

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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DECEMBER 31, 2011 AND 2010

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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 (Agency) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, 2011 and 2010, 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 28, 2012 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 29 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.


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

Ogdensburg, New York
February 28, 2012

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, 2011. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- Fixed assets were decreased by \$101,776 due to depreciation costs. Also, \$3,518 of fixed assets were disposed of during 2011.
- Total costs for governmental activities increased by \$280,445 due to the Agency completing an entire year of the agreement with St. Lawrence County to provide Economic Development Services. This resulted in personnel costs, healthcare costs, retirement costs and other associated costs increasing.
- The financial statements include \$156,929 for compensated absences, according to GASB Statement 16, and \$143,317 in Postemployment Benefits Other than Pensions according to GASB Statement 45 and the 2011 Actuarial Study.

Agency Highlights

- January 2011 The Agency passed resolutions for the annual review of the Procurement and Investment policies. An annual review of the Real Property Guidelines was also completed.
- February 2011 The Agency revised its Financial Disclosure, Travel and Credit Card Usage Policies.
- March 2011 The Agency recognized the Life and Achievements of Douglas B. Schelleng. The Agency also accepted its 2010 Annual Audit.
- April 2011 The Agency passed a resolution supporting the Ogdensburg Bridge and Port Authority's efforts to secure additional funding to rehab the Ogdensburg Prescott Bridge.
- May 2011 The Agency provided financial assistance to SLIC Network Solutions through an extension in a line of credit to the company.
- June 2011 The Agency authorized a contract to Survey and Catalog the Conditions of the Newton Falls Rail Line.
- July 2011 The Agency authorized an Agent Extension for Dockside Village of the 1,000 Islands.

- September 2011 The Agency recognized the commitment of Kinney's Drugs, Hoosier Magnetics and St. Lawrence Valley Roasters to St. Lawrence County and Economic Development. The Agency also accepted a 2012 Tentative Budget.
- October 2011 The Agency authorized Sullivan's Office Supply to provide office supplies to the Agency, the Agency also approved its 2012 budget.
- December 2011 The Agency authorized a mortgage recording tax exemption for North Country Dairy, LLC. Modifications to the Agency's 2011 budget were approved, and a new Chief Executive Officer was appointed.

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.

Government 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 \$7,689,896 as of December 31, 2011.

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, 2011.

