

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

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
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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 -
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, 2012 and 2011, which collectively comprise the IDACDC's basic financial statements as listed in the table of contents, and the 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 IDACDC'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 IDACDC'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.

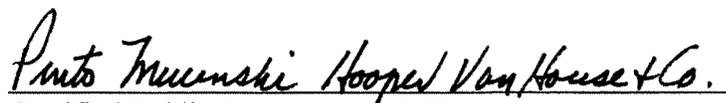
Opinions

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 IDACDC 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.

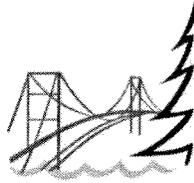
Other Matters

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 IDACDC's basic financial statements as a whole. The supplemental schedule on page 21 is presented for the purpose of 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 2, 2013



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 provides an overview of the Corporation's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the Corporation's financial statements.

HIGHLIGHTS

Financial Highlights

- The restricted cash for the Civic Development Fund had a balance on December 31, 2012 of \$54,322.
- The Corporation collected \$542,938 in project fees during 2012.

Corporation Highlights

- January 2012 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.
- March 2012 The Corporation accepted its Annual Audit for 2011. The Corporation also passed resolutions for SEQRA and Inducement for a Clarkson Bond Project.
- April 2012 The Corporation authorized a loan from the Civic Development Fund to the Ogdensburg Bridge and Port Authority.
- July 2012 The Corporation adopted revised Freedom of Information Law guidelines.
- September 2012 The Corporation accepted a 2013 Tentative Budget.
- October 2012 The Corporation authorized the 2013 budget.
- November 2012 The Corporation passed resolutions for SEQRA and Inducement for a St Lawrence University Bond Project.
- December 2012 The Corporation authorized modifications to the Corporation's 2012 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 \$456,834 as of December 31, 2012. 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, 2012.

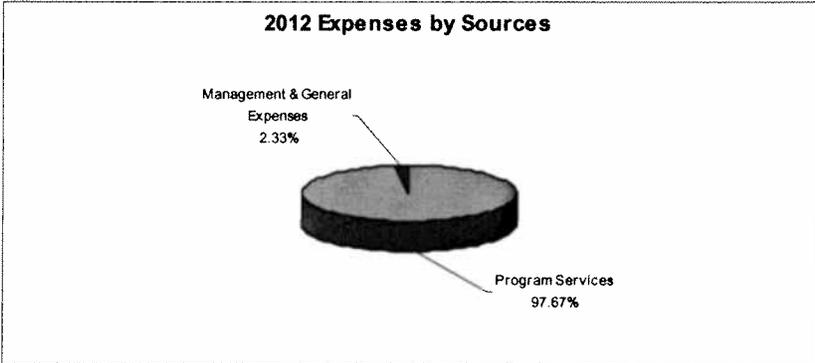
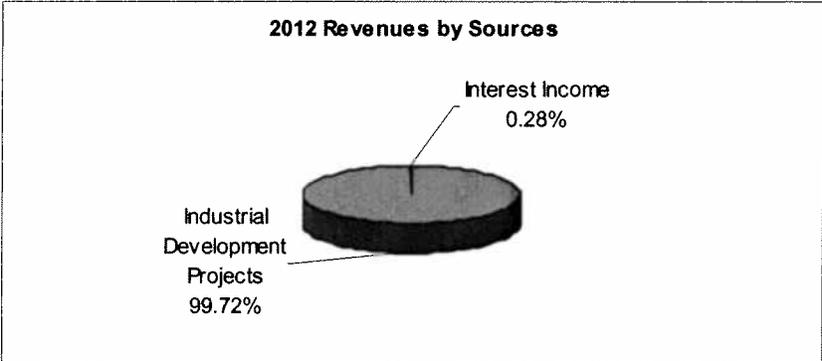
Table 1

2011		2012	
Total Current Assets	188,256	Total Current Assets	456,834
Total Fixed Assets (Net)	0	Total Fixed Assets (Net)	0
Total Other Assets	0	Total Other Assets	0
Total Assets	<u>\$188,256</u>	Total Assets	<u>\$456,834</u>
Total Liabilities	0	Total Liabilities	0
Total Net Assets	188,256	Total Net Assets	456,834
Total Liabilities & Net Assets	<u>\$188,256</u>	Total Liabilities & Net Assets	<u>\$456,834</u>

Changes in the Corporation’s Net Assets can be determined by reviewing the following condensed Statement of Activities at the end of the year.

