

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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DECEMBER 31, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Lawrence County Industrial Development Agency
19 Commerce Lane, Suite 1
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, 2012 and 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriate accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency as of December 31, 2012 and 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 St. Lawrence County Industrial Development Agency's basic financial statements as a whole. The supplemental schedules on pages 29 through 41 are presented for the purpose of 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.


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

Ogdensburg, New York
February 2, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the St. Lawrence County Industrial Development Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- Fixed assets were increased by \$2,050,586 due to the addition of land in the Canton Industrial Park and construction of the Canton Industrial Building.
- The financial statements include \$190,902 for compensated absences, according to GASB Statement 16, and \$222,594 in Postemployment Benefits Other than Pensions according to GASB Statement 45 and the 2012 Actuarial Study.

Agency Highlights

- January 2012 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 2012 The Agency awarded the architectural bid for design of the Canton Industrial Building.
- March 2012 The Agency accepted its 2011 Annual Audit. The Agency also passes a resolution supporting a power agreement between NYPA and Massena Electric Department. The Agency also appointed Thomas Plastino as Deputy Chief Executive Officer/Chief Financial Officer.
- April 2012 The Agency passed a resolution authorizing the submission of applications on behalf of High Peaks Winery and St. Lawrence Brewing Co. to the USDA for Rural Business Enterprise Grants (RBEG).
- May 2012 The Agency established a construction budget for the Canton Industrial Building.
- July 2012 The Agency authorized a lease and PILOT with Fockler Industries.
- August 2012 The Agency authorized a lease and PILOT with Curran Renewable Energy.
- September 2012 The Agency issued an RFP for a 3 year Audit Service contract. The Agency also accepted a 2012 Tentative Budget. The Agency authorized a sales and use

tax exemption and PILOT for AJ Missert Inc. The Agency also authorized a lease with St. Lawrence Brewing Co.

- October 2012 The Agency approved the 2012 budget. The Agency authorized a sales and use tax exemption for St. Lawrence Brewing Co.
- November 2012 The Agency issued an RFP for IT Services for the Canton Industrial Building.
- December 2012 The Agency authorized a sales and use tax exemption for Affinity Potsdam Properties, LLC. The Agency completed the Canton Industrial Building construction project.

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., earned but unused compensated absences).

The government-wide financial statements outline functions of the Agency that are principally supported by 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 \$8,258,985 as of December 31, 2012.

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, 2012.

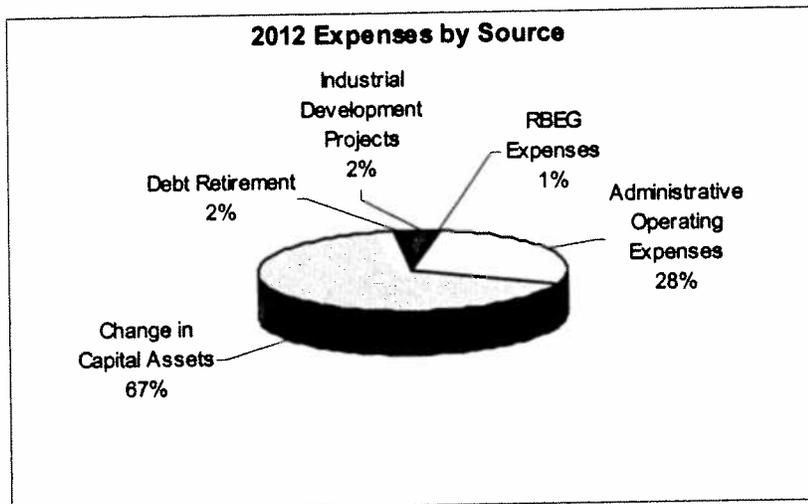
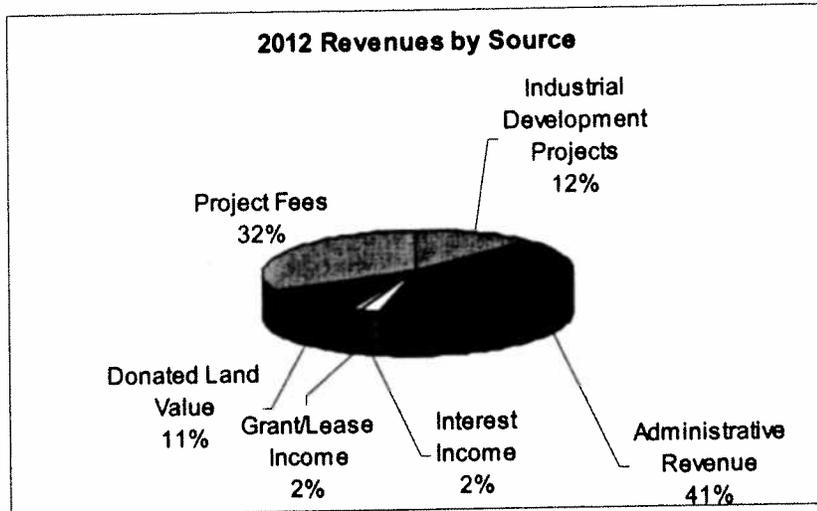
Table 1

2012		2011	
Total Current Assets	4,275,326	Total Current Assets	5,716,497
Total Fixed Assets (Net)	4,784,034	Total Fixed Assets (Net)	2,831,807
Total Other Assets	52,986	Total Other Assets	81,742
Total Assets	<u>\$9,112,346</u>	Total Assets	<u>\$8,630,046</u>
Total Liabilities	853,361	Total Liabilities	940,150
Total Net Assets	8,258,985	Total Net Assets	7,689,896
Total Liabilities & Net Assets	<u>\$9,112,346</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 Activities at the end of the year.

