ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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DECEMBER 31, 2013 AND 2012

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

301 Ford Street
P.O. Box 327
Ogdensburg, NY 13669
(315) 393-7502
Fax: (315) 393-9231
www.pmhvcpa.com

INDEPENDENT AUDITOR'S 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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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, 2013 and 2012, 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

Required Supplementary Information

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.

Other Information

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. The supplemental schedules on pages 29 through 40 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Pinto Mucenski Hooper VanHouse + Co.
Certified Public Accountants, P.C.
Ogdensburg, New York
March 3, 2014

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

Ernest J. LaBaff Industrial Building ~ 19 Commerce Lane, Suite 1 ~ Canton, New York 13617
Phone: (315) 379-9806 / TDD: 711 ~ Fax: (315) 386-2573 ~ www.slcida.com

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, 2013. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- The completion of Lease Purchases and the subsequent removal of the assets consisting of the Third Massena Industrial Building and the Technology Development Center in Potsdam decreased fixed assets by $1,187,959.

- The construction of the Canton Industrial Building was completed in 2013.

Agency Highlights

- January 2013. The Agency passed resolutions for the annual review of the Procurement and Investment policies. The Agency also completed its annual review of Disposition of Real Property Guidelines.

- February 2013. The Agency passed resolutions for policies and procedures for Fleet Management, Personnel Guidelines, & Discretionary Funds Management. Additionally, the Agency passed a resolution honoring the late Walter V. Basmajian.

- March 2013. The Agency accepted its 2012 Annual Audit.

- April 2013. The Agency passed resolutions authorizing the High Peaks Winery project and the Fockler Industries project. In addition, the Agency, declared its support for the continued operation of the St. Lawrence Psychiatric Center, and committed funds to the Drum Country Business Regional Marketing Initiative.

- June 2013. The Agency issued a resolution naming the First Canton Industrial Park Building the *Ernest J LaBaff Industrial Building*. The Agency also authorized a USDA Rural Business Enterprise Grant application for the North Country Grown Cooperative, Inc. project.

- July 2013. The Agency authorized the purchase of a new vehicle and disposal of three current vehicles, authorized modifications to its FY2013 budget, and terminated the PILOT for the Newton Falls Fine Paper Company.

- September 2013. The Agency authorized the Canton Industrial Park Road Expansion project, authorized a building lease agreement with Clarkson University, authorized a sales and use tax exemption for ACCO Brands Corporation, and amended the Lease and PILOT for St. Lawrence Brewing Company.

- October 2013. The Agency approved its FY2014 budget. The Agency authorized a sales and use tax exemption for Hoosier Magnetics and for the SLCIDA-LDC's renovation project on lots 18 & 19 within the Massena Industrial Park. The Agency also accepted the application of Potsdam Hotel Associates and authorized a public hearing for the project.

- December 2013. The Agency accepted an application from SeaComm Federal Credit Union for the company's expansion project. Additionally, the Agency authorized modifications to its FY2013 budget, reviewed its Investment Policy and authorized a schedule of depositories. Lastly, the Agency authorized execution of termination of lease and release of rights documents relative to the NATCO 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 $7,109,591 as of December 31, 2013.

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, 2013.