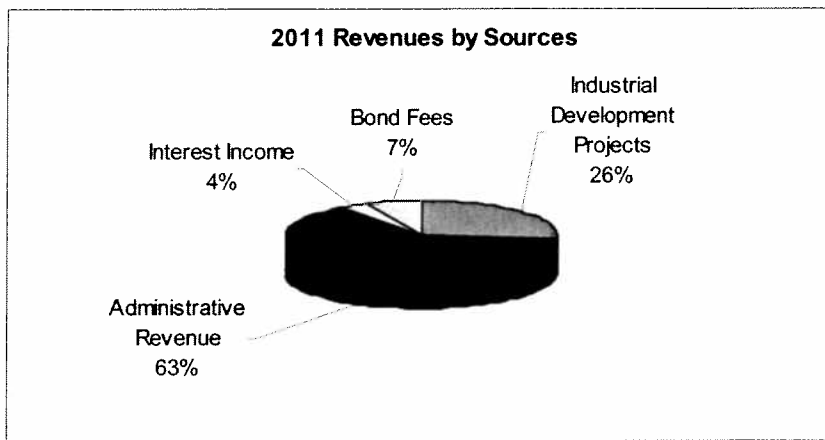
Table 1

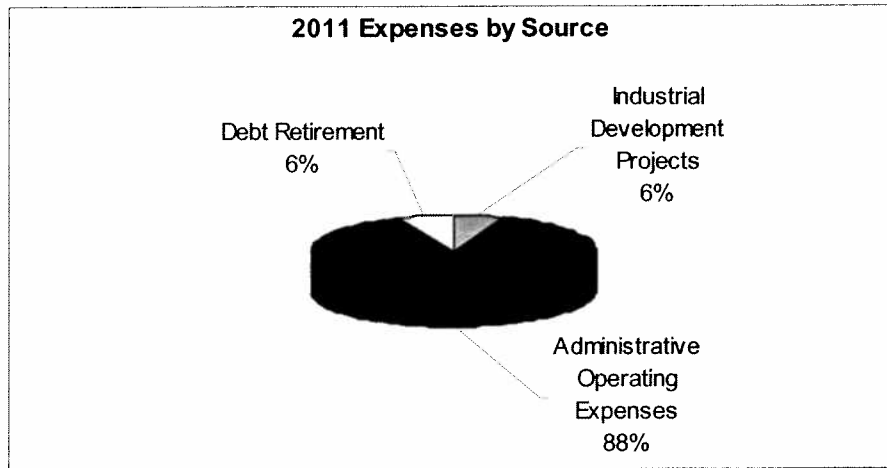
2010		2011	
Total Current Assets	5,063,768	Total Current Assets	5,716,497
Total Fixed Assets (Net)	2,933,585	Total Fixed Assets (Net)	2,831,807
Total Other Assets	599,018	Total Other Assets	81,742
Total Assets	<u>\$8,596,371</u>	Total Assets	<u>\$8,630,046</u>
Total Liabilities	906,588	Total Liabilities	940,150
Total Net Assets	<u>7,689,783</u>	Total Net Assets	<u>7,689,896</u>
Total Liabilities & Net Assets	<u>\$8,596,371</u>	Total Liabilities & Net Assets	<u>\$8,630,046</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

2010		2011	
Total Industrial Development Project (IDP) Revenue	\$267,880	Total Industrial Development Project (IDP) Revenue	\$203,852
Total IDP Projects	189,530	Total IDP Projects	147,203
Support Services	<u>702,135</u>	Support Services	<u>933,149</u>
Total Governmental Expenses	<u>(891,665)</u>	Total Governmental Expenses	<u>(1,080,352)</u>
Total Government Activities	<u>(623,785)</u>	Total Government Activities	<u>(876,500)</u>
Total General Revenues	<u>167,697</u>	Total General Revenues	<u>876,613</u>
Change in Net Assets	(456,088)	Change in Net Assets	113
Prior Year Adjustment	0	Prior Year Adjustments	0
Net Assets – Beginning of Year	<u>8,145,871</u>	Net Assets – Beginning of Year	<u>7,689,783</u>
Net Assets – End of Year	<u>\$7,689,783</u>	Net Assets – End of Year	<u>\$7,689,896</u>





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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,335,495	\$ 2,700,822
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	6,471	129,293
Accrued Interest Receivable	507	899
Line of Credit Advanced - Slic Network Solutions	286,970	121,887
Mortgages Receivable - Current	30,426	110,156
Prepaid Expenses	56,628	711
	<hr/>	<hr/>
Total Current Assets	5,716,497	5,063,768
<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	33,676	37,194
	<hr/>	<hr/>
	3,855,284	3,858,802
Less: Accumulated Depreciation	(1,023,477)	(925,217)
	<hr/>	<hr/>
Total Fixed Assets (Net)	2,831,807	2,933,585
<u>Other Assets</u>		
Mortgages Receivable - Long Term	81,742	599,018
	<hr/>	<hr/>
Total Other Assets	81,742	599,018
	<hr/>	<hr/>
Total Assets	8,630,046	8,596,371
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Rental and Refundable Deposits	28,783	33,755
Accrued Expenses - Other	14,048	20,841
Long Term Debt - Current Portion	62,159	60,181
	<hr/>	<hr/>
Total Current Liabilities	104,990	114,777
<u>Long-Term Liabilities:</u>		
Compensated Absences	156,929	125,525
Postemployment Benefits Other Than Pensions	143,317	69,213
Long Term Debt - Less Current Portion	534,914	597,073
	<hr/>	<hr/>
Total Long-Term Liabilities	835,160	791,811
	<hr/>	<hr/>
Total Liabilities	940,150	906,588
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,234,734	2,276,331
Restricted	2,000,000	2,000,000
Unassigned	3,455,162	3,413,452
	<hr/>	<hr/>
Total Net Assets	7,689,896	7,689,783
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 8,630,046	\$ 8,596,371
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011					2010				
	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	\$ 11,295	\$ 10,746	\$ -	\$ -	\$ (549)	\$ 15,497	\$ 10,344	\$ -	\$ -	\$ (5,153)
Third Massena Shell Building	13,132	41,176	-	-	28,044	13,132	39,960	-	-	26,828
Massena - Lot 17	10,200	19,781	-	-	9,581	10,324	18,355	-	-	8,031
Massena - Lot 20	21,074	55,573	-	-	34,499	27,288	78,377	-	-	51,089
Northern Corridor Trans Group	2,789	186	-	-	(2,603)	45,086	-	37,000	-	(8,086)
Railroad Corridor	14,096	-	-	-	(14,096)	12,122	-	-	-	(12,122)
Newton Falls Rail Repair	25,799	-	-	-	(25,799)	19,822	-	-	-	(19,822)
Potsdam Commerce Park	25,582	5,500	-	-	(20,082)	26,046	12,954	-	-	(13,092)
Potsdam Technology Development Center	20,041	70,890	-	-	50,849	20,213	70,890	-	-	50,677
Canton Industrial Park	3,195	-	-	-	(3,195)	-	-	-	-	-
Total Industrial Development Projects	147,203	203,852	-	-	56,649	189,530	230,880	37,000	-	78,350
Support Services										
Administrative Operating Expenses	818,488	-	-	-	(818,488)	492,824	-	-	-	(492,824)
Employee Benefits	102,460	-	-	-	(102,460)	194,738	-	-	-	(194,738)
Depreciation - Unallocated	12,201	-	-	-	(12,201)	14,573	-	-	-	(14,573)
Total Support Services	933,149	-	-	-	(933,149)	702,135	-	-	-	(702,135)
Total Governmental Activities	1,080,352	203,852	-	-	(876,500)	891,665	230,880	37,000	-	(623,785)
General Revenues										
Interest					36,910					41,259
Miscellaneous Income					4,030					257
Administration Fees					684,000					-
Project Fees					76,473					-
Bond Fees					73,200					126,181
Total General Revenues					876,613					167,697
Changes in Net Assets					113					(456,088)
Net Assets - Beginning of Year					7,689,783					8,145,871
Net Assets - End of Year					<u>\$ 7,689,896</u>					<u>\$ 7,689,783</u>