Table 2

2012		2011	
Total Industrial Development Project (IDP) Revenue	\$206,925	Total Industrial Development Project (IDP) Revenue	\$203,852
Total IDP Projects	124,485	Total IDP Projects	147,203
Support Services	<u>986,885</u>	Support Services	<u>933,149</u>
Total Governmental Expenses	<u>-1,111,370</u>	Total Governmental Expenses	<u>-1,080,352</u>
Total Government Activities	-904,445	Total Government Activities	-876,500
Total General Revenues	<u>1,317,287</u>	Total General Revenues	<u>876,613</u>
Change in Net Assets	412,842	Change in Net Assets	113
Prior Year Adjustments	156,247	Prior Year Adjustments	0
Net Assets – Beginning of Year	<u>7,689,896</u>	Net Assets – Beginning of Year	<u>7,689,783</u>
Net Assets – End of Year	<u>\$8,258,985</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 19 Commerce Lane, Suite 1, Canton, New York 13617.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,132,601	\$ 3,335,495
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	5,826	6,471
Accrued Interest Receivable	483	507
Line of Credit Advanced - SLIC Network Solutions	-	286,970
Mortgages Receivable - Current	33,016	30,426
Leases Receivable - Current	762	-
Prepaid Expenses	102,638	56,628
	<u>4,275,326</u>	<u>5,716,497</u>
<u>Fixed Assets</u>		
Land	166,250	-
Land 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	33,676
Construction in Process	1,884,336	-
	<u>5,905,870</u>	<u>3,855,284</u>
Less: Accumulated Depreciation	<u>(1,121,836)</u>	<u>(1,023,477)</u>
	<u>4,784,034</u>	<u>2,831,807</u>
<u>Other Assets</u>		
Mortgages Receivable - Long Term	48,920	81,742
Leases Receivable - Long Term	4,066	-
	<u>52,986</u>	<u>81,742</u>
Total Assets	<u><u>9,112,346</u></u>	<u><u>8,630,046</u></u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Rental and Refundable Deposits	31,931	28,783
Accrued Expenses - Other	18,020	14,048
Long Term Debt - Current Portion	64,202	62,159
Total Current Liabilities	<u>114,153</u>	<u>104,990</u>
<u>Long-Term Liabilities:</u>		
Compensated Absences	190,902	156,929
Postemployment Benefits Other Than Pensions	222,594	143,317
Long Term Debt - Less Current Portion	325,712	534,914
	<u>739,208</u>	<u>835,160</u>
Total Long-Term Liabilities	<u>739,208</u>	<u>835,160</u>
Total Liabilities	<u>853,361</u>	<u>940,150</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	4,394,120	2,234,734
Unrestricted - Assigned	2,000,000	2,000,000
Unrestricted - Unassigned	1,864,865	3,455,162
	<u>8,258,985</u>	<u>7,689,896</u>
Total Net Assets	<u>8,258,985</u>	<u>7,689,896</u>
Total Liabilities and Net Assets	<u><u>\$ 9,112,346</u></u>	<u><u>\$ 8,630,046</u></u>

See accompanying notes to the financial statements and independent auditors' report.

