and/or Revenues amend the Annual Budget for such Fiscal Year. A copy of the Annual Budget adopted by the Authority for each Fiscal Year shall be filed with the Trustee prior to the beginning of such Fiscal Year and a copy of any amendments to the Annual Budget adopted by the Authority during any Fiscal Year shall be filed with the Trustee within thirty (30) days after the adoption thereof.

(f) The Annual Budget for the Fiscal Year beginning July 1, 1994, and each succeeding Fiscal Year, shall set forth anticipated Revenues for such Fiscal Year, the amount required to pay all Operating Expenses which shall accrue or become payable during such Fiscal Year, and the largest amount, if any, required by the Resolution to be paid during such Fiscal Year from the Revenue Fund into the Debt Service Fund, Sinking Fund and Debt Service Reserve Fund, Closure Fund and Post-Closure Monitoring Fund. In the event that the anticipated Revenues for such Fiscal Year will not provide coverage sufficient to satisfy the requirements of the Resolution, the Authority will, in accordance with the covenants contained in the Resolution, immediately fix, charge and collect rates, fees and charges for the use of and for the services furnished by the System as will result in Revenues sufficient to produce or yield in such Fiscal Year and all subsequent Fiscal Years the required amounts.

(g) In the event that any part of the System located in the County is not available for use by the Authority and the Authority is required to make alternative waste disposal arrangements, including the disposal of waste outside of the County, the Annual Budget should provide for any increased costs which may result from such alternative waste disposal arrangements.

Revenue Fund. All Revenues, Service Fees (as defined in the Solid Waste Management Services Agreement) and any other amounts collected by the Authority under the Solid Waste Management Services Agreement (to the extent not constituting Revenues), as collected by or on behalf of the Authority shall, so far as may be practicable, be paid monthly to the Trustee for deposit into the Revenue Fund.

Periodic Withdrawals from Revenue Fund

As of the first day of each month beginning after the Issuance Date of the Initial Bonds but not later than the tenth day of each month, the Trustee shall withdraw from the Revenue Fund the moneys necessary to make, and shall forthwith make in the order set forth below, the following payments:

(a) To the Authority to be held in the Operating Fund such sum, if any, as may be needed to increase the total amount on deposit in the Operating Fund so that it equals the sum of the following amounts: (1) the amount of the Operating Expenses for the current month and for the next succeeding two months, as provided for in the Annual Budget for the Fiscal Years of which such months may be a part; and (2) the aggregate amount of all checks drawn upon the Operating Fund to pay Operating Expenses not theretofore presented for payment or paid, without duplication. In making any such payments the Trustee may rely upon the certified copies of such Annual Budget filed with the Trustee and a certificate by an Authorized Officer of the Authority stating the aggregate amount of checks drawn upon the Operating Fund to pay Operating Expenses not theretofore presented for payment or paid.

(b) Into the Debt Service Account in the Debt Service Fund such amount, if any, equal to the sum of (i) one-sixth (1/6) of the amount required to be paid by the Authority as interest on the Bonds on the next succeeding Interest Payment Date, plus (ii) one-twelfth (1/12) of the amount required to be paid by the Authority for the Redemption Price of Bonds being redeemed on the next succeeding date upon which Bonds shall be redeemed at the option of the Authority within twelve months thereof (except for Bonds for which payments have been made into the Sinking Fund), plus (iii) one-twelfth (1/12) of the amount required to be paid by the Authority to Bondholders for Principal Installments upon the maturity of Bonds at term within twelve months thereof.

(c) Into the Sinking Fund such amount, if any, equal to one-twelfth (1/12) of the aggregate Sinking Fund Redemption Price required to be paid by the Authority to Bondholders on the next succeeding date upon which Bonds maturing serially are to be defeased within twelve months thereof.

(d) Into the Debt Service Reserve Fund, (i) if the amount on deposit is less than the Reserve Requirement due to a withdrawal from such Fund, the amount equal to one-twelfth (1/12) of the amount which, if added to the aggregate on deposit in such Fund, will increase the total amount on deposit in such Fund to an amount equal to the Reserve Requirement on all Outstanding Bonds as calculated on such date; and (ii) if the amount on deposit is less than the Reserve Requirement due to a valuation of such Fund in accordance with the provisions of the Resolution and the applicable Series Resolution, the amount equal to one-sixtieth (1/60) of the amount which, if added to the total amount on deposit in such Fund, will increase the total on deposit in such Fund to an amount equal to the Reserve Requirement on all Outstanding Bonds as calculated on such date.

(e) Into the Environmental Compliance Fund, the following amounts:

(1) Into the Closure Account therein, an amount equal to one-twelfth (1/12) of the amount calculated as follows: the current Cost of Closure of the Landfill, minus the amount in the Closure Fund on the day preceding the deposit date, divided by the number of years remaining in the Pay-In Period (the "Closure Fund Payment Amount").

(2) Into the Post-Closure Monitoring Account, an amount equal to one twelfth (1/12) of the amount calculated as follows: the current Cost of Post Closure monitoring of

the Landfill, minus the amount in the Post-Closure Monitoring Fund on the day preceding the deposit date, divided by the number of years remaining in the Pay-In Period (the "Post-Closure Monitoring Payment Amount").

(3) In any Fiscal Year, to the extent amounts previously required to be deposited into either account in the Environmental Compliance Fund have been withdrawn, such amounts shall be reimbursed to the respective account in such Fund prior to March 31 of each Fiscal Year so that the payments required by the Resolution can be made on the required dates.

(f) To the County, an amount which shall equal the total amount owed to the County pursuant to the Solid Waste Management Services Agreement.

(g) Beginning on a date set forth in the Annual Budget, into the Cell Addition Fund, an amount equal to the greater of (i) one-twelfth (1/12) of the annual amount needed in such Fund during such Fiscal Year to satisfy the requirements of the Annual Budget or (ii) such amount necessary to make up any deficiency therein.

(h) Beginning on a date set forth in the Annual Budget, into the Rate Stabilization Fund, an amount equal to the greater of (i) one-twelfth (1/12) of the annual amount needed in such Fund during such Fiscal Year to satisfy the requirements of the Annual Budget or (ii) such amount necessary to make up any deficiency therein.

(i) Into the General Fund, all moneys then remaining in the Revenue Fund.

Each payment required to be made from the Revenue Fund shall be made only within the limitations with respect thereto stated and shall be made only after the making of all other payments required to be made as of the same or an earlier date.

Operating Fund

The Authority shall from time to time apply moneys held in the Operating Fund to the payment of Operating Expenses.

Debt Service Fund

(4) The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each Interest Payment Date for any of the Bonds the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of, principal of, interest and premium, if any, on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Fund the accrued interest included in the purchase price of Bonds purchased for retirement.

(5) There is established a Capitalized Interest Account which shall be maintained as an account within the Debt Service Fund. Each Series Resolution shall specify the amount, if any, deposited in such account from the proceeds of each Series. Amounts contained in the Capitalized Interest Account shall be applied solely to the payment of interest on Bonds as set forth in the applicable Series Resolution.

Sinking Fund

Amounts accumulated in the Sinking Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may and, if so directed by the Authority, shall be applied by the Trustee, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to (1) the purchase of Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms. After the 60th day but on or prior to the 40th day preceding the due date of such Sinking Fund Installment, any amount then on deposit in the Sinking Fund may and, if so directed by the Authority, shall be applied by the Trustee to the purchase of Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All purchases of any Bonds pursuant to this Section shall be made at prices not exceeding the applicable Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by the Authority. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as required, on such due date Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment.

All Bonds so purchased or redeemed shall be cancelled by the Trustee forthwith and shall be delivered to the Authority.

Debt Service Reserve Fund

(a) If three days prior to the time when payment of principal and/or interest is due with respect to any Bonds there shall not be a sufficient amount in the Debt Service Fund to provide for any payments therefrom as required, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Debt Service Fund the amounts sufficient to make up such deficiency therein.

(b) If three days prior to the time when redemption of Bonds must be published with respect to the application of moneys in the Sinking Fund or, of any supplemental resolution thereto, there shall not be a sufficient amount in the Sinking Fund to provide for the purchase or redemption of Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Sinking Fund the amounts sufficient to make up such deficiencies therein.

(c) Amounts held in the Debt Service Reserve Fund in excess of one hundred percent (100%) of the Reserve Requirement shall be withdrawn by the Trustee and deposited in the Revenue Fund.

(d) Whenever the moneys held in the Debt Service Fund, Sinking Fund, and Debt Service Reserve Fund shall, in the aggregate, equal the amounts necessary to pay all principal, interest and Sinking Fund Installments with respect to all Outstanding Bonds as such shall become due and payable, the Trustee shall transfer to the Debt Service Fund all moneys then held in the Debt Service Reserve Fund equal to the amount of such Debt Service representing interest on such Bonds and maturing principal, if any, and shall transfer to the Sinking Fund all moneys then held in the Debt Service Reserve Fund equal to the amount of such Debt Service representing the principal of such Bonds payable from such Fund. After such transfer shall have been effected the Trustee shall not make any payments into the Debt Service Reserve Fund, and any amounts in excess of the Reserve Requirement shall be paid to the Authority and may be spent by the Authority for any lawful purpose, free and clear of any lien or pledge created by the Resolution.

Satisfaction of Reserve Requirement

In lieu of the required deposits into the Debt Service Reserve Fund, the Authority may cause to be deposited into the Debt Service Reserve Fund a surety bond or an insurance policy for the benefit of the holders of Bonds or a letter of credit or other form of guarantee or Guaranteed Investment Contract, in each such case in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the Debt Service Reserve Fund, if any, provided that the requirements of Appendix B attached to the Resolution are met. If a disbursement is made pursuant to a surety bond, insurance policy or a letter of credit or other form of guarantee or Guaranteed Investment Contract, the Authority shall be obligated either (a) to reinstate the maximum limits of such surety bond, insurance policy, letter of credit or other form of guarantee or Guaranteed Investment Contract or (b) to deposit into the Debt Service Reserve Fund, funds in the amount of the disbursement made under such surety bond, insurance policy, letter of credit or other form of guarantee or Guaranteed Investment Contract, or a combination of such alternatives, as shall provide that the amount in the Debt Service Reserve Fund equals the Reserve Requirement within a time period not longer than would be required to restore the Debt Service Reserve Fund by application of moneys in the Revenue Fund.

Environmental Compliance Fund

(a) Beginning on March 31, 1994, and on each anniversary of such date thereafter, the Trustee shall withdraw from the Environmental Compliance Fund the following amounts, which amounts shall be applied as set forth below in this paragraph (a):

(i) From the Closure Account, the aggregate of the Closure Fund Payment Amounts to have been deposited into such Account during the previous twelve months (including any amounts withdrawn pursuant to paragraph (b) below).

(ii) From the Post-Closure Monitoring Account, the aggregate of the Post-Closure Monitoring Payment Amounts to have been deposited into such Account during the previous twelve months (including any amounts withdrawn pursuant to paragraph (b) below).

The amounts withdrawn pursuant to subparagraph (i) above shall be promptly deposited into the Closure Fund, and the amounts withdrawn pursuant to subparagraph (ii) above shall be promptly deposited into the Post-Closure Monitoring Fund.

(b) Moneys in the Environmental Compliance Fund may be applied to pay Operating Expenses to the extent a deficiency exists in the Operating Fund; provided, however, that a reasonably detailed certificate of an Authorized Officer of the Authority explaining the need for such moneys to pay Operating Expenses is submitted to the Trustee along with a requisition for such application of moneys; provided, further, however, any resulting deficiency in the Environmental Compliance Fund shall be eliminated through transfers from the Revenue Fund prior to such time as the transfers set forth in paragraph (a) above are required to be made.

Payments from the Closure Fund

The Trustee shall during and upon completion of closure of the Landfills make payments from the Closure Fund in the amounts as required by NYSDEC and in connection with the Closures.

Payments from the Post-Closure Monitoring Fund

The Trustee shall during and upon completion of Post-Closure Monitoring of the Landfill make payments from the Post-Closure Monitoring Fund.

Rebate Fund

(a) The Trustee, upon the receipt of a certification of the Rebate Amount for a Series from an Authorized Officer of the Authority, shall deposit in the Rebate Fund, within sixty (60) days after the end of each Bond Year of such Series commencing with the first Bond Year of such Series, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount with respect to such Series calculated by the Authority (or its agents) as of the last day of the prior Bond Year. The amount to be deposited in the Rebate Fund shall be withdrawn from the Debt Service Reserve Fund, or provided by the Authority pursuant to its obligations under the Tax Certificate.

(b) Amounts on deposit in the Rebate Fund shall be invested in Qualified Investments and the Tax Certificate. All income from such investments shall remain in the Rebate Fund and be paid to the United States on the date of any payment.

Cost of Issuance Fund

There shall be deposited into the Cost of Issuance Fund an amount necessary to pay all costs and expenses incurred by the Authority in connection with the issuance of each Series of Bonds. The amounts held in the Cost of Issuance Fund shall be disbursed by the Trustee on each Issuance Date upon written direction of the Authority to pay the costs of issuance of the Bonds, including, without limitation, legal, accounting and other consultants fees, printing costs, fees payable to Underwriters and financial advisors, fees paid to rating agencies, providers of letter of credit or similar credit support and municipal bond insurance.

Cell Addition Fund

Any moneys in the Cell Addition Fund may be applied by the Authority to pay expenses incurred with respect to the development, acquisition and/or construction of additional landfill cells at the Regional Landfill. At any time the Authority may transfer any amounts in the Cell Addition Fund to the General Fund.

Rate Stabilization Fund

(a) Upon receipt of a certificate signed by an Authorized Officer of the Authority stating either (i) that Revenues have not reached their anticipated level as set forth in the then current Annual Budget, including any amendments thereto, and/or (ii) that Operating Expenses have exceeded their anticipated amount as set forth in the then current Annual Budget, including any amendments thereto, the Trustee shall pay to the Authority, from the moneys on deposit in the Rate Stabilization Fund, the amount requested in such certificate. Such moneys shall be deposited by the Authority in the Operating Fund.

(b) Moneys on deposit in the Rate Stabilization Fund may also be applied for the following purposes:

(1) If, upon notice from the Trustee, the moneys in the Debt Service Fund and the Debt Service Reserve Fund shall be insufficient to pay the interest and Principal Installments becoming due on the Bonds, the Authority may direct, by submittal of a certificate to the Trustee, the transfer

from the Rate Stabilization Fund to the Debt Service Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to satisfy such deficiency.

(2) If upon the last day of each June and December, the moneys and Authorized Investments in the Debt Service Reserve Fund are less than the Reserve Requirement, the Authority may direct the Trustee to transfer from the Rate Stabilization Fund to the Debt Service Reserve Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to satisfy such deficiency.

(c) Notwithstanding anything to the contrary in this Section, moneys on deposit in the Rate Stabilization Fund may also be applied as set forth in the then Annual Budget, including any amendments thereto, subject to a submission to the Trustee directing the appropriate transfers of moneys therefor.

General Fund

(a) If, on any date, the amounts in the Debt Service Fund, the Sinking Fund, the Debt Service Reserve Fund, the Rate Stabilization Fund and the Environmental Compliance Fund equal or exceed the amounts required to be therein on such date and not anticipated to be required in such Fiscal Year, the Authority may use moneys in the General Fund or any other moneys of the Authority, to either (1) purchase in the open market or on a privately negotiated basis at the most advantageous price which must, however, be less than the principal amount of such Bonds and the interest accrued thereon, plus the redemption premium which would be applicable to such Bond if it were to be redeemed at the time of such purchase, an amount of Bonds sufficient to exhaust as nearly as may be the moneys in the General Fund or any other moneys of the Authority, or (2) authorize the Trustee to call for redemption on the earliest payment date which shall occur more than forty-five (45) days thereafter an amount of Bonds, if any, subject to redemption on such interest payment date, sufficient to exhaust as nearly as may be the moneys in the General Fund or any other moneys of the Authority. All Bonds purchased or redeemed shall be cancelled by the Trustee forthwith and shall be delivered to the Authority.

(b) If, on any date, the amounts in the Debt Service Fund, the Sinking Fund, the Debt Service Reserve Fund, the Rate Stabilization Fund and the Environmental Compliance Fund equal or exceed the amounts required to be therein on such date and not anticipated to be required in such Fiscal Year, the Authority may withdraw any or all moneys in the General Fund, for expenditure for any lawful corporate purpose of the Authority, including, without limitation, payment of any Subordinate Obligations or otherwise.

Investment of Funds

Any moneys in the Operating Fund, Cell Addition Fund and General Fund may be deposited by the Authority in demand or time deposits. Moneys in the Revenue Fund, Debt Service Fund, Sinking Fund, Closure Fund, Post-Closure Monitoring Fund, Debt Service Reserve Fund, Environmental Compliance Fund and Rate Stabilization Fund, shall, at the written direction of the Authority and, so far as may be practicable in accordance with the Resolution, be invested by the Trustee in Qualified Investments which shall be subject to redemption at the option of the holder thereof or which shall mature not later than the dates when such moneys are required; provided, however, that moneys in the Debt Service Reserve Fund shall not be invested in any Qualified Investment with a term to maturity of greater than ten (10) years, unless such Qualified Investment may be liquidated at or above par by or on behalf of the Trustee, in whole or in part, as needed to fund withdrawals from the Debt Service Reserve Fund, and moneys in the Closure Fund representing proceeds of the Bonds, including investment earnings thereon, shall be invested exclusively in tax-exempt bonds which are not defined as a specified private activity bond as defined in Section 57(a)(5)(c) of the Code.

Covenants of the Authority

Covenant to Pay Bonds

The Authority shall duly and punctually pay, or cause to be paid, the principal of, the interest on, and premium, if any, on all Bonds on the dates, at the place and in the manner set forth in such Bonds solely from the Debt Service Fund, Sinking Fund and Debt Service Reserve Fund established by the Resolution, and the claim for such principal and interest shall be a valid claim solely against such funds and the Revenues pledged to such funds; the Authority shall faithfully do and perform and at all times fully observe any and all covenants, undertakings, stipulations and provisions contained in the Resolution or in the Bonds at any time Outstanding. The Bonds shall not be deemed to constitute a pledge of the faith and credit of the State or of any political subdivision or municipality thereof. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any county, city, town or other subdivision or municipality of the State, including the County and any political subdivisions contained therein to levy any taxes whatever therefor or to make any appropriation for their payment except from the funds pledged thereto by the Resolution.