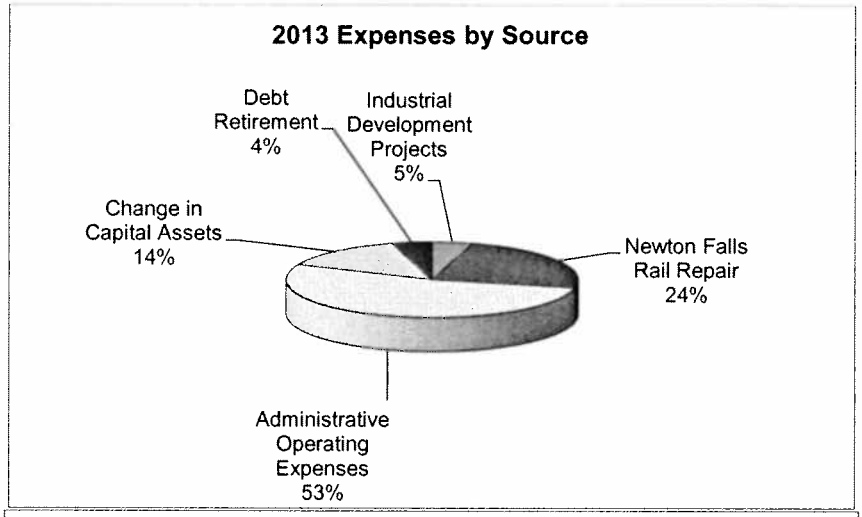
Table 1

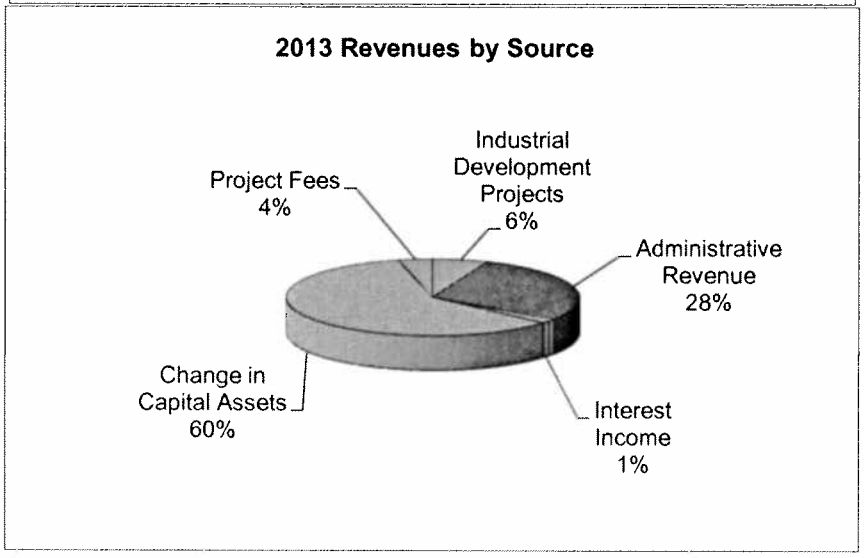
2013		2012	
Total Current Assets	3,696,450	Total Current Assets	4,275,326
Total Fixed Assets (Net)	4,191,178	Total Fixed Assets (Net)	4,784,034
Total Other Assets	83,195	Total Other Assets	52,986
Total Assets	$7,970,823	Total Assets	$9,112,346
Total Liabilities	861,232	Total Liabilities	853,361
Total Net Assets	7,109,591	Total Net Assets	8,258,985
Total Liabilities & Net Assets	$7,970,823	Total Liabilities & Net Assets	$9,112,346

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

2013			2012		
Total Industrial Development Project (IDP) Revenue		$96,871	Total Industrial Development Project (IDP) Revenue		$206,925
Total IDP Projects	504,759		Total IDP Projects	124,485	
Support Services	881,175		Support Services	986,885	
Total Governmental Expenses		-1,385,934	Total Governmental Expenses		-1,111,370
Total Government Activities		-1,289,063	Total Government Activities		-904,445
Total General Revenues		1,177,562	Total General Revenues		1,317,287
Change in Net Assets		-111,501	Change in Net Assets		412,842
Prior Year Adjustments		-1,037,893	Prior Year Adjustments		156,247
Net Assets – Beginning of Year		8,258,985	Net Assets – Beginning of Year		7,689,896
Net Assets – End of Year		$7,109,591	Net Assets – End of Year		$8,258,985





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 POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,556,270	$ 2,132,601
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	6,708	5,826
Accrued Interest Receivable	568	483
Leases Receivable - Current	17,998	762
Mortgages Receivable - Current	22,490	33,016
Prepaid Expenses	92,416	102,638
Total Current Assets	3,696,450	4,275,326
Fixed Assets		
Land	166,250	166,250
Land Improvements	125,603	163,103
Buildings and Improvements	4,471,269	3,563,214
Automotive Equipment	39,578	95,291
Office Equipment and Furnishings	27,096	33,676
Construction in Process - Canton Industrial Park	8,400	1,884,336
	4,838,196	5,905,870
Less: Accumulated Depreciation	(647,018)	(1,121,836)
Total Fixed Assets (Net)	4,191,178	4,784,034
Other Assets		
Leases Receivable - Long Term	56,721	4,066
Mortgages Receivable - Long Term	26,474	48,920
Total Other Assets	83,195	52,986
Total Assets	7,970,823	9,112,346
LIABILITIES		
Current Liabilities:		
Rental and Refundable Deposits	5,692	31,931
Accrued Expenses - Other	4,567	18,020
Long Term Debt - Current Portion	66,313	64,202
Total Current Liabilities	76,572	114,153
Long-Term Liabilities:		
Compensated Absences	188,532	190,902
Postemployment Benefits Other Than Pensions	336,729	222,594
Long Term Debt - Less Current Portion	259,399	325,712
Total Long-Term Liabilities	784,660	739,208
Total Liabilities	861,232	853,361
NET POSITION		
Net Investment in Capital Assets	3,865,466	4,394,120
Unrestricted - Assigned	2,000,000	2,000,000
Unrestricted - Unassigned	1,244,125	1,864,865
Total Net Position	7,109,591	8,258,985
Total Liabilities and Net Position	$ 7,970,823	$ 9,112,346

