

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Lawrence County Industrial Development Agency
Canton, New York 13617

We have audited the accompanying financial statements of the governmental activities of the St. Lawrence County Industrial Development Agency as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Lawrence County Industrial Development Agency's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the St. Lawrence County Industrial Development Agency as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2011 on our consideration of the St. Lawrence County Industrial Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over reporting or on compliance. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Lawrence County Industrial Development Agency basic financial statements as a whole. The supplemental schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Pante Mucinski Hooper Van House & Co.
Certified Public Accountants, P.C.

Ogdensburg, New York
February 11, 2011



St. Lawrence County Industrial Development Agency

Brian W. Staples
Chair

Raymond H. Fountain
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the St. Lawrence County Industrial Development Agency's financial performance provide an overview of the Agency's financial activities for the fiscal year ended December 31, 2010. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- Fixed assets were decreased by \$102,400 due to depreciation costs.
- Total interest income decreased by \$31,700 mostly due to the decreased interest rates on investments.
- Total costs for governmental activities increased by \$398,168 due to the Agency entering into an agreement with St. Lawrence County to provide Economic Development Services. This resulted in personnel costs, healthcare costs, retirement costs and other associated costs to be incurred. This amount includes \$125,525 for compensated absences, according to GASB Statement 16, and \$69,213 in Postemployment Benefits Other than Pensions according to the 2010 Actuarial Study.

Agency Highlights

- January 2010: The Agency recognized Jon Greenwood's contribution to the agency from 2006 through 2009. The Agency also authorized staff to pursue the creation of a Local Development Corporation for bond issuances.
- February 2010: The Agency urged through resolution that all regional elected officials oppose the closure of Ogdensburg Correctional Facility.
- April 2010: The Agency adopted policies, standards and procedures to include compliance with the provisions of Public Authority Reform Act of 2009.
- May 2010: The Agency passed a resolution offering its support for an agreement between St. Lawrence County Industrial Development Agency Local Development Corporation and the St. Lawrence River Valley Redevelopment Agency.
- June 2010: The Agency authorized the extension of agent status relating to the Dockside Village of the 1000 Islands project.

- July 2010: The Agency authorized a revolving bridge loan to SLIC Network Solutions to assist in the Rural Utility Services Broadband Initiative program.
- September 2010: The Agency authorized a contract with St. Lawrence County for Economic Development Services, Healthcare access agreement, and Sublease agreement.
- October 2010: The Agency authorized and approved and accepted a 201 budget.
- December 2010 The Agency authorized a resolution renewing the partnership with Electric Strategies Inc. for Canadian Economic Development Services.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the Agency that are principally supported by property taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Agency include the capitalization of industrial development in St. Lawrence County.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Agency. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Agency's own programs. The accrual basis of accounting is used for fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government agencies financial position. In the case of the Agency, assets exceeded liabilities by \$7,689,783 as of December 31, 2010.

The Agency's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following tables present a summary of the Agency's derivation of net assets for the fiscal year ended December 31, 2010.

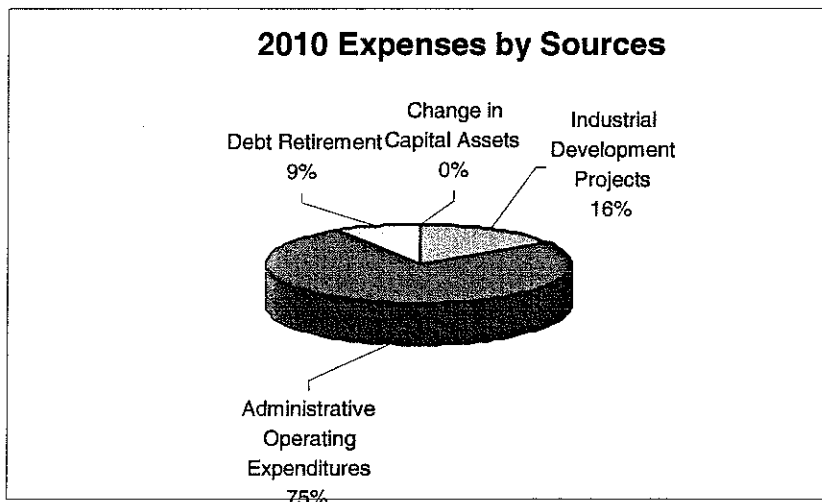
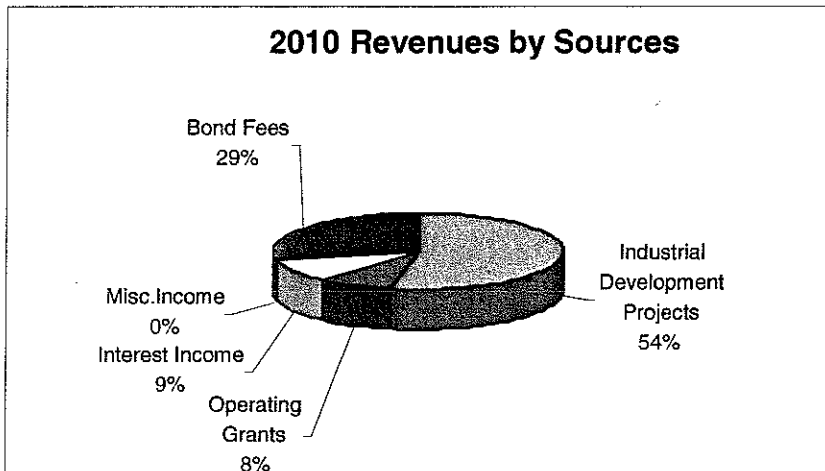
Table 1

2009		2010	
Total Current Assets	3,147,475	Total Current Assets	3,063,768
Total Fixed Assets (Net)	3,035,985	Total Fixed Assets (Net)	2,933,585
Total Other Assets	2,716,451	Total Other Assets	2,599,018
Total Assets	<u>\$8,899,911</u>	Total Assets	<u>\$8,596,371</u>
Total Liabilities	754,040	Total Liabilities	906,588
Total Net Assets	<u>8,145,871</u>	Total Net Assets	<u>7,689,783</u>
Total Liabilities & Net Assets	<u>\$8,899,911</u>	Total Liabilities & Net Assets	<u>\$8,596,371</u>

Changes in the Agency's Net Assets can be determined by reviewing the following condensed Statement of Revenue, expenses and Changes in Net Assets at the end of the year.

