

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
CANTON, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
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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 -
Civic Development Corporation
Canton, New York 13617

We have audited the accompanying financial statements of the governmental activities of the St. Lawrence County Industrial Development Agency – Civic Development Corporation (IDACDC) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the IDACDC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the IDACDC'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 IDACDC 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 IDACDC'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 on pages 3 through 7 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 IDACDC's basic financial statements as a whole. The supplemental schedule at page 21 is presented for additional analysis and is 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.


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

Ogdensburg, New York
February 28, 2012



ST. LAWRENCE COUNTY

INDUSTRIAL DEVELOPMENT AGENCY
CIVIC DEVELOPMENT CORPORATION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the St. Lawrence County Industrial Development Agency - Civic Development Corporation's financial performance provide an overview of the Corporation's financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the Corporation's financial statements.

HIGHLIGHTS

Financial Highlights

- A restricted cash account was created for the Civic Development Fund, the balance as of December 31, 2011 was \$59,814.
- The Corporation collected \$148,400 in project fees during 2011.

Corporation Highlights

- January 2011 The Corporation 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 Corporation revised its Financial Disclosure Policy.
- March 2011 The Corporation accepted its Annual Audit for 2010.
- April 2011 The Corporation passed resolutions for SEQRA and Inducement for a Clarkson Bond Project.
- June 2011 The Corporation authorized resolution approving the Clarkson Bond Project.
- August 2011 The Corporation authorized the advancement of funds for the Civic Development Fund.
- September 2011 The Corporation accepted a 2012 Tentative Budget.

- October 2011 The Corporation authorized the 2012 budget.
- December 2011 The Corporation authorized modifications to the Corporation's 2011 budget 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 Corporation's basic financial statements. The Corporation'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 Corporation's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Corporation'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 Corporation is improving or deteriorating.

The *statement of activities* presents information showing how the Corporation'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 result in cash flows for future fiscal periods.

The government-wide financial statements outline functions of the Corporation that are principally supported by intergovernmental revenues (*governmental activities*). These activities 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 Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Corporation 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 Corporation'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 Corporation'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 Corporation. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Corporation'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 Corporation, assets exceeded liabilities by \$188,256 as of December 31, 2011. The Corporation'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 Corporation's derivation of net assets for the fiscal year ended December 31, 2011.

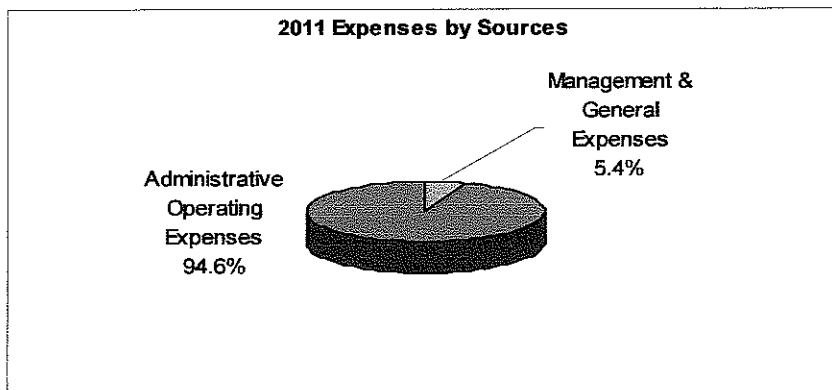
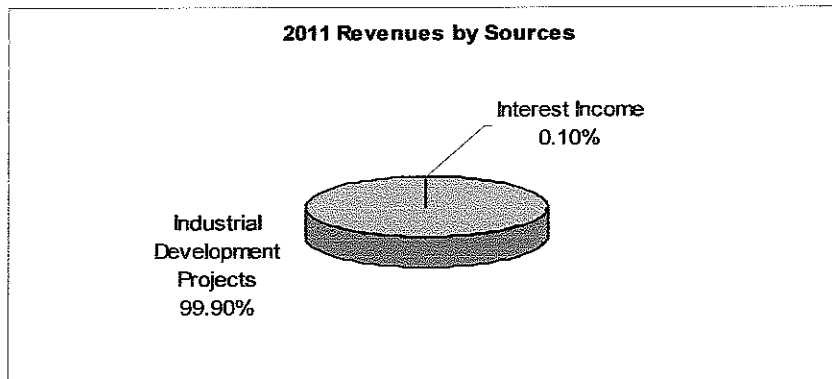
Table 1