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013					2012				
		Program Revenues			Net (Expense) Revenue and Changes in Net Position		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities
Governmental Activities										
Industrial Development Projects										
Gouverneur Industrial Park	$ 2,616	$ -	$ -	$ -	$ (2,616)	$ 5,353	$ -	$ -	$ -	$ (5,353)
First Gouverneur Building	9,869	11,317	-	-	1,448	9,869	10,980	-	-	1,111
Third Massena Shell Building	9,849	-	-	-	(9,849)	13,132	42,426	-	-	29,294
Massena - Lot 17	10,200	6,238	-	-	(3,962)	10,200	14,671	-	-	4,471
Massena - Lot 20	19,849	48,550	-	-	28,701	20,432	44,131	-	-	23,699
Railroad Corridor	-	-	-	-	-	15,782	-	-	-	(15,782)
Newton Falls Rail Repair	345,237	-	-	-	(345,237)	1,895	-	-	-	(1,895)
Potsdam Commerce Park	25,589	7,300	-	-	(18,289)	27,198	6,000	-	-	(21,198)
Potsdam Technology Development Center	7,636	-	-	-	(7,636)	19,239	70,890	-	-	51,651
Canton Industrial Park	5,733	-	-	-	(5,733)	70	-	-	-	(70)
Canton Industrial Building	68,181	20,444	-	-	(47,737)	1,315	-	-	-	(1,315)
Total Industrial Development Projects	504,759	93,849	-	-	(410,910)	124,485	189,098	-	-	64,613
Support Services										
Administrative Operating Expenses	765,449	-	3,022	-	(762,427)	839,972	-	-	-	(839,972)
Program Expense	-	-	-	-	-	17,827	-	17,827	-	-
Relocation Expense	-	-	-	-	-	6,100	-	-	-	(6,100)
Employee Benefits	111,765	-	-	-	(111,765)	113,250	-	-	-	(113,250)
Depreciation - Unallocated	3,961	-	-	-	(3,961)	9,736	-	-	-	(9,736)
Total Support Services	881,175	-	3,022	-	(878,153)	986,885	-	17,827	-	(969,058)
Total Governmental Activities	$ 1,385,934	$ 93,849	$ 3,022	$ -	$ (1,289,063)	$ 1,111,370	$ 189,098	$ 17,827	$ -	$ (904,445)
General Revenues						General Revenues				
Interest					20,439	Interest				28,148
Miscellaneous Income					17,888	Miscellaneous Income				-
Lease Income					-	Lease Income				5,335
Administration Fees					607,200	Administration Fees				632,200
Project Fees					80,285	Project Fees				485,354
Donated Land Value					-	Donated Land Value				166,250
Gain on Sale of Fixed Assets					451,750	Gain on Sale of Fixed Assets				-
Total General Revenues					1,177,562	Total General Revenues				1,317,287
Changes in Net Position					(111,501)	Changes in Net Position				412,842
Prior Period Adjustment - Note 20					(1,037,893)	Prior Period Adjustment - Note 20				156,247
Net Position - Beginning of Year					8,258,985	Net Position - Beginning of Year				7,689,896
Net Position - End of Year					$ 7,109,591	Net Position - End of Year				$ 8,258,985

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and Cash Equivalents	$ 1,556,270	$ 2,132,601
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	6,708	5,826
Accrued Interest Receivable	568	483
Leases Receivable - Current	17,998	762
Mortgages Receivable - Current	22,490	33,016
Prepaid Expenses	92,416	102,638
Leases Receivable - Long Term	56,721	4,066
Mortgages Receivable - Long Term	26,474	48,920
Total Assets	3,779,645	4,328,312
LIABILITIES AND FUND BALANCES		
Liabilities		
Rental and Refundable Deposits	5,692	31,931
Accrued Expenses - Other	4,567	18,020
Total Liabilities	10,259	49,951
Fund Balances		
Assigned	2,000,000	2,000,000
Unassigned	1,769,386	2,278,361
Total Fund Balances	3,769,386	4,278,361
Total Liabilities and Fund Balances	$ 3,779,645	$ 4,328,312

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
REVENUES		
Operating Project Revenues:		
Gouverneur Industrial Park	$ -	$ -
First Gouverneur Industrial Building	11,317	10,980
Third Massena Shell Building	40,026	42,426
Massena - Lot 17	6,238	14,671
Massena - Lot 20	48,550	44,131
Railroad Corridor	-	-
Newton Falls Rail Repair	-	-
Potsdam Commerce Park	7,300	6,000
Potsdam Technology Development Center	35,445	70,890
Canton Industrial Park	-	-
Canton Industrial Building	20,444	-
Interest Income	20,439	28,148
Miscellaneous Income	17,888	-
Lease Income	-	5,335
Grant Income - RBEG	-	17,827
Incentive Award - NYSERDA	3,022	-
Administration Fees	607,200	632,200
Project Fees	80,285	485,354
Donated Land Value	-	166,250
Total Revenues	898,154	1,524,212
EXPENDITURES		
Operating Project Expenditures:		
Gouverneur Industrial Park	2,616	5,353
First Gouverneur Industrial Building	-	-
Third Massena Shell Building	-	-
Massena - Lot 17	-	-
Massena - Lot 20	1,961	2,544
Railroad Corridor	-	15,782
Newton Falls Rail Repair	345,237	1,895
Potsdam Commerce Park	3,326	4,935
Potsdam Technology Development Center	-	3,968
Canton Industrial Park	5,733	70
Canton Industrial Building	15,595	1,315
Program Expenses - RBEG	-	17,827
Relocation Expenses	-	6,100
Administrative Operating Expenditures	765,449	839,972
Debt Retirement	64,202	62,159
Net Change Capital Assets - Additions	203,490	2,050,586
Total Expenditures	1,407,609	3,012,506
Excess (Deficiency) of Revenues Over Expenditures	(509,455)	(1,488,294)
Prior Period Adjustment - Note 20	480	11,247
Fund Balances - Beginning of Year	4,278,361	5,755,408
Fund Balances - End of Year	$ 3,769,386	$ 4,278,361

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash	$ 1,556,270	$ -	$ -	$ 1,556,270
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Accounts Receivable	6,708	-	-	6,708
Accrued Interest Receivable	568	-	-	568
Leases Receivable - Current	17,998	-	-	17,998
Mortgages Receivable - Current	22,490	-	-	22,490
Prepaid Expenses	92,416	-	-	92,416
Fixed Assets - Net	-	4,191,178	-	4,191,178
Leases Receivable - Long Term	56,721	-	-	56,721
Mortgages Receivable - Long Term	26,474	-	-	26,474
Total Assets	3,779,645	4,191,178	-	7,970,823
LIABILITIES				
Rental and Refundable Deposits	5,692		-	5,692
Accrued Expenses - Other	4,567		-	4,567
Compensated Absences	-	188,532	-	188,532
Postemployment Benefits Other Than Pensions	-	336,729	-	336,729
Long Term Debt - Current Portion	-	66,313	-	66,313
Long Term Debt	-	259,399	-	259,399
Total Liabilities	10,259	850,973	-	861,232
NET POSITION				
Total Net Position	3,769,386	3,340,205	-	7,109,591
Total Liabilities and Fund Balance/Net Position	$ 3,779,645	$ 4,191,178	$ -	$ 7,970,823