Table 2

2009		2010	
Total Industrial Development Project (IDP) Revenue	\$331,703	Total Industrial Development Project (IDP) Revenue	\$267,880
Total IDP Projects	265,114	Total IDP Projects	189,530
Support Services	<u>303,967</u>	Support Services	<u>702,135</u>
Total Governmental Expenses	<u>(569,081)</u>	Total Governmental Expenses	<u>(891,665)</u>
Total Government Activities	<u>(266,259)</u>	Total Government Activities	<u>(623,785)</u>
Total General Revenues	<u>104,531</u>	Total General Revenues	<u>167,697</u>
Change in Net Assets	(132,847)	Change in Net Assets	(456,088)
Prior Year Adjustment	1,035	Prior Year Adjustments	0
Net Assets – Beginning of Year	<u>8,277,683</u>	Net Assets – Beginning of Year	<u>8,145,871</u>
Net Assets – End of Year	\$8,145,871	Net Assets – End of Year	\$7,689,783



CASH AND INVESTMENT POLICY

The St. Lawrence County Industrial Development Agency finds it necessary to place funds in various deposit accounts or certificates of deposit. Article 18A, Section 858(14) of the State General Municipal Law authorizes the Agency to designate depositories. In accordance with this Article, five (5) banks are designated as depositories for Agency funds. Rates are competitively procured for each deposit, with no more than 60% of its total investments in any one institution.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency's Chief Executive Officer at 80 State Highway 310, Suite 6, Canton, New York 13617.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,700,822	\$ 3,020,966
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	129,293	1,569
Accrued Interest Receivable	899	1,350
Line of Credit Advanced - Slic Network Solutions	121,887	-
Mortgages Receivable - Current	110,156	122,840
Prepaid Expenses	711	750
	5,063,768	5,147,475
<u>Fixed Assets</u>		
Land and Improvements	163,103	163,103
Buildings and Improvements	3,563,214	3,563,214
Automotive Equipment	95,291	95,291
Office Equipment and Furnishings	37,194	49,211
	3,858,802	3,870,819
Less: Accumulated Depreciation	(925,217)	(834,834)
	2,933,585	3,035,985
<u>Other Assets</u>		
Mortgages Receivable - Long Term	599,018	716,451
	599,018	716,451
Total Assets	8,596,371	8,899,911
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Rental and Refundable Deposits	33,755	31,301
Accrued Expenses - Other	20,841	7,220
Long Term Debt - Current Portion	60,181	58,266
Total Current Liabilities	114,777	96,787
<u>Long-Term Liabilities:</u>		
Postemployment Benefits Other Than Pensions	69,213	-
Compensated Absences	125,525	-
Long Term Debt - Less Current Portion	597,073	657,253
	791,811	657,253
Total Long-Term Liabilities	791,811	657,253
Total Liabilities	906,588	754,040
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,276,331	2,320,466
Restricted-Expendable	2,000,000	2,000,000
Unrestricted	3,413,452	3,825,405
	7,689,783	8,145,871
Total Net Assets	7,689,783	8,145,871
Total Liabilities and Net Assets	\$ 8,596,371	\$ 8,899,911

See notes to the financial statements and auditors' report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010						2009						
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities			
Governmental Activities													
Industrial Development Projects													
Gouverneur Industrial Park	\$ 15,497	\$ 10,344	\$ -	\$ -	\$ (5,153)	\$ 16,581	\$ 10,039	\$ -	\$ -	\$ (6,542)			
Third Massena Shell Building	13,132	39,960	-	-	26,828	13,132	40,435	-	-	27,303			
Massena - Lot 17	10,324	18,355	-	-	8,031	27,460	73,703	-	-	46,243			
Massena - Lot 20	27,288	78,377	-	-	51,089	29,203	11,033	-	-	(18,170)			
Potsdam Commerce Park	26,046	12,954	-	-	(13,092)	60,421	48,003	-	-	(12,418)			
Potsdam Technology Development Center	20,213	70,890	-	-	50,677	20,344	70,890	-	-	50,546			
Northern Corridor Trans Group	45,086	-	37,000	-	(8,086)	14,474	-	1,000	-	(13,474)			
Railroad Corridor	12,122	-	-	-	(12,122)	8,358	-	-	-	(8,358)			
Newton Falls Rail Repair	19,822	-	-	-	(19,822)	-	-	-	-	-			
Tribal Compact - Strategic Plan	-	-	-	-	-	18,750	-	-	-	(18,750)			
Canton Industrial Park Infa/Eng	-	-	-	-	-	3,500	-	-	-	(3,500)			
Wetland Services	-	-	-	-	-	2,891	-	-	-	(2,891)			
Newton Falls Telecom Project	-	-	-	-	-	50,000	-	-	-	(50,000)			
Essential NY Initiative	-	-	-	-	-	-	-	76,600	-	76,600			
Total Industrial Development Projects	189,530	230,880	37,000	-	78,350	265,114	254,103	77,600	-	66,589			
Support Services													
Administrative Operating Expenses	492,824	-	-	-	(492,824)	283,122	-	-	-	(283,122)			
Employee Benefits	194,738	-	-	-	(194,738)	20,845	-	-	-	(20,845)			
Depreciation - Unallocated	14,573	-	-	-	(14,573)	303,967	-	-	-	(303,967)			
Total Support Services	702,135	-	-	-	(702,135)	569,081	254,103	77,600	-	(237,378)			
Total Governmental Activities	891,665	230,880	37,000	-	(623,785)	General Revenues							
						Interest							
						Miscellaneous Income							
						Bond Fees							
						Total General Revenues							
						41,259							
						257							
						126,181							
						Total General Revenues							
						167,697							
						Changes in Net Assets							
						(456,086)							
						Prior Period Adjustment							
						-							
						Net Assets - Beginning of Year							
						8,145,871							
						Net Assets - End of Year							
						\$ 7,689,783							