The notes to the financial statements are an integral part of this statement.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,335,495	\$ 2,700,822
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	6,471	129,293
Accrued Interest Receivable	507	899
Line of Credit - Slic Network Solutions	286,970	121,887
Mortgages Receivable - Current	30,426	110,156
Prepaid Expenses	56,628	711
Mortgages Receivable - Long Term	81,742	599,018
	<u>5,798,239</u>	<u>5,662,786</u>
Total Assets	<u>5,798,239</u>	<u>5,662,786</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Rental and Refundable Deposits	28,783	33,755
Accrued Expenses - Other	14,048	20,841
	<u>42,831</u>	<u>54,596</u>
Total Liabilities	<u>42,831</u>	<u>54,596</u>
Fund Balances		
Assigned	2,000,000	2,000,000
Unassigned	3,755,408	3,608,190
	<u>5,755,408</u>	<u>5,608,190</u>
Total Fund Balances	<u>5,755,408</u>	<u>5,608,190</u>
Total Liabilities and Fund Balances	<u>\$ 5,798,239</u>	<u>\$ 5,662,786</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>REVENUES</u>		
Operating Project Revenues:		
Gouverneur Industrial Park	\$ 10,746	\$ 10,344
Third Massena Shell Building	41,176	39,960
Massena - Lot 17	19,781	18,355
Massena - Lot 20	55,573	78,377
Northern Corridor Trans Group	186	37,000
Potsdam Commerce Park	5,500	12,954
Potsdam Technology Development Center	70,890	70,890
Interest Income	38,910	41,259
Miscellaneous Income	4,030	257
Administration Fees	684,000	-
Project Fees	76,473	-
Bonds Fees	73,200	126,181
	<u>1,080,465</u>	<u>435,577</u>
 <u>EXPENDITURES</u>		
Operating Project Expenditures:		
Gouverneur Industrial Park	1,426	5,628
Massena - Lot 17	-	124
Massena - Lot 20	3,186	9,400
Northern Corridor Trans Group	2,789	45,086
Railroad Corridor	14,096	12,122
Newton Falls Rail Repair	25,799	19,822
Potsdam Commerce Park	3,320	3,783
Potsdam Technology Development Center	3,817	3,988
Canton Industrial Park	3,195	-
Administrative Operating Expenditures	818,488	492,824
Debt Retirement	60,649	58,265
Net Change Capital Assets	(3,518)	1,750
	<u>933,247</u>	<u>652,792</u>
Excess (Deficiency) of Revenues Over Expenditures	147,218	(217,215)
Fund Balances - Beginning of Year	<u>5,608,190</u>	<u>5,825,405</u>
Fund Balances - End of Year	<u>\$ 5,755,408</u>	<u>\$ 5,608,190</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	\$ 3,335,495	\$ -	\$ -	\$ 3,335,495
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Accounts Receivable	6,471	-	-	6,471
Accrued Interest Receivable	507	-	-	507
Line of Credit - Slic Network Solutions	286,970	-	-	286,970
Mortgages Receivable - Current	30,426	-	-	30,426
Prepaid Expenses	56,628	-	-	56,628
Fixed Assets - Net	-	2,831,807	-	2,831,807
Mortgages Receivable - Long Term	81,742	-	-	81,742
	<hr/>			
Total Assets	5,798,239	2,831,807	-	8,630,046
<hr/>				
LIABILITIES				
Rental and Refundable Deposits	28,783	-	-	28,783
Accrued Expenses - Other	14,048	-	-	14,048
Compensated Absences	-	156,929	-	156,929
Postemployment Benefits Other Than Pensions	-	143,317	-	143,317
Long Term Debt - Current Portion	-	62,159	-	62,159
Long Term Debt	-	534,914	-	534,914
	<hr/>			
Total Liabilities	42,831	897,319	-	940,150
<hr/>				
NET ASSETS				
Total Net Assets	5,755,408	1,934,488	-	7,689,896
	<hr/>			
Total Liabilities and Fund Balance/Net Assets	\$ 5,798,239	\$ 2,831,807	\$ -	\$ 8,630,046
<hr/>				
Total Governmental Fund Balances				\$ 5,755,408
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.				2,831,807
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.				(143,317)
GASB 16 valuation of the liability for vacation and sick time earned during the current year				(156,929)
Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds.				(597,073)
				<hr/>
Net Assets of Governmental Activities				<u>\$ 7,689,896</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, 2011