Operation of System

(a) The Authority shall at all times operate the System in a proper, sound and economical manner, and shall maintain, preserve and keep the System or cause the same to be maintained, preserved and kept, in good repair, working order and condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals including acquisition and construction of extended, additional or replacement Solid Waste disposal sites so that at all times the operation of the System may be properly and advantageously conducted.

(b) The Authority shall not incur Operating Expenses in any year in excess of the reasonable and necessary amount thereof, and shall not expend any amount or incur any indebtedness for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget, as amended. Nothing shall limit the amount which the Authority may expend for Operating Expenses in any year provided any amounts expended therefor in excess of the Annual Budget shall be received by the Authority from some source other than the Revenues, and the Authority shall not make or receive any reimbursement therefor out of Revenues.

(c) The Authority shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. All compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the System shall be reasonable and no more than would be paid by other corporations, municipalities or public bodies for similar services. The Authority shall observe and perform all of the terms and conditions contained in the Act and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or the Authority.

Payment of Taxes

The Authority shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof or upon any revenue therefrom, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the System, and shall not create or suffer to be created any lien or charge upon the System or any part thereof or upon the Revenues therefrom except the pledge and lien created by the Resolution for the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Authority shall pay, or cause to be discharged,

or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or the revenues therefrom; *provided, however*, that nothing shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings; and *provided further*, that by nonpayment of any such item the lien or security interests afforded by the Resolution or the amounts, revenues or receipts derived from the System will not be endangered and the System or any material part thereof will not be subject to loss or forfeiture.

Insurance and Reconstruction

The Authority shall at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to facilities for Solid Waste disposal of like character against loss of or damage to the System and against public and other liability to the extent reasonably necessary to protect the interests of the Authority and the Bondholders as is customary for similar systems, including without limitation:

- (a) insurance covering all insurable above-ground structures, equipment, electrical and other machinery forming a part of the System;
- (b) public liability and property damage insurance if vehicles are operated on public highways;
- (c) worker's compensation insurance on all employees of the Authority to the extent the Authority is not self-insured; and
- (d) fidelity bonds on all officers and employees of the Authority entrusted with the receipt and disbursements of funds in an amount not less than the maximum amount of funds expected to be on hand at any one time with the Authority.

If any useful part of the System shall be damaged or destroyed, the Authority shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the Authority and (except for proceeds of any use and occupancy insurance) may be applied to the necessary costs involved in such repair and replacement and, to the extent not so applied, shall together with proceeds of any such use and occupancy insurance be deposited by the Authority as Revenues. At the time each insurance policy, or renewal thereof, for the insurance required is obtained, the Authority shall file with the Trustee a certificate signed by an Authorized officer of the Authority setting forth the name of each insurer, the kind and amount of insurance provided by each such insurer and the next renewal date thereof. The Trustee shall be under no duty or obligation with respect to (1) the procurement or maintenance of such insurance, or the amounts or provisions of the respective policies, or (2) the application of the proceeds of insurance, except to the extent the proceeds thereof are deposited with it by the Authority as Revenues.

Sale or Encumbrance

No part of the System shall be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of; provided, however, that the Authority may sell, exchange or lease at any time and from time to time any property or facilities constituting part of the System and not useful or necessary in the operation thereof, including but not limited to Solid Waste disposal sites which are filled to capacity with Solid Waste, but any proceeds of any such sale or exchange received and not used to replace such property so sold or exchanged shall be deposited in the Debt Service Fund and used to redeem Bonds unless the Authority shall

receive an opinion of Bond Counsel permitting otherwise, and any proceeds of any such lease received shall be deposited by the Authority as Revenues.

Creation of Liens

The Authority shall not issue any bonds, notes or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by any pledge of or other lien or charge on the Revenues or other moneys, securities or funds said or to be paid to or held or to be held by the Authority or the Trustee under the Resolution, and shall not create or cause to be created any lien or charge on the Revenues or such moneys, securities or other funds other than the lien and pledge created by the Resolution; provided, however, that nothing in the Resolution shall prevent the Authority from issuing bonds, notes or other evidences of indebtedness (a) payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of Revenues created by the Resolution shall be discharged and satisfied, or (b) payable out of, or secured by a pledge of, amounts which may be withdrawn from the General Fund provided such pledge of said amounts shall be and shall specifically be expressed to be in all respects subordinate to the provisions of the Resolution and the lien and pledge created by the Resolution.

Books of Record and Account

The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the System or any part thereof, and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to the inspection of the Trustee or the holder or holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Authority shall cause its books and accounts, including annual balance sheets and statements of income and surplus, to be audited annually by a certified public accountant selected by the Authority annually within one hundred twenty (120) days of the end of the Fiscal Year, and annually within such one hundred twenty (120) days after the close of each Fiscal Year copies of the reports of such audits so made shall be furnished to the Authority and the Trustee, including statements in reasonable detail, accompanied by a certificate of said accountant, of financial condition; of Revenues and Operating Expenses; of all funds held by the Trustee and the security held therefor; of the number, amount and classification of users and services of the System; and of the Service Charges and Revenues collected in each classification. Said accountant shall also certify, to the best of his knowledge, that a condition of default does not exist, and set forth in comparative form the figures for the corresponding period of a year earlier. In preparing such reports and statements, the accountant may rely on reports of funds held by the Trustee furnished by the Trustee, without verification or independent audit thereof.

Tax Covenants

No part of the proceeds of any issue of Bonds (or any series thereof) or any other funds of the Authority shall at any time be used to acquire securities or obligations the acquisition of which would cause any of the Bonds to be an arbitrage bond as defined in Section 148(a) of the Internal Revenue Code of 1986, as amended, and subject to treatment thereunder as an obligation the interest on which is not excludable from gross income thereunder, and the Authority shall at all times do and perform all acts and things necessary and desirable to insure that interest on the Bonds shall, for federal income tax purposes, be excludable from gross income of the recipients thereof.

Collection Covenant

The Authority covenants that in the event that the provisions of the County flow control law (Law #7 of 1992) or any part thereof or any regulations promulgated thereunder affecting the obligations of

licensees to deliver Solid Waste as directed by the Authority are adjudged invalid by a court of competent jurisdiction and such judgment cannot be appealed or the Authority does not take timely appeal therefrom, then the Authority will exercise its statutory powers to control the collection and transportation of municipal Solid Waste so as to divert Solid Waste within specified geographic areas to the System to the extent permitted by law. The Authority further covenants that in such event it will, by regulation, require owners or occupants of lands, buildings, and premises within specified geographic areas to use the services and facilities of the Authority to the extent permitted by law.

Permitting Covenant

The Authority covenants and agrees that it will require all persons who haul, convey or transport any municipal Solid Waste which they have not generated themselves to obtain a permit requiring the permittees to deliver all municipal Solid Waste so hauled, conveyed or transported to the locations specified in such permit, and if any permittee violates a license condition, the Authority will exercise one or more of its statutory powers regarding the enforcement of licensing conditions including civil penalties and suspensions or revocations of licenses or seek injunctive relief.

Compliance with Grants, Statutes and Regulations

The Authority covenants and agrees that it will comply with the conditions of all State, federal or other grants, statutes and regulations relating to the System and the disposal of Solid Waste, unless the Authority is contesting, in good faith, such conditions, statutes and regulations.

Noncompetition and Nonimpairment Covenant

The Authority covenants and agrees not to construct, or permit to be constructed, any facility or system for disposal of Solid Waste within or without the County, which would compete with the System. The Authority further covenants and agrees not to construct, or permit to be constructed, any facility or system, other than facilities or systems provided in the Solid Waste Management Plan, as amended from time to time, for disposal of Solid Waste unless the Authority shall, in advance of the commencement of such construction, obtain and submit to the Trustee a certificate of the Authority to the effect that in its opinion such facility or system, if constructed as proposed, would not adversely affect the System or diminish the Revenues or otherwise impair the security for the Bonds provided by the Resolution and that such facility or system is for an authorized purpose. Such certificate shall include the facts upon which the opinion of the Authority is based.

Monthly Reports

By the fifteenth day of each month the Authority shall provide the Trustee with a report setting forth whether the County is current in its payment obligations under the Services Agreement. Nonreceipt of any such monthly report by the Trustee shall be *prima facie* evidence of failure by the County to meet its payment obligations and shall entitle the Trustee (i) to proceed directly as set forth under “Events of Default” below and/or (ii) to notify the Bondholders of such an occurrence.

Events of Default and Remedies

Events of Default

Each of the following events is declared an “Event of Default”:

(a) payment of the principal or redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due and payable; or

(c) payment of any Sinking Fund Installment shall not be made when the same shall become due and payable; or

(d) any substantial part of the System shall be destroyed or damaged to the extent of materially adversely impairing its overall operation and shall not be promptly repaired, replaced or reconstructed or alternate Solid Waste disposal services shall not be arranged by the Authority (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction or to lack of funds therefor or for any other reason); or

(e) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of the System or any part thereof or of the Revenues thereof, or an order or decree entered without the consent or acquiescence of the Authority shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(f) any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from the Revenues of the System; or

(g) (1) Subject to clause (2) below, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution or the applicable Series Resolution on the part of the Authority to be performed, and such default shall continue for sixty (60) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Bondholders or Beneficial Owners, if applicable, of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding;

(2) provided, however, if the covenant, condition or agreement which the Authority has failed to perform or observe is of such a nature that it cannot reasonably be fully cured within such sixty (60) day period, the Authority shall not be in default if it commences a cure within such period and thereafter diligently proceeds with all action required to complete such cure, unless the Trustee and the holders of not less than fifty-one percent (51%) of the aggregate principal amount of Bonds Outstanding shall give their written consent to a longer period; or

(h) an Event of Default under the Services Agreement occurs such that the Trustee is entitled to exercise its third party beneficiary rights thereunder.

Bonds Declared Due and Payable

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding shall, after giving thirty (30) days' notice in writing to the Authority pursuant to Section 2051-I of the Act, declare the principal of all the Bonds Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution moneys shall have accumulated in the Debt Service Fund and the Sinking Fund sufficient to pay the principal of all Bonds which have matured and which according to the terms of the Resolution should have been called for redemption from moneys in the Sinking Fund and all matured Bonds, if any, and all arrears of interest, if any, upon all the Bonds Outstanding (except the principal of any Bonds not then due by their terms except according to the terms of the Resolution and the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Authority under the Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Resolution or in the applicable Series Resolution (other than a default in the payment of the principal of such Bonds) then due only because of a declaration under this Section shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds not then due by their terms and then Outstanding shall, by written notice to the Authority, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon. Notwithstanding anything in the Resolution to the contrary, the Series Resolution for a Series of Bonds secured by one or more Credit Facilities may provide that in the event of the occurrence of any one or more Events of Default (as specified in the Series Resolution) the principal of and interest on the Bonds of that Series shall automatically be due and payable without the requirement of any act or declaration on the part of the Authority, the Trustee or any other person (including, without limitation, Bondholders) and that the Trustee shall first look to such Credit Facility for payment, in accordance with its terms, before proceeding to enforce any other remedy.

Enforcement of Remedies by Trustee

Upon the happening and continuance of any Event of Default and after continuance for a period of thirty (30) days of any Event of Default as declared, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding hereunder, shall, in accordance with Section 2051-I(2) of the Act:

(1) By mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Bondholders, including the right to require the Authority to collect revenues, rates, rentals, fees and other charges adequate to carry out any agreement as to, or pledge of such revenues, rates, rentals, fees and other charges and to require the Authority to carry out any other agreements with the holders of such Bonds and to perform its duties under the Resolution and the Act; and/or

- (2) Bring suit upon such Bonds; and/or
- (3) By action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the holders of such Bonds; and/or
- (4) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such Bonds.

Any suit, action or proceeding by the Trustee on behalf of Bondholders shall be heard or maintained in the Supreme Court of the State with the venue in the County.

Effect of Discontinuance of Action

In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights, respectively, and all rights, remedies, power and duties of the Trustee shall continue as though no such proceeding had been taken.

Control of Proceedings

Anything in the Resolution to the contrary notwithstanding, the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of the Resolution, by an instrument in writing executed and delivered to direct the method and place of conducting all remedial proceedings to be taken by the Trustee; hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Resolution.

Restriction on Bondholder's Action

No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or for any other remedy unless any holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, unless the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its or their name, and unless there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy. It is understood and intended that no one or more holders of the Bonds secured by the Resolution shall have any right in any manner whatever by his or their action to effect, disturb or prejudice the security of the Resolution, or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all holders of such Outstanding Bonds.

Nothing shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on its Bonds, or the obligation of the Authority to pay the principal of, interest on and premium, if any, on each Bond issued to the holder thereof at the time and place in said Bond expressed.

Appointment of Receiver

Upon the happening and continuance for thirty (30) days of any Event of Default specified in the Resolution, the Trustee shall be entitled to, and shall have, regardless of the sufficiency of any security or the availability of any other remedy, the right to the appointment of a receiver to administer and operate the System and to perform the covenants on the part of the Authority therein contained. Nothing therein contained, however, shall be construed to give any authority to the Trustee or the holders of any of the Bonds to compel a sale of the System or any part thereof, and no foreclosure proceeding or sale shall ever be had with respect to the System or any part thereof.

Extension of Maturity of Bonds

In case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended by mutual agreement between the Authority and the holder of any such Bonds, such Bonds or claims for interest shall not be entitled in case of any default under the Resolution to the benefit thereof or to any payment out of any assets of the Authority or the funds (except funds held in trust by the Trustee for the payment of particular Bonds or claims for interest pursuant to this Resolution) held by the Trustee, subject to the prior payment of the principal of all Bonds issued and outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest.

Modification of Resolution or Supplemental Resolutions

Modification of Resolution or Supplemental Resolutions Without Consent of Bondholders

The Authority, with the consent of the Trustee, may, from time to time and at any time, adopt such resolutions:

- (a) to cure any ambiguity or formal defect or omission in the Resolution or in any supplemental resolution;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee as are necessary or desirable and not adverse to the interests of the holders of Bonds;
- (c) to modify or amend the Resolution in any manner which is not detrimental to the Trustee or the Bondholders;
- (d) to comply with the provisions of DTC relating to Book Entry Bonds or with any requirements of the Bond Insurer;
- (e) to comply with the provisions of the Code to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes; or
- (f) to modify, amend or supplement the Resolution or any resolution supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

Modification of Resolution or Supplemental Resolutions with Consent of Bondholders

(a) The Authority may at any time adopt a resolution modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Resolution or in any supplemental resolution, to the extent that such modification or amendment is permitted to take effect when and as provided below.

(b) Upon adoption of such resolution, a copy thereof, certified by the Secretary of the Authority, shall be delivered to and held by the Trustee for the inspection of the Bondholders. A copy of such resolution together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Bondholders (but failure to mail copies of such resolution and request shall not affect the validity of the resolution when assented to as in this Section provided).

(c) Such resolution shall not be effective unless and until there shall have been filed with the Trustee (i) the written consents of the holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of all Bonds at the time Outstanding and a notice shall have been given as hereinafter provided and (ii) a legal opinion stating that such resolution has been duly adopted, is authorized or permitted by the terms hereof and will be valid and binding. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the holder of the Bonds giving such consent and on any subsequent holder of such Bonds (whether or not such subsequent holder has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing such revocation with the Trustee prior to the date when the notice hereinafter provided for is first given. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee.

Restrictions

No resolution may be adopted for modification of the Resolution or Supplemental Resolution with consent of Bondholders which shall permit, or be construed as permitting:

- (a) an extension of the maturity of any Bond issued hereunder or claims of interest,
- (b) a reduction in the principal amount of any Bond or the rate of interest thereon,
- (c) the creation of a lien upon or a pledge of Revenues ranking prior to or on a parity with the lien or pledge created by the Resolution or any supplemental resolution,
- (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or
- (e) a reduction in the aggregate principal amount of the Bonds required for consent to any resolution.

Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any resolution authorized without Bondholder consent.

Miscellaneous

Defeasance

(a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all the Bonds issued pursuant to the authority of the Resolution, the principal and interest and redemption premium, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the Bonds shall no longer be deemed to be Outstanding and the pledge of the Revenues and other moneys and securities pledged and all other rights and obligations related to the System granted, including the right to have Sinking Fund Installments applied to the redemption of the Bonds, shall be released, discharged and satisfied. In such event the Trustee shall, upon the request of the Authority, cause an accounting of all sums payable by the Authority pursuant to the Resolution to be prepared and filed with the Authority, and execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant to the Resolution which are not required for the payment or redemption of the Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the holders of a particular Series of Bonds, the principal and interest and redemption premium, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution and the applicable Series Resolution, such Bonds shall no longer be deemed Outstanding and all covenants, agreements and obligations of the Authority shall be discharged and satisfied.

(b) Bonds for the payment or redemption of which sufficient moneys shall then be held by the Trustee, whether at or prior to the maturity or the redemption date of such Bonds, through deposit by the Authority with the Trustee in trust solely for such payment of either:

(1) sufficient moneys to make such payment, or

(2) Defeasance Obligations the principal of or the principal of and the interest on which shall be sufficient to make such payment, or

(3) any combination of such moneys and such Defeasance Obligations, as will ensure the availability of sufficient moneys to make such payments, if the Authority provides the Trustee with irrevocable instructions to pay or redeem all such Bonds; shall be deemed to have been paid; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Authority shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been made for the giving of such notice.

(c) Any such moneys so deposited with the aforesaid Trustee as provided in paragraphs (1) or (3) hereinabove may be invested and reinvested in Defeasance Obligations at the direction of the Authority, and all income from such Defeasance Obligations in the hands of the aforesaid Trustee shall be paid to the Authority as and when realized and collected.

No Recourse on the Bonds

(a) All covenants, stipulations, promises, agreements and obligations (collectively, the "Obligations") of the Authority contained in the Bonds and the Resolution, shall be deemed to be the Obligations of the Authority and not of any member, officer, servant or employee of the Authority (collectively, the "Employee of the Authority") in his/her individual capacity, and no recourse under or upon any Obligation in the Bonds or the Resolution contained or otherwise based upon or in respect of the

Bonds, the Resolution or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future Employee of the Authority, as such, or of any successor public benefit corporation or political subdivision or any person executing any of the Bonds on behalf of the Authority, either directly or through the Authority or any successor public benefit corporation or political subdivision; it being expressly understood that the Resolution and the Bonds issued thereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by any such Employee of the Authority or of any successor public benefit corporation or political subdivision or any person executing any of the Bonds or the Resolution on behalf of the Authority because of the creation of the indebtedness thereby authorized, or under or by reason of the Obligations contained in the Resolution or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such Employee of the Authority because of the creation of the indebtedness authorized by the Resolution, or under or by reason of the Obligations contained in the Resolution or the Bonds or implied therefrom, are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the adoption of the Resolution and the issuance of the Bonds.