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,700,822	\$ 3,020,966
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	129,293	1,569
Accrued Interest Receivable	899	1,350
Line of Credit - Siic Network Solutions	121,887	-
Mortgages Receivable - Current	110,156	122,840
Prepaid Expenses	711	750
Mortgages Receivable - Long Term	599,018	716,451
	5,662,786	5,863,926
Total Assets	5,662,786	5,863,926
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Rental and Refundable Deposits	33,755	31,301
Accrued Expenses - Other	20,841	7,220
	54,596	38,521
Total Liabilities	54,596	38,521
Fund Balances		
Fund Balance - Reserved	2,000,000	2,000,000
Fund Balance - Unappropriated	3,608,190	3,825,405
	5,608,190	5,825,405
Total Fund Balances	5,608,190	5,825,405
Total Liabilities and Fund Balances	\$ 5,662,786	\$ 5,863,926

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
<u>Operating Project Revenues</u>		
Gouverneur Industrial Park	10,344	10,039
Third Massena Shell Building	39,960	40,435
Massena - Lot 17	18,355	73,703
Massena - Lot 20	78,377	11,033
Potsdam Commerce Park	12,954	48,003
Potsdam Technology Development Center	\$ 70,890	\$ 70,890
Northern Corridor Trans Group	37,000	1,000
Essential NY Initiative	-	76,600
Interest Income	41,259	72,959
Miscellaneous Income	257	1,512
Bonds Fees	126,181	30,060
	<hr/>	<hr/>
Total Revenues	435,577	436,234
	<hr/> <hr/>	<hr/> <hr/>
<u>EXPENDITURES</u>		
<u>Operating Project Expenditures</u>		
Gouverneur Industrial Park	5,628	6,712
Massena - Lot 17	124	17,260
Massena - Lot 20	9,400	11,315
Potsdam Commerce Park	3,783	38,158
Potsdam Technology Development Center	3,988	4,119
Northern Corridor Trans Group	45,086	14,474
Railroad Corridor	12,122	8,358
Tribal Compact - Strategic Plan	-	18,750
Canton Industrial Park Infa/Eng	-	3,500
Wetland Services	-	2,891
Newton Falls Telecom Project	-	50,000
Newton Falls Rail Repair	19,822	-
Administrative Operating Expenditures	492,824	283,122
Debt Retirement	58,265	56,412
Net Change Capital Assets	1,750	-
	<hr/>	<hr/>
Total Expenditures	652,792	515,071
	<hr/> <hr/>	<hr/> <hr/>
Excess (Deficiency) of Revenues Over Expenditures	(217,215)	(78,837)
Prior Period Adjustment	-	1,035
	<hr/>	<hr/>
Fund Balances - Beginning of Year	5,825,405	5,903,207
	<hr/>	<hr/>
Fund Balances - End of Year	\$ 5,608,190	\$ 5,825,405
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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	\$ 2,700,822	\$ -	\$ -	\$ 2,700,822
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Accounts Receivable	129,293	-	-	129,293
Accrued Interest Receivable	899	-	-	899
Line of Credit - Slic Network Solutions	121,887	-	-	121,887
Mortgages Receivable - Current	110,156	-	-	110,156
Prepaid Expenses	711	-	-	711
Fixed Assets - Net	-	2,933,585	-	2,933,585
Mortgages Receivable - Long Term	599,018	-	-	599,018
	<hr/>			
Total Assets	5,662,786	2,933,585	-	8,596,371
	<hr/>			
LIABILITIES				
Rental and Refundable Deposits	33,755	-	-	33,755
Accrued Expenses - Other	20,841	-	-	20,841
Postemployment Benefits Other Than Pensions	-	69,213	-	69,213
Compensated Absences	-	125,525	-	125,525
Long Term Debt - Current Portion	-	60,181	-	60,181
Long Term Debt	-	597,073	-	597,073
	<hr/>			
Total Liabilities	54,596	851,992	-	906,588
	<hr/>			
NET ASSETS				
Total Net Assets	5,608,190	2,081,593	-	7,689,783
	<hr/>			
Total Liabilities and Fund Balance/Net Assets	\$ 5,662,786	\$ 2,933,585	\$ -	\$ 8,596,371
	<hr/>			

Total Governmental Fund Balances	\$ 5,608,190
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	2,933,585
GASB 45 valuation of postemployment benefits other than pensions are not due and payable in the current period and therefore are not reported in the funds.	(69,213)
GASB 16 valuation of the liability for vacation and sick time earned during the current year	(125,525)
Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds.	(657,254)
	<hr/>
Net Assets of Governmental Activities	<u>\$ 7,689,783</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenues				
Gouverneur Industrial Park	\$ 10,344	\$ -	\$ -	\$ 10,344
Third Massena Shell Building	39,960	-	-	39,960
Massena Lot - 17	18,355	-	-	18,355
Massena Lot - 20	78,377	-	-	78,377
Potsdam Commerce Park	12,954	-	-	12,954
Potsdam Technology Development Center	70,890	-	-	70,890
Northern Corridor Trans Group	37,000	-	-	37,000
Interest Income	41,259	-	-	41,259
Miscellaneous Income	257	-	-	257
Bond Fees	126,181	-	-	126,181
	<hr/>			
Total Revenues	435,577	-	-	435,577
Expenditures				
Gouverneur Industrial Park	5,628	9,869	-	15,497
Third Massena Shell Building	-	13,132	-	13,132
Massena - Lot 17	124	10,200	-	10,324
Massena - Lot 20	9,400	17,888	-	27,288
Potsdam Commerce Park	3,783	22,263	-	26,046
Potsdam Technology Development Center	3,988	16,225	-	20,213
Northern Corridor Trans Group	45,086	-	-	45,086
Railroad Corridor	12,122	-	-	12,122
Newton Falls Rail Repair	19,822	-	-	19,822
Administrative Operating Expenditures	492,824	14,573	-	507,397
Employee Benefits	-	-	194,738	194,738
Debt Requirement	58,265	-	(58,265)	-
Net Change in Capital Assets	1,750	(1,750)	-	-
	<hr/>			
Total Expenditures	652,792	102,400	136,473	891,665
<hr/>				
Excess (Deficiency) Of Revenues Over Expenditures	(217,215)	(102,400)	(136,473)	(456,088)
<hr/>				
Net Change For The Year	\$ (217,215)	\$ (102,400)	\$ (136,473)	\$ (456,088)
<hr/>				
Net Change in Fund Balances				\$ (217,215)
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(104,150)
Expenditures for acquisition of capital assets (net) recorded in the Governmental Funds, but not in the Statement of Activities				1,750
GASB 16 & 45 valuation of compensated absence and postemployment benefits other than pensions				(194,738)
Repayment of long-term debt and incurrance of new debt as an expenditure/receipt in the Governmental Funds, but not in the Statement of Activities				58,265
				<hr/>
Change in Net Assets of Governmental Activities				\$ (456,088)
<hr/>				