2010		2011	
Total Current Assets	243,335	Total Current Assets	188,256
Total Fixed Assets (Net)	0	Total Fixed Assets (Net)	0
Total Other Assets	0	Total Other Assets	0
Total Assets	<u>\$243,335</u>	Total Assets	<u>\$188,256</u>
Total Liabilities	126,181	Total Liabilities	0
Total Net Assets	<u>117,154</u>	Total Net Assets	<u>188,256</u>
Total Liabilities & Net Assets	<u>\$243,335</u>	Total Liabilities & Net Assets	<u>\$188,256</u>

Changes in the Corporation'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		\$252,363	Total Industrial Development Project (IDP) Revenue		\$148,400
Total IDP Projects	126,181		Total IDP Projects	73,200	
Support Services	9,074		Support Services	4,178	
Total Governmental Expenses		135,255	Total Governmental Expenses		77,378
Total Government Activities		117,108	Total Government Activities		71,022
Total General Revenues		46	Total General Revenues		80
Change in Net Assets		117,154	Change in Net Assets		71,102
Prior Year Adjustment		0	Prior Year Adjustments		0
Net Assets – Beginning of Year		0	Net Assets – Beginning of Year		117,154
Net Assets – End of Year		\$117,154	Net Assets – End of Year		\$188,256



CASH AND INVESTMENT POLICY

The St. Lawrence County Industrial Development Agency – Civic Development Corporation 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 Corporation to designate depositories. In accordance with this Article, five (5) banks are designated as depositories for Corporation funds. Rates are competitively procured for each deposit, with no more than 60% of its total investments in any one institution.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corporation's Chief Executive Officer at 80 State Highway 310, Suite 6, Canton, New York 136

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
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 - Unrestricted	\$ 128,442	\$ 243,335
Cash and Cash Equivalents - Restricted	<u>59,814</u>	<u>-</u>
Total Current Assets	<u>188,256</u>	<u>243,335</u>
Total Assets	<u><u>188,256</u></u>	<u><u>243,335</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	<u>-</u>	<u>126,181</u>
Total Current Liabilities	<u>-</u>	<u>126,181</u>
Total Liabilities	<u>-</u>	<u>126,181</u>
<u>Net Assets</u>		
Unrestricted	128,442	-
Restricted	<u>59,814</u>	<u>117,154</u>
Total Net Assets	<u>188,256</u>	<u>117,154</u>
Total Liabilities and Net Assets	<u><u>\$ 188,256</u></u>	<u><u>\$ 243,335</u></u>