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012					2011				
	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenditures	Government Activities	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenditures	Government Activities
Governmental Activities										
Industrial Development Projects										
Gouverneur Industrial Park	\$ 5,353	\$ -	\$ -	\$ 1,426	\$ (5,353)	\$ 1,426	\$ -	\$ -	\$ 9,869	\$ (1,426)
First Gouverneur Building	9,869	10,980	-	9,869	1,111	10,746	-	-	10,746	877
Third Massena Shell Building	13,132	42,426	-	13,132	29,294	41,176	-	-	41,176	28,044
Massena - Lot 17	10,200	14,671	-	10,200	4,471	19,781	-	-	19,781	9,581
Massena - Lot 20	20,432	44,131	-	20,432	23,699	55,573	-	-	21,074	34,499
Northern Corridor Trans Group	-	-	-	-	-	186	-	-	2,789	(2,603)
Railroad Corridor	15,782	-	-	15,782	(15,782)	-	-	-	14,096	(14,096)
Newton Falls Rail Repair	1,895	-	-	1,895	(1,895)	-	-	-	25,799	(25,799)
Potsdam Commerce Park	27,198	6,000	-	27,198	(21,198)	5,500	-	-	25,582	(20,082)
Potsdam Technology Development Center	19,239	70,890	-	19,239	51,651	70,890	-	-	20,041	50,849
Canton Industrial Building	1,315	-	-	1,315	(1,315)	-	-	-	-	-
Canton Industrial Park	70	-	-	70	(70)	-	-	-	3,195	(3,195)
Total Industrial Development Projects	124,485	189,098	-	147,203	64,613	203,852	-	-	147,203	56,649
Support Services										
Administrative Operating Expenses	839,972	-	-	839,972	(839,972)	818,488	-	-	818,488	(818,488)
Program Expense	17,827	17,827	-	17,827	-	-	-	-	-	-
Relocation Expense	6,100	-	-	6,100	(6,100)	-	-	-	-	-
Employee Benefits	113,250	-	-	113,250	(113,250)	-	-	-	-	-
Depreciation - Unallocated	9,736	-	-	9,736	(9,736)	102,460	-	-	12,201	(102,460)
Total Support Services	986,885	17,827	-	993,149	(969,058)	933,149	-	-	933,149	(933,149)
Total Governmental Activities	\$ 1,111,370	\$ 189,098	\$ 17,827	\$ 1,080,352	\$ (904,445)	\$ 203,852	\$ -	\$ -	\$ 1,080,352	\$ (876,500)
General Revenues										
Interest	-	-	-	28,148	28,148	Interest	-	-	-	38,910
Miscellaneous Income	-	-	-	-	-	Miscellaneous Income	-	-	-	4,030
Lease Income	-	-	-	5,335	5,335	Lease	-	-	-	-
Administration Fees	-	-	-	632,200	632,200	Administration Fees	-	-	-	684,000
Project Fees	-	-	-	485,354	485,354	Project Fees	-	-	-	76,473
Donated Land Value	-	-	-	166,250	166,250	Donated Land Value	-	-	-	-
Bond Fees	-	-	-	-	-	Bond Fees	-	-	-	73,200
Total General Revenues				1,317,287	1,317,287	Total General Revenues			876,613	876,613
Changes in Net Assets				412,842	412,842	Changes in Net Assets			113	113
Prior Period Adjustment - Note 20				156,247	156,247					
Net Assets - Beginning of Year				7,689,896	7,689,896	Net Assets - Beginning of Year			7,689,783	7,689,783
Net Assets - End of Year				\$ 8,258,985	\$ 8,258,985	Net Assets - End of Year			\$ 7,689,896	\$ 7,689,896

See accompanying notes to the financial statements and independent auditors' report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,132,601	\$ 3,335,495
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	5,826	6,471
Accrued Interest Receivable	483	507
Line of Credit - Slic Network Solutions	-	286,970
Leases Receivable - Current	762	-
Mortgages Receivable - Current	33,016	30,426
Prepaid Expenses	102,638	56,628
Leases Receivable - Long Term	4,066	-
Mortgages Receivable - Long Term	<u>48,920</u>	<u>81,742</u>
 Total Assets	 <u><u>4,328,312</u></u>	 <u><u>5,798,239</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Rental and Refundable Deposits	31,931	28,783
Accrued Expenses - Other	<u>18,020</u>	<u>14,048</u>
 Total Liabilities	 <u><u>49,951</u></u>	 <u><u>42,831</u></u>
Fund Balances		
Assigned	2,000,000	2,000,000
Unassigned	<u>2,278,361</u>	<u>3,755,408</u>
 Total Fund Balances	 <u><u>4,278,361</u></u>	 <u><u>5,755,408</u></u>
 Total Liabilities and Fund Balances	 <u><u>\$ 4,328,312</u></u>	 <u><u>\$ 5,798,239</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>		
Operating Project Revenues:		
Gouverneur Industrial Park	\$ -	\$ -
First Gouverneur Industrial Building	10,980	10,746
Third Massena Shell Building	42,426	41,176
Massena - Lot 17	14,671	19,781
Massena - Lot 20	44,131	55,573
Northern Corridor Transportation Group	-	186
Railroad Corridor	-	-
Newton Falls Rail Repair	-	-
Potsdam Commerce Park	6,000	5,500
Potsdam Technology Development Center	70,890	70,890
Canton Industrial Park	-	-
Canton Industrial Building	-	-
Interest Income	28,148	38,910
Miscellaneous Income	-	4,030
Lease Income	5,335	-
Grant Income - RBEG	17,827	-
Administration Fees	632,200	684,000
Project Fees	485,354	76,473
Donated Land Value	166,250	-
Bonds Fees	-	73,200
	<u>1,524,212</u>	<u>1,080,465</u>
<u>EXPENDITURES</u>		
Operating Project Expenditures:		
Gouverneur Industrial Park	5,353	1,426
First Gouverneur Industrial Building	-	-
Third Massena Shell Building	-	-
Massena - Lot 17	-	-
Massena - Lot 20	2,544	3,186
Northern Corridor Transportation Group	-	2,789
Railroad Corridor	15,782	14,096
Newton Falls Rail Repair	1,895	25,799
Potsdam Commerce Park	4,935	3,320
Potsdam Technology Development Center	3,968	3,817
Canton Industrial Park	70	3,195
Canton Industrial Building	1,315	-
Program Expenses - RBEG	17,827	-
Relocation Expenses	6,100	-
Administrative Operating Expenditures	839,972	818,488
Debt Retirement	62,159	60,649
Net Change Capital Assets	2,050,586	(3,518)
	<u>3,012,506</u>	<u>933,247</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,488,294)	147,218
Prior Period Adjustment - Note 20	11,247	-
Fund Balances - Beginning of Year	<u>5,755,408</u>	<u>5,608,190</u>
Fund Balances - End of Year	<u>\$ 4,278,361</u>	<u>\$ 5,755,408</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2012