See notes to the financial statments and auditors' report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2010 AND 2009

	<u>Agency</u>	
	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ -	\$ -
	<hr/>	<hr/>
Total Assets	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Other liabilities	-	-
	<hr/>	<hr/>
Total Liabilities	<hr/> <hr/>	<hr/> <hr/>

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	<u>Agency Funds</u>	
	<u>2010</u>	<u>2009</u>
ADDITIONS		
Revenues from Payments in Lieu of Taxes	\$ 48,242	\$ 21,111
	<hr/>	<hr/>
Total Additions	<hr/>	<hr/>
DEDUCTIONS		
Payments to Governmental Agencies	48,242	21,111
	<hr/>	<hr/>
Total Deductions	<hr/>	<hr/>
Change in Net Assets	-	-
Net Assets - Beginning of Year	<hr/>	<hr/>
Net Assets - End of Year	<hr/> <hr/>	<hr/> <hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the St. Lawrence County Industrial Development Agency (the “Agency”) have been prepared in conformity with generally accepted accounting principles (GAAP) as apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Certain significant accounting principles and policies utilized by the Agency are described below:

Reporting entity:

The reporting entity of the Agency is based upon Criteria set fort by GASB Statement 14, The Financial Reporting Entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and 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.

The accompanying financial statements present the activities of the Agency. The Agency is a component unit of the County of St. Lawrence, New York State.

Nature of Organization:

The Agency is an industrial development agency duly established under Title 1, Article 18-A of the General Municipal Law of the State of New York and Chapter 358 of the laws of 1971 of the State of New York, and is a corporate governmental agency constituting a public benefit corporation of the State of New York. The Agency is exempt from federal, state and local income taxes.

Basis of presentation:

Agency-wide statements - the Statement of Net Assets and the Statement of Activities present financial information about the Agency’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency’s governmental 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 services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All other revenues are classified as general revenues.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Fund financial statements - the fund statements provide information about the Agency's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Agency reports the following major governmental funds.

General Fund: Primary operating fund accounting for all financial transactions not required to be in another fund.

Fiduciary Fund: Fiduciary activities where the Agency acts as trustee or agent for resources that belong to others. These activities are not included in the Agency-wide financial statements.

Measurement focus and basis of accounting:

The Agency-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, may include grants and donations. On an accrual basis, revenue is recognized in the fiscal year for which the revenue is earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt or claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and investments:

The Agency's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Agency's investment policies. Resources must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 1995. Assets acquired prior to 1995 have been disposed of in prior periods in the ordinary course of business.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Agency-wide statements are as follows:

	<u>Capitalization</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Buildings	\$ 5,000	Straight Line (SL)	40 yr.
Building improvements	1,000	SL	10 yr.
Automotive equipment	2,500	SL	5 yr
Furniture and equipment	1,000	SL	7 yr.

Vested Employee Benefits:

Agency employees are granted vacation and sick time in varying amounts based primarily on length of service. There are limits on the amount time that can be either accrued and/or used during any one fiscal year. Also, in the event of certain terminations, some earned benefits may be forfeited.

Personal time and other forms of leave are specified in the Agency's Employee Handbook. These forms of leave must be utilized during the current fiscal year and are non-cumulative from year-to-year. Any earned unused time at the end of the fiscal year may be subject to forfeiture. Upon retirement, resignation, or death employees may receive a payment based on unused accumulated sick leave based on the employee's regular rate of pay. Consistent with ***GASB Statement 16 Accounting for Compensated Absences*** an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year end.

Eligible Agency employees participate in the New York State and Local Employees Retirement System. In addition to providing pension benefits, the Agency provides medical insurance coverage and survivor benefits for retired employees and their survivors.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Substantially all of the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Medical benefits are provided through a plan whose premiums are based on the benefits paid during the year. The Agency recognizes the cost of providing medical insurance by recording its share of insurance premiums as expenditures in the year paid.

Postemployment Benefits Other Than Pensions (OPEB):

In addition to providing the retirement benefits described in the Note above, the Agency provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the Agency Board.

In 2004, the Governmental Accounting Standards Board (GASB) released *Statement No. 45 (GASB 45)* concerning health and other non-pension benefits for retired public employees. *GASB 45* was issued to provide more complete and reliable financial reporting regarding the costs and financing obligations that governments incur when they provide OPEB as part of employee compensation. In 2010, the Agency implemented *GASB 45*.

Budgetary procedures and budgetary accounting:

The Agency administration prepares a proposed budget of the General Fund for approval by the Board of Directors for which legal (appropriated) budgets are adopted. Appropriations are adopted at the program line item level as established by the adoption of the budget which constitutes a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended. Budgets are adopted annually on a basis consistent with *GAAP*.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events:

Management has reviewed and evaluated all events and transactions from December 31, 2010 through February 11, 2011 for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the date of the financial statements required to be recognized or disclosed in the accompanying financial statements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND AGENCY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Agency-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.