Table 2

2011		2012	
Total Industrial Development Project (IDP) Revenue	\$148,400	Total Industrial Development Project (IDP) Revenue	\$542,938
Total IDP Projects	73,200	Total IDP Projects	271,234
Support Services	4,178	Support Services	4,401
Total Governmental Expenses	77,378	Total Governmental Expenses	275,635
Total Government Activities	71,022	Total Government Activities	267,303
Total General Revenues	80	Total General Revenues	1275
Change in Net Assets	71,102	Change in Net Assets	268,578
Prior Year Adjustments	0	Prior Year Adjustments	0
Net Assets – Beginning of Year	117,154	Net Assets – Beginning of Year	188,256
Net Assets – End of Year	\$188,256	Net Assets – End of Year	\$456,834



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 19 Commerce Lane, Suite 1, Canton, New York 136

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
CIVIC DEVELOPMENT CORPORATION
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 - Unrestricted	\$ 320,787	\$ 128,442
Cash and Cash Equivalents - Restricted	54,322	59,814
Notes Receivable - Current	16,638	-
Accrued Interest Receivable	178	-
	391,925	188,256
 <u>Other Assets</u>		
Notes Receivable	81,547	-
Less: Current Portion Above	16,638	-
	64,909	-
 Total Other Assets	 64,909	 -
 Total Assets	 \$ 456,834	 \$ 188,256
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Total Liabilities	-	-
 <u>Net Assets</u>		
Unrestricted	402,512	128,442
Restricted	54,322	59,814
	456,834	188,256
 Total Net Assets	 456,834	 188,256
 Total Liabilities and Net Assets	 \$ 456,834	 \$ 188,256

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

2012

	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Assets
	<u>Expenditures</u>	<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>	
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	
Governmental Activities					Government Activities
Program Services	\$ 271,234	\$ 542,938	\$ -	\$ -	\$ 271,704
Total Civic Development Projects	271,234	542,938	-	-	271,704
Management and General	4,401	-	-	-	(4,401)
Total Administrative Services	4,401	-	-	-	(4,401)
Total Governmental Activities	275,635	542,938	-	-	267,303
General Revenues					
Interest					1,275
Total General Revenues					1,275
Changes in Net Assets					268,578
Net Assets - Beginning of Year					188,256
Net Assets - End of Year					<u>\$ 456,834</u>

2011

	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Assets
	<u>Expenditures</u>	<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>	
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	
Governmental Activities					Government Activities
Program Services	\$ 73,200	\$ 148,400	\$ -	\$ -	\$ 75,200
Total Civic Development Projects	73,200	148,400	-	-	75,200
Management and General	4,178	-	-	-	(4,178)
Total Administrative Services	4,178	-	-	-	(4,178)
Total Governmental Activities	77,378	148,400	-	-	71,022
General Revenues					
Interest					80
Total General Revenues					80
Changes in Net Assets					71,102
Net Assets - Beginning of Year					117,154
Net Assets - End of Year					<u>\$ 188,256</u>

