

**ST. LAWRENCE COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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To the Board of Directors  
St. Lawrence County Industrial Development Agency

We have audited the accompanying financial statements of the St. Lawrence County Industrial Development Agency (Agency), a component unit of St. Lawrence County, New York, as of and for the years ended December 31, 2015 and 2014, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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 opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Lawrence County Industrial Development Agency as of December 31, 2015 and 2014, and the changes in its financial position, and its cash flows for the years then ended in accordance 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 4 through 7, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Local Government Contributions on page 33 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.

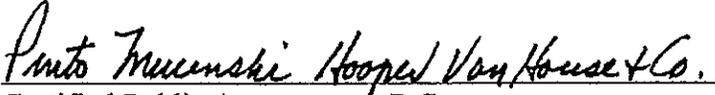
### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the St. Lawrence County Industrial Development Agency's basic financial statements. The Schedules of Revenues and Expenses by Project on page 35 and the Schedules of Operating Expenses on page 36 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenues and Expenses by Project and the Schedules of Operating Expenses 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 audit of the basic 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2016, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

March 3, 2016

## 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, 2015. Please read it in conjunction with the Agency's financial statements.

### HIGHLIGHTS

#### Financial Highlights

- Total Assets were increased by \$ 349,057 largely due to the receipt of revenues for the Newton Falls Rail Project.
- Total Liabilities increased by \$ 54,337 mainly due to the implementation of GASB 68.

#### Agency Highlights

- February 2015. The Agency conducted annual reviews of its policies on Procurement, Investment, and Disposition of Real Property Guidelines. The Agency also authorized Modifications to the FY2014 Budget.
- March 2015. The Agency accepted its 2014 Annual Audit; they also adopted policies on Compensation, Reimbursement and Attendance, Whistleblower Policy and Procedures, Defense and Indemnification, Code of Ethics, and Conflicts of Interest Policy. The Agency also approved Designation of Newspapers for Publication of Legal Notices.
- May 2015. The Agency authorized Sales and Use Tax Exemption assistance to Cives Steel Company, Northern Division.
- June 2015. The Agency authorized an agreement with DANC for Technical Services for the Newton Falls Rail Rehabilitation Project. The Agency also authorized an Application for Grant Funds through the Northern Border Regional Commission.
- July 2015. The Agency authorized Modifications to the FY2015 Budget.
- August 2015. The Agency authorized Sales and Use Tax Exemption assistance to Ansen Corporation and Beamko/Defelsko. The Agency also authorized Termination of Lease with St. Lawrence Lumber.
- September 2015. The Agency approved its 2016 tentative budget. The Agency authorized and agreement with DANC for J&L Technical Services. The Agency also authorized a resolution for the merger of Union Graduate College into Clarkson University.
- October 2015. The Agency approved its 2016 budget, authorized a Three-Year Audit Services Contract, and revised the Travel and Miscellaneous Expense Reimbursement Policy. The Agency also amended the Bylaws of the SLCIDA, and Amended the Building Lease for the St. Lawrence Brewing Co. Inc. Project.
- December 2015. The Agency conducted a review of its Investment Policy, and authorized Sales and Use Tax Exemption assistance to Curran Renewable Energy.

## USING THIS ANNUAL REPORT

This annual report consists of four parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information, and other 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 financial statements of the Agency report information using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the Agency's overall financial status. The Agency's basic financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows. The financial statements also include notes that are considered essential to a full understanding of the data that is being presented on the statements.

The *Statements of Net Position* presents information on all of the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the assets plus deferred outflows of resources less liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statements of Revenues, Expenses, and Changes in Net Position* account for all of the current year's revenues and expenses. This statement measures the success of the Agency's operations over the past year and can be used to determine whether the Agency has successfully recovered all of its costs. It provides the user with basic financial information about the profitability and credit worthiness.

The *Statement of Cash Flows* provides information about the Agency's cash receipts and cash payments during the fiscal year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating; noncapital financing; capital and related financing; and investing activities. The purpose of this statement is to tell the user where the Agency's cash came from, what the cash was used for, and by how much the cash balance changed over the course of the fiscal year.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Required Supplemental Information.** This information is required in connection with the Agency's pension plan held with New York State and Local Employees' Retirement System. The purpose of Required Supplemental Information presented on Page 33 is for additional analysis only.

**Other Supplemental Information.** In addition to the basic financial statements and accompanying notes, this report presents Supplemental Schedules, which are presented for purposes of additional analysis only.

## FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government agencies financial position. In the case of the Agency, assets exceeded liabilities by \$ 6,551,529 as of December 31, 2015.

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 position for the fiscal year ended December 31, 2015.