Total fund balances of governmental funds vs. net assets of governmental activities:

Total fund balances of the Agency's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental funds Balance Sheets.

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:

Long-term revenue differences - arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues 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.

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 funds statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term debt transaction differences - occur because both interest and principal payments are recorded as expenditures in the governmental funds 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 Assets.

NOTE 3 – LINE OF CREDIT

The Agency entered into an agreement on August 16, 2010 to lend money to Slic Network

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Solutions, Inc. (the Company) on a line of credit basis. The purpose of these funds will enable the Company to participate in the Rural Utilities Services Broadband Initiative Program (RUS). The Company will utilize these funds until it receives funding from RUS, at which time they are to be repaid.

The agreement allows the Company to borrow up to \$250,000 during this period at an annual interest rate of 5.00%. Interest only is calculated and is due and payable as of the first day of the month following disbursement of said funds and the first day of each and every month thereafter up to twelve months from the date of the agreement.

The amount outstanding on the line of credit at December 31, 2010 was \$121,887. Due to the short-term nature of this agreement as described above, the Agency classifies the line of credit as a current asset.

NOTE 4 – MORTGAGES RECEIVABLE

The Agency has loaned mortgage money to local development organizations and has sold real estate subject to mortgages held by the Agency. The Agency carries its mortgages receivable at cost recognizing interest income on the accrual basis as specified in the various loan agreements.

On a periodic basis, the Agency evaluates its mortgages receivable and will establish write offs as economic conditions warrant. The Board will determine which mortgages are written off based on uncollectibility. All mortgages are considered collectible until all legal remedies have been exhausted.

Mortgages Receivable balances at December 31, 2010 and 2009 consisted of the following:

<u>Mortgages</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2010</u>	<u>2009</u>
Ansen Corporation	3.00%	08/01/13	Corporate Facility	\$ 205,000	60,931	82,640
Ogdensburg Bridge & Port Authority	5.00%(VAR)	05/01/14	11th Building	325,547	91,903	117,500
Tamarack Tree Service	5.25%	12/1/2016	Building	188,478	93,883	110,237
Clarkson University	5.25%	10/1/10	Building	143,240	0	15,714
Kinney Drugs	3.00%	3/1/14	Building	136,000	48,707	62,775
Ogdensburg Bridge & Port Authority - BreconRidge	3.87%(VAR)	5/1/20	BreconRidge Building	600,000	413,750	450,425
					<u>709,174</u>	<u>839,291</u>
Current Portion					<u>(110,156)</u>	<u>(122,840)</u>
Long-Term Portion					<u>\$ 599,018</u>	<u>\$ 716,451</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land and Improvements	163,103	-	-	163,103
Total nondepreciable historical cost	163,103	-	-	163,103
Capital assets that are depreciated:				
Buildings and Improvements	3,563,214	-	-	3,563,214
Automotive Equipment	95,291	-	-	95,291
Office Equipment and Furnishings	49,211	1,750	13,767	37,194
Total depreciable historical cost	3,707,716	1,750	13,767	3,695,699
Less accumulated depreciation	834,834	104,150	13,767	925,217
Total depreciable historical cost, net	2,872,882	(102,400)	-	2,770,482
Total capital assets historical cost, net	<u>\$ 3,035,985</u>	<u>\$ (102,400)</u>	<u>\$ -</u>	<u>\$ 2,933,585</u>

Depreciation expense was charged to governmental activities as follows:

Gouverneur Industrial Park	\$ 9,869
Third Massena Shell Building	13,132
Massena - Lot 17	10,200
Massena - Lot 20	17,888
Potsdam Commerce Park	22,263
Potsdam Technological Development Center	16,225
Total depreciation charged to governmental activities	<u>89,577</u>
Depreciation expense charged to support services	<u>14,573</u>
Total depreciation expense	<u>\$ 104,150</u>

NOTE 6 – PENSION PLANS

Plan Descriptions:

The Agency participates in the New York State and Local Employees Retirement System (ERS). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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 of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulation for the administration and transaction of the business of the Systems and 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 by writing to the New York State and Local Retirements Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy:

The Systems are noncontributory except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, who must contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Agency is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

ERS

2010	\$	247
2009		5,700
2008		-

The Agency's contributions made to the System were equal to 100 percent of the contributions required for each year. Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The total unpaid liability at December 31, 2010 was \$ -0-.

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Total expenditures charged to operations for the year ended December 31, 2010 amounted to \$69,213. At December 31, 2010, the postemployment benefit liability for retired employees amounted to \$69,213. The number of participants as of December 31, 2010 was as follows:

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Active Employees	7
Retired Employees	0
Spouses of Retired Employees	<u>0</u>
 Total Participants	 7

Funding Policy – the Agency currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue. Annual Other Postemployment Benefit Cost (OPEB) for the year ended December 31, 2010 amounted to \$69,213.

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)	<u>\$ 347,045</u>
Underfunded Actuarial Accrued Liability (UAAL)	<u>\$ 347,045</u>
Normal Cost for a Fiscal Year	\$ 49,143
Amortization of Unfunded UAAL	<u>20,070</u>
Annual Required Contribution	<u>\$ 69,213</u>

Annual OPEB and Net OPEB Obligation

Annual Required Contribution	\$ 69,213
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	<u>-</u>
Annual OPEB Cost (Expense)	69,213
Contribution Made on Pay-as-You-Go Basis	<u>-</u>
Increase in Net OPEB Obligation	69,213
Net OPEB Obligation on January 1	<u>-</u>
Net OPEB Obligation on December 31	<u>\$ 69,213</u>

Actuarial Methods and Assumptions

Discount Rate	4.0%
Initial Medical Rate	5.0%
Ultimate Medical Rate	4.2%

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 8 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2010 and 2009 consist of the following:

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2010</u>	<u>2009</u>
Northern Advanced Technologies Corporation (NATCO)	None	Indefinite	Technology Development Center	145,000	145,000	145,000
Greater Massena Economic Development Fund	3.375%	12/01/19		600,000	395,778	432,771
St. Lawrence County IDA-LDC	3%	12/01/15		217,204	116,476	137,748
Current Portion					657,254	715,519
					(60,181)	(58,266)
Long-Term Debt (Net)					<u>\$ 597,073</u>	<u>\$ 657,253</u>

Future maturities of long-term debt are projected as follows:

2011	\$ 60,181
2012	62,159
2013	64,202
2014	66,313
2015	68,501
Thereafter	<u>335,898</u>
	<u>\$ 657,254</u>

NOTE 9 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in fifty such bond issues in the total original issue amount of \$755,610,700. These issues were made at various times between February, 1973 and December 31, 2010. These issues are not reflected in the financial statements since they are considered to be special obligations of the Agency having no claim on the general assets or general funds of the Agency.