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	\$ 2,132,601	\$ -	\$ -	\$ 2,132,601
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Accounts Receivable	5,826	-	-	5,826
Accrued Interest Receivable	483	-	-	483
Mortgages Receivable - Current	33,016	-	-	33,016
Leases Receivable - Current	762	-	-	762
Prepaid Expenses	102,638	-	-	102,638
Fixed Assets - Net	-	4,784,034	-	4,784,034
Mortgages Receivable - Long Term	48,920	-	-	48,920
Leases Receivable - Long Term	4,066	-	-	4,066
	<hr/>			
Total Assets	4,328,312	4,784,034	-	9,112,346
<hr/>				
LIABILITIES				
Rental and Refundable Deposits	31,931	-	-	31,931
Accrued Expenses - Other	18,020	-	-	18,020
Compensated Absences	-	190,902	-	190,902
Postemployment Benefits Other Than Pensions	-	222,594	-	222,594
Long Term Debt - Current Portion	-	64,202	-	64,202
Long Term Debt	-	325,712	-	325,712
	<hr/>			
Total Liabilities	49,951	803,410	-	853,361
<hr/>				
NET ASSETS				
Total Net Assets	4,278,361	3,980,624	-	8,258,985
	<hr/>			
Total Liabilities and Fund Balance/Net Assets	\$ 4,328,312	\$ 4,784,034	\$ -	\$ 9,112,346
<hr/>				

Total Governmental Fund Balances \$ 4,278,361

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. 4,784,034

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. (222,594)

GASB 16 valuation of the liability for vacation and sick time earned during the current year (190,902)

Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds. (389,914)

Net Assets of Governmental Activities \$ 8,258,985

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, 2012

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenues				
Operating Project Revenues:				
Gouverneur Industrial Park	\$ -	\$ -	\$ -	\$ -
First Gouverneur Industrial Building	10,980	-	-	10,980
Third Massena Shell Building	42,426	-	-	42,426
Massena Lot - 17	14,671	-	-	14,671
Massena Lot - 20	44,131	-	-	44,131
Northern Corridor Trans Group	-	-	-	-
Railroad Corridor	-	-	-	-
Newton Falls Rail Repair	-	-	-	-
Potsdam Commerce Park	6,000	-	-	6,000
Potsdam Technology Development Center	70,890	-	-	70,890
Canton Industrial Park	-	-	-	-
Canton Industrial Building	-	-	-	-
Interest Income	28,148	-	-	28,148
Miscellaneous Income	-	-	-	-
Lease Income	5,335	-	-	5,335
Grant Income - RBEG	17,827	-	-	17,827
Administration Fees	632,200	-	-	632,200
Project Fees	485,354	-	-	485,354
Donated Land Value	166,250	-	-	166,250
Bond Fees	-	-	-	-
Total Revenues	1,524,212	-	-	1,524,212
Expenditures				
Operating Project Expenditures:				
Gouverneur Industrial Park	5,353	-	-	5,353
First Gouverneur Industrial Building	-	9,869	-	9,869
Third Massena Shell Building	-	13,132	-	13,132
Massena - Lot 17	-	10,200	-	10,200
Massena - Lot 20	2,544	17,888	-	20,432
Northern Corridor Trans Group	-	-	-	-
Railroad Corridor	15,782	-	-	15,782
Newton Falls Rail Repair	1,895	-	-	1,895
Potsdam Commerce Park	4,935	22,263	-	27,198
Potsdam Technology Development Center	3,968	15,271	-	19,239
Canton Industrial Park	70	-	-	70
Canton Industrial Building	1,315	-	-	1,315
Program Expenses - RBEG Grant	17,827	-	-	17,827
Relocation Expenses	6,100	-	-	6,100
Administrative Operating Expenditures	839,972	9,736	-	849,708
Debt Requirement	62,159	-	(62,159)	-
Net Change in Capital Assets	2,050,586	(2,050,586)	-	-
Compensated Absences	-	-	33,973	33,973
Employee Benefits	-	-	79,277	79,277
Total Expenditures	3,012,506	(1,952,227)	51,091	1,111,370
Excess (Deficiency) Of Revenues Over Expenditures	<u>(1,488,294)</u>	<u>1,952,227</u>	<u>(51,091)</u>	<u>412,842</u>
Net Change For The Year	<u>\$ (1,488,294)</u>	<u>\$ 1,952,227</u>	<u>\$ (51,091)</u>	<u>\$ 412,842</u>
Net Change in Fund Balances				\$ (1,488,294)
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(98,359)
Expenditures for acquisition of capital assets (net) recorded in the Governmental Funds, but not in the Statement of Activities				2,050,586
GASB 16 & 45 valuation of compensated absence and postemployment benefits other than pensions				(113,250)
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				62,159
Change in Net Assets of Governmental Activities				<u>\$ 412,842</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2012 AND 2011