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenues				
Operating Project Revenues:				
Gouverneur Industrial Park	\$ 10,746	\$ -	\$ -	\$ 10,746
Third Massena Shell Building	41,176	-	-	41,176
Massena Lot - 17	19,781	-	-	19,781
Massena Lot - 20	55,573	-	-	55,573
Northern Corridor Trans Group	186	-	-	186
Potsdam Commerce Park	5,500	-	-	5,500
Potsdam Technology Development Center	70,890	-	-	70,890
Interest Income	38,910	-	-	38,910
Miscellaneous Income	4,030	-	-	4,030
Administration Fees	684,000	-	-	684,000
Project Fees	76,473	-	-	76,473
Bond Fees	73,200	-	-	73,200
	<hr/>			
Total Revenues	1,080,465	-	-	1,080,465
	<hr/>			
Expenditures				
Operating Project Expenditures:				
Gouverneur Industrial Park	1,426	9,869	-	11,295
Third Massena Shell Building	-	13,132	-	13,132
Massena - Lot 17	-	10,200	-	10,200
Massena - Lot 20	3,186	17,888	-	21,074
Northern Corridor Trans Group	2,789	-	-	2,789
Railroad Corridor	14,096	-	-	14,096
Newton Falls Rail Repair	25,799	-	-	25,799
Potsdam Commerce Park	3,320	22,262	-	25,582
Potsdam Technology Development Center	3,817	16,224	-	20,041
Canton Industrial Park	3,195	-	-	3,195
Administrative Operating Expenditures	818,488	12,201	-	830,689
Debt Requirement	60,649	-	(60,649)	-
Net Change in Capital Assets	(3,518)	3,518	-	-
Employee Benefits	-	-	102,460	102,460
	<hr/>			
Total Expenditures	933,247	105,294	41,811	1,080,352
	<hr/>			
Excess (Deficiency) Of Revenues Over Expenditures	147,218	(105,294)	(41,811)	113
	<hr/>			
Net Change For The Year	\$ 147,218	\$ (105,294)	\$ (41,811)	\$ 113
	<hr/>			
Net Change in Fund Balances				\$ 147,218
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(105,294)
Expenditures for acquisition of capital assets (net) recorded in the Governmental Funds, but not in the Statement of Activities				-
GASB 16 & 45 valuation of compensated absence and postemployment benefits other than pensions				(102,460)
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				<hr/> 60,649
Change in Net Assets of Governmental Activities				<hr/> <hr/> \$ 113

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2011 AND 2010

	<u>Agency</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ -	\$ -
Total Assets	-	-
LIABILITIES		
Other liabilities	-	-
Total Liabilities	\$ -	\$ -

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

	<u>Agency Funds</u>	
	<u>2011</u>	<u>2010</u>
ADDITIONS		
Revenues from Payments in Lieu of Taxes	\$ 48,112	\$ 48,242
Total Additions	48,112	48,242
DEDUCTIONS		
Payments to Governmental Agencies	48,112	48,242
Total Deductions	48,112	48,242
Change in Net Assets	-	-
Net Assets - Beginning of Year	-	-
Net Assets - End of Year	\$ -	\$ -

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the St. Lawrence County Industrial Development Agency (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 forth 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.