NOTE 10 - ST. LAWRENCE COUNTY IDA LOCAL DEVELOPMENT CORPORATION

On April 29, 1986, the Agency created a Local Development Corporation known as the St. Lawrence County Industrial Development Agency - Local Development Corporation (SLC IDA-

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

LDC). St. Lawrence County assigned all of the loan repayments from the County Community Development Block Grant (CDBG) projects to the Agency for the purposes of establishing a county wide revolving loan fund. Upon the formation of the SLC IDA-LDC, the Agency assigned all of its rights in the CDBG assignment to the SLC IDA-LDC for collection and administration.

NOTE 11 - POTSDAM TECHNOLOGY DEVELOPMENT CENTER

On June 8, 1987, the Agency and the Northern Advanced Technologies Corporation (NATCO) executed a 50 year ground sublease by which the Agency leased 3.62 acres of land at the NATCO Research Park in Potsdam, New York, for the purpose of constructing a research and development building thereon. On September 19, 1988, the Agency concluded a loan with NATCO for \$145,000 for the construction of the building. The loan's interest rate is set at 0% and the loan's term is indefinite. The loan agreement requires that the Agency make payments to NATCO calculated according to the following formula. If the building's cash flow is positive after the bank and Urban Development Corporation's debt amortization, the building's general operation and maintenance costs, the Agency's preferred return on its equity, and a contribution to a capital reserve fund have been paid then the Agency must pay 50% of the excess to NATCO. The Agency must distribute the other 50% of the excess to the various taxing jurisdictions as a payment in lieu of taxes. At this date no payments have been required.

NOTE 12 - GOUVERNEUR INDUSTRIAL PARK

In November 1991, the Agency passed a resolution which authorized the construction of a 15,000 square foot light industrial building to be called the First Gouverneur Industrial Building in the Gouverneur Industrial Park in Gouverneur, New York. The building was completed in June, 1993.

On June 5, 1992, the Agency authorized borrowings with the SLC IDA-LDC in order to finance the construction of the building. A grant from the Farmers Home Administration was also received for the construction in the amount of \$100,000. In October, 1993, a final promissory note was executed with the SLC IDA-LDC in the amount of \$273,000 with the loan term set at twenty years, with interest at the rate of one percent (1%) per annum for years one through five of the term, three percent (3%) per annum for years six through ten of the term and five percent (5%) per annum for the remainder of the term.

NOTE 13 – GREATER MASSENA ECONOMIC DEVELOPMENT FUND (GMEDF) LOAN

On May 31, 2002, resolution No. 02-05-35, authorized the SLCIDA to apply to the GMEDF for a loan to assist in the financing to expand the 5th Massena Industrial Building and to also construct the 6th Massena Industrial Building. The financing for the project was to be structured as follows:

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Empire State Development	\$ 400,000
Senator Raymond Meier Member Item	100,000
GMEDF	600,000
IDA Cash Equity	<u>935,000</u>
 Total	 <u>\$2,035,000</u>

NOTE 14 - MICHELLE AUDIO DEBT RESOLUTION

During 2005, Michelle Audio of America entered into a corporate restructuring plan. In an effort to assist Michelle Audio with its restructuring plan, the Agency took the following steps.

In May 2005, the Agency accepted as payment in full for the lease purchase of Lot 16 the accrued equity in the Lot 13 lease/purchase obligation. Michelle Audio vacated the Lot 13 property on 7/13/2005.

In December 2005 the Agency agreed to take possession of Lot 20 in exchange for the value of the property. The Agency paid off on behalf of Michelle Audio the following:

- Agency lease/purchase for Lot 17 dated 10/30/03
- Agency and SLC IDA-LDC loans for Lot 20 dated 12/1/03
(SLC IDA-LDC Loan for \$217,204)
- Available balances of all PILOT and PILOT related debt

The remaining amount of \$209,664 was paid to Michelle Audio and the Lot 20 property was vacated by Michelle Audio on 4/15/2006.

NOTE 15 - SALE OF 5TH & 6TH MASSENA BUILDINGS

On December 21, 2007, the 5th and 6th Massena Industrial Buildings were sold to Curran Renewable Energy LLC for a total of \$1,727,599. In addition to an \$8 million bond, Curran Renewable LLC was assisted by the SLC IDA-LDC and the GMEDF with \$600,000 in funding to purchase two existing Agency owned buildings within the Massena Industrial Park and the purchase and installation of equipment used to manufacture wood pellets. The project proposed the creation of 50 new jobs.

NOTE 16 - LOAN TO NEWTON FALLS FINE PAPER LLC

The Agency worked with an investment group which was proposing to acquire the Newton Falls Mill and return it to operational status. On February 7, 2007, the Agency passed a resolution

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

authorizing a loan of \$400,000 to assist in this reopening. Also, a bond was issued in July 2007 for \$10 million to complete the acquisition by the investment group Newton Falls Fine Paper, LLC.

NOTE 17 – ST. LAWRENCE COUNTY IDA CIVIC DEVELOPMENT CORPORATION

On January 7, 2010 a resolution was passed by the SLC IDA that authorized staff to pursue the creation of a local development corporation to assist 501(c)(3) organizations in financing much-needed construction and expansion projects. The expiration of Civic Facilities Bond legislation has severely inhibited the ability of local industrial development agencies to assist 501(c)(3) organizations in financing much-needed construction and expansion projects. On April 13, 2010 St. Lawrence County IDA Civic Development Corporation was created for this purpose.