Total Governmental Fund Balances	$ 3,769,386
Amounts reported for Governmental Acitivities in the Statement of Net Position are different because: Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	4,191,178
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.	(336,729)
GASB 16 valuation of the liability for vacation and sick time earned during the current year	(188,532)
Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds.	(325,712)
Net Position of Governmental Activities	$ 7,109,591

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, 2013

	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	11,317	-	-	11,317
Third Massena Shell Building	40,026	(40,026)	-	-
Massena Lot - 17	6,238	-	-	6,238
Massena Lot - 20	48,550	-	-	48,550
Railroad Corridor	-	-	-	-
Newton Falls Rail Repair	-	-	-	-
Potsdam Commerce Park	7,300	-	-	7,300
Potsdam Technology Development Center	35,445	(35,445)	-	-
Canton Industrial Park	-	-	-	-
Canton Industrial Building	20,444	-	-	20,444
Interest Income	20,439	-	-	20,439
Miscellaneous Income	17,888	-	-	17,888
Lease Income	-	-	-	-
Grant Income - RBEG	-	-	-	-
Grant Income - NYSERDA	3,022	-	-	3,022
Administration Fees	607,200	-	-	607,200
Project Fees	80,285	-	-	80,285
Donated Land Value	-	-	-	-
Gain on Sale of Fixed Assets	-	451,750	-	451,750
Total Revenues	898,154	376,279	-	1,274,433
EXPENDITURES				
Operating Project Expenditures:				
Gouverneur Industrial Park	2,616	-	-	2,616
First Gouverneur Industrial Building	-	9,869	-	9,869
Third Massena Shell Building	-	9,849	-	9,849
Massena - Lot 17	-	10,200	-	10,200
Massena - Lot 20	1,961	17,888	-	19,849
Railroad Corridor	-	-	-	-
Newton Falls Rail Repair	345,237	-	-	345,237
Potsdam Commerce Park	3,326	22,263	-	25,589
Potsdam Technology Development Center	-	7,636	-	7,636
Canton Industrial Park	5,733	-	-	5,733
Canton Industrial Building	15,595	52,586	-	68,181
Program Expenses - RBEG Grant	-	-	-	-
Relocation Expenses	-	-	-	-
Administrative Operating Expenditures	765,449	-	-	765,449
Depreciation - Unallocated	-	3,961	-	3,961
Debt Requirement	64,202	-	(64,202)	-
Net Change in Capital Assets - Additions	203,490	(203,490)	-	-
Compensated Absences	-	-	(2,370)	(2,370)
Employee Benefits	-	-	114,135	114,135
Total Expenditures	1,407,609	(69,238)	47,563	1,385,934
Excess (Deficiency) Of Revenues Over Expenditures	(509,455)	445,517	(47,563)	(111,501)
Net Change For The Year	$ (509,455)	$ 445,517	$ (47,563)	$ (111,501)
Net Change in Fund Balances				$ (509,455)
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(134,252)
Expenditures for acquisition of capital assets (net) recorded in the Governmental Funds, but not in the Statement of Activities				203,490
Current year rental income recorded in the Governmental Funds, but considered as part of sale price of capital assets and not recorded on Statement of Activities				(75,471)
Gain on sale of capital assets (net) recorded in the Statement of Activities, but not in the Governmental Funds				451,750
Expenditures for ***GASB 45*** valuation of post employment benefits other than pensions and net change in compensated absences recorded in the Statement of Activities, but no in the Governmental Funds				(111,765)
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				64,202
Change in Net Position of Governmental Activities				$ (111,501)

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2013 AND 2012

	Agency	
	2013	2012
ASSETS		
Cash	$ -	$ -
Total Assets	-	-
LIABILITIES		
Other liabilities	-	-
Total Liabilities	$ -	$ -

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

	Agency Funds	
	2013	2012
ADDITIONS		
Revenues from Payments in Lieu of Taxes	$ 35,909	$ 48,881
Total Additions	35,909	48,881
DEDUCTIONS		
Payments to Governmental Agencies	35,909	48,881
Total Deductions	35,909	48,881
Change in Net Position	-	-
Net Position - Beginning of Year	-	-
Net Position - End of Year	$ -	$ -

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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 Position 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

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. 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 is earned. Revenues from grants and donations are 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.

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 of 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. Personal time must be utilized during a 12 month period that begins on the first day of the month the employee was hired. Personal time is non-cumulative from year to year. Any unused time at the end of the employee's anniversary year will be subject to forfeiture. Sick and vacation leave is cumulative from year to year with maximum accruals based on years of service as depicted in the employee handbook. Upon retirement, resignation, or death; employees may receive a payment for accrued vacation and personal time based on the employee's regular rate of pay. Upon retirement, employees may receive a medical insurance credit based on unused sick time accrued at the employee's regular rate of pay as depicted in the employee handbook. 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 participates in a health insurance program through St. Lawrence County which 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 post-employment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the Agency Board. In 2004, the Governmental Accounting Standards Board (GASB) released ***Statement No. 45 (GASB 45)*** concerning health and other non-pension benefits for retired public employees. ***GASB 45*** was issued to provide more complete and reliable financial reporting regarding the costs and financing obligations that governments incur when they provide OPEB as part of employee compensation. In 2010, the Agency implemented ***GASB 45***.