	<u>Agency</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>-</u>	<u>-</u>
LIABILITIES		
Other liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	<u>Agency Funds</u>	
	<u>2012</u>	<u>2011</u>
ADDITIONS		
Revenues from Payments in Lieu of Taxes	<u>\$ 48,881</u>	<u>\$ 48,112</u>
Total Additions	<u>48,881</u>	<u>48,112</u>
DEDUCTIONS		
Payments to Governmental Agencies	<u>48,881</u>	<u>48,112</u>
Total Deductions	<u>48,881</u>	<u>48,112</u>
Change in Net Assets	-	-
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u>\$ -</u>	<u>\$ -</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 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 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. The accompanying financial statements present the activities of the Agency.

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, including fiduciary funds. Separate statements for each fund category (governmental and

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 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.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 through February 2, 2013 for possible disclosure and recognition in the financial statements. There is one event that exists which requires recognition here.

On September 18, 2012, the St. Lawrence River Valley Redevelopment Agency authorized and committed itself to loan the Agency \$700,000 as financing towards the construction costs of the Agency's new building. As of December 31, 2012 the loan agreement had not yet been consummated and it is anticipated to be consummated in either February or March 2013.

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

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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 two 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, construction or improvements of those assets. The Agency had \$4,394,120 and \$2,234,734 invested in capital assets, net of related debt as December 31, 2012 and 2011, respectively.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Unrestricted Net Assets - reports all other net assets that do not meet the definition of the above classification and are deemed to be available for general use by the Agency. The Agency had \$3,864,865 and \$5,455,162 in unrestricted net assets as of December 31, 2012 and 2011, 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- and \$-0- in non-spendable fund balance as of December 31, 2012 and 2011, 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- and \$-0- in restricted fund balance as of December 31, 2012 and 2011, 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- and \$-0- in committed fund balance as of December 31, 2012 and 2011, 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, 2012 and 2011, 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 available for general use by the Agency. The Agency had \$2,278,361 and \$3,755,408 in unassigned fund balance as of December 31, 2012 and 2011, 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 and cannot cause a negative unassigned fund balance.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 was to enable the company to participate 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. On July 11, 2012, the St. Lawrence County Industrial Development Agency Local Development Corporation passed Resolution #12-07-28 accepting and extending the line of credit one additional year. As the line has been transferred to the SLC IDA-LDC the SLCIDA now carries an outstanding balance of \$-0- at December 31, 2012.

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 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, 2012 and 2011 follow.

<u>Mortgages</u>	<u>Interest</u>			<u>Original</u>		
	<u>Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Amount</u>	<u>2012</u>	<u>2011</u>
Atlantic Testing Laboratories	5.25%	12/01/16	Building	188,478	62,659	77,957
Kinney Drugs	3.00%	03/01/14	Building	136,000	19,278	34,211
					<u>81,936</u>	<u>112,168</u>
Current Portion					<u>(33,016)</u>	<u>(30,426)</u>
Long-Term Portion					<u>\$ 48,920</u>	<u>\$ 81,742</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 6 – LEASE RECEIVABLE

In April 2012, the Agency passed a resolution for High Peaks Winery to submit an application for a USDA Rural Business Enterprise Grant (RBEG). This resulted in a lease from High Peaks Winery. The Agency carries its lease receivable at cost, recognizing interest income on the accrual basis as specified in the various agreements. All leases are considered collectible until all legal remedies have been exhausted. Lease receivable balances at December 31, 2012 and 2011 follow.

<u>Leases</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>Balance 2012</u>	<u>Balance 2011</u>
High Peaks Winery Current Portion	0%	08/01/2019	Equipment	\$ 5,336	\$ 4,828 <u>(762)</u>	\$ -
Long Term Portion					<u>\$ 4,066</u>	<u>\$ -</u>

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2012 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	-	166,250	-	166,250
Land Improvements	163,103	-	-	163,103
Construction in Process	-	1,884,336	-	1,884,336
Total nondepreciable historical cost	<u>163,103</u>	<u>2,050,586</u>	<u>-</u>	<u>2,213,689</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	33,676	-	-	33,676
Total depreciable historical cost	<u>3,692,181</u>	<u>-</u>	<u>-</u>	<u>3,692,181</u>
Less accumulated depreciation	<u>1,023,477</u>	<u>98,359</u>		<u>1,121,836</u>
Total depreciable historical cost, net	<u>2,668,704</u>	<u>(98,359)</u>	<u>-</u>	<u>2,570,345</u>
Total capital assets historical cost, net	<u>\$ 2,831,807</u>	<u>\$ 1,952,227</u>	<u>\$ -</u>	<u>\$ 4,784,034</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Depreciation expense was charged to governmental activities as follows.