NOTE 18 – ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

The New York Power Authority (NYPA) has made available certain assets to be used for the purposes of economic development in the St. Lawrence River Valley, namely the balance of the former NYPA Aquarium Fund in excess of \$16,000,000.00 plus interest thereon and 20 megawatts of power from the St. Lawrence Power Project. On June 2, 2010 The Local Government Task Force, including representatives of the Towns of Massena, Louisville, Waddington, and Lisbon, the Villages of Massena and Waddington, and the County of St. Lawrence, created the St. Lawrence River Valley Redevelopment Agency to make use of the assets for the purposes of economic development in the St. Lawrence River Valley.

NOTE 19 - LITIGATION

In two separate actions, the Agency was notified of two negligence actions brought by construction workers for injuries allegedly sustained at the construction site of the AgEnergy Cogeneration Facility in Ogdensburg. One action is currently still in its pre-trial status with a claim pending in the amount of \$1,000,000. In the second action, counsel advises that the matter is moving very slowly. In both cases, due to the hold harmless provisions of the bond agreement and the limits of the insurance coverage, counsel believes that the Agency will not incur direct liability from these actions. There has not been any movement in these matters in 2010 and 2009.

Another unrelated negligence action was commenced in 1997 against the Agency for injuries allegedly sustained at the Megan Racine Co-generation site at Canton. The Agency is additionally insured under the Liability Insurance of Megan-Racine. Counsel anticipates that the existing insurance policy will cover any exposure to the Agency. There has been little movement in this matter over the past few years.

There are several miscellaneous public improvement liens on projects which the Agency "owns". However, no actions have been commenced to foreclose these liens. Should actions be commenced,

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

counsel advises that the Agency will take appropriate measures.

NOTE 20 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments were entered as follows:

In 2009 - Write off of 2008 payables that were relieved or reimbursed	<u>\$1,035</u>
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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
GOUVERNEUR INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 10,344	\$ 10,039
	<hr/>	<hr/>
Total Operating Revenues	10,344	10,039
	<hr/>	<hr/>
<u>OPERATING EXPENSES:</u>		
Insurance	247	187
Repairs and Maintenance	3,250	6,525
Miscellaneous	2,131	-
	<hr/>	<hr/>
Total Operating Expenses	5,628	6,712
	<hr/>	<hr/>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	9,869	9,869
	<hr/>	<hr/>
Total Non-Operating Expenses	9,869	9,869
	<hr/>	<hr/>
Total Expenses	15,497	16,581
	<hr/>	<hr/>
Excess of Revenues Over Expenses	\$ (5,153)	\$ (6,542)
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
THIRD MASSENA SHELL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 39,960	\$ 38,781
Total Operating Revenues	<u>39,960</u>	<u>38,781</u>
<u>OPERATING EXPENSES:</u>		
Insurance	<u>-</u>	<u>(1,654)</u>
Total Operating Expenses	<u>-</u>	<u>(1,654)</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>13,132</u>	<u>13,132</u>
Total Non-Operating Expenses	<u>13,132</u>	<u>13,132</u>
Total Expenses	<u>13,132</u>	<u>11,478</u>
Excess of Revenues Over Expenses	<u>\$ 26,828</u>	<u>\$ 27,303</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 17
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 18,355	\$ 73,703
	<hr/>	<hr/>
Total Operating Revenues	18,355	73,703
	<hr/>	<hr/>
<u>OPERATING EXPENSES:</u>		
Maintenance Services	124	4,579
Miscellaneous	-	8,536
Insurance	-	1,294
Utilities	-	2,851
	<hr/>	<hr/>
Total Operating Expenses	124	17,260
	<hr/>	<hr/>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	10,200	10,200
	<hr/>	<hr/>
Total Non-Operating Expenses	10,200	10,200
	<hr/>	<hr/>
Total Expenses	10,324	27,460
	<hr/>	<hr/>
Excess of Revenues Over Expenses	\$ 8,031	\$ 46,243
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 20
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 78,377	\$ 11,033
Total Operating Revenues	<u>78,377</u>	<u>11,033</u>
<u>OPERATING EXPENSES:</u>		
Maintenance Services	-	385
Insurance	5,374	5,053
Miscellaneous	185	-
Utilities	-	1,408
Interest	3,841	4,469
Total Operating Expenses	<u>9,400</u>	<u>11,315</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>17,888</u>	<u>17,888</u>
Total Non-Operating Expenses	<u>17,888</u>	<u>17,888</u>
Total Expenses	<u>27,288</u>	<u>29,203</u>
Excess of Revenues Over Expenses	<u>\$ 51,089</u>	<u>\$ (18,170)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM COMMERCE PARK
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 12,954	\$ 48,003
Total Operating Revenues	<u>12,954</u>	<u>48,003</u>
<u>OPERATING EXPENSES:</u>		
Insurance	3,286	3,262
Maintenance Services	497	802
Utilities	-	241
Repairs - Structural	-	33,828
Miscellaneous	-	25
Total Operating Expenses	<u>3,783</u>	<u>38,158</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>22,263</u>	<u>22,263</u>
Total Non-Operating Expenses	<u>22,263</u>	<u>22,263</u>
Total Expenses	<u>26,046</u>	<u>60,421</u>
Excess of Revenues Over Expenses	<u>\$ (13,092)</u>	<u>\$ (12,418)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM TECHNOLOGY DEVELOPMENT CENTER
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 70,890	\$ 70,890
	<hr/>	<hr/>
Total Operating Revenues	70,890	70,890
	<hr/>	<hr/>
<u>OPERATING EXPENSES:</u>		
Insurance	3,988	4,117
	<hr/>	<hr/>
Total Operating Expenses	3,988	4,117
	<hr/>	<hr/>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	16,225	16,226
	<hr/>	<hr/>
Total Non-Operating Expenses	16,225	16,226
	<hr/>	<hr/>
Total Expenses	20,213	20,343
	<hr/>	<hr/>
Excess of Revenues Over Expenses	<u>\$ 50,677</u>	<u>\$ 50,547</u>