(b) Nothing contained therein is intended in any way to affect, limit or diminish the protection granted to the members of the Authority by the Act.

(c) The Obligations of the Authority contained therein shall not constitute or give rise to an obligation of the State of New York or the County of Franklin, New York, nor any political subdivision or public corporation therein, and neither the State of New York nor the County of Franklin, New York, nor any political subdivision or public corporation therein, shall be liable thereon, and further such Obligations shall not constitute or give rise to a general obligation of the Authority, but rather shall constitute limited obligations of the Authority payable solely from the sources set forth therein.

Amendments to the Solid Waste Management Services Agreement

The Authority shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Solid Waste Management Services Agreement without the prior written consent of the Trustee. The Authority may with the consent of the Trustee, but without the consent of or notice to any of the Holders, enter into or permit any amendment of the Solid Waste Management Services Agreement acceptable to the Authority as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the holders of the Bonds, (ii) to grant or pledge to the Authority or Trustee, for the benefit of the holders of the Bonds or the Authority, any additional security or payments, (iii) to modify, amend or supplement the Solid Waste Management Services Agreement for the purpose of obtaining or retaining a rating on the Bonds from a bond rating agency, (iv) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion from gross income for federal income tax purposes of interest on any Outstanding Bonds or (v) in connection with any other change therein not materially adversely affecting the interests of the holders of the Bonds. Any other amendment to such agreement shall require the approval of sixty-six percent (66%) of the holders of the Bonds. The Trustee may rely on an opinion of counsel that any amendment under this Section is in accordance with the Resolution. The Authority shall file copies of any such amendments with the Trustee.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SERVICES AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE SERVICES AGREEMENT

The Authority and the County entered into a Solid Waste Management Services Agreement, dated as of May 1, 1993, as amended from time to time, including by an amendment, dated as of May 18, 1995, and the Amendment to Solid Waste Management Services Agreement, dated as of May 1, 2012 (the “Services Agreement” or the “Agreement”), pursuant to which the County agreed to provide certain funds to the Authority in consideration for the Authority providing solid waste management services within the County. The Services Agreement is not a general obligation of the County. Neither the full faith and credit nor the taxing power of the County are pledged to the payment of amounts coming due under the Services Agreement. The Services Agreement does not constitute “debt” within the meaning of the Constitution and statutes of the State. In accordance with New York law, any amounts payable by the County under the Services Agreement to meet its contractual obligations are made by appropriation by the Legislature of the County.

The following summarizes certain provisions of the Services Agreement between the County and the Authority to which reference is made for the detailed provisions thereof. Capitalized terms not defined herein shall have the meanings given those terms in the Services Agreement.

Delivery and Acceptance of Waste

Beginning on the Commencement Date (which is defined as July 1, 1994 or such earlier date as shall be agreed upon by the County and the Authority), the County shall deliver or cause to be delivered to the System substantially all of the Solid Waste produced within the County. Such Solid Waste shall be delivered to the Landfills or to any other place, including any Transfer Stations or other components of the System which have been or may be established in the County, as the Authority may from time to time direct.

The Authority shall accept and dispose of all Solid Waste delivered to the System by or on behalf of the County. The parties agree that in the event of an Uncontrollable Circumstance affecting the ability to use a portion of the System, the Authority will use its best efforts to provide services, which services may entail significant increases in Expenses.

Regulatory Requirements

The Authority will operate or cause the System to be operated in a manner which will not violate Applicable Law. The Authority shall not be deemed to have breached its obligations under the preceding sentence in respect of any period during which it may in good faith be contesting the validity or application of any such Applicable Law or be diligently attempting to comply therewith, in each case to the extent that Applicable Law permits continued operation pending resolution of said dispute.

Other Contracts for Waste Delivery

The Authority may enter into agreements with Persons other than the County for the disposal of Solid Waste; provided, however, that the County at all times shall have the first call on any waste disposal capacity.

Disposal Services Requirements

Pursuant to the Act, the Authority has performed and agrees to continue to perform planning, developmental, environmental and other services for the County with respect to Solid Waste. Beginning

on the Commencement Date, the Authority shall provide additional Solid Waste management services to the County in accordance with Applicable Law and the terms of the Agreement.

Tipping Fees

Persons delivering Solid Waste to the System shall pay a Tipping Fee with respect to such waste. The Tipping Fees shall be established and adjusted from time to time, but not more often than monthly.

The Tipping Fees shall be established in an amount the Authority reasonably determines as necessary to currently recover its capital and other expenses incurred due to the ownership, improvement, operation and maintenance of the System and the Authority, including Debt Service, plus any amount paid by the County as a Service Fee Shortfall with respect to a prior Fiscal Year (such fees and expenses are collectively referred to as “Expenses”). If the County disagrees with the Tipping Fees as so established, it may request the Independent Public Accountants to review the Authority’s determination. If the Independent Public Accountants determine that the Tipping Fees have been established in amounts which are likely to produce revenues in excess of the Authority’s Expenses, the Authority is required to reduce the Tipping Fees but in no event to an amount less than the amount which is projected by the Independent Public Accountants to meet all of the Authority’s obligations under the applicable financing agreements. The determination of the Independent Public Accountants shall be communicated to the County and the Authority and shall be subject to arbitration.

Tipping Fees will be paid in cash upon acceptance of Solid Waste to the System, or in such other manner as may be determined by the Authority.

Payment of Service Fee by County; Installments

In consideration of the Authority’s performance of certain activities relating to Solid Waste disposal pursuant to the Services Agreement, the County shall pay from its general fund to the Authority a Service Fee. The Service Fee with respect to any Fiscal Year is an amount equal to (i) Debt Service PLUS (ii) Operating and Maintenance Costs MINUS (iii) Net Investment Earnings, if any, for such Fiscal Year; provided that in no event shall the Service Fee be less than zero.

The County shall pay to the Authority one-twelfth of the Estimated Service Fee (as hereinafter defined) payable with respect to any Fiscal Year on the first day of each month of that Fiscal Year.

The Authority shall pay the County Reimbursement Amounts pursuant to this Services Agreement.

Reimbursement Amount

The Authority shall pay to the County within five (5) days after the end of each month the Reimbursement Amount, which shall equal the Tipping Fees and User Fees, if any, received by the Authority during the preceding month up to the amount forwarded as the Estimated Service Fee on an aggregate basis in such Fiscal Year from the County.

In the event the County fails to appropriate the amount necessary to pay the Estimated Service Fee in any Fiscal Year, the Authority is not obligated to pay the County any Reimbursement Amount for any month in such Fiscal Year. Instead, such Reimbursement Amount will be retained by the Authority and held by the Trustee in an amount equal to the amount which the County was obligated

to pay as an Estimated Service Fee during each Fiscal Year within which the County fails to appropriate the Estimated Service Fee.

Estimated Service Fee

The Service Fee payable with respect to any Fiscal Year, as estimated by the Authority in writing to the County no less than 90 days prior to the beginning of the fiscal year of the County (“Estimated Service Fee”) or as reasonably required by the County. The Estimated Service Fee shall equal (i) the Authority’s estimate of Debt Service, PLUS (ii) the Authority’s estimate of Operating and Maintenance Costs, (iii) MINUS the Authority’s estimate of Net Investment Earnings (provided that Net Investment Earnings are only credited against the Debt Service component of the Estimated Service Fee to the extent that such Net Investment Earnings are available to be applied to the payment of Debt Service); the cash basis of accounting shall be used to determine the amounts used in this paragraph. The County shall include in its annual budget for such next Fiscal Year an amount equal to the Estimated Service Fee so determined. In the event an Uncontrollable Circumstance causes Expenses to increase, the Authority shall promptly prepare an amended Estimated Service Fee which will be the basis for payments by the County for the remainder of such Fiscal Year. If the County reasonably disagrees with the Estimated Service Fee as estimated by the Authority, it may request the Independent Public Accountants to review the estimate. The estimate of the Authority, as it may be revised by the Independent Public Accountants, as to the Estimated Service Fee payable by the County in any Fiscal Year shall be subject to arbitration. Notwithstanding the pendency of a review by the Independent Public Accountants, the County is required to promptly pay any amount determined by the Authority to be due, subject to later adjustment if determined to be appropriate by the Independent Public Accountants.

Year-End Adjustment; Accounting

Within 90 days of the end of each Fiscal Year, the Authority shall make an accounting with respect to such Fiscal Year in accordance with the accrual method.

The Authority shall calculate the Actual Service Fee for such preceding Fiscal Year. The Actual Service Fee for such Fiscal Year shall be equal to (i) an amount equal to Debt Service, PLUS (ii) Operating and Maintenance Costs, MINUS (iii) Net Investment Earnings MINUS (iv) the aggregate amount of all Reimbursement Amounts paid by the Authority to the County for such Fiscal Year.

The Authority shall calculate the Year-End Adjustment for each Fiscal Year. The Year-End Adjustment shall be equal to (i) the Actual Service Fee MINUS (ii) the Estimated Service Fee paid by the County during such Fiscal Year, PLUS (iii) the aggregate amount of all Reimbursement Amounts paid by the Authority to the County for such Fiscal Year.

If, for any Fiscal Year the Year End Adjustment is a negative amount, such amount (a “Service Fee Surplus”) shall be deposited in the General Fund of the Authority; provided, however, that if such Service Fee Surplus occurs in the final year of the Services Agreement, such amount will be paid by the Authority to the County within 15 business days of the official calculation of such Service Fee Surplus.

If for any Fiscal Year the Year End Adjustment is a positive amount, the amount so determined (a “Service Fee Shortfall”) must be paid by the County to the Authority within 15 days of receipt of an invoice therefor. In the event that the County pays a Service Fee Shortfall, such amount must be repaid by the Authority to the County over the Fiscal Year subsequent to the Fiscal Year with respect to which such Service Fee Shortfall was paid and is required to be recovered through a Tipping Fee adjustment.

A failure to repay such amount as specified will not constitute a default or give rise to any additional rights of the County against the Authority.

The County may request the Independent Public Accountants to review the Authority's accounting. The Authority's accounting, as reviewed and approved or modified by the Independent Public Accountants, shall be subject to arbitration. Notwithstanding the pendency of a review by the Independent Public Accountants, the County is required to promptly pay any amount determined by the Authority to be due, subject to later adjustment if determined to be appropriate by the Independent Public Accountants.

No Set-Off, Abatement

The obligations of the County to pay the Service Fee to the Authority under the terms of the Agreement shall not be subject to diminution by reason of any set-off, abatement, counter-claim, existence of a dispute or any other reason, known or unknown, foreseeable or unforeseeable, which might otherwise constitute a legal or equitable defense or discharge of the liabilities of the County hereunder or limit recourse against the County. The foregoing provisions shall not affect any right of the County to pursue independently any claim it may have against the Authority or any other person based upon non-performance by the Authority or any other person of its obligations under the Agreement.

Current Expense

The payment obligations of the County under the Agreement shall constitute a current expense of the County for each Fiscal Year and shall not constitute an indebtedness of the County within the meaning of the Constitution and laws of the State of New York.

Remedies for Default

In the event of the breach by any party of an obligation under the Agreement, the right to recover damages or to be reimbursed will ordinarily constitute an adequate remedy; provided however that the Authority shall have the right to injunctive relief for breach by the County of its obligations to deliver solid waste as set forth in the Agreement. Therefore, no party shall have the right to terminate the Agreement for cause for any breach except that the County shall have the right to terminate the Agreement for an Event of Default if such Event of Default consists of the failure by the Authority to accept and dispose of Solid Waste delivered to the System for a period of 60 or more consecutive days.

Events of Default by the Authority

The failure on the part of the Authority to pay any undisputed amount required to be paid to the County under the Agreement or determined to be owing shall constitute a default and shall entitle the County, in its discretion, to a mandatory injunction to compel its payment if the County has made written demand therefor accompanied by notice that unless such amount is paid within 30 days after such demand the default will constitute an Event of Default, and such amount is not so paid.

The persistent or repeated failure or refusal by the Authority substantially to fulfill any of its material obligations in accordance with the Agreement shall constitute a default unless such failure or refusal shall be excused or justified by Uncontrollable Circumstance; provided, however, that no such failure or refusal shall constitute an Event of Default unless and until:

- (i) the County shall have given prior written notice to the Authority stating that in its opinion a particular default or defaults (to be described in reasonable detail in such notice) exist

which will, unless corrected, constitute a material breach of the Agreement on the part of the Authority and, if with respect to an Event of Default by the Authority consisting of a failure to accept and dispose of Solid Waste delivered to the System, which will in its opinion give the County a right to terminate the Agreement for cause under this Section unless such default is corrected within a reasonable period of time, and

(ii) the Authority shall have neither corrected such default nor initiated reasonable steps to correct the same within a reasonable period of time (which shall in any event be not less than five (5) business days from the date of the notice given pursuant to clause (i) above), provided, that if the Authority shall have commenced to take reasonable steps to correct such default within such reasonable period of time, the same shall not constitute an Event of Default for as long as the Authority is continuing to take reasonable steps to correct such default.

Events of Default by the County

The failure on the part of the County to pay any amount required to be paid to the Authority under the Agreement or determined to be owing shall constitute a default and shall entitle the Authority, in its discretion, to seek a judgment, mandamus or mandatory injunction to compel its payment if the Authority has made written demand for payment accompanied by notice that unless such amount is paid within 30 days after such demand the default will constitute an Event of Default, and such amount is not so paid.

The persistent or repeated failure or refusal by the County substantially to fulfill any of its material obligations in accordance with the Agreement shall constitute a default unless such failure or refusal shall be excused or justified by Uncontrollable Circumstance, provided, that no such failure or refusal shall constitute an Event of Default unless and until:

(i) The Authority shall have given prior written notice to the County stating that in its opinion a particular default or defaults (to be described in reasonable detail in such notice) exist which will, unless corrected, constitute a material breach of the Agreement on the part of the County unless such default is corrected within a reasonable period of time, and

(ii) The County shall have neither corrected such default nor initiated reasonable steps to correct the same within a reasonable period of time (which shall in any event be not less than five (5) business days from the date of the notice given pursuant to clause (i) above), provided that if the County shall have commenced to take reasonable steps to correct such default within such reasonable period of time, the same shall not constitute an Event of Default for as long as the County is continuing to take reasonable steps to correct such default.

Trustee as Third Party Beneficiary

The Trustee is declared a third party beneficiary of the right of the Authority to receive the payments of Service Fees from the County. Following an Event of Default, the Trustee shall be entitled to a judgment, mandamus, mandatory injunction and all other legal or equitable remedies afforded by Applicable Law to compel payment by the County, if the Trustee has made written demand therefor and any deficiency is not paid within thirty days of such demand.

Termination on Default

Termination for cause may be exercised only after 30 days prior written notice of termination to the Authority. The proper exercise of such right of termination shall be in addition to and not in substitution for such other remedies, whether damages or otherwise, as the County may have.

Survival of Certain Rights and Obligations

No termination of the Agreement shall limit or otherwise affect the respective rights and obligations of either party accrued prior to the date of such termination.

Term

The Agreement shall commence on the date of execution and, unless sooner terminated in accordance with the terms hereof, shall continue in effect until the later of (a) Maturity Date or (b) May 1, 2037.

Rights of First Refusal

The County agrees that before entering into negotiations with any third party for the disposal of Solid Waste following the expiration of the Agreement on terms similar in whole or in part to those contained herein, the County shall first negotiate in good faith with the Authority for such disposal.

Similarly, if the Authority proposes to continue to operate the System or any component thereof beyond the term hereof, the Authority shall so advise the County and, upon the request of the County, negotiate in good faith the terms upon which the Authority would accept and dispose of an amount of Solid Waste up to the capacity of the System.

The Authority shall notify the County at least six (6) months before the termination of the Agreement if it proposes to continue to operate the System or any component thereof beyond the term hereof so that the County and the Authority may enter into negotiations, if desired, as to what arrangements will be made for continuing the service provided under the Agreement beyond the termination date.

If the County and the Authority do not reach an agreement on the terms of a Renewal Agreement ninety (90) days prior to the expiration of the Agreement, the County may proceed to negotiate with third parties.

Uncontrollable Circumstance

Each party to the Agreement hereto shall be excused for its failure to perform in accordance with the Agreement any obligation required to be performed by it thereunder, to the extent that such failure results from an Uncontrollable Circumstance affecting the party seeking to be excused from performance; provided, however, that in no event shall an Uncontrollable Circumstance excuse the County from performing any obligation to make any payment thereunder. Each party shall seek diligently and in good faith to overcome or remove any Uncontrollable Circumstance, provided, however, that the settlement of any legal action or administrative proceedings shall be entirely in the discretion of the party suffering the same, and such party shall not be required to make settlement of legal actions or administrative proceedings when such settlement would be unfavorable, in the judgment of the party suffering the legal action or administrative proceedings. The Authority and the County shall notify each other of the adoption, promulgation, issuance, material modification or change in interpretation of any material Federal, State or local law, regulation, rule, requirement, or ordinance constituting Applicable Law occurring after the date hereof which comes to the attention of either party.

Dispute Resolution

Subject to Applicable Law, and except as explicitly provided otherwise in the Agreement, any controversy or claim arising out of or relating to the Agreement, or the breach hereof, which the parties

are unable to resolve themselves shall be finally settled by Arbitration and the commercial Arbitration Rules of the American Arbitration Association, by, in the discretion of the County, a single arbitrator or three arbitrators, chosen in accordance with such Rules. The agreement to arbitrate disputes shall be specifically enforceable in any court having jurisdiction.

Amendment to Solid Waste Management Services Agreement

The following form of Amendment to Solid Waste Management Services Agreement (the “Amendment”) reflects certain amendments to the term of the Agreement. The Authority and the County will enter into the Amendment in connection with the issuance of the Authority’s Solid Waste System Revenue Bonds, Series 2023.