Gouverneur Industrial Building	\$ 9,869
Third Massena Shell Building	13,132
Massena - Lot 17 Building	10,200
Massena - Lot 20 Building	17,888
Potsdam Commerce Park Building	22,263
Potsdam Technological Development Center	15,271
Total Depreciation Charged to Government Activities	88,623
Total Depreciation Charged to Support Services	9,736
Total Depreciation Expense	\$ 98,359

NOTE 8 – 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

ERS

2012	\$ 100,277
2011	55,053
2010	247

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, 2012 was \$ -0-.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Annual Other Postemployment Benefit expenses for the year ended December 31, 2012 amounted to \$79,277. At December 31, 2012, the postemployment benefit liability for retired employees amounted to \$222,594. The number of participants as of December 31, 2012 follows.

Active Employees	7
Retired Employees	0
Spouses of Retired Employees	0
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, 2012 amounted to \$79,277.

A summary of the actuarial assumptions and calculated results follows:

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)	<u>\$ 477,581</u>
Normal Cost for a Fiscal Year	\$ 53,153
Amortization of Unfunded UAAL	<u>28,661</u>
Annual Required Contribution	<u>\$ 81,814</u>

Annual OPEB and Net OPEB Obligation

Annual Required Contribution	\$ 81,814
Interest on Net OPEB Obligation	5,733
Adjustment to Annual Required Contribution	<u>(8,270)</u>
Annual OPEB Cost (Expense)	\$ 79,277
Contribution Made on Pay-As-You-Go Basis	<u>-</u>
Increase in Net OPEB Obligation	\$ 79,277
Net OPEB Obligation on January 1	<u>143,317</u>
Expected Net OPEB Obligation on December 31	<u>\$ 222,594</u>

Actuarial Methods and Assumptions

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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 10 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2012 and 2011, consisted of the following:

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2012</u>	<u>2011</u>
Northern Advanced Technologies Corporation (NATCO)	None	Indefinite	Technology Development Center	\$ 145,000	\$ -	\$ 145,000
Greater Massena Economic Development Fund	3.375%	12/01/19		600,000	317,943	357,516
St. Lawrence County IDA-LDC	3.000%	12/01/15		217,204	71,971	94,557
Current Portion					<u>389,914</u>	<u>597,073</u>
Long-Term Debt (Net)					<u>(64,202)</u>	<u>(62,159)</u>
					<u>\$ 325,712</u>	<u>\$ 534,914</u>

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

2013	\$ 64,202
2014	66,313
2015	68,501
2016	45,284
2017	46,836
Thereafter	<u>98,778</u>
	<u>\$ 389,914</u>

NOTE 11 - 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, 2012. 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 12 - 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

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 13 - 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 Technology Development Center (TDC), on the land thus leased. The loan's interest rate was set at 0% and the loan's term was indefinite. The loan agreement required that the Agency make principal payments to NATCO if the building's cash flow was positive after the Agency's obligations to the bank and the Urban Development Corporation were paid and after the building's general operation and maintenance costs, the Agency's preferred return on equity, and a contribution to a capital reserve fund were paid. As of June `12, 2012 the Agency had never been obligated to make any payments under this formula. On June 12, 2012 NATCO forgave the Agency's \$145,000 loan prior to dissolving itself as a corporation and approved filing a satisfaction of the mortgage securing the debt. On April 11, 2012 The State University of New York delivered a "Notice of Termination of Lease" to NATCO for the approximately 25 acres of land that constitute the NATCO Technology Park. SUNY asserted that this termination made it the lessor-of-record of the land that the IDA had leased from NATCO in the NATCO Research Park on which the TDC is situated. On July 20, 2012, SUNY's central administration issued a notice to the IDA that asserted that it had the right to terminate the IDA's ownership of the TDC on the grounds that the Agency's lease of the building to the Canton-Potsdam Hospital is for a use that does not conform to the Master Ground Lease for the Park or the IDA's sublease for its portion thereof. In a letter dated July 11, 2012 SUNY Potsdam laid out the State's legal case for the July 20 notice but extended its authorization to the IDA to continue to operate the building through June 30, 2013 until transition arrangements are made. As of December 31, 2012 the IDA had neither contested nor accepted SUNY's actions.

NOTE 14 - 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 15 – GREATER MASSENA ECONOMIC DEVELOPMENT FUND (GMEDF) LOAN

On May 31, 2002, resolution No. 02-05-35, authorized the Agency to apply to the GMEDF for a loan to assist in the financing to expand the Fifth Massena Industrial Building and to also construct the Sixth Massena Industrial Building. The structure of project financing follows.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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

NOTE 16 – CANTON INDUSTRIAL PARK

By Resolution 12-12-49 the Agency assigned a value of \$166,250 to the land that constitutes the Canton Industrial Park which had been donated to the Agency by St. Lawrence County in 2011.

NOTE 17 – MASSENA LOT 17 BUILDING AND MASSENA LOT 20 BUILDING

In 2005, the Agency acquired the Massena Lot 20 building and the Massena Lot 17 building as part of a loan settlement agreement with Michele Audio Corporation of America.