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING EXPENSES:</u>		
Accounting/Audit	\$ 5,900	\$ 6,523
Educational Workshops	2,175	2,262
Employee Benefits	17,311	514
Insurance	8,354	5,989
Legal Fees	51,444	22,915
Meetings	1,657	2,163
Miscellaneous	955	545
Office Supplies and Postage	5,028	3,874
Other Travel	13,298	7,829
Outside Contracted Services	2,891	21,398
Payroll Fees	1,835	391
Payroll Taxes	13,611	1,149
Pension Expense	8,098	5,708
Printing and Copying	175	228
Professional Associations	2,455	2,015
Promotion and Marketing	96,861	79,651
Rent and Maintenance	22,855	-
Salaries and Wages	149,227	9,727
Services - County	75,682	100,910
Technology Expense	-	1,700
Telephone	3,021	2,210
Vehicle Repairs and Maintenance	9,991	5,421
	<hr/>	<hr/>
Total Operating Expenses	<u>\$492,824</u>	<u>\$283,122</u>



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**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
St. Lawrence County Industrial Development Agency
Canton, New York 13617

We have audited the financial statements of the St. Lawrence County Industrial Development Agency (Agency) as of and for the year ended December 31, 2010, and have issued our report thereon dated February 11, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness in internal control* is a deficiency, or combination of significant deficiencies in internal control such that there is a reasonable possibility that a misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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*.

We noted certain matters that we reported to management of the Agency in a separate letter dated February 11, 2011.

This report is intended solely for the information and use of the audit committee, management, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Prato Mucenski Hooper Van House & Co.
Certified Public Accountants, P.C.

Ogdensburg, New York
February 11, 2011



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Van House & Co.
Certified Public Accountants, P.C.

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January 21, 2011

To the Board of Directors
St. Lawrence County Industrial Development Agency
Canton, New York 13617

We have audited the financial statements of the governmental activities of the St. Lawrence County Industrial Development Agency (Agency) for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 7, 2010. Professional standards also require that we communicate to you the following information related to our audit

Our Responsibilities under US Generally Accepted Auditing Standards, Government Auditing Standards, and OMB Circular A-133

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with US generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements.

As part of our audit, we considered the internal control of the Agency. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. There were 2 new accounting policies that were adopted and the application of existing policies was not changed during the year ended December 31, 2010. The new accounting policies occurred as a result of the Agency becoming a new employer during 2010. Please refer to Note 1 Vested Employee Benefits and Postemployment Benefits Other than Pensions (OPEB) and also Note 7 Postemployment Benefits Other than Pensions for more information regarding these new accounting policies. We noted no transactions entered

into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the Agency's financial statements follow.

Valuation of Accounts and Mortgage Receivables and Line of Credit

Management's estimate of the valuation of receivables is based on a review of historical collection rates, contractual agreements, and an analysis of the collectability of individual receivables owed to the Agency. We evaluated the key factors and assumptions used to develop the valuation of receivables in determining that they are reasonable in relation to the financial statements taken as a whole.

Useful Lives Used in Providing Depreciation Expense

Management's estimate of the useful lives of assets used in providing depreciation expense is based on the requirements of generally accepted accounting principles. We evaluated the key factors and assumptions used by management in determining that depreciation expense was reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Agency's financial statements follow.

Post Employment (Health Insurance) Benefits Other Than Pensions – GASB #45

The disclosure of post employment benefits other than pensions found in Note 7 to the financial statements of the Agency describes the required implementation and recording of the liability.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such

disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 11, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the audit committee, management, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Piotr Mucinski Hooper Van House & Co.

Certified Public Accountants, P.C.
Ogdensburg, New York



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To the Board of Directors
St. Lawrence County Industrial Development Agency
Canton, New York 13617

In planning and performing our audit of the financial statements of the St. Lawrence County Industrial Development Agency (Agency) for the year ended December 31, 2010, we considered the Agency's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the internal control structure does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

The accompanying comments are submitted as constructive suggestions to assist you in improving controls and procedures. These recommendations have been previously discussed with appropriate management personnel and are set forth in this letter as a mutual record of the discussions and for such follow-up as you may consider appropriate.

We appreciate the cooperation and courtesy extended to us by the management and employees of the Agency. We would be pleased to discuss our recommendations with you in further detail, as you may desire.

This report is intended solely for the use of management and members of the Agency's Board and is not intended to be and should not be used for any other purpose.

Very truly yours,

Pinto Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

Ogdensburg, New York

February 11, 2011

*St. Lawrence County Industrial Development Agency
Comments and Recommendations
December 31, 2010*

09-1 Payroll Timesheet Review and Approval

Status: Corrected

Resolution

CFO initiated payroll approval procedures to ensure that all bi-weekly timesheets are completed by all employees and reviewed and approved by appropriate management personnel. Also, the CFO has updated the financial procedures manual covering payroll procedures.

10-1 Unclear Reimbursements-Northern Corridor Transportation Group (NCTG)

Condition

Expenses incurred for the NTCG and submitted to the IDA for reimbursement are managed by the Business Development Corporation (BDC) for Greater Massena. In reviewing invoices submitted by the BDC, we did not find that any of the invoices were identified at all as expenses incurred on behalf of the NCTG. Since the BDC and the NCTG have similar goals and would typically incur similar expenses, we were unable to determine with any certainty for which organization the expenses were incurred.

Cause of Condition

Vendors were not directed to clearly mark the user of the goods/services on their invoices.

Effect of Condition

As auditors, we were unable to determine which expenses were clearly BDC and which were clearly NCTG expenses.

Recommendation

In the process of incurring expenses for the agencies, the Director or staff person responsible should advise the vendor of the identity of the user of the goods/services and request that the name of that user be clearly printed on the invoice to avoid confusion.