Budgetary Procedures and Budgetary Accounting:

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

Use of Estimates:

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

Subsequent Events:

Management has reviewed and evaluated all events and transactions from December 31, 2013 through March 3, 2014 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 Canton Industrial Building. As of December 31, 2013 the loan agreement had not yet been consummated and it is anticipated to be consummated in early 2014.

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 Funds statements and the Agency wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Governmental Funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Agency's governmental funds differ from the "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position 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 – which 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 Position.

NOTE 3 – NET POSITION CLASSIFICATION

Agency Wide Statements:

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

Net Investment in Capital Assets - 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 $3,865,466 and $4,394,120 invested in capital assets, net of related debt as December 31, 2013 and 2012, respectively.

Unrestricted Net Position - 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 $3,209,419 and $3,864,865 in unrestricted net position as of December 31, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, 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 $1,734,680 and $2,278,361 in unassigned fund balance as of December 31, 2013 and 2012, 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.

NOTE 4 – MORTGAGES RECEIVABLE

The Agency has loaned mortgage money to local development organizations and has sold real estate subject to mortgages held by the Agency. The Agency carries its mortgages receivable at cost recognizing interest income on the accrual basis as specified in the various loan agreements. On a periodic basis, the Agency evaluates its mortgages receivable and will establish write offs as economic conditions warrant. The Board will determine which mortgages are written off based on un-collectability. All mortgages are considered collectible until all legal remedies have been exhausted. Balances at December 31, 2013 and 2012 follow.

Mortgages	Interest Rate	Maturity	Collateral	Original Amount	Balance 2013	Balance 2012
Atlantic Testing Laboratories	5.25%	12/01/16	Building	188,478	45,079	62,658
Kinney Drugs	3.00%	03/01/14	Building	136,000	3,885	19,278
					48,964	81,936
Current Portion					(22,490)	(33,016)
Long-Term Portion					$ 26,474	$ 48,920

NOTE 5 – LEASES RECEIVABLE

High Peaks Winery: On April 25, 2012, the Agency passed a resolution to submit an application for a USDA Rural Business Enterprise Grant (RBEG). This resulted in a lease with High Peaks Winery for equipment purchased with the proceeds of the grant.

Fockler Industries, LLC: On August 1, 2013 the Agency entered into an installment sales agreement through which the Agency purchased a newly acquired robotic welder to lease it back to the company for a term of 48 months with lease payments beginning on December 1, 2013.

The Agency carries leases receivable at cost. Balances at December 31, 2013 and 2012 follow.

Leases	Interest Rate	Maturity	Collateral	Original Amount	Balance 2013	Balance 2012
High Peaks Winery	0.00%	08/01/2019	Equipment	$ 5,336	$ 4,192	$ 4,828
Fockler Industries, LLC	2.65%	06/01/2017	Equipment	$ 92,790	70,527	-
					74,719	4,828
Current Portion					(17,998)	(762)
Long Term Portion					$ 56,721	$ 4,066

All leases are considered collectible until all legal remedies have been exhausted.

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2013 follows.

	Beginning Balance	Additions/ Reclassifications	Retirements/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	166,250	-	-	166,250
Land Improvements	163,103	-	37,500	125,603
Construction in Process	1,884,336	8,400	1,884,336	8,400
Total nondepreciable historical cost	2,213,689	8,400	1,921,836	300,253
Capital assets that are depreciated:				
Buildings and Improvements	3,563,214	2,096,014	1,187,959	4,471,269
Automotive Equipment	95,291	16,170	71,883	39,578
Office Equipment and Furnishings	33,676	4,742	11,322	27,096
Total depreciable historical cost	3,692,181	2,116,926	1,271,164	4,537,943
Less accumulated depreciation	1,121,836	134,252	609,070	647,018
Total depreciable historical cost, net	2,570,345	1,982,674	662,094	3,890,925
Total capital assets historical cost, net	$ 4,784,034	$ 1,991,074	$ 2,583,930	$ 4,191,178

Depreciation expense was charged to governmental activities as follows.

Gouverneur Industrial Building	$ 9,869
Third Massena Shell Building	9,849
Massena - Lot 17 Building	10,200
Massena - Lot 20 Building	17,888
Potsdam Commerce Park Building	22,263
Potsdam Technological Development Center	7,636
Canton Industrial Building	52,586
Total Depreciation Charged to Government Activities	130,291
Total Depreciation Charged to Support Services	3,961
Total Depreciation Expense	$ 134,252

In October 2013, the Agency's lease purchase agreement dated December 1, 2003 with Marimac (Third Massena Shell Building) was completed and the property was removed from the asset list. In June 2013, the Agency's lease purchase agreement dated June 8, 1987 with Canton Potsdam Hospital (Potsdam Technology Development Center) was completed and the property was removed from the asset list.

NOTE 7 – PENSION PLANS

Plan Descriptions:

The Agency participates in the New York State and Local Employees Retirement System (ERS). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulation for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirements Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy:

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

	ERS
2013	$ 83,571
2012	100,277
2011	55,053

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, 2013 was $ -0-.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Annual Other Postemployment Benefit expenses for the year ended December 31, 2013 amounted to $114,135. At December 31, 2013, the postemployment benefit liability for retired employees amounted to $336,729. The number of participants as of December 31, 2013 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, 2013 amounted to $114,135.