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.

Governmental Funds financial statements - the Balance Sheets and Statements of Revenue, Expenditures, and Changes in Fund Balances - provide information about the Agency's funds,

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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 include obligations of the United States Treasury, United States Agencies, repurchase

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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. 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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011 through February 28, 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.

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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
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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 – NET ASSET CLASSIFICATION

Agency Wide Statements

In the Agency wide statements there are three classes of net assets.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Invested in Capital Assets, Net of Related Debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets. The Agency had \$2,234,734 and \$2,276,331 invested in capital assets, net of related debt as December 31, 2011 and 2010 respectively.

Restricted Net Assets - reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Agency had \$2,000,000 and \$2,000,000 in restricted net assets as December 31, 2011 and 2010 respectively.

Unrestricted Net Assets - reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the Agency. The Agency had \$3,455,162 and \$3,413,452 in unrestricted net assets as of December 31, 2011 and 2010 respectively.

Governmental Funds Statements

In the governmental funds statements there are five classifications of fund balance.

Non-Spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Agency had \$-0- in non-spendable fund balance as of December 31, 2011 and 2010 respectively.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws 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 balance. The Agency had \$-0- in restricted fund balance as of December 31, 2011 and 2010 respectively.

Committed - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Agency's highest level of decision making authority i.e., the Board of Directors. The Agency had \$-0- in committed fund balance as of December 31, 2011 and 2010 respectively.

Assigned – includes amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. The Agency had \$2,000,000 and \$2,000,000 in assigned fund balance as of December 31, 2011 and 2010 respectively.

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NOTES TO FINANCIAL STATEMENTS
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Unassigned – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Agency. The Agency had \$3,755,408 and \$3,608,190 in unassigned fund balance as of December 31, 2011 and 2010 respectively.

Order of Use of Fund Balance

The Agency's policy is to apply expenditures against non-spendable 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, non-spendable 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.

NOTE 4 – LINE OF CREDIT

The Agency entered into an agreement on August 16, 2010 to provide financial assistance to Slic Network Solutions, Inc. on a line of credit basis. The purpose of these funds will enable the participation in the Rural Utilities Services Broadband Initiative Program (RUS). Slic Network Solutions, Inc. will utilize these funds until it receives funding from RUS, at which time they are to be repaid.

The agreement allows for borrowing 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. On May 24, 2011, the Agency passed Resolution #11-05-18 extending the line of credit one additional year. On July 28, 2011, the Agency passed Resolution #11-07-23 amending the agreement to borrow up to \$300,000.00.

The amount outstanding on the line of credit at December 31, 2011 was \$286,970. Due to the short-term nature of this agreement as described above, the Agency classifies the line of credit as a current asset.

NOTE 5 – 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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011 and 2010 follow.

<u>Mortgages</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2011</u>	<u>2010</u>
Ansen Corporation	3.00%	08/01/13	Corporate Facility	\$ 205,000	\$ -	\$ 60,931
Ogdensburg Bridge & Port Authority (OBPA)	5.00%(VAR)	05/01/14	11th Building	325,547	-	91,903
Atlantic Testing Laboratories	5.25%	12/1/2016	Building	188,478	77,957	93,883
Kinney Drugs	3.00%	3/1/14	Building	136,000	34,211	48,707
OBPA - BreconRidge	3.87%(VAR)	5/1/20	Building	600,000	-	413,750
					<u>112,168</u>	<u>709,174</u>
Current Portion					<u>(30,426)</u>	<u>(110,156)</u>
Long-Term Portion					<u>\$ 81,742</u>	<u>\$ 599,018</u>