FORM OF AMENDMENT TO SOLID WASTE MANAGEMENT SERVICES AGREEMENT

This AMENDMENT TO SOLID WASTE MANAGEMENT SERVICES AGREEMENT (this “Amendment”) is made as of September 12, 2023, by and between the County of Franklin, New York (the “County”) and the County of Franklin Solid Waste Management Authority (the “Authority”).

RECITALS:

WHEREAS, the County and the Authority are party to that certain Solid Waste Management Services Agreement, dated as of May 1, 1993, as amended, supplemented, or otherwise modified from time to time, including by the amendment dated May 1, 2012 (the “Service Agreement”); and

WHEREAS, the parties desire to amend the Service Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by each of the parties hereto, the parties hereby covenant and agree as follows:

1. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings given to such terms in the Service Agreement.

2. Section 9.1 of the Service Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

This Agreement shall commence on the date of execution of this Agreement and, unless sooner terminated in accordance with the terms hereof, shall continue in effect until the date on which all outstanding Bonds are retired; provided, however, that this Agreement shall have a term no later than August 1, 2048.

3. Except as otherwise amended by this Amendment, all terms, conditions and covenants contained in the Service Agreement shall be and remain in full force and effect.

4. This Amendment may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

5. This Amendment shall in all respects be governed by and construed under the laws of the State of New York, without regard to the principles of conflict of laws.

APPENDIX D
AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

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**COUNTY OF FRANKLIN SOLID WASTE
MANAGEMENT AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
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Kathryn A. Larracuente, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
County of Franklin Solid Waste Management Authority
Constable, New York

Opinions

We have audited the accompanying financial statements of the County of Franklin Solid Waste Management Authority (the "Authority") as of and for the year ended June 30, 2022 and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2022 and 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. 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 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 Authority's basic financial statements. The schedule of operating expenses for the years ended June 30, 2022 and 2021 is presented for purposes of additional analysis and is 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 schedule of operating expenses is 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 November 1, 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.

West Seneca, New York
November 1, 2022

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

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

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The Authority Board Members

Brandon Titus, Chairman

Boyce Sherwin, Treasurer

Kip Cassavaw

Warren Gaggin

Dean Lefebvre

Paddy Wheeler

C. Curtis Smith

Brandon Titus

Executive Director

Todd Perry

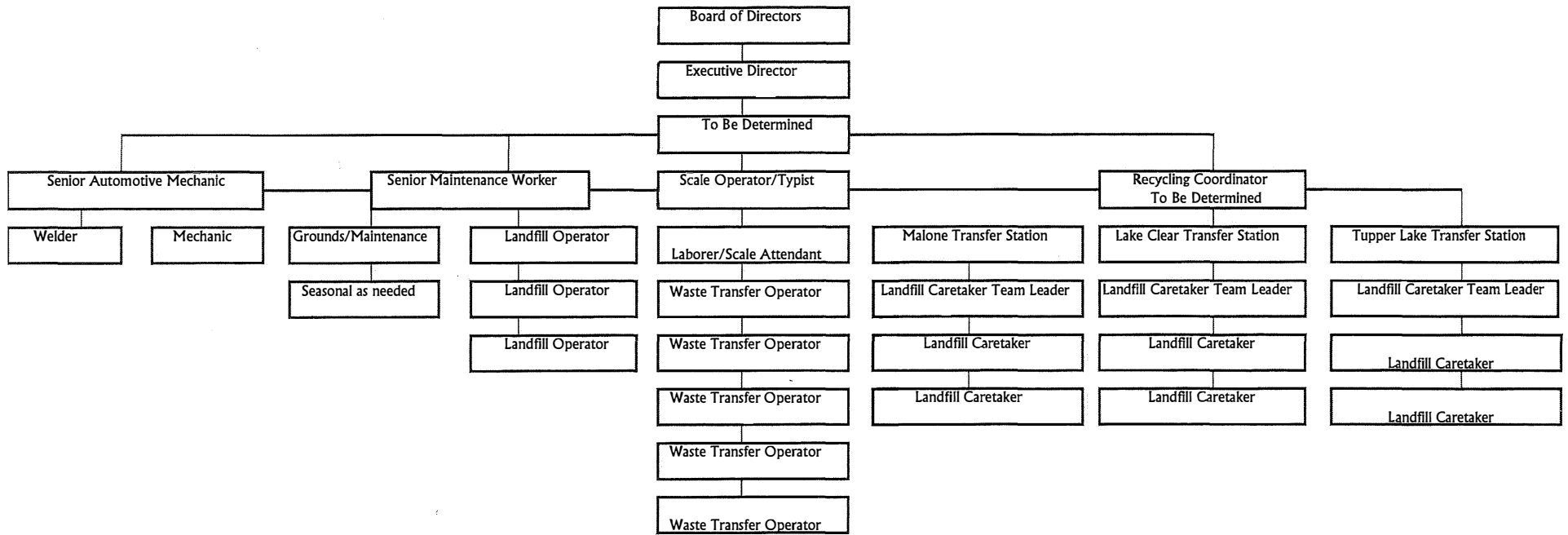
General Counsel

Brian Stewart

Auditors

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

CFSWMA ORGANIZATION CHART



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Franklin Solid Waste Management Authority (The Authority) presents the readers of our financial statements the following narrative overview and analysis of the financial activities for the fiscal years ending June 30, 2022 and 2021. Please consider this information in conjunction with the additional information we have furnished in our letter of transmittal and the accompanying financial statements.

Financial Highlights

For the period ending June 30, 2022

- In 2022 the Authority's net position increased by \$125 thousand, due to its revenues exceeded its expenses.
- Total operating revenues increased by \$1.7 million over 2021 due to increased revenue volume by several of the Authority's major customers. Operating expenses increased by \$4.5 million compared to the prior year. Of this amount, depreciation expense increased by \$1.4 million. Additionally, the Authority incurred \$2.7 million in costs associated with capping cells 3 and 4. While incurring these expenses was required to properly cap these cells in conjunction with applicable regulations, they are not of the nature where they will provide the Authority with additional future revenue generating capacity and, therefore, these costs were not capitalized but rather expensed.
- The Authority invested \$704 thousand in capital assets during 2022.
- The Authority repaid approximately \$1.9 million in long-term debt during 2022.

For the period ending June 30, 2021

- In 2021 the Authority's net position increased by \$2.7 million, due to higher-than-average landfill volumes.
- Total operating revenues were essentially the same as in 2020, increasing by just over \$5,000 while operating expenses decreased by \$450 thousand compared to the prior year.
- The Authority invested \$3.8 million in capital assets during 2021.
- The Authority repaid approximately \$1.4 million in long-term debt during 2021.

Management continues to aggressively price beneficial use materials. The Authority's objective is to receive optimum pricing, while ensuring materials are not shipped to our competitors due to a significant price differential.

Overview of the Financial Statements

The financial report consists of management's discussion and analysis, the statements of net position, statements of revenue, expenses, and changes in net position, statements of cash flows, and the notes to the financial statements. The statements of net position provide a record or snapshot of the assets, deferred outflows of resources, liabilities and deferred inflows of resources at the close of each year. They present the financial position of the Authority on an accrual basis utilizing historical costs. The statements of revenue, expenses, and changes in net position present the results of the business activities of the Authority over the course of each year. The statements of cash flows are related to the other financial statements by the way they analyze changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources and their effect on cash and equivalents over the course of each year. The statements of cash flows are divided into four categories: operating, investing, non-capital and related financing and capital and related financing. The accompanying notes to the financial statements provide useful information regarding the Authority's significant accounting policies; explain significant account balances and activities, certain material risks, obligations, commitments, contingencies and subsequent events, if any.

Statement of Net Position

A condensed summary of the Authority's net position for fiscal year 2022, 2021, and 2020 is presented below.

	2022	2021	2020
Assets			
Current Assets	\$ 1,857,377	1,332,670	3,985,521
Restricted Assets	16,638,408	16,487,220	15,603,153
Capital Assets	19,066,635	21,257,719	18,972,090
Net Pension Asset	479,139	-	-
Total Assets	38,041,559	39,077,609	38,560,764
 Deferred Outflows of Resources	 962,176	 1,155,885	 812,881
 Liabilities:			
Current Liabilities	2,691,098	2,384,849	3,402,575
Non Current Liabilities	24,027,713	25,795,088	28,238,607
Total Liabilities	26,718,811	28,179,937	31,641,182
 Deferred Inflows of Resources	 1,729,487	 1,622,665	 71,298
 Net Position	\$ 10,555,437	10,430,892	7,661,165

The Authority's total assets decreased by approximately \$1 million when compared to 2021. The decrease is attributed primarily to a decrease in the Agency's capital assets as depreciation expense exceeded the cost of new capital asset acquisitions during the year. Total deferred outflows of resources decreased by \$194 thousand from the prior year, in conjunction with the decrease in the Authority's net pension liability, which was recorded as an asset at June 30, 2022 based on the actuarially calculated amount.

Total liabilities decreased by approximately \$1.5 million. This decrease can largely be attributed to long-term debt reductions of \$1.9 million netted with a new lease liability incurred of \$237 thousand and changes in various other liability accounts. Total deferred inflows of resources increased by approximately \$107 thousand based on the actuarially calculated net pension asset amount.

Statement of Revenues, Expenses and Changes in Net Position

A summary of revenues, expenses, and changes in net position for the years ending 2022, 2021, and 2020, is presented below:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Operating Revenues	\$ 10,811,561	9,094,634	9,088,866
Total Operating Expenses	<u>10,072,170</u>	<u>5,577,987</u>	<u>6,028,314</u>
Operating Income	739,391	3,516,647	3,060,552
Other Income (Expense), Net	(614,846)	(746,920)	(561,992)
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>5,113,881</u>
Increase (Decrease) in Net Position	<u>\$ 124,545</u>	<u>2,769,727</u>	<u>7,612,441</u>

The financial operations of the Authority continued to improve during 2022. Revenues increased over the 2021 amount. The Authority incurred cell closing costs of approximately \$2.7 million in fiscal year 2022. These costs were properly expensed, which partially explains the large increase in operating expenses in 2022 compared with the prior year. Additionally, depreciation expense increased in 2022 by approximately \$1.4 million over 2021.

CAPITAL ASSET ADMINISTRATION

The Authority continues to invest in capital assets. During 2022 and 2021, the Authority capitalized construction and engineering costs incurred to improve and upgrade landfill cell 6, as well as vehicle and equipment purchases, and costs incurred to upgrade the Authority's information technology infrastructure. A summary of the Authority's capital assets is presented below:

	2022	2021	2020
Buildings	\$ 8,544,379	8,544,379	8,544,379
Landfill Cells	28,366,592	28,321,259	24,845,232
Vehicles and Equipment	7,314,153	6,892,647	6,858,989
Right-to-Use Assets	1,500,077	1,262,609	992,394
Land Improvements	4,565,536	4,565,536	4,565,536
Accumulated Depreciation	(33,289,081)	(30,393,690)	(28,899,419)
Total Depreciable	17,001,656	19,192,740	16,907,111
Land	2,064,979	2,064,979	2,064,979
Total Capital Assets	\$ 19,066,635	21,257,719	18,972,090

LONG-TERM DEBT ADMINISTRATION

Authority issued bonds were used to construct buildings, systems and land improvements associated with landfill cells within the facility. The Authority uses leases to finance various vehicles and equipment.

Total bonds outstanding, exclusive of bond premiums, was \$24,240,000, \$25,990,000 and \$27,245,000 as of June 30, 2022, 2021, and 2020, respectively. Total obligations under leases payable were \$374,483, \$258,137, and \$226,834 as of June 30, 2022, 2021, and 2020 respectively.

During 2022, the Authority repaid \$1,750,000 in bonds and \$121,122 in lease obligations, for a total reduction due to principal payments of \$1,871,122 in long-term debt. Additionally, during 2022 the Authority acquired a new lease in the amount of \$237,468 to finance the acquisition of a new piece of equipment.

WASTE QUANTITIES AND CONTROL

The following table summarizes waste received at the Landfill in tons from 2013 through 2022 fiscal years.

Waste Quantities and Control

Generalized Annual Summary - Waste Received by Authority in Tons

The following table summarizes waste received at the Landfill in tons from the 2004 through 2020 fiscal years:

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MSW										
Franklin County	32,289	31,932	33,787	34,385	34,209	34,566	33,198	37,246	41,984	44,623
Out-of-County	<u>24,835</u>	<u>18,837</u>	<u>18,702</u>	<u>13,185</u>	<u>22,768</u>	<u>23,134</u>	<u>24,207</u>	<u>52,931</u>	<u>45,728</u>	<u>59,224</u>
Total	57,124	50,769	52,489	47,570	56,977	57,700	57,405	90,177	87,712	103,847
BUD										
Franklin County	1,870	1,856	1,729	7,915	11,612	2,966	5,940	3,908	6,577	6,355
Other	<u>17,064</u>	<u>25,740</u>	<u>23,093</u>	<u>24,950</u>	<u>14,631</u>	<u>19,026</u>	<u>25,285</u>	<u>36,075</u>	<u>28,131</u>	<u>32,949</u>
Total	<u>18,934</u>	<u>27,596</u>	<u>24,822</u>	<u>32,865</u>	<u>26,243</u>	<u>21,992</u>	<u>31,225</u>	<u>39,983</u>	<u>34,708</u>	<u>39,304</u>
Total tons	76,058	78,365	77,311	80,435	83,220	79,692	88,630	130,160	122,420	143,151

CURRENTLY KNOWN FACTS AND CIRCUMSTANCES

The Authority remains in a strong financial position and continues to build its net position. All of the Agency's required reserves are fully funded and debt service payments are made on time.

Management of the Authority are happy to answer any other questions that may arise after reviewing this report.

Todd Perry, Executive Director
518-483-8270
www.cfswma.com

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COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF NET POSITION

	As of June 30,	
	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 815,734	331,388
Accounts Receivable	924,046	835,382
Prepaid Expenses	<u>117,597</u>	<u>165,900</u>
Total Current Assets	<u>1,857,377</u>	<u>1,332,670</u>
Noncurrent Assets:		
Cash and Cash Equivalents - Restricted	14,971,699	14,820,511
Investments - Restricted	<u>1,666,709</u>	<u>1,666,709</u>
Total Restricted Assets	<u>16,638,408</u>	<u>16,487,220</u>
Capital Assets		
Depreciable, net	17,001,656	19,192,740
Nondepreciable	<u>2,064,979</u>	<u>2,064,979</u>
Total Capital Assets	19,066,635	21,257,719
Other Non-Current Assets		
Net Pension Asset	<u>479,139</u>	<u>-</u>
Total Assets	<u>38,041,559</u>	<u>39,077,609</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>962,176</u>	<u>1,155,885</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	675,248	425,759
Accrued Interest	106,240	146,311
Bonds Payable	1,800,000	1,750,000
Leases Payable	<u>109,610</u>	<u>62,779</u>
Total Current Liabilities	<u>2,691,098</u>	<u>2,384,849</u>
Noncurrent Liabilities:		
Bonds Payable - Less Current Installments	22,775,269	24,674,482
Leases Payable - Less Current Installments	264,873	195,358
Landfill Closure and Postclosure Monitoring Accrual	970,831	892,052
Pension Contribution payable	16,740	27,867
Net Pension Liability	<u>-</u>	<u>5,329</u>
Total Noncurrent Liabilities	<u>24,027,713</u>	<u>25,795,088</u>
Total Liabilities	<u>26,718,811</u>	<u>28,179,937</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,729,487</u>	<u>1,622,665</u>
NET POSITION		
Restricted	16,638,408	16,487,220
Unrestricted	<u>(6,082,971)</u>	<u>(6,056,328)</u>
Total Net Postion	<u>\$ 10,555,437</u>	<u>10,430,892</u>

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For the Year Ended June 30,	
	2022	2021
Operating Revenue:		
Solid Waste Fees	\$ 10,678,938	8,941,687
Recycling Fees	121,267	125,667
Miscellaneous Income	11,356	27,280
Total Operating Revenues	<u>10,811,561</u>	<u>9,094,634</u>
Operating Expenses:		
Operations and Maintenance	6,321,091	3,179,669
General and Administration	776,908	742,052
Depreciation	2,895,391	1,494,271
Change in Landfill Closure and Postclosure Accrual	78,780	161,995
Total Operating Expenses	<u>10,072,170</u>	<u>5,577,987</u>
Operating Income	<u>739,391</u>	<u>3,516,647</u>
Nonoperating Revenues (Expenses):		
Interest Income	40,308	52,513
Interest Expense	(655,154)	(799,433)
Service Fees from Franklin County	9,555,088	8,627,758
Service Fees to Franklin County	<u>(9,555,088)</u>	<u>(8,627,758)</u>
Total Nonoperating Revenues (Expenses)	<u>(614,846)</u>	<u>(746,920)</u>
Change in Net Position	124,545	2,769,727
Net Position - Beginning of Year	<u>10,430,892</u>	<u>7,661,165</u>
Net Position - End of Year	<u>\$ 10,555,437</u>	<u>10,430,892</u>

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF CASH FLOWS

	For the Year Ended June 30,	
	2022	2021
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 10,722,897	8,917,328
Payments to Suppliers	(5,005,215)	(2,778,421)
Payments to Employees for Salaries and Benefits	(1,990,057)	(2,081,296)
Net Cash Provided by Operating Activities	<u>3,727,625</u>	<u>4,057,611</u>
Cash Flows from Noncapital Financing Activities		
Cash Payments from Franklin County	9,555,088	8,627,758
Cash Payments to Franklin County	(9,555,088)	(8,627,758)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Principal Repayments	(1,871,122)	(1,223,697)
Lease Proceeds	237,468	-
Interest Paid	(794,438)	(890,021)
Acquisition and Construction of Capital Assets	(704,307)	(3,939,107)
Net Cash Provided by (Used by)		
Capital and Related Financing Activities	<u>(3,132,399)</u>	<u>(6,052,825)</u>
Cash Flows from Investing Activities		
Interest Received on Deposits and Cash Equivalents	<u>40,308</u>	<u>52,513</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>635,534</u>	<u>(1,942,701)</u>
Cash and Cash Equivalents - Beginning of Year	<u>15,151,899</u>	<u>17,094,600</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 15,787,433</u></u>	<u><u>15,151,899</u></u>

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF CASH FLOWS
(CONTINUED)

	June 30,	
	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 739,391	3,516,647
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
(Increase) decrease in:		
Deferred outflows of resources - pension related	193,709	(343,004)
Deferred inflows of resources - pension related	106,822	1,551,367
Depreciation	2,895,391	1,494,271
Changes in Operating Assets - (Increase) Decrease		
Accounts and Grants Receivable	(88,664)	(177,306)
Prepaid Expenses	48,303	3,389
Changes in Operating Liabilities - Increase (Decrease)		
Accounts Payable and Accrued Liabilities	238,362	(884,395)
Environmental Closure and Postclosure Accrual	78,779	161,384
Net Pension Liability / Asset	(484,468)	(1,264,742)
Net Cash Provided by Operating Activities	<u><u>\$ 3,727,625</u></u>	<u><u>4,057,611</u></u>
 Supplemental schedule of cash flow information - classification of cash and cash equivalents:		
Unrestricted	\$ 815,734	\$ 331,388
Restricted	<u>14,971,699</u>	<u>14,820,511</u>
Total cash and cash equivalents	<u><u>\$ 15,787,433</u></u>	<u><u>15,151,899</u></u>

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The County of Franklin Solid Waste Management Authority (Authority) was created as a public benefit corporation under New York State Public Authorities Laws 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 interests 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 Franklin County (County) 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 Board of the Authority is comprised of seven members appointed by the legislature of the County.