A summary of the actuarial assumptions and calculated results follows:

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)	$ 694,172
Normal Cost for a Fiscal Year	$ 75,828
Amortization of Unfunded UAAL	42,510
Annual Required Contribution	$ 118,338

Annual OPEB and Net OPEB Obligation

Annual Required Contribution	$ 118,338
Interest on Net OPEB Obligation	8,904
Adjustment to Annual Required Contribution	(13,107)
Annual OPEB Cost (Expense)	$ 114,135
Contribution Made on Pay-As-You-Go Basis	-
Increase in Net OPEB Obligation	$ 114,135
Net OPEB Obligation on January 1	222,594
Expected Net OPEB Obligation on December 31	$ 336,729

Actuarial Methods and Assumptions	
Discount Rate	4.0%
Initial Medical Rate	5.0%
Ultimate Medical Rate	4.3%

NOTE 9 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2013 and 2012 consisted of the following:

Holder	Interest Rate	Maturity	Original Amount	2013	2012
Greater Massena Economic Development Fund	3.375%	12/01/19	600,000	277,014	317,943
St. Lawrence County IDA-LDC	3.000%	12/01/15	217,204	48,698	71,971
				325,712	389,914
Current Portion				(66,313)	(64,202)
Long-Term Debt (Net)				$ 259,399	$ 325,712

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

2014	$ 66,313
2015	68,501
2016	45,284
2017	46,836
2018	48,442
Thereafter	50,336
	$ 325,712

NOTE 10 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in fifty such bond issues in the total original issue amount of $755,610,700. These issues were made at various times between February 1973 and December 31, 2013. These issues are not reflected in the financial statements since they are considered to be special obligations of the Agency having no claim on the general assets or general funds of the Agency.

NOTE 11 - ST. LAWRENCE COUNTY IDA LOCAL DEVELOPMENT CORPORATION

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

Agency Local Development Corporation (SLCIDA-LDC). St. Lawrence County assigned all of the loan repayments from certain County Community Development Block Grant (CDBG) Projects to SLCIDA for the purpose of establishing a county wide revolving loan fund. Upon the formation of the SLCIDA-LDC, the SLCIDA assigned all of its rights in the CDBG assignment to the SLCIDA-LDC for collection and administration.

NOTE 12 - POTSDAM TECHNOLOGY DEVELOPMENT CENTER

On June 8, 1987, the Agency and the Northern Advanced Technologies Corporation (NATCO) executed a 50 year ground sublease by which the Agency leased 3.62 acres of land at the NATCO Research Park in Potsdam, New York, for the purpose of constructing a research and development building thereon. On September 19, 1988, the Agency concluded a loan with NATCO for $145,000 for the construction of the building, the 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 constituted the NATCO Research 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. The IDA continued to lease the building to Canton-Potsdam Hospital until its lease/purchase contract with the Hospital terminated on June 30, 2013, at which time the Hospital took ownership of the facility. On 6/30/13 the Agency's lease/purchase contract with the Canton-Potsdam Hospital terminated; the Agency relinquished title to the property to the Hospital and removed the TDC from its asset list.

NOTE 13 – CANTON INDUSTRIAL BUILDING LOAN FROM ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY (SLRVRA)

The St. Lawrence River Valley Redevelopment Agency authorized and committed itself to loan the St. Lawrence County Industrial Development Agency $700,000 as financing towards the construction costs of the SLCIDA's Canton Industrial Building. As of December 31, 2013 the loan agreement had not been consummated and it is anticipated to be consummated in early 2014.

NOTE 14 – 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:

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

NOTE 15 – 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 (CIP) which had been donated to the Agency by St. Lawrence County in 2011. In 2012, the Agency applied for and was awarded funds through New York State's Regional Economic Development program to build out the infrastructure of the CIP. In April, 2013, the Agency executed an Incentive Proposal issued by Empire State Development (ESD) under which ESD committed to grant up to $470,000 to the Agency for site preparation, including roads, water, and sewer in the CIP. In late 2013, the Agency began to make such improvements; they will be completed in 2014. After their completion, the Agency will submit for reimbursement of the expenditures incurred in the project. The maximum amount of the award was no more than $470,000 out of allowed and documented expenditures of $2,400,000, or 19.6% of allowed and documented expenditures, whichever is less. Through December 31, 2013, the Agency has accrued expenses totaling $8,400 for the CIP project.

NOTE 16 – MASSENA LOT 17 BUILDING AND MASSENA LOT 20 BUILDING

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

NOTE 17 – ST. LAWRENCE COUNTY IDA CIVIC DEVELOPMENT CORPORATION

On January 7, 2010, a resolution was passed by the Agency 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 had 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 (SLCIDA-CDC) was created for this purpose.

NOTE 18 – NEWTON FALLS SECONDARY LINE

On December 23, 1991, the Agency took title to the 46.25 mile Newton Falls Secondary Line (the "Railroad"). In May of 2012, the Agency and the Mohawk Adirondack & Northern (MA&N) executed an operating agreement under which the Agency's ownership of the Railroad was confirmed, structured the Agency's lease of the Railroad to MA&N, and set conditions under which MA&N might take future ownership of the Railroad.