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2011 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	<u>163,103</u>	<u>-</u>	<u>-</u>	<u>163,103</u>
Capital assets that are depreciated:				
Buildings and Improvements	3,563,214	-	-	3,563,214
Automotive Equipment	95,291	-	-	95,291
Office Equipment and Furnishings	37,194	3,518	7,036	33,676
Total depreciable historical cost	<u>3,695,699</u>	<u>3,518</u>	<u>7,036</u>	<u>3,692,181</u>
Less accumulated depreciation	<u>925,217</u>	<u>101,776</u>	<u>3,516</u>	<u>1,023,477</u>
Total depreciable historical cost, net	<u>2,770,482</u>	<u>(98,258)</u>	<u>3,520</u>	<u>2,668,704</u>
Total capital assets historical cost, net	<u>\$ 2,933,585</u>	<u>\$ (98,258)</u>	<u>\$ 3,520</u>	<u>\$ 2,831,807</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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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	22,262
Potsdam Technological Development Center	<u>16,224</u>
Total Depreciation Charged to Government Activities	<u>89,575</u>
Total Depreciation Charged to Support Services	<u>12,201</u>
Total Depreciation Expense	<u>\$ 101,776</u>

NOTE 7 – 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 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 as follows.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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ERS

2011	\$55,053
2010	247
2009	5,700

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 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Total expenditures charged to operations for the year ended December 31, 2011 amounted to \$74,104. At December 31, 2011, the postemployment benefit liability for retired employees amounted to \$143,317. The number of participants as of December 31, 2011 follows.

Active Employees	7
Retired Employees	0
<u>Spouses of Retired Employees</u>	<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, 2011 amounted to \$74,104.

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)	<u>\$ 410,070</u>
Underfunded Actuarial Accrued Liability (UAAL)	<u>\$ 410,070</u>
Normal Cost for a Fiscal Year	\$ 51,109
Amortization of Unfunded UAAL	<u>24,145</u>
Annual Required Contribution	<u>\$ 75,254</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
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Annual OPEB and Net OPEB Obligation

Annual Required Contribution	\$ 75,254
Interest on Net OPEB Obligation	2,769
Adjustment to Annual Required Contribution	<u>(3,919)</u>
Annual OPEB Cost (Expense)	\$ 74,104
Contribution Made on Pay-As-You-Go Basis	<u>-</u>
Increase in Net OPEB Obligation	\$ 74,104
Net OPEB Obligation on January 1	<u>69,213</u>
Expected Net OPEB Obligation on December 31	<u><u>\$ 143,317</u></u>

Actuarial Methods and Assumptions

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

NOTE 9 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2011 and 2010 consisted of the following.

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2011</u>	<u>2010</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	357,516	395,778
St. Lawrence County IDA-LDC	3%	12/01/15		217,204	94,557	116,476
Current Portion					<u>597,073</u>	<u>657,254</u>
					<u>(62,159)</u>	<u>(60,181)</u>
Long-Term Debt (Net)					<u><u>\$ 534,914</u></u>	<u><u>\$ 597,073</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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Future maturities of long-term debt are projected as follows.

2012	\$ 62,159
2013	64,202
2014	66,313
2015	68,501
2016	45,284
Thereafter	<u>290,614</u>
	<u>\$ 597,073</u>

NOTE 10 - 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, 2011. 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 11 - 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-

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 12 - 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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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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 13 - 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.

NOTE 14 – 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 structured as follows.

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 15 - 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.

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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 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. The loan and bond were both paid in full during 2011.

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 Industrial Development Agency Civic Development Corporation was created for this purpose.

NOTE 18 – ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

The St. Lawrence River Valley Redevelopment Agency (SLRVRA) is a joint action agency formed on June 2, 2010 to make use of certain New York Power Authority assets for the purposes of economic development in the St. Lawrence Valley and surrounding communities. The New York Power Authority has made available certain assets consisting of \$16 million and 20 megawatts of electrical power generation from hydro-electric facilities situated on the St. Lawrence River. There is an agreement in place between the SLRVRA and the St. Lawrence County Industrial Development Agency Local Development Corporation (SLC IDALDC) for the administration of these assets.

As of December 31, 2011, the SLRVRA and SLC IDALDC have been provided the \$16 million, however, a second agreement between the New York Power Authority (NYPA) and the SLRVRA as to the allocation of the 20 megawatts of electricity has not been resolved as of the date of this report. Officials on both sides of the agreement remain hopeful that a resolution is forthcoming.

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.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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 2011 and 2010.