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. It is included in Franklin County's financial statements as a component unit.

A summary of the significant accounting policies consistently applied in the preparation of accompanying financial statements follows.

b. Basis of Accounting and Presentation of Financial Statements

The Authority's financial statements are prepared using the accrual basis in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or 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 for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows,

and liabilities and deferred inflows associated with the operations are included on the statements of net position.

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances. If the balance in this category is negative, as it is with the Authority at June 30, 2022 and 2021, the negative amount is reclassified and grouped with unrestricted net position, discussed below.
- *Restricted net position* has externally placed constraints on use.
- *Unrestricted net position* consists of assets and deferred outflows and liabilities and deferred inflows that do not meet the definition of “restricted net position” or “net investment in capital assets.” This category also includes the “negative” amount of net investment in capital assets, if such a negative amount exists.

Revenues are recognized when earned, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services. Operating expenses include the cost of personnel and contractual services, materials and supplies, utilities, change in post-closure accrual estimate, administrative expenses, depreciation on capital assets and other costs related to solid waste administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Fair Value Measurement

The Authority reports certain assets at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date.

e. Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of cash and investments which mature no more than three months after the date purchased. Restricted cash and cash equivalents are held in money market funds and are legally restricted in uses and purposes by the Authority's bond documents.

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 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 and 2021 were properly covered by FDIC insurance, collateral or invested in U.S. Treasury backed securities.

All of the 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.

f. Accounts Receivable

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.

g. Capital Assets, Net

Capital assets are recorded at cost. 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 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.

h. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are defined as the consumption of assets by the Authority that is applicable to future a future reporting period. Deferred inflows of resources are defined as an acquisition of assets by the Authority that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resource decrease net position, similar to liabilities. The Authority reports deferred outflows and inflows of resources related to its net pension liability (See Note 8).

i. Landfill Closure and Post closure Monitoring Accrual

State and federal laws and regulations require that the Authority place a final cap on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites 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 and \$5,079,564 at June 30, 2022 and 2021, respectively. 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 the expense over the useful operating life of the landfill system. 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 engineering firm.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority's investment policies are governed by State statutes. Authority monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Collateral is required for demand deposits and certificates of deposit in an amount equal or greater than the amount 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.

All of the Authority's investment related deposits with financial institutions were either covered by FDIC insurance or fully collateralized by authorized investments of the pledging financial institution.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As noted above, by State statute, all deposits in excess of FDIC insurance coverage must be collateralized. As of June 30, 2022 and 2021, the Authority's deposits were FDIC insured or collateralized.

The fair value of the Authority's fixed maturity investments fluctuates in response to changes in market interest rates. Fair values of interest rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, the liquidity of the instrument, and other general market conditions. The Authority plans to hold its restricted investments to maturity which minimizes the occurrence of loss on investments.

A framework has been established for measuring the fair value of investments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 assets are those whose inputs to the valuation methodology are

unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access. Investments held by the Authority are classified as level 1 in the fair value hierarchy.

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for June 30, 2022 and 2021 is presents below:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Capital assets being depreciated				
Buildings	\$ 8,544,379	-	-	8,544,379
Landfill cells	28,321,259	45,333	-	28,366,592
Vehicles and equipment	6,892,647	421,506	-	7,314,153
Right-to-use assets	1,262,609	237,468	-	1,500,077
Land improvements	4,565,536	-	-	4,565,536
	49,586,430	704,307	-	50,290,737
Less accumulated depreciation	(30,393,690)	(2,895,391)	-	(33,289,081)
Total capital assets being depreciated, net	19,192,740	(2,191,084)	-	17,001,656
Capital assets not being depreciated				
Land	2,064,979	-	-	2,064,979
Total capital assets, net	<u>\$ 21,257,719</u>	<u>(2,191,084)</u>	<u>-</u>	<u>19,066,635</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Capital assets being depreciated				
Buildings	\$ 8,544,379	-	-	8,544,379
Landfill cells	24,845,232	3,476,027	-	28,321,259
Vehicles and equipment (as restated)	6,858,989	33,658	-	6,892,647
Right-to-use assets (as restated)	992,394	270,215	-	1,262,609
Land improvements	4,565,536	-	-	4,565,536
	45,806,530	3,779,900	-	49,586,430
Less accumulated depreciation	(28,899,419)	(1,494,271)	-	(30,393,690)
Total capital assets being depreciated, net	16,907,111	2,285,629	-	19,192,740
Capital assets not being depreciated				
Land	2,064,979	-	-	2,064,979
Total capital assets, net	<u>\$ 18,972,090</u>	<u>2,285,629</u>	<u>-</u>	<u>21,257,719</u>

Significant capital asset additions during the current year included vehicle and equipment purchases. Landfill cells include the engineering and other professional service costs incurred to bring the assets into service.

During the year ended June 30, 2022, the Authority capped cells 3 and 4, incurring \$2,684,976 in costs. These costs, while substantial, did not add to the Authority's future revenue generation capacities and, therefore, were expensed and not recorded as capital asset additions. These costs as shown on the Statement of Revenue, Expenses, and Changes in Net Position as "Operations and Maintenance" expenses.

NOTE 4 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the periods ending June 30, 2022 and 2021 is presented below:

	<u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u>	<u>One Year</u>
Bonds Payable - Principal	\$ 25,990,000	-	(1,750,000)	24,240,000	1,800,000
Bond Premium	<u>434,482</u>	<u>-</u>	<u>(99,213)</u>	<u>335,269</u>	<u>-</u>
Total Bonds Payable	26,424,482	-	(1,849,213)	24,575,269	1,800,000
Capital Leases Payable	258,137	237,468	(121,122)	374,483	109,610
Pension contribution payable	27,867	-	(11,127)	16,740	11,496
Net Pension Liability (Asset)	5,329	-	(484,468)	(479,139)	-
Closure and Postclosure Accrual	<u>892,052</u>	<u>78,779</u>	<u>-</u>	<u>970,831</u>	<u>-</u>
	<u>\$ 27,607,867</u>	<u>316,247</u>	<u>(2,465,930)</u>	<u>25,458,184</u>	<u>1,921,106</u>
	Balance			Balance	
	July 1,			June 30,	Due Within
	2020	Additions	Deletions	2021	One Year
Bonds Payable - Principal	\$ 27,245,000	-	(1,255,000)	25,990,000	1,750,000
Bond Premium	<u>546,491</u>	<u>-</u>	<u>(112,009)</u>	<u>434,482</u>	<u>-</u>
Total Bonds Payable	27,791,491	-	(1,367,009)	26,424,482	1,750,000
Capital Leases Payable	226,834	174,285	(142,982)	258,137	62,779
Pension contribution payable	38,637	-	(10,770)	27,867	10,770
Net Pension Liability	1,270,071	-	(1,264,742)	5,329	-
Closure and Postclosure Accrual	<u>730,668</u>	<u>161,995</u>	<u>(611)</u>	<u>892,052</u>	<u>-</u>
	<u>\$ 30,057,701</u>	<u>336,280</u>	<u>(2,786,114)</u>	<u>27,607,867</u>	<u>1,823,549</u>

NOTE 5 – BONDS PAYABLE

A summary of the Authority's outstanding bonds payable 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	<u>4,565,000</u>
					<u>\$ 24,240,000</u>

A summary of the Authority's future minimum annual maturities for bonds payable and bond interest due 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
2038-2041	<u>3,815,000</u>	<u>250,208</u>
	<u>\$ 24,240,000</u>	<u>6,581,071</u>

Interest expense on the above indebtedness was \$650,003 and \$793,142 for the years ended June 30, 2022 and 2021 respectively.

NOTE 6 –Leases

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.

Lease debt is summarized below:

	<u>2022</u>	<u>2021</u>
Key Government Finance lease payable in semiannual installments of \$11,337 including interest at 5.0%, due September, 2023, secured by equipment.	\$ 11,062	32,374
SymQuest lease payable in 60 monthly installments of \$1,599, no stated interest rate, due January, 2026, secured by equipment.	68,750	87,936
Key Government Financial lease payable in annual installments of \$36,858 including interest at 2.75%, due October, 2024, secured by equipment.	104,759	137,827
Caterpillar Financial Services Corporation lease payable in semi-annual installments of \$25,364, which includes interest at 2.99%, due 2027, secured by equipment	<u>189,912</u>	<u>-</u>
	374,483	258,137
Less: current portion	<u>(109,610)</u>	<u>(62,779)</u>
	<u>\$ 264,873</u>	<u>195,358</u>

Interest expense incurred and paid on the above indebtedness was \$5,151 and \$6,291 for the years ended June 30, 2022 and 2021, respectively.

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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 109,610	8,500	118,110
2024	100,852	5,922	106,774
2025	103,220	3,552	106,772
2026	<u>60,801</u>	<u>1,116</u>	<u>61,917</u>
	<u>\$ 374,483</u>	<u>19,090</u>	<u>393,573</u>

NOTE 7 –Landfill Closure and Post closure Monitoring Accrual

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 and \$892,052 reported as landfill closure and post closure care liability at June 30, 2022 and 2021, respectively, represents

the cumulative amount reported to date based on the use of 12.46 percent and 11.69 percent of the estimated capacity of the landfill system at June 30, 2022 and 2021, respectively. 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 and 2021, based on the Authority's operating plan approved by the State of New York is as follows:

	<u>At 6/30/22</u>	<u>At 6/30/21</u>
Total estimated landfill capacity (cubic yards)	18,650,000	18,650,000
Total estimated landfill capacity (cubic yards) used through June 30, 2022 and 2021	2,322,960	2,179,751
Percentage of total landfill capacity	12.46%	11.69%
Estimated closure and post-closure costs for approved cells	\$ 7,794,370	7,632,415
Environmental and closure accrual	\$ 970,831	892,052
Anticipated closure date	2074	2074

NOTE 8 – PENSION PLAN

PLAN DESCRIPTION

The County of Franklin Solid Waste Management Authority of New York participates in the New York State and Local Employees' Retirement System (ERS) which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit pension plan. 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 is established to hold all net asset 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 is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. 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 of Franklin Solid Waste Management Authority 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, 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 noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, 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 percent of the contributions required, and were as follows:

2021-2022	\$ 195,439
2020-2021	166,241
2019-2020	162,127

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

<u>Tier/Plan</u>	<u>Rate</u>
4 A15	18.2%
5 A15	15.2%
6 A15	10.6%

Prior to 2013, the Authority's contributions made 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 3.0%, respectively were set for each ten-year period. For FY22 and FY21, the Authority paid the full contribution of \$195,439 and \$166,241, respectively. The contribution for the years 2022 and 2021 included payments on the 2013 and 2014 deferred amounts of \$12,071 and \$12,071, respectively.

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

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

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

At June 30, 2022 and 2021, the Authority reported an asset of \$479,139 and a liability of \$5,329 respectively for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2022 and 2021, respectively, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The County of Franklin Solid Waste Management Authority's proportion of the net pension asset/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 June 30, 2022 and 2021, the Authority's proportion was 0.0058613 percent and 0.0053516 percent, respectively. The ERS reported a 0.0005097 percent change in the allocation percentage measured as of March 31, 2022 in relation to the March 31, 2021 percentage.

For the year ended June 30, 2022 and 2021, the Authority recognized pension expense of \$10,626 and \$111,725, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,286	47,065
Changes of assumptions	799,629	13,493
Net difference between projected and actual earnings on pension plan investments	-	1,568,980
Changes in proportion and differences between contributions and proportionate share of contributions	80,660	99,949
Contributions subsequent to the measurement date	45,601	-
Total	<u>\$ 962,176</u>	<u>1,729,487</u>

June 30, 2021		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,079	-
Changes of assumptions	979,795	18,479
Net difference between projected and actual earnings on pension plan investments	-	1,530,745
Changes in proportion and differences between contributions and proportionate share of contributions	62,151	73,441
Contributions subsequent to the measurement date	48,860	-
Total	<u>\$ 1,155,885</u>	<u>1,622,665</u>

The Authority had \$45,601 and \$48,860 at June 30, 2022 and 2021, respectively in accrued contributions subsequent to the measurement date that are considered deferred outflows of resources that would be recognized as a reduction of the net pension liability in the subsequent years ending June 30, 2022 and 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:

<u>Year ended June 30,</u>	
2023	\$ (130,927)
2024	(181,314)
2025	(411,514)
2026	(89,157)
2027	-
Thereafter	-

Actuarial Assumptions

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

Significant actuarial assumptions used in the respect valuations were as follows:

	2022	2021
Measurement date	March 31, 2022	March 31, 2021
Actuarial valuation date	April 1, 2021	April 1, 2020
Investment rate of return	5.9%	5.9%
Salary scale	4.4% Indexed by Service	4.4% Indexed by Service
Projected COLAs	1.4%	1.4%
Decrement Tables	4/1/15 to 3/31/20	4/1/15 to 3/31/20
	System's Experience	System's Experience
Inflation rate	2.7%	2.7%

For 2022 and 2021, the annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the April 1, 2021 and 2020 valuations are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 and 2021 are summarized below.

2022		
Asset Type	Target Allocation	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 portfolio	3%	4.50%
Real assets	3%	5.95%
Bonds and mortgages	23%	0.00%
Cash	1%	0.50%
Credit	<u>4%</u>	3.63%
	100%	

2021		
Asset Type	Target Allocation	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 portfolio	3%	4.50%
Real assets	3%	5.95%
Bonds and mortgages	23%	0.00%
Cash	1%	0.50%
Credit	<u>4%</u>	3.63%
	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for 2022 and 2021. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rates of 5.9% for 2022 and 2021, as well as what the Authority'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 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

	June 30, 2022		
	1% Decrease (4.9%)	Current Assumption (5.9%)	(1%) Increase (6.9%)
Authority's proportionate share of the net pension liability (asset)	\$ 1,233,299	(479,139)	(1,911,510)

	June 30, 2021		
	1% Decrease (4.9%)	Current Assumption (5.9%)	(1%) Increase (6.9%)
Authority's proportionate share of the net pension liability (asset)	\$ 1,479,069	5,329	(1,353,805)

Pension plan fiduciary net position

The components of the collective net pension liability of ERS as of March 31, 2022 and 2021 measurement date were as follows:

	(Dollars in Thousands)	
	March 31, 2022	March 31, 2021
Total pension liability	\$ 223,874,888	220,680,157
ERS fiduciary net position	(232,049,473)	(220,580,583)
Employer's net pension liability	<u>\$ (8,174,585)</u>	<u>99,574</u>
ERS fiduciary net position as a percentage of total pension liability	103.65%	99.95%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employers' contribution rate, by tier plus any remaining liability for deferred payments from FY's 2013 and 2014. Accrued retirement contributions to ERS as of June 30, 2022 were \$45,601. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier plus any remaining liability for deferred payments from FY's 2013 and 2014. Accrued retirement contributions to ERS as of June 30, 2021 were \$48,860.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

On May 1, 1993, the Authority entered into a Services Agreement with Franklin County, 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 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 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 to the Authority for the years ended June 30, 2022 and 2021 total \$9,555,088 and \$8,627,758 respectively.

The 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 for the years ended June 30, 2022 and 2021, \$9,555,088 and \$8,627,758, respectively. The Authority owed Franklin County \$188,401 and \$56,228 at June 30, 2022 and 2021, respectively. These amounts are included in accounts payable.

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 revenues.

The Authority has no commitments to contractors for capital projects in process at June 30, 2022 or June 30, 2021. All capital projects were completed and resulting assets were placed in service. No retainage was held at June 30, 2022 or June 30, 2021 respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

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 years ended June 30, 2022 and June 30, 2021, the Authority accepted at no charge \$70,674 and \$46,991 respectively from Franklin County and \$51,931 and \$42,417 respectively from the Village of Malone of waste generated by governmental departments.

NOTE 11 – SUBSEQUENT EVENTS

The Authority has evaluated events and transactions that occurred between June 30, 2022 and November 1, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT YEARS *

New York State Employees Retirement System (ERS)

	Fiscal Year Ended June 30,							
	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	-32.46%	0.38%	96.89%	26.29%	13.05%	36.78%	67.65%	12.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

* : Information prior to the year ended June 30, 2015 is not available.

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF CONTRIBUTIONS
LAST EIGHT YEARS *

New York State Employees Retirement System (ERS)

	Fiscal Year Ended June 30,							
	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)	-	-	-	-	-	-	-	-
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
Contributions as a Percentage of Covered-Employee Payroll	3.09%	3.45%	3.17%	3.16%	12.75%	13.32%	12.13%	16.03%

* : Information prior to the year ended June 30, 2015 is not available.