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

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents - Unassigned	\$ 128,442	\$ 243,335
Cash and Cash Equivalents - Assigned	59,814	-
	<u>188,256</u>	<u>243,335</u>
Total Assets	<u>188,256</u>	<u>243,335</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Accounts Payable	-	126,181
	<u>-</u>	<u>126,181</u>
Total Liabilities	<u>-</u>	<u>126,181</u>
 <u>Fund Balance</u>		
Unassigned	128,442	117,154
Assigned	59,814	-
	<u>188,256</u>	<u>117,154</u>
Total Fund Balance	<u>188,256</u>	<u>117,154</u>
Total Liabilities and Fund Balance	<u>\$ 188,256</u>	<u>\$ 243,335</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
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>FUND BALANCE - UNASSIGNED</u>		
Revenues		
Bonds Fees	\$ 126,440	\$ 252,363
Interest Income	80	45
Miscellaneous Income	-	1
	<u>126,520</u>	<u>252,409</u>
Total Revenues		
Expenditures		
Program Services	73,200	126,181
Management and General	4,178	9,074
	<u>77,378</u>	<u>135,255</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	49,142	117,154
Fund Balances - Beginning of Year	117,154	-
Imposition of Restrictions	<u>(37,854)</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 128,442</u>	<u>\$ 117,154</u>
<u>FUND BALANCE - ASSIGNED</u>		
Revenues		
Bonds Fees	\$ 21,960	\$ -
	<u>21,960</u>	<u>-</u>
Total Revenues		
Expenditures		
Program Services	-	-
Management and General	-	-
	<u>-</u>	<u>-</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	21,960	-
Fund Balances - Beginning of Year	-	-
Restrictions Imposed	<u>37,854</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 59,814</u>	<u>\$ -</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
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 and Cash Equivalents - Unassigned	\$ 128,442	\$ -	\$ -	\$ 128,442
Cash and Cash Equivalents - Assigned	59,814	-	-	59,814
Fixed Assets - Net	-	-	-	-
	<hr/>			
Total Assets	188,256	-	-	188,256
	<hr/>			
LIABILITIES				
Accounts Payable	-	-	-	-
Long Term Debt - Current Portion	-	-	-	-
Long Term Debt	-	-	-	-
	<hr/>			
Total Liabilities	-	-	-	-
	<hr/>			
FUND BALANCE				
Total Fund Balance	188,256	-	-	188,256
	<hr/>			
Total Liabilities and Fund Balance	\$ 188,256	\$ -	\$ -	\$ 188,256
	<hr/>			

Total Governmental Fund Balance \$ 188,256

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. -

Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds. -

Total Net Assets \$ 188,256

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Total Unassigned Funds	Total Restricted Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenues					
Bond Fees	\$ 126,440	\$ 21,960	\$ -	\$ -	\$ 148,400
Interest Income	80	-	-	-	80
Miscellaneous Income	-	-	-	-	-
Total Revenues	126,520	21,960	-	-	148,480
Expenditures					
Program Services	73,200	-	-	-	73,200
Management and General	4,178	-	-	-	4,178
Debt Requirement	-	-	-	-	-
Net Change in Capital Assets	-	-	-	-	-
Total Expenditures	77,378	-	-	-	77,378
Excess (Deficiency) Of Revenues Over Expenditures	49,142	21,960	-	-	71,102
Net Change For The Year	\$ 49,142	\$ 21,960	\$ -	\$ -	\$ 71,102
Net Change in Fund Balances					\$ 71,102
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds					-
Expenditures for acquisition of capital assets (net) recorded in the Governmental Funds, but not in the Statement of Activities					-
Repayment of long-term debt and incurrence of new debt as an expenditure/receipt in the Governmental Funds, but not in the Statement of Activities					-
Change in Net Assets of Governmental Activities					\$ 71,102

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Lawrence County Industrial Development Agency - Civic Development Corporation (IDACDC) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied 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 IDACDC are described below.

Reporting Entity

The reporting entity of the IDACDC 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. The accompanying financial statements present the activities of the IDACDC.

Nature of Organization:

The IDACDC was formed under Section 402 of the Not-For-Profit Corporation Law of the State of New York as a local development corporation under Section 1411 of the Law. The IDACDC was formed on May 12, 2010 for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, maintaining job opportunities, and promoting the establishment, maintenance, and/or expansion of business plants, facilities, or operations in St. Lawrence County by issuing bonds as an "on behalf of" issuer of St. Lawrence County to assist business enterprises.

Also, the IDACDC is considered a "public authority" of New York State and must submit an annual report to the New York State Authorities Budget Office. The IDACDC has one sole member (St. Lawrence County) and a Board of Directors appointed by the County. In addition, the bylaws of the IDACDC can be amended by the County, thus establishing its governance and control of the IDACDC.

Based on the preceding, a CHAR 410 with Exhibit E requesting exemption under Article 7-A and EPTL as an organization controlled by a government agency has been filed with New York State. The IDACDC is exempt from federal, state and local income taxes and exempt from

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

federal reporting requirements under Internal Revenue Procedure 95-48, 1995-2 C.B. 418 as a government unit or affiliate of a governmental unit described in such procedure.