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents - Unassigned	\$ 320,787	\$ 128,442
Cash and Cash Equivalents - Assigned	54,322	59,814
Notes Receivable - Current	16,638	-
Accrued Interest Receivable	178	-
	<u>391,925</u>	<u>188,256</u>
 <u>Other Assets</u>		
Notes Receivable - Long Term	81,547	-
Less: Current Portion Above	16,638	-
	<u>64,909</u>	<u>-</u>
 Total Assets	<u>\$ 456,834</u>	<u>\$ 188,256</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
 Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
 <u>Fund Balance</u>		
Unassigned	402,512	128,442
Assigned	54,322	59,814
	<u>456,834</u>	<u>188,256</u>
 Total Liabilities and Fund Balance	<u>\$ 456,834</u>	<u>\$ 188,256</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>FUND BALANCE - UNASSIGNED</u>		
Revenues		
Bonds Fees	\$ 461,430	\$ 126,440
Interest Income	1,275	80
Miscellaneous Income	-	-
	<hr/>	<hr/>
Total Revenues	<u>462,705</u>	<u>126,520</u>
Expenditures		
Program Services	184,234	73,200
Management and General	4,401	4,178
	<hr/>	<hr/>
Total Expenditures	<u>188,635</u>	<u>77,378</u>
Excess (Deficiency) of Revenues Over Expenditures	274,070	49,142
Fund Balances - Beginning of Year	128,442	117,154
Imposition of Restrictions	-	(37,854)
	<hr/>	<hr/>
Fund Balances - End of Year	<u>\$ 402,512</u>	<u>\$ 128,442</u>
 <u>FUND BALANCE - ASSIGNED</u>		
Revenues		
Bonds Fees	\$ 81,508	\$ 21,960
	<hr/>	<hr/>
Total Revenues	<u>81,508</u>	<u>21,960</u>
Expenditures		
Program Services	87,000	-
Management and General	-	-
	<hr/>	<hr/>
Total Expenditures	<u>87,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,492)	21,960
Fund Balances - Beginning of Year	59,814	-
Restrictions Imposed	-	37,854
	<hr/>	<hr/>
Fund Balances - End of Year	<u>\$ 54,322</u>	<u>\$ 59,814</u>

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

	<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>Long-term</u> <u>Assets,</u> <u>Liabilities</u>	<u>Reclassifications</u> <u>and</u> <u>Eliminations</u>	<u>Statement of</u> <u>Net Assets</u> <u>Totals</u>
ASSETS				
Cash and Cash Equivalents - Unassigned	\$ 320,787	\$ -	\$ -	\$ 320,787
Cash and Cash Equivalents - Assigned	54,322	-	-	54,322
Notes Receivable - Current	16,638	-	-	16,638
Accrued Interest Receivable	178	-	-	178
Notes Receivable - Long Term	64,909	-	-	64,909
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	456,834	-	-	456,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES				
Liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE				
Total Fund Balance	456,834	-	-	456,834
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 456,834	\$ -	\$ -	\$ 456,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total Governmental Fund Balance				\$ 456,834
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.				
				<hr/>
Total Net Assets				\$ 456,834
				<hr/> <hr/>

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, 2012

	<u>Total Unassigned Funds</u>	<u>Total Restricted Funds</u>	<u>Capital Related Items</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
Revenues					
Bond Fees	\$ 461,430	\$ 81,508	\$ -	\$ -	\$ 542,938
Interest Income	1,275	-	-	-	1,275
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	462,705	81,508	-	-	544,213
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures					
Program Services	184,234	87,000	-	-	271,234
Management and General	4,401	-	-	-	4,401
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	188,635	87,000	-	-	275,635
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) Of Revenues Over Expenditures	274,070	(5,492)	-	-	268,578
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Change For The Year	<u>\$ 274,070</u>	<u>\$ (5,492)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,578</u>
Net Change in Fund Balances					\$ 268,578
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					<hr/> -
Change in Net Assets of Governmental Activities					<u>\$ 268,578</u>

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

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 and donations. On an accrual basis, revenue is recognized in the fiscal year for which the revenue

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

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 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

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

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 December 31, 2012 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 through February 2, 2013, 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 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.

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FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 of December 31, 2012 and 2011 respectively.

Restricted Net Assets - reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The IDACDC had \$54,322 and \$59,814 in restricted net assets as of December 31, 2012 and 2011, respectively.