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, counsel advises that the Agency will take appropriate measures.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
GOUVERNEUR INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Insurance	176	247
Repairs and Maintenance	1,250	3,250
Miscellaneous	-	-
Total Operating Expenses	<u>1,426</u>	<u>3,497</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>-</u>	<u>-</u>
Total Non-Operating Expenses	<u>-</u>	<u>-</u>
Total Expenses	<u>1,426</u>	<u>3,497</u>
Excess of Revenues Over Expenses	<u>\$ (1,426)</u>	<u>\$ (3,497)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
FIRST GOUVERNEUR INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Lease Income	\$ 10,746	\$ 10,344
Total Operating Revenues	<u>10,746</u>	<u>10,344</u>
<u>OPERATING EXPENSES:</u>		
Insurance	-	-
Repairs and Maintenance	-	-
Miscellaneous	-	2,131
Total Operating Expenses	<u>-</u>	<u>2,131</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>9,869</u>	<u>9,869</u>
Total Non-Operating Expenses	<u>9,869</u>	<u>9,869</u>
Total Expenses	<u>9,869</u>	<u>12,000</u>
Excess of Revenues Over Expenses	<u>\$ 877</u>	<u>\$ (1,656)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
THIRD MASSENA SHELL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Lease Income	\$ 41,176	\$ 39,960
Total Operating Revenues	<u>41,176</u>	<u>39,960</u>
<u>OPERATING EXPENSES:</u>		
Insurance	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>-</u>	<u>-</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>13,132</u>
Excess of Revenues Over Expenses	<u>\$ 28,044</u>	<u>\$ 26,828</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 17
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Lease Income	\$ 19,781	\$ 18,355
Total Operating Revenues	<u>19,781</u>	<u>18,355</u>
<u>OPERATING EXPENSES:</u>		
Maintenance Services	<u>-</u>	<u>124</u>
Total Operating Expenses	<u>-</u>	<u>124</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>10,200</u>	<u>10,200</u>
Total Non-Operating Expenses	<u>10,200</u>	<u>10,200</u>
Total Expenses	<u>10,200</u>	<u>10,324</u>
Excess of Revenues Over Expenses	<u>\$ 9,581</u>	<u>\$ 8,031</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 20
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ 55,573</u>	<u>\$ 78,377</u>
Total Operating Revenues	<u>55,573</u>	<u>78,377</u>
<u>OPERATING EXPENSES:</u>		
Insurance	-	5,374
Miscellaneous	-	185
Interest	<u>3,186</u>	<u>3,841</u>
Total Operating Expenses	<u>3,186</u>	<u>9,400</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>21,074</u>	<u>27,288</u>
Excess of Revenues Over Expenses	<u>\$ 34,499</u>	<u>\$ 51,089</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
NORTHERN CORRIDOR TRANSPORTATION GROUP
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
NCTG Donations	<u>\$ 186</u>	<u>\$ 37,000</u>
Total Operating Revenues	<u>186</u>	<u>37,000</u>
<u>OPERATING EXPENSES:</u>		
NCTG Promotion and Marketing	<u>2,789</u>	<u>45,086</u>
Total Operating Expenses	<u>2,789</u>	<u>45,086</u>
Excess of Revenues Over Expenses	<u><u>\$ (2,603)</u></u>	<u><u>\$ (8,086)</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
RAILROAD CORRIDOR
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Income	<u>\$ -</u>	<u>\$ -</u>
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Maintenance	<u>14,096</u>	<u>12,122</u>
Total Operating Expenses	<u>14,096</u>	<u>12,122</u>
Excess of Revenues Over Expenses	<u><u>\$ (14,096)</u></u>	<u><u>\$ (12,122)</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
NEWTON FALLS RAIL REPAIR
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Income	<u>\$ -</u>	<u>\$ -</u>
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Repairs	<u>25,799</u>	<u>19,822</u>
Total Operating Expenses	<u>25,799</u>	<u>19,822</u>
Excess of Revenues Over Expenses	<u><u>\$ (25,799)</u></u>	<u><u>\$ (19,822)</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM COMMERCE PARK
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ 5,500	\$ 12,954
Total Operating Revenues	<u>5,500</u>	<u>12,954</u>
<u>OPERATING EXPENSES:</u>		
Insurance	3,109	3,286
Maintenance Services	211	497
Utilities	-	-
Repairs - Structural	-	-
Miscellaneous	-	-
Total Operating Expenses	<u>3,320</u>	<u>3,783</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>22,262</u>	<u>22,263</u>
Total Non-Operating Expenses	<u>22,262</u>	<u>22,263</u>
Total Expenses	<u>25,582</u>	<u>26,046</u>
Excess of Revenues Over Expenses	<u>\$ (20,082)</u>	<u>\$ (13,092)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM TECHNOLOGY DEVELOPMENT CENTER
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ 70,890</u>	<u>\$ 70,890</u>
Total Operating Revenues	<u>70,890</u>	<u>70,890</u>
<u>OPERATING EXPENSES:</u>		
Insurance	<u>3,817</u>	<u>3,988</u>
Total Operating Expenses	<u>3,817</u>	<u>3,988</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>16,224</u>	<u>16,225</u>
Total Non-Operating Expenses	<u>16,224</u>	<u>16,225</u>
Total Expenses	<u>20,041</u>	<u>20,213</u>
Excess of Revenues Over Expenses	<u><u>\$ 50,849</u></u>	<u><u>\$ 50,677</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
CANTON INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ -	\$ -
Total Operating Revenues	-	-
<u>OPERATING EXPENSES:</u>		
Engineering Expenses	3,195	-
Total Operating Expenses	3,195	-
<u>NON-OPERATING EXPENSES:</u>		
Depreciation		-
Total Non-Operating Expenses	-	-
Total Expenses	3,195	-
Excess of Revenues Over Expenses	\$ (3,195)	\$ -