NOTE 18 – 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, the St. Lawrence County Industrial Development Agency Civic Development Corporation was created for this purpose.

NOTE 19 – 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 were provided the \$16 million. On October 18, 2012, a second agreement between the New York Power Authority (NYPA) and the SLRVRA as to the allocation of the 20 megawatts of electricity was approved and the power allocations can be made available.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 20 - 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 Co-generator facility in Ogdensburg. One action is currently in its pre-trial status with a claim pending amount of \$1,000,000. In the second action, counsel advises that the matter is moving very slowly. In both cases, due to 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 2012 and 2011.

Another unrelated negligence action was commenced in 1997 against the Agency for injuries allegedly sustained at the Megan Racine Co-generation. 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.

The Agency is involved in litigation with Zero Point Clean Technologies. The Agency is seeking to recover the costs of repairs that were made to the Potsdam building for damages in the dwelling walls during the lease period with Zero Point Clean Technologies.

In May 2012 the Agency and the Mohawk, Adirondack & Northern (MA&N) executed a settlement agreement that ended their legal dispute over the ownership and other issues related to the rehabilitation and maintenance of the Newton Falls Secondary Line that terminates at the Newton Falls paper Mill. Contemporaneously the two parties executed a lease agreement.

In September 2012 the Agency authorized a settlement of its dispute with H. Charles Livingston, Jr. about alleged Agency responsibility for alleged damages to his property along the Newton Falls Secondary Line that occurred prior to execution of the Agency's settlement agreement with MA&N.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments as of December 31, 2012 consisted of the following:

	<u>Governmental Funds Statements</u>	<u>Agency-Wide Statements</u>
Reclassification of non-recoverable prior year Potsdam Commerce Park expenditures	\$ (2,225)	\$ (2,225)
Reclassification of OpTech insurance expenses from 2010	5,374	5,374
Reclassification of Accounts Payable balance from 2010	8,098	8,098
Forgiveness of NATCO debt	<u>-</u>	<u>145,000</u>
Total	<u>\$ 11,247</u>	<u>\$ 156,247</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
GOUVERNEUR INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Insurance	68	176
Repairs and Maintenance	<u>5,285</u>	<u>1,250</u>
Total Operating Expenses	<u>5,353</u>	<u>1,426</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>-</u>	<u>-</u>
Total Non-Operating Expenses	<u>-</u>	<u>-</u>
Total Expenses	<u>5,353</u>	<u>1,426</u>
Excess of Revenues Over Expenses	<u>\$ (5,353)</u>	<u>\$ (1,426)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
FIRST GOUVERNEUR INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Lease Income	<u>\$ 10,980</u>	<u>\$ 10,746</u>
Total Operating Revenues	<u>10,980</u>	<u>10,746</u>
<u>OPERATING EXPENSES:</u>		
Insurance	-	-
Repairs and Maintenance	-	-
Miscellaneous	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>-</u>	<u>-</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>9,869</u>
Excess of Revenues Over Expenses	<u>\$ 1,111</u>	<u>\$ 877</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
THIRD MASSENA SHELL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Lease Income	<u>\$ 42,426</u>	<u>\$ 41,176</u>
Total Operating Revenues	<u>42,426</u>	<u>41,176</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>\$ 29,294</u>	<u>\$ 28,044</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 17
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Lease Income	\$ 14,671	\$ 19,781
Total Operating Revenues	<u>14,671</u>	<u>19,781</u>
<u>OPERATING EXPENSES:</u>		
Maintenance Services	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>-</u>	<u>-</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>10,200</u>
Excess of Revenues Over Expenses	<u>\$ 4,471</u>	<u>\$ 9,581</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 20
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ 44,131</u>	<u>\$ 55,573</u>
Total Operating Revenues	<u>44,131</u>	<u>55,573</u>
<u>OPERATING EXPENSES:</u>		
Insurance	-	-
Miscellaneous	16	-
Interest	<u>2,528</u>	<u>3,186</u>
Total Operating Expenses	<u>2,544</u>	<u>3,186</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>20,432</u>	<u>21,074</u>
Excess of Revenues Over Expenses	<u>\$ 23,699</u>	<u>\$ 34,499</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
NORTHERN CORRIDOR TRANSPORTATION GROUP
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
NCTG Donations	<u>\$ -</u>	<u>\$ 186</u>
Total Operating Revenues	<u>-</u>	<u>186</u>
<u>OPERATING EXPENSES:</u>		
NCTG Promotion and Marketing	<u>-</u>	<u>2,789</u>
Total Operating Expenses	<u>-</u>	<u>2,789</u>
Excess of Revenues Over Expenses	<u>\$ -</u>	<u>\$ (2,603)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
RAILROAD CORRIDOR
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Income	<u>\$ -</u>	<u>\$ -</u>
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Maintenance	<u>15,782</u>	<u>14,096</u>
Total Operating Expenses	<u>15,782</u>	<u>14,096</u>
Excess of Revenues Over Expenses	<u><u>\$ (15,782)</u></u>	<u><u>\$ (14,096)</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
NEWTON FALLS RAIL REPAIR
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Income	<u>\$ -</u>	<u>\$ -</u>
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Repairs	<u>1,895</u>	<u>25,799</u>
Total Operating Expenses	<u>1,895</u>	<u>25,799</u>
Excess of Revenues Over Expenses	<u><u>\$ (1,895)</u></u>	<u><u>\$ (25,799)</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM COMMERCE PARK
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Rental Income	<u>\$ 6,000</u>	<u>\$ 5,500</u>
Total Operating Revenues	<u>6,000</u>	<u>5,500</u>
<u>OPERATING EXPENSES:</u>		
Insurance	3,238	3,109
Maintenance	<u>1,698</u>	<u>211</u>
Total Operating Expenses	<u>4,936</u>	<u>3,320</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>22,262</u>	<u>22,262</u>
Total Non-Operating Expenses	<u>22,262</u>	<u>22,262</u>
Total Expenses	<u>27,198</u>	<u>25,582</u>
Excess of Revenues Over Expenses	<u><u>\$ (21,198)</u></u>	<u><u>\$ (20,082)</u></u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM TECHNOLOGY DEVELOPMENT CENTER
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</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>3,968</u>	<u>3,817</u>
Total Operating Expenses	<u>3,968</u>	<u>3,817</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>15,271</u>	<u>16,224</u>
Total Non-Operating Expenses	<u>15,271</u>	<u>16,224</u>
Total Expenses	<u>19,239</u>	<u>20,041</u>
Excess of Revenues Over Expenses	<u>\$ 51,651</u>	<u>\$ 50,849</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
CANTON INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>
<u>OPERATING EXPENSES:</u>		
Engineering Expenses	<u>70</u>	<u>3,195</u>
Total Operating Expenses	<u>70</u>	<u>3,195</u>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	<u>-</u>	<u>-</u>
Total Non-Operating Expenses	<u>-</u>	<u>-</u>
Total Expenses	<u>70</u>	<u>3,195</u>
Excess of Revenues Over Expenses	<u>\$ (70)</u>	<u>\$ (3,195)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
CANTON INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES:</u>		
Rental Income	\$ -	\$ -
	<hr/>	<hr/>
Total Operating Revenues	-	-
	<hr/>	<hr/>
<u>OPERATING EXPENSES:</u>		
Insurance	1,285	-
Maintenance	30	-
	<hr/>	<hr/>
Total Operating Expenses	1,315	-
	<hr/>	<hr/>
<u>NON-OPERATING EXPENSES:</u>		
Depreciation	-	-
	<hr/>	<hr/>
Total Non-Operating Expenses	-	-
	<hr/>	<hr/>
Total Expenses	1,315	-
	<hr/>	<hr/>
Excess of Revenues Over Expenses	<u>\$ (1,315)</u>	<u>\$ -</u>