On October 25, 2012, the Agency executed an Incentive Proposal issued by Empire State Development (ESD) originally dated March 7, 2012 and revised on September 7, 2012 under which ESD committed to grant up to $9.972 million to the Agency to rehabilitate the entire Railroad. The Incentive Proposal split the grant into two phases – Phase 1 amounting up to $1.3 million to be used for pre-construction costs that would enable the Agency to clear the line, appraise the repairs required, and prepare specifications and bid documents; Phase 2 amounting up to $8.672 million to be used for the actual rehabilitation work. Beginning after October 25, 2012, the Agency began incurring expenses for pre-construction costs and by December 31, 2013 these costs totaled $379,943 (page 36 Schedule titled Newton Falls Rail Repair) of which $-0- and $345,237 were incurred in 2012 and 2013 respectively. On February 7, 2014, the Urban Development Corporation, acting on behalf of ESD, sent the Agency an executed Grant Disbursement Agreement which structures the Phase 1 grant process and authorized the Agency to request reimbursement for pre-construction expenses dating back to October 25, 2012.

NOTE 19 – LITIGATION

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.

In 2013 the Agency settled litigation with Zero Point Clean Technologies initiated in 2011. Zero Point Clean Technologies paid the Agency $17,250 in settlement of all claims.

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

Prior Period Adjustments consisted of the following:	Statements	
	Gov't Funds	Agency-wide
Conversion of yearly rental income to down payment of sale price for		
Third Massena Shell Building		(342,473)
Potsdam Technology Development Center		(695,900)
Correction of incorrect posting of 2012 prior period adjustment	480	480
Total as of December 31, 2013	$ 480	$ (1,037,893)

NOTE 21 – RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES

Occasionally the Agency (the "grantee") applies for and receives grants from government agencies and other organizations. These grants are usually "reimbursement grants", i.e., the monies from the grant are only paid to the grantee as reimbursements after the grantee has documented to the grantor that the grantee has achieved defined benchmarks, paid out required funds, and otherwise complied with all other required grant conditions. Projects in which such grants are involved often span several fiscal years and long delays in the reimbursement process are frequent. Consequently, in cases involving reimbursement grants, the Agency does not accrue expected grant revenue or receivables until it has complied with the conditions of the grant agreement(s) and submitted the necessary documentation that will trigger the payment process. Until such documentation has been submitted, and accepted, the grantor still has substantial discretion to deny or reduce payment. Accordingly, at year end the Agency does not accrue any expenses or payables associated with items to be paid out for future grant reimbursement until the Agency is satisfied that it has complied with all grant reimbursement eligibility requirements. These items are usually paid out in the subsequent period and will be recorded as project expenses. Reimbursement grants active as of December 31, 2013 consisted of the following.

Reimbursement Grants with Agency as a "Grantee"		Awarded Revenue	Deferred Expenses
Empire State Development (ESD) -			
Newton Falls Secondary Line	Phase 1	$ 1,300,000	$ 34,706
	Phase 2	8,672,000	-
	Total Award	$ 9,972,000	$ 34,706

From time to time, the Agency will act as a "grantor" in a "pass through" capacity only where it applies for grants on the behalf of other entities and then in turn acts as the official "grantor". Since these grants are also reimbursement grants, the Agency has adopted the same policy as stated above when acting as a "pass through grantor". As of December 31, 2013 there were no active grants of this nature.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
GOUVERNEUR INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Rental Income	$ -	$ -
Total Operating Revenues	-	-
OPERATING EXPENSES:		
Insurance	66	68
Repairs and Maintenance	2,550	5,285
Total Operating Expenses	2,616	5,353
NON-OPERATING EXPENSES:		
Depreciation	-	-
Total Non-Operating Expenses	-	-
Total Expenses	2,616	5,353
Excess of Revenues Over Expenses	$ (2,616)	$ (5,353)

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
FIRST GOUVERNEUR INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Lease Income	$ 11,317	$ 10,980
Total Operating Revenues	11,317	10,980
OPERATING EXPENSES:		
Insurance	-	-
Repairs and Maintenance	-	-
Miscellaneous	-	-
Total Operating Expenses	-	-
NON-OPERATING EXPENSES:		
Depreciation	9,869	9,869
Total Non-Operating Expenses	9,869	9,869
Total Expenses	9,869	9,869
Excess of Revenues Over Expenses	$ 1,448	$ 1,111

See Independent Auditor's Report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
THIRD MASSENA SHELL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Lease Income	$ -	$ 42,426
Total Operating Revenues	-	42,426
OPERATING EXPENSES:		
Insurance	-	-
Total Operating Expenses	-	-
NON-OPERATING EXPENSES:		
Depreciation	9,849	13,132
Total Non-Operating Expenses	9,849	13,132
Total Expenses	9,849	13,132
Excess of Revenues Over Expenses	$ (9,849)	$ 29,294

See Independent Auditor's Report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 17
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Lease Income	$ 6,238	$ 14,671
Total Operating Revenues	6,238	14,671
OPERATING EXPENSES:		
Maintenance Services	-	-
Total Operating Expenses	-	-
NON-OPERATING EXPENSES:		
Depreciation	10,200	10,200
Total Non-Operating Expenses	10,200	10,200
Total Expenses	10,200	10,200
Excess of Revenues Over Expenses	$ (3,962)	$ 4,471

See Independent Auditor's Report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 20
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Rental Income	$ 48,550	$ 44,131
Total Operating Revenues	48,550	44,131
OPERATING EXPENSES:		
Insurance	-	-
Miscellaneous	-	16
Interest	1,961	2,528
Total Operating Expenses	1,961	2,544
NON-OPERATING EXPENSES:		
Depreciation	17,888	17,888
Total Non-Operating Expenses	17,888	17,888
Total Expenses	19,849	20,432
Excess of Revenues Over Expenses	$ 28,701	$ 23,699