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING EXPENSES:</u>		
Accounting/Audit	\$ 6,520	\$ 5,900
Educational Workshops	1,750	2,175
Employee Benefits	101,664	25,409
Insurance	10,056	8,354
Interest Expense	12,769	-
Legal Fees	44,467	51,444
Meetings	1,183	1,657
Miscellaneous	334	955
Office Supplies and Postage	8,682	5,028
Other Travel	9,189	13,298
Outside Contracted Services	1,597	2,891
Payroll Fees	1,942	1,835
Payroll Taxes	29,759	13,611
Printing and Copying	2,658	175
Professional Associations	1,275	2,455
Promotion and Marketing	92,691	96,861
Rent and Maintenance	82,187	22,855
Salaries and Wages	394,612	149,227
Services - County	-	75,682
Telephone	4,174	3,021
Vehicle Repairs and Maintenance	<u>10,979</u>	<u>9,991</u>
 Total Operating Expenses	 <u><u>\$818,488</u></u>	 <u><u>\$492,824</u></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 governmental activities of St. Lawrence County Industrial Development Agency (Agency) as of and for the year ended December 31, 2011, and have issued our report thereon dated February 28, 2012. 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 Agency'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 and correct misstatements on a timely basis. *A material weakness in internal control* is a deficiency or a 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.

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 28, 2012.

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 28, 2012



Pinto · Mucenski · Hooper
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February 28, 2012

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, 2011. 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 1, 2011. Professional standards also require that we communicate to you the following information related to our audit

Our Responsibilities under US Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated December 1, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statement does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, 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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Agency's compliance with those requirements.

Planned Scope and Timing of the Audit

The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature,

timing, and extent of further audit procedures. Material misstatements may result for (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf on the entity. We have communicated our significant findings as outlined below.

We began our audit on January 23, 2012 and intend to issue our report on approximately February 28, 2012.

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 no new accounting policies that were adopted and the application of existing policies was not changed during the year ended December 31, 2011. 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 and determined 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 and determined 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 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 28, 2012.

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,


Pruto 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

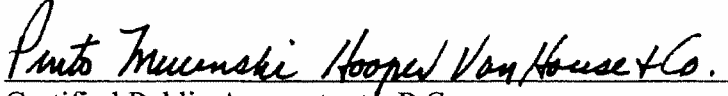
In planning and performing our audit of the financial statements of the St. Lawrence County Industrial Development Agency (Agency) for the year ended December 31, 2011, we considered the Agency's internal control structure in order to determine our auditing procedures for the purpose of expressing an 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,


Certified Public Accountants, P.C.

Ogdensburg, New York
February 28, 2012

*St. Lawrence County Industrial Development Agency
Comments and Recommendations
December 31, 2011*

**10-1 Unclear Reimbursements-Northern Corridor Transportation Group (NCTG)
Status: Corrected**

Resolution

Expenses incurred for the NTCG are no longer submitted to the IDA for reimbursement and are handled directly by the Business Development Corporation (BDC) for Greater Massena.

During 2011, the Agency severed ties with the BDC since the BDC was unable to comply with the Agency's procurement policies.