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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 two classifications and are deemed to be available for general use by the IDACDC. The IDACDC had \$402,512 and \$128,442 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 IDACDC 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 IDACDC 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 IDACDC's highest level of decision making authority i.e., the Board of Directors. The IDACDC had \$-0- and \$-0- in committed fund balance as of December 31, 2012 and 2011, 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 \$54,322 and \$59,814 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 for general use. The IDACDC had \$402,512 and \$128,442 in unassigned fund balance as of December 31, 2012 and 2011, respectively.

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

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.

NOTE 4 – NOTES RECEIVABLE

The Organization carries its notes receivable at cost recognizing interest income on the accrual basis as specified in the various note agreements.

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

On April 25, 2012, Resolution #12-04-10 was passed by the Board of Directors authorizing a loan of \$87,000 to the Ogdensburg Bridge and Port Authority (OBPA) to assist in improvements to the Port of Ogdensburg. At a May 7, 2012 meeting, the Board of Directors of the OBPA passed a resolution agreeing to the loan offer of \$87,000. The loan was subsequently consummated on June 20, 2012 with an \$87,000 disbursement to the OBPA.

The Loan Receivable balance at December 31, 2012 and 2011 was \$81,547 and \$-0-, respectively. Also, as of December 31, 2012, the OBPA loan was current in making repayments.

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

	2012			2011		
	<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	\$ -	\$ 619	\$ 619	\$ -	\$ 738	\$ 738
Accounting Fees	-	3,300	3,300	-	3,100	3,100
Miscellaneous	-	482	482	-	340	340
Project Development	271,234	-	271,234	73,200	-	73,200
Total Expenses	\$ 271,234	\$ 4,401	\$ 275,635	\$ 73,200	\$ 4,178	\$ 77,378



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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, 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 IDACDC is responsible for establishing and maintaining effective 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* is a deficiency or a combination of 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 a certain matter pertaining to FDIC insurance coverage and additional collateralization of funds that we reported to management of the IDACDC in a separate letter dated February 2, 2013.

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,


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

Ogdensburg, New York
February 2, 2013



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February 2, 2013

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, 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 statements 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 from (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 22, 2013 and intend 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 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, 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. 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 no 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, 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 federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


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



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February 2, 2013

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

In planning and performing our audit of the financial statements of the St. Lawrence County Industrial Development Agency – Civic Development Corporation (IDACDC) for the year ended December 31, 2012, we considered the IDACDC's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the internal control structure does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

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

This report is intended solely for the use of the audit committee, management, and the members of the IDACDC Board of Directors and is not intended to be and should not be used for any other purpose.

Very truly yours,

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

**St. Lawrence County Industrial Development Agency –
Civic Development Corporation
Comments and Recommendations
December 31, 2012**

**12-1 Investment Policy – Resolution #12-01-04 as amended by Resolution #12-12-20
Status: Corrected**

Condition

During the course of our audit, it was noted that the funds invested in NBT Bank were noncompliant with the stated investment policies of the IDACDC per Resolution #12-01-04 as amended by Resolution #12-12-20. Specifically, the invested funds were under insured and/or collateralized exposing approximately \$290,000 to risk of loss should the bank have defaulted on December 31, 2012. Also, the diversified investment stipulation of no more than 60% of investment funds can be held by one financial institution was not complied with either as NBT Bank held 100% of the IDACDC's investment funds at December 31, 2012.

Recommendation

Continual monitoring of the cash balance in relation to the investment policy on a regular basis will highlight the need for more diversification and/or collateralization. Also, when handling significantly large deposits, it would be useful to determine how this deposit will affect the cash balance in relation to the investment policy.

Management Response

Both the Chief Financial Officer and Fiscal Manager recognized the importance of this control deficiency.

On December 19, 2012 a large deposit was received from the closing of the St. Lawrence University DASNY bonds. This deposit led to the IDACDC being out of compliance. Money was moved to a new bank account in January 2013 to rectify the collateral and diversification.