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING EXPENSES:</u>		
Accounting/Audit	\$ 6,500	\$ 6,520
Data Processing Services	6,736	-
Educational Workshops	860	1,750
Employee Benefits	134,958	101,664
Insurance	9,763	10,056
Interest Expense	11,458	12,769
Legal Fees	60,531	44,467
Meetings	1,373	1,183
Miscellaneous	212	334
Office Supplies and Postage	9,538	8,682
Other Travel	7,714	9,189
Outside Contracted Services	-	1,597
Payroll Fees	2,453	1,942
Payroll Taxes	30,617	29,759
Printing and Copying	909	2,658
Professional Associations	1,400	1,275
Promotion and Marketing	34,429	92,691
Rent and Maintenance	83,935	82,187
Salaries and Wages	419,763	394,612
Telephone	4,398	4,174
Vehicle Repairs and Maintenance	<u>12,425</u>	<u>10,979</u>
Total Operating Expenses	<u>\$839,972</u>	<u>\$818,488</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
19 Commerce Lane, Suite 1
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, 2012, and have issued our report thereon dated February 2, 2013. 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

Management of the Agency is responsible for establishing and maintaining effective 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 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 no matters that require reporting to management of the Agency at this time.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, 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. Mucinski Hooper Van House & Co.
Certified Public Accountants, P.C.

Ogdensburg, New York
February 2, 2013



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

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February 2, 2013

To the Board of Directors
St. Lawrence County Industrial Development Agency
19 Commerce Lane, Suite 1
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, 2012. 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 13, 2012. 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 13, 2012, 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.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An 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 Agency or to acts by management or employees acting on behalf of the Agency. We have communicated our significant findings as outlined below.

We began our audit on January 22, 2013 and intended to issue our report on approximately February 2, 2013.

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, 2012. 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, a disagreement with management is 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 2, 2013.

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

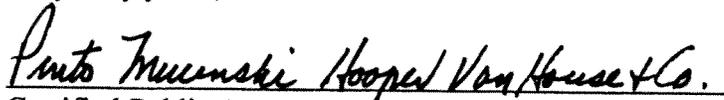
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from period to period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the audit committee, management, 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 Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

Ogdensburg, New York