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

SUPPLEMENTARY INFORMATION

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COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2022		2021	
	Operations & Maintenance	General & Administrative	Operations & Maintenance	General & Administrative
Salaries, Wages, and Compensated Absences	\$ 1,222,723	340,207	1,155,735	319,330
Board Expenses	-	-	-	55
Host Community Benefits	-	124,998	-	110,946
Payroll Taxes and Employer Benefits	607,975	59,049	567,540	68,031
Environmental and Closure	53,509	-	100,039	-
Environmental Monitoring	76,298	-	76,550	-
Fuel	459,128	-	265,387	-
Insurance	118,241	95,889	100,487	89,317
Leachate Disposal	48,853	-	15,653	-
Waste Disposal	7,177	-	4,300	-
Miscellaneous Equipment	58,764	-	79,323	-
Office	6,427	8,777	4,458	8,501
Other Contractual Services	28,442	-	46,298	-
Professional Fees	38,557	59,142	31,164	85,724
Recycling	39,347	-	39,253	-
Repairs and Maintenance	725,870	31,206	563,320	24,897
Cell Capping Expenses	2,684,976	-	-	-
Supplies	60,719	-	58,406	-
Telephone	9,356	7,814	8,791	8,329
Travel and Conferences	5,536	4,198	6,400	1,829
Trustee Costs	-	14,000	-	15,275
Utilities	69,193	17,838	52,377	9,753
Miscellaneous	-	13,790	4,188	65
	<u>\$ 6,321,091</u>	<u>776,908</u>	<u>3,179,669</u>	<u>742,052</u>

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

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INTERNAL CONTROL AND COMPLIANCE

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Kenneth S. Frank, CPA
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
County of Franklin Solid Waste Management Authority
Constable, New York

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 business-type activities of the County of Franklin Solid Waste Management Authority (the "Authority"), as of and for the year ended June 30, 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 November 1, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 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 were not identified. 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.

Compliance and Other Matters

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



Purpose of This Report

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

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

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

West Seneca, New York
November 1, 2022

APPENDIX E

SELECTED INFORMATION REGARDING THE COUNTY

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SELECTED INFORMATION REGARDING THE COUNTY

The following is a brief description of the County, together with certain information concerning its economy and governmental organization, indebtedness, major revenue sources and expenditures and general and specific funds.

General Description

The County is a municipal corporation of the State of New York. The County maintains offices at 355 West Main Street, Malone, New York 12953. As of December 31, 2022, the County had no long-term general obligation bonds outstanding.

The New York State Comptroller has periodically audited the County and the County Treasurer annually files reports on the County's financial condition with the New York Office of the State Comptroller. Since 1987, the County's financial statements have been audited by R. A. Mercer & Co., P.C., certified public accountants. Copies of such annual audited reports may be obtained from the County Manager, Franklin County, New York, 355 West Main Street, Malone, New York 12953, (518) 481-1693.

The County is governed by a legislature, the members of which are elected by election districts within the County. The members of the Legislature are as follows:

Edward Lockwood, Chairman
Andrea Dumas, Vice Chairman
Lindy Ellis
Gregory Janisewski
Paul Lauzon
Justus Martin
Nedd Sparks

Frances Perry serves as the elected County Treasurer and Donna Kissane serves as the appointed County Manager.

New York State Office of State Comptroller Financial Stress Monitoring

The New York State Comptroller developed a financial stress monitoring system (the "Stress Monitoring System") for State municipalities to help identify local governments that are in financial stress or susceptible to financial stress. The Stress Monitoring System evaluates local governments based on both "financial" and "environmental" indicators. The Stress Monitoring System relies on data provided by local governments to the State Comptroller under existing reporting requirements for the financial indicators, and data from a variety of sources (U.S. Census Bureau, State Departments of Labor, Taxation and Finance, and Education, and local government filings) for the environmental indicators.

The County has a fiscal stress score of 0.0 that places it in the "No Designation" category, which is the category indicating a stress level below the established thresholds of the three stress categories under the Stress Monitoring System, and an environmental score of "Susceptible" which is at the bottom of the range of scores that indicate "negative environmental conditions" under the Stress Monitoring System.

<u>Fiscal Year End</u>	<u>Fiscal Stress Score</u>	<u>Fiscal Stress Designation</u>	<u>Environmental Score</u>	<u>Environmental Designation</u>
2017	60.8	Moderate	20.0	None
2018	51.3	Susceptible	30.0	Susceptible
2019	47.9	Susceptible	23.3	None
2020	16.3	No Designation	16.7	None
2021	0.0	No Designation	30.0	Susceptible

In assessing financial stress the Comptroller's office looks at five categories of data and a total of nine indicators listed below:

<u>Category</u>		<u>Financial Indicator</u>	
1	Year-End Fund Balance	1	Assigned and Unassigned Fund Balances as a Percentage of Expenditures
		2	Total Fund Balance as a Percentage of Expenditures
2	Operating Deficits	3	Operating Deficit
3	Cash Position	4	Cash Ratio
		5	Cash as a Percentage of Monthly Expenditures
4	Use of Short-Term Debt	6	Short-Term Debt Issuance Trend
		7	Short-Term Debt Issuance as a Percentage of Revenues
5	Fixed Costs	8	Personal Services and Employee Benefits as a Percentage of Revenues
		9	Debt Service as a Percentage of Revenues

In assessing environmental conditions affecting a local government, the Stress Monitoring System looks at the following indicators:

<u>Category</u>		<u>Environmental Indicator</u>	
1	Population	1	Change in Population
2	Age	2	Population Under 18 and Over 65
3	Income	3	Median Household Income
4	Property Value	4	Change in Property Value
5	Employment Base	5	Unemployment Rate
6	Governmental Aid	6	Reliance on State and Federal Aid
		7	Households with Public Assistance

More information about the State Comptroller's fiscal stress monitoring system can be found on the State Comptroller's website at:

<http://www.osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring.pdf>

Population

According to U.S. Census data, the County had a population of 46,373 in 2022. The following table, Table 1, presents population trends of the County, the State, and the United States since 1990:

Table 1
Population

	<u>Franklin</u> <u>County</u>	<u>(Growth %)</u>	<u>New York</u> <u>State</u>	<u>(Growth %)</u>	<u>United</u> <u>States</u>	<u>(Growth %)</u>
1990	46,208	n/a	17,950,000	n/a	249,632,692	n/a
2000	51,134	10.66%	19,011,378	5.91%	284,296,887	13.89%
2010	51,599	0.91%	19,378,102	1.93%	308,745,538	8.60%
2020	47,555	-7.84%	20,201,249	4.25%	331,449,281	7.35%
2022	46,373	-2.49%	19,677,151	-2.59%	333,287,557	0.55%

Source: U.S. Census Bureau, 1990-2020 Census Data and the 2022 Population Estimates.

Employment

The following table, Table 2, gives historic levels of unemployment for the County, the State and the United States:

Table 2
Unemployment Rates

	<u>Franklin County</u>	<u>New York State</u>	<u>United States</u>
2013	9.1%	7.8%	7.4%
2014	7.3	6.3	6.2
2015	6.6	5.2	5.3
2016	5.8	4.9	4.9
2017	6.0	4.6	4.4
2018	5.1	4.1	3.9
2019	4.7	3.9	3.7
2020	7.9	9.8	8.1
2021	4.8	7.0	5.3
2022	3.6	4.3	3.6

Source: New York State Department of Labor, Bureau of Labor Market Information.

General Fund

The County prepares and adopts a budget for each year. The following table, Table 3, sets forth a comparison of the County's General Fund actual operations for 2021 and 2022, and the adopted budget for 2023.

Table 3
Summary of Revenues, Expenditure, and Changes in General Fund Balance

	<u>2021</u>	<u>2022</u>	<u>2023</u>
	<u>Audited</u>	<u>Audited</u>	<u>Budgeted</u>
Revenues			
Real Property Taxes	\$17,386,443	\$18,784,495	\$17,924,896
Real Property Tax Items	1,612,293	2,012,742	2,112,156
Non-Real Property Tax Items	31,143,509	33,489,024	27,700,000
Departmental Income	12,265,900	12,060,805	21,649,156
Intergovernmental Charges	9,150,507	10,345,254	349,599
Use of Money and Property	414,955	451,213	462,727
Fines and Forfeitures	163,984	114,775	63,188
Sale of Property & Compensation for Loss	786,711	783,767	726,000
Miscellaneous Local Sources	1,067,127	4,648,530	4,688,716
Interfund Revenues	419,320	439,688	430,055
Federal Sources	15,086,441	22,162,744	13,246,418
State Sources	<u>17,424,220</u>	<u>17,471,216</u>	<u>18,999,451</u>
Total Revenues	\$106,921,410	\$122,764,253	\$108,352,362
Expenditures			
General Government Support	\$10,097,941	14,565,098	\$16,083,621
Education	3,296,417	3,672,725	4,316,800
Public Safety	10,720,100	11,185,258	10,765,936
Health	10,516,264	10,969,102	10,373,677
Transportation	1,469,037	1,591,175	2,315,612
Economic Assistance and Opportunity	35,956,234	41,396,692	36,673,356
Culture and Recreation	183,417	148,350	162,255
Home and Community Services	9,144,074	10,572,784	13,475,960
Employee Benefits	6,670,341	7,406,343	7,695,230
Debt Service (Principal and Interest)	<u>53,000</u>	<u>53,000</u>	<u>53,000</u>
Total Expenditures	\$88,106,825	\$101,560,527	\$101,915,447
Excess of Revenues Over (Under)			
Expenditures	\$18,814,585	\$21,203,726	\$6,436,915
Other Financing Sources (Uses)			
Transfers from Other Funds	\$0	\$0	\$0
Transfers to Other Funds	<u>(5,108,585)</u>	<u>(8,281,936)</u>	<u>(7,161,915)</u>
Net Other Financing Sources (Uses)	(5,108,585)	(8,281,936)	(7,161,915)
Fund Equity, Beginning of Fiscal Year	\$14,398,023	\$27,709,002	\$40,630,792
Change in Accounting Principle	<u>(395,021)</u>	<u>0</u>	<u>0</u>
Fund Equity, End of Fiscal Year	<u>\$27,709,002</u>	<u>\$40,630,792</u>	<u>\$39,905,792</u>

GASB Statement No. 75

The County implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended December 31, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The County’s total OPEB liability as of December 31, 2022 was \$28,545,855 using a discount rate of 2.06% and actuarial assumptions and other inputs as described in the County’s December 31, 2022 audited financial statements.

Should the County be required to fund the total OPEB liability, it could have a material adverse impact upon the County’s finances and could force the County to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the County to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the County will continue funding this expenditure on a pay-as-you-go basis.

Legislation had been introduced in the last two legislative sessions to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State’s OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. Such legislation has not been considered for a full legislative approval and the County cannot predict whether such legislation will be enacted into law in the foreseeable future.

Tax Limit

In accordance with Section 10 of Article VIII of the State Constitution, the amount which may be levied by the County as taxes on real estate in any fiscal year for County purposes exclusive of amounts required to pay the principal of and interest on all indebtedness and amounts appropriated for capital

purposes in such fiscal year, may not exceed an amount equal to 1.5% of the five-year average full valuation of taxable real estate in the County. The following table, Table 4, shows the computation of the constitutional tax margin for fiscal years 2018 through 2023, inclusive:

Table 4
Computation of Constitutional Tax Margin

	<u>Fiscal Year</u> <u>2018</u>	<u>Fiscal Year</u> <u>2019</u>	<u>Fiscal Year</u> <u>2020</u>
Five-Year Average Full Valuation	\$3,589,801,848	\$3,622,732,896	\$3,652,116,914
Tax Limit: 1.5% Thereof	53,847,028	54,340,993	54,781,754
Total Exclusions	1,154,294	1,070,227	32,400
Budgeted Tax Levy	17,108,403	17,542,904	17,964,995
Percentage of Tax Limit Exhausted	31.77%	30.50%	32.73%
Constitutional Tax Margin	\$36,738,625	\$36,798,089	\$36,849,159

	<u>Fiscal Year</u> <u>2021</u>	<u>Fiscal Year</u> <u>2022</u>	<u>Fiscal Year</u> <u>2023</u>
Five-Year Average Full Valuation	\$3,725,285,362	\$3,832,598,293	\$4,016,526,619
Tax Limit: 1.5% Thereof	55,879,280	57,488,974	60,247,899
Total Exclusions	182,537	3,129,943	2,032,943
Budgeted Tax Levy	18,234,432	18,234,432	18,223,646
Percentage of Tax Limit Exhausted	32.31%	32.31%	26.87%
Constitutional Tax Margin	\$37,827,385	\$37,827,385	\$44,057,196

Tax Rates and Collection Record

The following table, Table 5, shows the tax rates of the County and the County levy and collection record, for 2017 through 2022, inclusive:

Table 5
Summary of Tax Rates and Levies

	<u>Fiscal Year</u> <u>2017</u>	<u>Fiscal Year</u> <u>2018</u>	<u>Fiscal Year</u> <u>2019</u>
Tax Rates (per \$1,000 of Full Valuation)	4.60021	4.55525	4.61085
Actual Levy	\$16,501,564	\$16,314,877	\$16,877,725
Amount Collected	\$16,421,937	\$15,811,736	\$15,787,130
Percentage of Levy Collected	99.52%	96.92%	93.54%

	<u>Fiscal Year</u> <u>2020</u>	<u>Fiscal Year</u> <u>2021</u>	<u>Fiscal Year</u> <u>2022</u>
Tax Rates (per \$1,000 of Full Valuation)	4.63866	4.44700	4.33543
Actual Levy	\$17,175,136	\$17,400,000	\$17,483,777
Amount Collected	\$17,804,044	\$16,872,892	\$17,424,996
Percentage of Levy Collected	103.66%	96.97%	98.62%

For the fiscal year ending December 31, 2023, the County's Tax Rate is \$3.88239 per \$1,000 of full valuation and the County's Budgeted Levy is \$17,422,000.

Valuations and Equalization Rate

Most municipalities within the State have traditionally assessed real property at less than true market (full) value. The State Board of Equalization and Assessment is required by law to determine the full value of County real estate using market value surveys and to calculate the ratio of assessed value to full value, as shown in the following table, Table 6. The ratio is referred to as the “State Equalization Rate”. The State Equalization Rate is used to compute full value for the purpose of measuring the County’s compliance with the constitutional debt and property tax limitations.

Table 6
Assessed Valuation and Full Valuation

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Full Valuation</u>
2018	\$3,457,756,341	\$3,636,654,587
2019	3,468,998,643	3,714,872,519
2020	3,496,382,925	3,756,704,175
2021	3,518,458,066	3,971,182,977
2022	3,547,606,329	4,093,199,575
2023	3,568,201,307	4,556,354,700

Source: County of Franklin Real Property Tax Service.

Table 7
Ten Largest Taxpayers
(2022 Assessment Roll)

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
State of New York	Government	\$395,873,936
Niagara Mohawk Power Corp.	Utility	70,838,568
Valcour Chateaugay Windpark LLC	Utility	29,189,000
Franklin County	Government	21,519,538
Jackson Timberlands	Paper Manufacturer	16,959,143
Chateaugay Woodlands LLC	Private	15,176,933
New Brandon LLC	Private	11,727,300
Walmart Inc.	Retail	9,300,000
New York State Electric & Gas	Utility	9,093,908
Orion Malone NY LLC	Private	8,500,000

Federal and State Aid

The County has budgeted receiving \$13,246,418 in Federal aid and \$18,999,451 in State aid for the General Fund in the fiscal year ending 2023. Federal and State aid constitutes a significant portion of the County’s General Fund revenues. Federal and State aid is used to reimburse the County for a variety of services provided including social services, provision of public health, provision of nursing home services, and maintenance of roads and bridges.

Sales and Other Non-Property Taxes

The County's sales and other non-property tax revenues are comprised of the State sales tax, utilities gross receipts tax, franchise tax, and privilege taxes on coin-operated machines. Most of County's non-property tax is comprised of the State sales tax. The State sales tax was 8% (divided 4% to the State and 4% to the County) which is assessed, collected, and monitored by the State. The County does not distribute any portion thereof to any other municipality. The County receives the balance of the non-property taxes in full. The following table, Table 8, shows the County's sales tax receipts for the five years ended December 31, 2018 through December 31, 2022, inclusive.

Table 8
County Sales Tax Receipts

Fiscal Year Ended:

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$23,811,204	\$24,823,611	\$26,330,985	\$30,084,642	\$32,389,598

Source: County of Franklin.

End of Appendix E

APPENDIX F
AUDITED FINANCIAL STATEMENTS OF THE COUNTY

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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

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
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FINANCIAL STATEMENTS
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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, combining 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.

A handwritten signature in cursive script that reads "R.A. Mercer & Co., P.C.".

West Seneca, New York
July 27, 2023

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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.

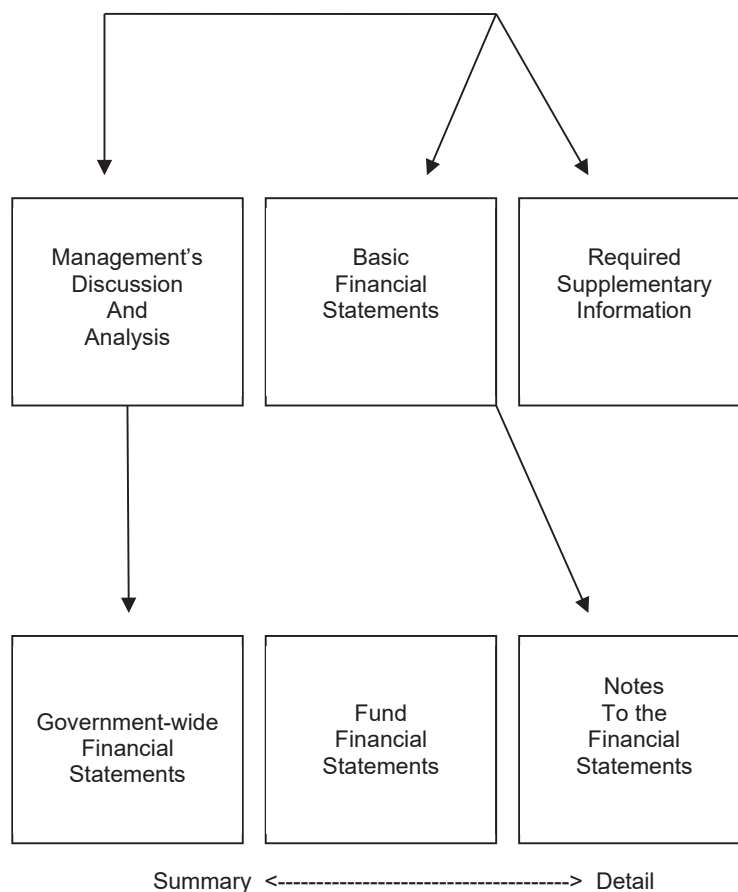
OVERVIEW OF THE FINANCIAL STATEMENTS

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	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows 	<ul style="list-style-type: none"> 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	<u>150.97</u>	<u>122.58</u>	<u>28.39</u>
Deferred outflows of resources	<u>17.93</u>	<u>23.10</u>	<u>(5.17)</u>
Current liabilities	20.33	16.85	3.48
Non-current liabilities	30.79	32.78	(1.99)
Total liabilities	<u>51.12</u>	<u>49.63</u>	<u>1.49</u>
Deferred inflows of resources	<u>35.43</u>	<u>32.31</u>	<u>3.12</u>
Net investment in capital assets	48.89	46.75	2.14
Restricted net position	5.93	4.89	1.04
Unrestricted net position	<u>27.53</u>	<u>12.10</u>	<u>15.43</u>
Total net position	<u>\$ 82.35</u>	<u>63.74</u>	<u>18.61</u>

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.