Basis of presentation:

Entity wide financial statements - the Statement of Net Assets and the Statement of Activities - present financial information about the IDACDC'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 IDACDC'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 -- Balance Sheets and Statements of Revenue, Expenditures, and Changes in Fund Balances - provide information about the IDACDC's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of the governmental fund financial statements is on major governmental funds, each displayed in a separate column. The IDACDC 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 IDACDC acts as trustee or agent for resources that belong to others. These activities are not included in the entity wide financial statements.

Measurement focus and basis of accounting:

The entity 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. Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, may include grants

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

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 IDACDC'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 IDACDC'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 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.

Budgetary procedures and budgetary accounting:

The IDACDC 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

ST. LAWRENCE COUNTY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The IDACDC was determined to be exempt from federal reporting requirements under Internal Revenue Procedure 95-48, 1995-2 C.B. 418 as a government unit or affiliate of a governmental unit described in such procedure. Also, the IDACDC is exempt from state income tax reporting requirements under Article 7-A and EPTL.

Accounting principles generally accepted in the United States of America require the IDACDC to evaluate all significant tax positions. As of 12/31/11 the IDACDC does not believe that it has taken any positions that would require the recording of any tax liability, nor does it believe that there are any unrealized tax benefits that should be recorded or that would increase or decrease within the next year.

Subsequent Events

Management has reviewed and evaluated all events and transactions from 12/31/11 through 2/28/12, the date the financial statements were available to be issued 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 balance sheet date required to be recognized or disclosed in the accompanying financial statements.

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the entity 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 IDACDC's governmental funds differ from "net assets" of

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

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 as described below.

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

Entity Wide Statements

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

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 IDACDC had \$-0- and \$-0- invested in capital assets, net of related debt as December 31, 2011 and 2010 respectively.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

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 IDACDC had \$59,814 and \$-0- 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 IDACDC. The IDACDC had \$128,442 and \$117,154 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 IDACDC 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 IDACDC 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 IDACDC's highest level of decision making authority i.e., the Board of Directors. The IDACDC had \$-0- in committed fund balance as of December 31, 2011 and 2010 respectively.

Assigned – includes amounts that are constrained by the IDACDC'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 IDACDC had \$59,814 and \$-0- in assigned fund balance as of December 31, 2011 and 2010 respectively.

Unassigned – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be for general use. The IDACDC had \$128,442 and \$117,154 in unassigned fund balance as of December 31, 2011 and 2010 respectively.

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

Order of Use of Fund Balance

The IDACDC'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.

ST. LAWRENCE INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>			<u>2010</u>		
	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u> <u>Management</u> <u>and General</u>	<u>Total</u> <u>Expenses</u>	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u> <u>Management</u> <u>and General</u>	<u>Total</u> <u>Expenses</u>
D&O Insurance	\$ -	\$ 738	\$ 738	\$ -	\$ -	\$ -
Accounting Fees	-	3,100	3,100	-	-	-
Legal Fees	-	-	-	-	8,716	8,716
Miscellaneous	-	340	340	-	358	358
Project Development	73,200	-	73,200	126,181	-	126,181
Total Expenses	\$ 73,200	\$ 4,178	\$ 77,378	\$ 126,181	\$ 9,074	\$ 135,255



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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 –
Civic Development Corporation
Canton, New York 13617

We have audited the financial statements of the governmental activities of St. Lawrence County Industrial Development Agency – Civic Development Corporation (IDACDC) 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 IDACDC'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 IDACDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the IDACDC'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 IDACDC'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 IDACDC'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 IDACDC 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,


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

Ogdensburg, New York
February 28, 2012



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

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February 28, 2012

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

We have audited the financial statements of the governmental activities of the St. Lawrence County Industrial Development Agency - Civic Development Corporation (IDACDC) 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 IDACDC'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 IDACDC'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 IDACDC'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 IDACDC 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. There were no sensitive accounting estimates affecting the IDACDC's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were not sensitive disclosures affecting the IDACDC's financial statements.

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,

 P. M. Muenster Hoopes Van House & Co.

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