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
RAILROAD CORRIDOR
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Income	$ -	$ -
Total Operating Revenues	-	-
OPERATING EXPENSES:		
Maintenance	-	15,782
Total Operating Expenses	-	15,782
Excess of Revenues Over Expenses	$ -	$ (15,782)

See Independent Auditor's Report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
NEWTON FALLS RAIL REPAIR
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Income	$ -	$ -
Total Operating Revenues	-	-
OPERATING EXPENSES:		
Repairs	-	1,895
Rehabilitation Project	345,237	-
Total Operating Expenses	345,237	1,895
Excess of Revenues Over Expenses	$(345,237)	$ (1,895)

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM COMMERCE PARK
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Rental Income	$ 7,300	$ 6,000
Total Operating Revenues	7,300	6,000
OPERATING EXPENSES:		
Insurance	3,116	3,238
Miscellaneous	10	-
Maintenance	200	1,698
Total Operating Expenses	3,326	4,936
NON-OPERATING EXPENSES:		
Depreciation	22,263	22,262
Total Non-Operating Expenses	22,263	22,262
Total Expenses	25,589	27,198
Excess of Revenues Over Expenses	$ (18,289)	$ (21,198)

See Independent Auditor's Report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM TECHNOLOGY DEVELOPMENT CENTER
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Rental Income	$ -	$ 70,890
Total Operating Revenues	-	70,890
OPERATING EXPENSES:		
Insurance	-	3,968
Maintenance	-	-
Total Operating Expenses	-	3,968
NON-OPERATING EXPENSES:		
Depreciation	7,636	15,271
Total Non-Operating Expenses	7,636	15,271
Total Expenses	7,636	19,239
Excess of Revenues Over Expenses	$ (7,636)	$ 51,651

See Independent Auditor's Report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
CANTON INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Rental Income	$ -	$ -
Total Operating Revenues	-	-
OPERATING EXPENSES:		
Insurance	1,261	-
Engineering Expenses	4,472	70
Total Operating Expenses	5,733	70
NON-OPERATING EXPENSES:		
Depreciation	-	-
Total Non-Operating Expenses	-	-
Total Expenses	5,733	70
Excess of Revenues Over Expenses	$ (5,733)	$ (70)

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
CANTON INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Rental Income	$ 20,444	$ -
Total Operating Revenues	20,444	-
OPERATING EXPENSES:		
Insurance	6,422	1,285
Utilities	3,760	-
Maintenance	5,413	30
Total Operating Expenses	15,595	1,315
NON-OPERATING EXPENSES:		
Depreciation	52,586	-
Total Non-Operating Expenses	52,586	-
Total Expenses	68,181	1,315
Excess of Revenues Over Expenses	$ (47,737)	$ (1,315)

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING EXPENSES:		
Accounting/Audit	$ 5,850	$ 6,500
Data Processing Services	5,165	6,736
Educational Workshops	2,655	860
Employee Benefits	184,422	134,958
Equipment Repair	930	-
Insurance	8,235	9,763
Interest Expense	10,870	11,458
Legal Fees	24,320	60,531
Meetings	1,046	1,373
Miscellaneous	441	212
Office Supplies and Postage	23,288	9,538
Other Travel	7,224	7,714
Payroll Fees	2,658	2,453
Payroll Taxes	29,503	30,617
Printing and Copying	1,220	909
Professional Associations	750	1,400
Promotion and Marketing	28,727	34,429
Rent and Maintenance	2,213	83,935
Salaries and Wages	411,972	419,763
Telephone	6,096	4,398
Utilities	3,162	-
Vehicle Repairs and Maintenance	4,702	12,425
Total Operating Expenses	$765,449	$839,972

See Independent Auditor's Report.

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

301 Ford Street
P.O. Box 327
Ogdensburg, NY 13669
(315) 393-7502
Fax: (315) 393-9231
www.pmhvcpa.com

INDEPENDENT AUDITOR'S 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, 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, the financial statements of the governmental activities of St. Lawrence County Industrial Development Agency (Agency) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be control deficiencies as described in the Management Letter on pages 46 – 48 as #'s 13-1 and 13-2.

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*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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,

Pinto Mucenski Hooper VanHouse + Co.
Certified Public Accountants, P.C.
Ogdensburg, New York
March 3, 2014

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

301 Ford Street
P.O. Box 327
Ogdensburg, NY 13669
(315) 393-7502
Fax: (315) 393-9231
www.pmhvcpa.com

March 3, 2014

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, 2013. 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 12, 2013. 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 12, 2013, 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 Agency 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 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 21, 2014 and intend to issue our report on approximately March 3, 2014.

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. As described in Note 1 to the financial statements, the Agency changed accounting policies related to reporting deferred inflows and outflows of resources and net position instead of net assets. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year is reported in the Statement of Net Position formerly known as the Statement of Net Assets. 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, Mortgages, and Leases Receivables
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 Pension – GASB #45
The disclosure of post-employment benefits other than pensions found in Note #9 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, most of the misstatements detected as a result of audit procedures and corrected by management were immaterial, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole with the exception of one transaction (See Management Letter following this document).

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 March 3, 2014.

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 auditor's 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 on pages 3 – 7 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,

Pinto Mucenski Hooper VanHouse & Co.
Certified Public Accountants, P.C.
Ogdensburg, New York