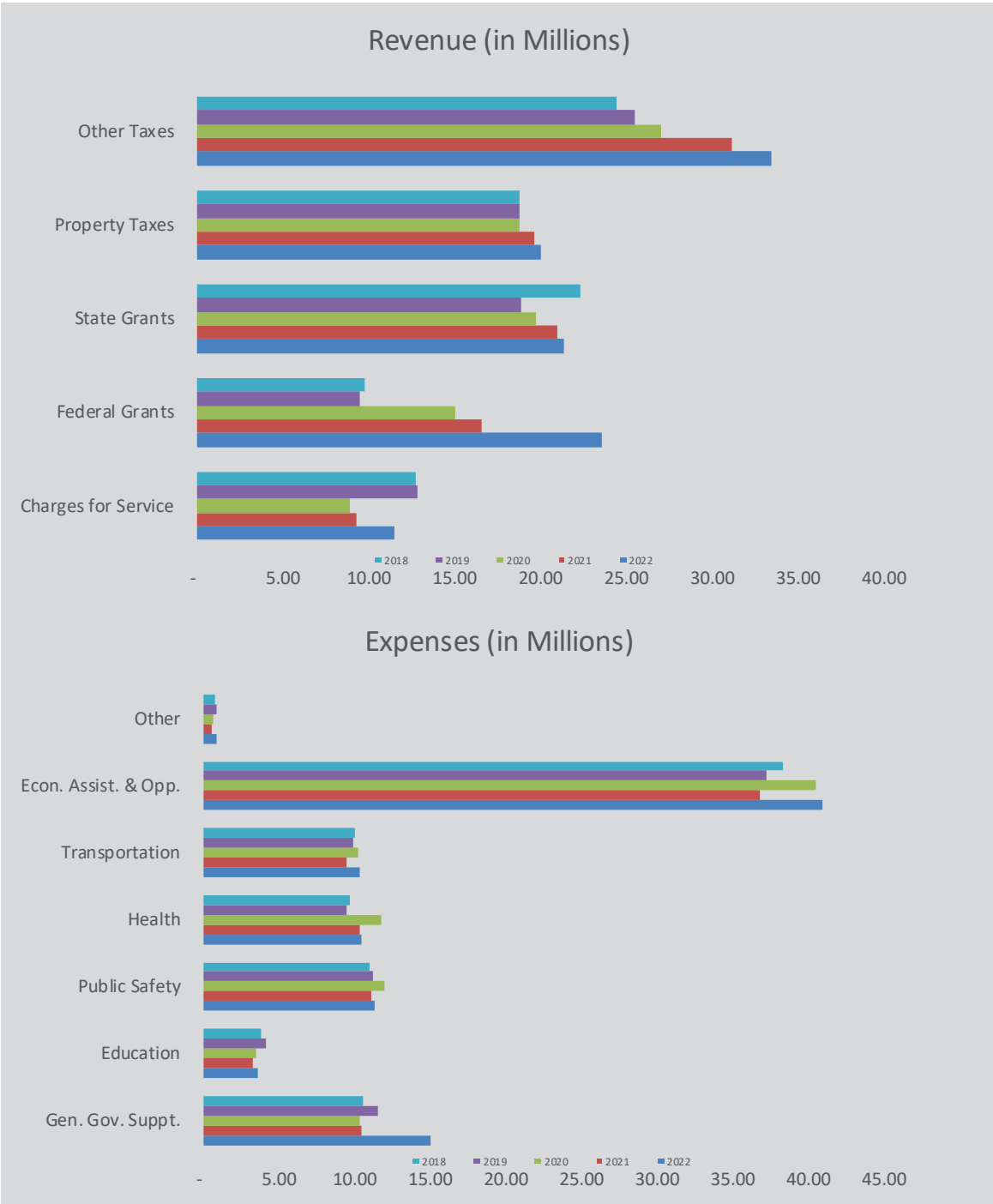
The total costs of all programs in governmental activities have decreased by approximately \$10.5 million, or approximately 12.7 percent from the prior year. The largest portion of the County's expenses, (approximately 44 percent), is for Economic Assistance and Opportunity, which is supported, for the 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	<u>110.19</u>	<u>97.80</u>
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	<u>92.78</u>	<u>82.19</u>
Increase (Decrease) in Net Position from Operations	<u>17.41</u>	<u>15.61</u>
Prior Period Adjustment/Changes in Accounting Standards	<u>1.20</u>	<u>(0.39)</u>
Increase (Decrease) in Net Position	<u>\$ 18.61</u>	<u>15.22</u>

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.



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	<u>\$ 148,417,468</u>	<u>142,436,422</u>

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 SUBSEQUENT 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

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

EXHIBIT A

	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.

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Total	
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	<u>92,784,385</u>	<u>11,547,708</u>	<u>41,573,487</u>	<u>3,441,248</u>	<u>(36,221,942)</u>	<u>(36,221,942)</u>	
Total Primary Government	<u>92,784,385</u>	<u>11,547,708</u>	<u>41,573,487</u>	<u>3,441,248</u>	<u>(36,221,942)</u>	<u>(36,221,942)</u>	
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	<u>\$ 20,649,426</u>	<u>20,645,852</u>	<u>50,136</u>	<u>-</u>			<u>46,562</u>
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					<u>53,628,815</u>	<u>53,628,815</u>	<u>100,667</u>
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					<u>\$ 82,348,807</u>	<u>82,348,807</u>	<u>12,146,945</u>

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

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

EXHIBIT C

	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	<u>88,718,911</u>	<u>5,335,308</u>	<u>94,054,219</u>
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	<u>39,028,453</u>	<u>1,084,517</u>	<u>40,112,970</u>
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	<u>9,059,666</u>	<u>30,503</u>	<u>9,090,169</u>
Fund Balances			
Nonspendable			
Inventory	6,570	348,228	354,798
Prepays	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	<u>33,311,162</u>	<u>-</u>	<u>33,311,162</u>
Total Fund Balances	<u>40,630,792</u>	<u>4,220,288</u>	<u>44,851,080</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 88,718,911</u>	<u>5,335,308</u>	<u>94,054,219</u>
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 recorded for GASB87			1,158,088
Internal service funds are used by management 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			<u>\$ 82,348,807</u>

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	<u>122,764,253</u>	<u>4,609,316</u>	<u>127,373,569</u>
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	<u>101,560,527</u>	<u>11,367,635</u>	<u>112,928,162</u>
Excess of Revenues Over (Under) Expenditures	<u>21,203,726</u>	<u>(6,758,319)</u>	<u>14,445,407</u>
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)	<u>(8,281,936)</u>	<u>8,281,936</u>	<u>-</u>
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	<u>\$ 40,630,792</u>	<u>4,220,288</u>	<u>44,851,080</u>

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
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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
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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
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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)
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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
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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
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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
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Change in Net Position of Governmental Activities	\$ <u>17,406,873</u>
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EXHIBIT E

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

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

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**

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

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

**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	<u>(1,216,523)</u>
Net Cash Provided By (Used In) Operating Activities	<u>138,151</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received	<u>367</u>
Net Cash Provided By (Used In) Investing Activities	<u>367</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	138,518
Cash and Cash Equivalents-Beginning of the Year	<u>1,906,380</u>
Cash and Cash Equivalents-End of the Year	<u><u>\$ 2,044,898</u></u>
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	<u>(15,245)</u>
Net Cash Provided by (Used In) Operating Activities	<u><u>\$ 138,151</u></u>

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.

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**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. 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, 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 relieved 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, issued 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 fund. 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	<u>(97,110,651)</u>
	<u>\$ 49,071,442</u>

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	<u>\$ 18,962,262</u>
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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
	<u>\$ 282,924</u>	<u>30,786,363</u>	<u>31,069,287</u>

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	-
	<u>\$ 1,110,091</u>	<u>1,110,091</u>

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	<u>(8,281,936)</u>	<u>-</u>
Total revenues and other funding sources of governmental activities in the Statement of Activities		<u>\$ 110,191,258</u>

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	<u>\$ 92,784,385</u>

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.

Type of Deposit	Custody Credit Risk Category				Total Carrying Value
	Total Bank Balance	1	2	3	
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	<u>\$ 56,060,221</u>	<u>1,816,089</u>	<u>54,244,132</u>	<u>-</u>	<u>55,179,901</u>

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
	<u>\$ 55,179,901</u>

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:

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

4. Changes in Capital Assets

a. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Non-depreciable</u>				
Land	\$ 437,016	-	-	437,016
Construction in Progress	3,166,861	4,260,890	(1,062,676)	6,365,075
<u>Depreciable</u>				
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	<u>(92,286,956)</u>	<u>(5,047,410)</u>	<u>223,716</u>	<u>(97,110,650)</u>
Total	<u>\$ 48,255,590</u>	<u>2,063,900</u>	<u>(1,248,048)</u>	<u>49,071,442</u>

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	<u>\$ 5,047,410</u>

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	<u>\$ 643,727</u>	<u>(6,114)</u>	<u>(3,026)</u>	<u>634,587</u>

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

		Additions/ Deletions	
	June 30, 2021		June 30, 2022
<u>Nondepreciable</u>			
Land	\$ 2,064,979	-	2,064,979
<u>Depreciable</u>			
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	<u>\$ 21,257,719</u>	<u>(2,191,084)</u>	<u>19,066,635</u>

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	<u>\$ 248,813</u>

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	Accumulated Amortization	Current Amortization	Net Value	Net Value
	12/31/2022	12/31/2021	12/31/2022	12/31/2022	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 accumulated amortization	<u>2,235,375</u>	<u>882,729</u>	<u>194,558</u>	<u>1,158,088</u>	<u>1,352,646</u>

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:

<u>Tier/Plan</u>	<u>Rate Range</u>
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:

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

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	<u>\$ 13,325,679</u>	<u>22,398,585</u>

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	<u>\$ 962,176</u>	<u>1,729,487</u>

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 investment	-	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	<u>\$ 98,654</u>	<u>152,068</u>

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%
	<u>100%</u>	

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 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	<u>232,049,473,000</u>
Employers' net pension liability (asset)	<u>\$ (8,174,585,000)</u>
ERS fiduciary net position as a percentage of total pension liability (asset)	<u>103.65%</u>

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 or 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	<u>\$ 9,090,169</u>

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>137,367</u>	<u>22,169</u>	<u>159,536</u>
TOTALS	<u><u>\$ 193,275</u></u>	<u><u>46,029</u></u>	<u><u>239,304</u></u>

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:

	<u>Balance 01/01/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2022</u>	<u>Due Within One Year</u>
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)	<u>75,724</u>	<u>-</u>	<u>6,159,753</u>	<u>(6,084,029)</u>	<u>-</u>
Subtotal	33,057,127	-	8,071,869	24,985,258	282,924
Add: Pension asset (at 12/31/22)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,084,029</u>	<u>-</u>
Total Long-Term Liabilities	<u><u>\$ 33,057,127</u></u>	<u><u>-</u></u>	<u><u>8,071,869</u></u>	<u><u>31,069,287</u></u>	<u><u>282,924</u></u>

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:

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance 6/30/2022</u>	<u>Due Within One Year</u>
Bonds payable - principal	\$ 25,990,000	-	1,750,000	24,240,000	1,800,000
Bond premium	<u>434,482</u>	<u>-</u>	<u>99,213</u>	<u>335,269</u>	<u>-</u>
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	<u>892,052</u>	<u>78,779</u>	<u>-</u>	<u>970,831</u>	<u>-</u>
Subtotal	27,607,867	316,247	2,465,930	25,458,184	1,909,610
Add: pension asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,139</u>	<u>-</u>
Total long-term debt	<u><u>\$ 27,607,867</u></u>	<u><u>316,247</u></u>	<u><u>2,465,930</u></u>	<u><u>25,937,323</u></u>	<u><u>1,909,610</u></u>

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 Statutes 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	<u>642</u>

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	<u>(1,490,716)</u>
Net changes	<u>(1,718,810)</u>
Balance at December 31, 2022	<u>\$ 28,545,855</u>

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% Increase (3.06%)
Total OPEB liability	<u>\$ 31,500,357</u>	<u>28,545,855</u>	<u>25,945,025</u>

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% Increase
Total OPEB liability	<u>\$ 25,222,880</u>	<u>28,545,855</u>	<u>32,583,395</u>

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	<u>1,494,030</u>	<u>-</u>
Total	<u>\$ 4,604,396</u>	<u>3,945,657</u>

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	<u>\$ 193,275</u>	<u>46,029</u>

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Purchase Option Price</u>
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
				From \$547,345
2028-2031	545,553	37,117	582,670	to \$74,038.
	<u>\$ 1,179,286</u>	<u>175,059</u>	<u>1,354,345</u>	

- 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
	<u>\$ 159,000</u>

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
					<u>\$ 24,240,000</u>

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
	<u>\$ 24,240,000</u>	<u>6,581,071</u>

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 interest 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
	<u>374,483</u>
Less: current portion	<u>(109,610)</u>
	<u>\$ 264,873</u>

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
		<u>\$ 374,483</u>

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	<u>2,974,621</u>
Total governmental activities	3,112,932
Internal Service Fund	
Miscellaneous liabilities	7,924
Accrued interest	<u>834</u>
Total Primary Government	<u>\$ 3,121,690</u>

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	<u>\$ 1,110,091</u>	<u>1,110,091</u>

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	-
	<u>\$ 8,281,936</u>	<u>8,281,936</u>

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	<u>\$ 531,883</u>
	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	<u>\$ 4,740,137</u>
	Assigned fund balance	
	Assigned, appropriated	\$ 725,000
Special Revenue Funds	Stop DWI	32,172
	Economic development	1,290,438
	Total Assigned fund balance	<u>\$ 2,047,610</u>
	Non spendable fund balance	
	Inventory	\$ 347,897
	Inventory	331
	Prepays	21,317
	Total non spendable fund balance	<u>\$ 369,545</u>
	Restricted fund balance	
	Special reserve	\$ 339,473
	Repairs	451,215
	Total restricted fund balance	<u>\$ 790,688</u>
	Assigned fund balance	
	Assigned unappropriated	\$ 196,132
Road machinery	Assigned unappropriated	923,963
County roads	Assigned unappropriated	186,821
Soil and water	Assigned unappropriated	48
Debt service	Assigned unappropriated	1,753,091
Capital Projects	Total assigned fund balance	<u>\$ 3,060,055</u>

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		<u>1,091,756</u>
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	<u>49,371,147</u>
Net Position	<u>\$ (5,714,303)</u>
Total Revenues (2021-22)	<u>\$ 18,076,616</u>
Total Expenditures (2021-22)	<u>\$ 17,062,052</u>

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	<u>4,023,047</u>	<u>410,745</u>	<u>2,898,332</u>	<u>7,333,069</u>
	<u>\$ 4,216,109</u>	<u>428,671</u>	<u>3,219,177</u>	<u>7,560,662</u>

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	<u>(4,783,424)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 465,747</u>

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)	<u>(1,338,286)</u>
Net investment in capital assets	\$	<u>48,891,244</u>

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.

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) *	<u>\$ (6,084,029)</u>	<u>75,724</u>	<u>20,227,979</u>	<u>5,462,591</u>	<u>2,505,449</u>	<u>7,187,639</u>	<u>15,329,156</u>	<u>1,307,653</u>
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.

**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	24,483	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.

**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.

**COUNTY OF FRANKLIN
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
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	<u>4,554,444</u>	<u>4,554,444</u>	<u>4,554,444</u>	<u>-</u>
Amounts Available for Appropriation	<u>4,818,621</u>	<u>5,668,621</u>	<u>5,420,227</u>	<u>(248,394)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public Safety	-	-	169,379	(169,379)
Transportation	<u>5,468,621</u>	<u>6,316,297</u>	<u>5,493,942</u>	<u>822,355</u>
Total Charges to Appropriations	<u>5,468,621</u>	<u>6,316,297</u>	<u>5,663,321</u>	<u>652,976</u>
BUDGETARY FUND BALANCE, DECEMBER 31	\$ <u>1,512,301</u>	<u>1,514,625</u>	<u>1,919,207</u>	<u>404,582</u>

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 budgetary 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	\$ <u>122,764,253</u>	<u>4,609,316</u>
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	\$ <u>101,560,527</u>	<u>11,367,635</u>

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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	2,981,001	48	2,354,259	5,335,308
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	483,349	-	601,168	1,084,517
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred Inflow of Resources				
Unavailable Revenue - Community Development Loans	30,503	-	-	30,503
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	2,467,149	48	1,753,091	4,220,288
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflow or Resources and Fund Balances	\$ 2,981,001	48	2,354,259	5,335,308
	<hr/>	<hr/>	<hr/>	<hr/>

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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,488,732	19,942	3,100,642	4,609,316
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	6,179,594	167,702	5,020,339	11,367,635
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(4,690,862)	(147,760)	(1,919,697)	(6,758,319)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	4,554,444	147,760	3,579,732	8,281,936
Transfers To Other Funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Other Financing Sources (Uses)	4,554,444	147,760	3,579,732	8,281,936
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(136,418)	-	1,660,035	1,523,617
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances-Beginning of the Year	2,603,567	48	93,056	2,696,671
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances-End of the Year	\$ 2,467,149	48	1,753,091	4,220,288
	<hr/>	<hr/>	<hr/>	<hr/>

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, 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	<u>915,826</u>	<u>1,480,899</u>	<u>32,054</u>	<u>552,222</u>	<u>2,981,001</u>
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	<u>325,000</u>	<u>36,725</u>	<u>-</u>	<u>-</u>	<u>361,725</u>
Total Liabilities	<u>371,797</u>	<u>105,721</u>	<u>1,551</u>	<u>4,280</u>	<u>483,349</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue - Community Development Loans	<u>-</u>	<u>-</u>	<u>30,503</u>	<u>-</u>	<u>30,503</u>
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	<u>196,132</u>	<u>923,963</u>	<u>-</u>	<u>186,821</u>	<u>1,306,916</u>
Total Fund Balances	<u>544,029</u>	<u>1,375,178</u>	<u>-</u>	<u>547,942</u>	<u>2,467,149</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 915,826</u>	<u>1,480,899</u>	<u>32,054</u>	<u>552,222</u>	<u>2,981,001</u>

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, 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.

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
DEFERRED 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
DEFERRED 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**

Functions/Programs Business-Type Activities:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Business-Type Activities				
				IDA	CDC	SWMA	RLWPD	Total
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 Entity 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. Department 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	29,734		
		WM C181810			
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.

SCHEDULE 12(a)

<u>U.S. Department of Treasury:</u>				
American Rescue Plan Funding	21.027	@ * SLT-1519	2,949,386	2,949,386
<u>U.S. Department of Housing and Urban Development:</u>				
Emergency Solutions Grants (ESG) Program	14.231	N/A	199,215	
MicroEnterprise Grant	14.218	419CVSB11-21	362,092	561,307
<u>U.S. Department of Justice:</u>				
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.



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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.

A handwritten signature in cursive script that reads "R.A. Mercer & Co., P.C.".

West Seneca, New York
July 27, 2023



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

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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.



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:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
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.

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Kenneth S. Frank, CPA
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Christopher M. Zera, CPA

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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 our 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.

A handwritten signature in dark ink, appearing to read "R.A. Mercer & Co, P.C.", is positioned below the printed name of the firm.

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.	Expenditures
	Number	
CHIPS Capital Reimbursement 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	<u>1,040,829</u>
Total		<u>\$ 3,835,434</u>

'@ 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 Reimbursements
EWR
PAVE NY
State portion of Marchicelli
State Transit Operating Assistance (STOA)

Compliance Findings and Questioned Costs:

No matters were reported.

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APPENDIX G

FORM OF APPROVING OPINION OF BOND COUNSEL

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September 12, 2023

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

County of Franklin Solid Waste
Management Authority
828 County Route 20
Constable, New York 12926

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: County of Franklin Solid Waste Management Authority,
\$5,810,000 Solid Waste System Revenue Bonds, Series 2023

Ladies and Gentlemen:

We have acted as bond counsel to the County of Franklin Solid Waste Management Authority (the “Authority”) in connection with the issuance of the Authority’s Solid Waste System Revenue Bonds, Series 2023 (the “Bonds”) pursuant to Title 13-I of Article 8 of the Public Authorities Law of the State of New York, enacted into law as Chapter 665 of the Laws of 1988 of the State of New York, as amended (the “Act”), a Solid Waste System Revenue Bond Resolution adopted on June 8, 1993, as amended by a Solid Waste System Revenue Bond Series Resolution adopted on April 18, 2012 (the “Bond Resolution”), a Solid Waste System Revenue Bond Series Resolution adopted on July 26, 2023 (the “Series Resolution,” together with the Bond Resolution, the “Resolution”), of the Authority, and a Certificate of Determination of the Chairman of the Authority dated September 12, 2023 (the “Certificate of Determination”). The Bonds are issuable in fully registered form in the denomination stated therein, aggregating \$5,810,000 in principal amount, mature as stated therein, are subject to redemption prior to maturity as stated therein, and bear interest from the date hereof at the per annum rate of interest stated therein. The Bonds are special limited recourse obligations of the Authority payable solely from and to the extent of the property of the Authority pledged and collaterally assigned to the Trustee for the benefit of the holders of the Bonds under the Resolution. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Resolution.

We have examined Bonds executed or certified to our satisfaction. We have also examined, and in expressing the opinions hereinafter described we rely upon, the representations, warranties, and covenants of the Authority contained in the Resolution; original or certified copies of the proceedings of the members of the Authority authorizing the issuance of the Bonds; certificates of the Authority relating to the expected use, expenditure, and investment of certain funds of the Authority and relating to other material facts within the sole knowledge of the Authority, including material facts within the sole knowledge of the Authority relating to the status of the Bonds under section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), which we have not independently verified; and such other material and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such certificates.

We are of the opinion, based upon the foregoing, that:

1. The Authority is duly established and validly existing under the Act and has the power under the Act to adopt and perform its obligations under the Resolution and to issue the Bonds.

2. Under applicable law of the State of New York and federal law of the United States of America in force and effect on the date hereof, the Resolution has been duly adopted by the Authority, and is the valid and legally binding obligation of the Authority, enforceable in accordance with the terms and conditions, described herein and therein, except to the extent that the enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.
3. Under applicable law of the State of New York and federal law of the United States of America in force and effect on the date hereof, the Bonds have been duly authorized, executed and delivered and are valid and legally binding special limited recourse obligations of the Authority, enforceable in accordance with the terms and conditions, described herein and therein, except to the extent that the enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.
4. Pursuant to the Act, the Resolution creates a valid lien on the Funds pledged by the Resolution for the security of the Bonds on a parity with other bonds issued or to be issued under the Bond Resolution, subject to no prior lien granted under the Act.
5. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York).
6. Assuming continuing compliance with the covenants mentioned herein, under current law, interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes pursuant to section 103(a) of the Code, except for any Bond during any period in which such Bond is held by a person who is a "substantial user" of any of the facilities with respect to which the proceeds of the Bonds are used or by a "related person" of such substantial user, as such terms are used in section 147(a) of the Code. Interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax on individuals.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from the gross income of the owners thereof for federal income tax purposes. In or pursuant to the Resolution, a Certificate of Determination and the Tax Certificate, each being delivered by the Authority in connection with the issuance of the Bonds, the Authority is making representations and covenants to comply with the requirements of the Code with respect to the use of proceeds of the Bonds and the facilities financed therewith, the investment of the proceeds of the Bonds, and the timely payment of certain investment earnings to the United States Treasury. In rendering our opinions described in the immediately preceding paragraph, we have assumed the accuracy of each such representation and the present and future compliance by the Authority with such covenants. Failure to comply with the requirements of the Code and its covenants regarding the use, expenditures, and investment of the proceeds of the Bonds and, if required, the timely payment of certain investment earnings to the United States Treasury may cause interest on the Bonds to become included in gross income of the owners thereof for federal income tax purposes retroactive to the date of issue of the Bonds.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the ownership or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

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APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”) is entered into as of September 12, 2023 by and among the COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY (the “Authority”), the COUNTY OF FRANKLIN, NEW YORK (the “County”) and THE BANK OF NEW YORK MELLON, as trustee (the “Trustee”) in connection with the issuance by the Authority of its \$5,810,000 aggregate principal amount Solid Waste System Revenue Bonds, Series 2023 (the “2023 Bonds”).

The 2023 Bonds are being issued pursuant to the Solid Waste System Revenue Bond Resolution adopted on June 8, 1993, and as amended by a Solid Waste System Revenue Bond Series Resolution adopted on April 18, 2012 (the “Bond Resolution”), and a Solid Waste System Revenue Bond Series Resolution, adopted on July 26, 2023 (the “Series Resolution” and, together with the Bond Resolution, the “Resolution”).

In order to permit the Underwriter (as defined below) of the 2023 Bonds to comply with the provisions of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 in connection with the public offering of the 2023 Bonds, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree for the sole and exclusive benefit of the holders of the 2023 Bonds (the “Bondholders”), as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority, the County and the Trustee for the benefit of Bondholders and Beneficial Owners (as defined below) of the 2023 Bonds and in order to assist the Underwriter in complying with the Rule (as defined below).

SECTION 2. Definitions. Capitalized terms used but not defined in this Disclosure Agreement shall have the meanings ascribed to them in the Resolution.

“Annual Report” shall mean any annual report provided by the Authority pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any beneficial owner of a security, including a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares investment power which includes the power to dispose, or to direct the disposition, of such security subject to certain exceptions as set forth in the Undertaking (as defined below). Any assertion of beneficial ownership must be filed with full documentary support, as part of the written request described in Section 10 of this Disclosure Agreement.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“EMMA System” shall mean the Electronic Municipal Market Access System maintained by the MSRB.

“Financial Obligation” shall mean, (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B) and shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean, as applicable, (i) for the Authority, the period of twelve months beginning July 1 of each year and ending on June 30 of the following calendar year, (ii) for the County, the period of twelve months beginning January 1 of each year and ending on December 31 of the same year, or (iii) any other twelve-month period adopted by the Authority or the County as its fiscal year for accounting purposes.

“Listed Events” shall mean any of the events listed in Subsection 5(a) or Subsection 5(b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the official statement relating to the Bonds, dated August 24, 2023.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“Underwriter” shall mean Raymond James & Associates, Inc., as the original underwriter of the 2023 Bonds required to comply with the Rule in connection with offering of the 2023 Bonds.

SECTION 3. Provision of Annual Reports.

(a) *The Authority.* On an annual basis, commencing with the Fiscal Year of the Authority ending June 30, 2023, on or before the later to occur of (x) the last day of the sixth month after the end of each Fiscal Year of the Authority, or (y) 60 days after receipt by the Authority of its annual audit (but in no event later than the last business day of the following Fiscal Year of the Authority), the Authority shall provide, or shall cause the Dissemination Agent to provide, to the EMMA System in accordance with the filing/posting requirements of the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information, as provided in Section 4 hereof. If the Authority’s Fiscal Year changes, the Authority shall give notice of such change in the same manner as required for a Listed Event. The Authority shall provide a copy of each Annual Report to the Dissemination Agent in a form that facilitates the Dissemination Agent carrying out its duties as set forth under this Disclosure Agreement.

(b) *The County.* On an annual basis, commencing with the Fiscal Year of the County ending December 31, 2023, on or before the later to occur of (x) the last day of the sixth month after the end of each Fiscal Year of the County, or (y) 60 days after receipt by the County of its annual audit (but in no event later than the last business day of the following Fiscal Year of the County), the County, acting by and through its Treasurer shall provide, or shall cause the Dissemination Agent to provide, to the EMMA System in accordance with the filing/posting requirements of the MSRB: (1) the audited financial statements of the County for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles consistently applied, as promulgated from time to time by the Government Accounting Standards Board; *provided, however*, that if the audited financial statements are not then available, unaudited financial statements shall be so provided and the audited financial statements shall be so delivered when they become available, and (2) updates of the County’s financial and operating data of the type included in Appendix E to the Official Statement (collectively, the “County Information”). The County shall provide a copy of the County Information to the Dissemination Agent in a form that facilitates the Dissemination Agent carrying out its duties as set forth under this Disclosure Agreement. Any or all of the provided County Information may be included by specific reference to other documents, including

official statements of debt issues with respect to which the County is an “obligated person” (as defined by the Rule), which have been filed with the EMMA System, provided such reference includes sufficient information to access the referenced documents on the EMMA System.

(c) If the Dissemination Agent has not received, on or before the date specified in (a) above, an Annual Report from the Authority for the preceding Fiscal Year, and the Dissemination Agent does not have actual knowledge that the Annual Report has been provided to the EMMA System for posting with relation to the 2023 Bonds, the Dissemination Agent shall send a notice to the EMMA System in substantially the form attached hereto as **Exhibit A-1**, with a copy to the Authority.

(d) If the Dissemination Agent has not received, on or before the date specified in (b) above, the County Information from the County for the preceding Fiscal Year, and the Dissemination Agent does not have actual knowledge that the County Information has been provided to the EMMA System for posting in relation to the 2023 Bonds, the Dissemination Agent shall send a notice to the EMMA System in substantially the form attached hereto as **Exhibit A-2**, with copies to the Authority and the County.

(e) The Dissemination Agent shall file (i) a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee, certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and (ii) a report with the County, the Authority and (if the Dissemination Agent is not the Trustee) the Trustee, certifying that the County Information has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report shall contain or include by reference the following core financial information and operating data:

(a) The audited financial statements of the Authority for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles consistently applied, as promulgated from time to time by the Government Accounting Standards Board; *provided, however*, that if the Authority’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Subsection 3(a) above, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be so delivered when they become available; and

(b) Updates of the financial and operating data (the “Annual Information”) contained in the Official Statement of the type, and in the same format as, the tables included under the captions “DEBT SERVICE ON THE OUTSTANDING BONDS”; “THE SYSTEM”, under the headings or subheadings, respectively, “Waste Quantities and Control — Generalized Annual Summary; Waste Received by Authority in Tons,” “Waste Quantities and Control — Competition,” “Financial Performance — Operating Results,” “Financial Performance — Historical Cash Flows” (provided that with respect to the last two tables, in addition to including actual results for the most recently ended fiscal year, such tables shall also be updated to include budgeted numbers for the current year) and “Operating Projections”; and “AUTHORITY RESERVES”, plus information with respect to:

(1) any modification of, or litigation between the Authority and the County relating to the Services Agreement;

(2) any other litigation that could otherwise have a material effect on the operations or financial condition of the Authority;

(3) any material change in the tipping fees charged by the Authority;

(4) any modification or revocation by the County of its flow control ordinance;

(5) any material change in the arrangements by the Authority for the disposal of solid waste delivered to the Authority's facilities; and

(6) the status of permits for and the physical condition of the Authority's landfill and each of the Authority's transfer stations.

(c) A narrative explanation, if necessary, to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Authority and in judging the financial and operating condition of the Authority.

Where subparagraph (b) above calls for information that can no longer be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

Any or all of the items listed above may be included by specific reference to other documents, including official statements relating to debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), which have been filed with the EMMA System; provided that such reference shall include sufficient information to access the referenced documents on the EMMA System.

SECTION 5. Reporting of Significant Events.

(a) The Authority shall provide or shall cause the Dissemination Agent to provide to the EMMA System in a timely manner not in excess of ten business days after the occurrence of a Listed Event, written notice of any of the following Listed Events with respect to the 2023 Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2023 Bonds, or other material events affecting the tax-exempt status of the 2023 Bonds;

(7) modifications to rights of Bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the 2023 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Authority;

(13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect Bondholders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

(b) The County shall provide or shall cause the Dissemination Agent to provide to the EMMA System in a timely manner not in excess of ten business days after the occurrence of a Listed Event, written notice of any of the following Listed Events with respect to the 2023 Bonds:

(1) bankruptcy, insolvency, receivership or similar event of the County;

(2) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(3) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect Bondholders, if material; and

(4) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(c) The Authority shall provide or shall cause the Dissemination Agent to provide in a timely manner to the EMMA System, written notice of a failure of any officer or other person authorized by the Authority to provide required annual financial information on or before the date specified in this Disclosure Agreement or other written agreement or contract in connection with the 2023 Bonds.

(d) The Dissemination Agent shall promptly, upon obtaining actual knowledge of the occurrence of any of the Listed Events, file a notice of such occurrence with the EMMA System with a copy to the Authority.

(e) The Authority shall promptly, upon obtaining actual knowledge of the occurrence of any of the Listed Events listed in Subsection 5(a), notify the Dissemination Agent in writing. The County shall promptly, upon obtaining actual knowledge of the occurrence of any of the Listed Events listed in Subsection 5(b), notify the Dissemination Agent in writing. Each such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the EMMA System with a copy to the Authority.

SECTION 6. Termination of Reporting Obligation. The Authority's and the County's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the 2023 Bonds.

SECTION 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its and the County's obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority or the County pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the County may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause this Undertaking (as defined below) to violate the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority or the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, provided County Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event. If the County chooses to include any information in any provided County Information or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future provided County Information or notice of occurrence of a Listed Event.

SECTION 10. Default; Venue. In the event of a failure of the Authority, the County or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the County or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority, the County or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance. No Bondholder may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of the obligations under this Disclosure Agreement (the "Undertaking") or for any remedy for breach thereof, unless such Bondholder shall have filed with the Authority evidence of ownership and a written notice of and request to cure such breach, and the Authority shall have refused to comply, or to have the County comply, within a reasonable time. All Proceedings shall be instituted only as specified herein, in any federal or state court located in the State and for the equal benefit of all holders of the outstanding bonds benefited by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Section 902 of the Bond Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Bond Resolution. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority and the County agree to release the Dissemination Agent and the Trustee from any claim arising out of the discharge of any duties hereunder and to defend, indemnify and save the Trustee and the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee and the Dissemination Agent's negligence or willful misconduct. The obligations of Authority and the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2023 Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Authority:

To the County:

To the Trustee:

Any person may, by written notice to the other persons noted above, designate a different address, telephone, electronic transmission, or facsimile number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of Bondholders and Beneficial Owners (and the Trustee acting on behalf of Bondholders and/or Beneficial Owners), and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

COUNTY OF FRANKLIN SOLID
WASTE MANAGEMENT AUTHORITY

By: _____

COUNTY OF FRANKLIN, NEW YORK

By: _____

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____

EXHIBIT A-1

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Franklin Solid Waste Management Authority

Name of Bond Issue: \$5,810,000
County of Franklin Solid Waste Management Authority
Solid Waste System Revenue Bonds, Series 2023 (the “2023 Bonds”)

Date of Issuance: September 12, 2023

NOTICE IS HEREBY GIVEN that the County of Franklin Solid Waste Management Authority (the “Authority”) has not provided an Annual Report [and/or] Annual Information with respect to the above-named 2023 Bonds as required by the Continuing Disclosure Agreement, dated as of September 12, 2023 among the Authority, the County of Franklin, New York and The Bank of New York Mellon, as Trustee. [The _____ anticipates that an Annual Report [and/ or] Annual Information will be filed by _____.]

Dated: _____

EXHIBIT A-2

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Franklin Solid Waste Management Authority

Name of Bond Issue: \$5,810,000
County of Franklin Solid Waste Management Authority
Solid Waste System Revenue Bonds, Series 2023 (the “2023 Bonds”)

Date of Issuance: September 12, 2023

NOTICE IS HEREBY GIVEN that the County of Franklin (the “County”) has not provided County Information with respect to the above-named 2023 Bonds as required by the Continuing Disclosure Agreement, dated as of September 12, 2023 among the Authority, the County and The Bank of New York Mellon, as Trustee. [The _____ anticipates that the County Information will be filed by _____.]

Dated: _____