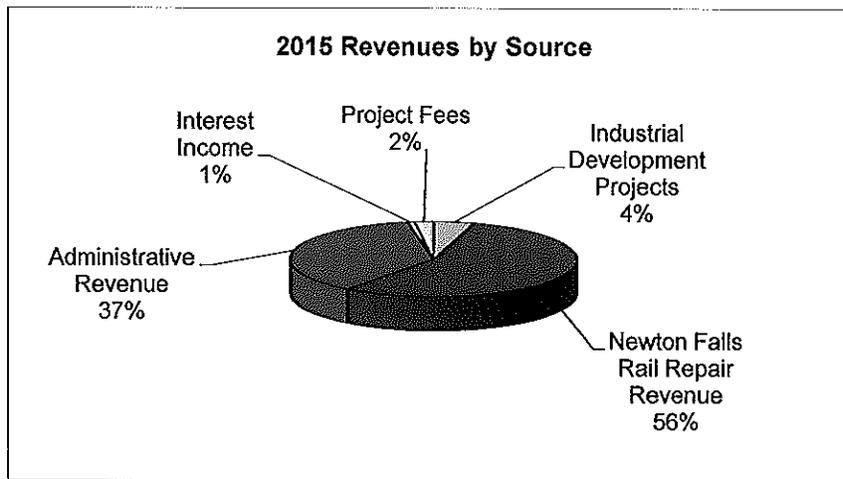
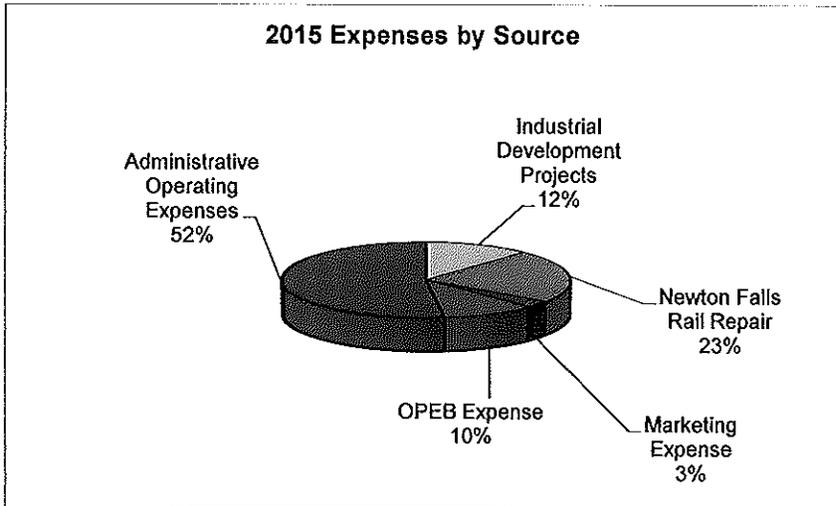
**Table 1**

2015		2014 (Restated)	
Total Current Assets	\$ 4,673,204	Total Current Assets	\$ 4,395,098
Total Fixed Assets (Net)	3,890,810	Total Fixed Assets (Net)	3,861,112
Total Other Assets	<u>356,694</u>	Total Other Assets	<u>3,861,112</u>
Total Assets	8,920,708	Total Assets	8,642,180
Deferred Outflow - Pension	<u>70,529</u>	Deferred Outflow - Pension	-
	<u>\$ 8,991,237</u>		<u>\$ 8,642,180</u>
Total Liabilities	2,420,396	Total Liabilities	2,385,371
Total Net Position	<u>6,551,529</u>	Total Net Position	<u>6,256,809</u>
Total Liabilities and Net Position	8,971,925	Total Liabilities and Net Position	8,642,180
Deferred Pension - Inflow	<u>19,312</u>	Deferred Inflow - Pension	-
	<u>\$ 8,991,237</u>		<u>\$ 8,642,180</u>

Changes in the Agency's Net Position can be determined by reviewing the following condensed Statement of Activities at the end of the year.

**Table 2**

2015		2014 (Restated)	
Total Industrial Development Project (IDP) Revenue	\$ 987,764	Total Industrial Development Project (IDP) Revenue	\$ 489,936
Total ID Projects	433,249	Total ID Projects	826,243
Support Services	<u>826,497</u>	Support Services	<u>913,425</u>
Total SLCIDA Expenses	<u>(1,259,746)</u>	Total SLCIDA Expenses	<u>(1,739,668)</u>
Total SLCIDA Activities	(271,982)	Total SLCIDA Activities	(1,249,732)
Total General Revenues	659,028	Total General Revenues	562,683
Excess (Deficiency)	387,046	Excess (Deficiency)	(687,049)
Implementation of GASB68	<u>(92,326)</u>	Implementation of GASB68	-
Change in Net Position	294,720	Change in Net Position	(687,049)
Net Position - Beginning of Year	<u>6,256,809</u>	Net Position - Beginning of Year	<u>6,943,858</u>
Net Position - End of Year	<u>\$ 6,551,529</u>	Net Position - End of Year	<u>\$ 6,256,809</u>



**CASH AND INVESTMENT POLICY**

The St. Lawrence County Industrial Development Agency finds it necessary to place funds in various deposit accounts or certificates of deposit. Article 18A, Section 858(14) of the State General Municipal Law authorizes the Agency to designate depositories. In accordance with this Article, five (5) banks are designated as depositories for Agency funds. Rates are competitively procured for each deposit, with no more than 60% of its total investments in any one institution.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency's Chief Executive Officer at 19 Commerce Lane, Suite 1, Canton, New York 13617.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENTS OF NET POSITION,  
DECEMBER 31, 2015 AND 2014**

	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,395,079	\$ 2,140,947
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Accounts Receivable	209,127	89,859
Accrued Interest Receivable	48	937
Leases Receivable	19,856	19,060
Mortgages Receivable	6,942	19,559
Capital Lease Receivable	35,772	34,541
Prepaid Expenses	6,380	90,195
Total Current Assets	<u>4,673,204</u>	<u>4,395,098</u>
<b>Long-Term Assets:</b>		
Capital Assets		
Nondepreciable	281,353	832,327
Depreciable, Net of Accumulated Depreciation	3,609,457	3,028,785
Leases Receivable, net of current portion	57,735	44,313
Mortgages Receivable, net of current portion	-	6,926
Capital Lease Receivable, net of current portion	298,959	334,731
Total Long-Term Assets	<u>4,247,504</u>	<u>4,247,082</u>
Total Assets	<u>8,920,708</u>	<u>8,642,180</u>
<b>Deferred Outflows of Resources - Pension</b>	<u>70,529</u>	<u>-</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Rental and Refundable Deposits	5,700	5,692
Accrued Expenses - Other	1,921	55,762
Deferred Revenue	3,898	-
Long Term Debt - Current Portion	99,165	122,023
Total Current Liabilities	<u>110,684</u>	<u>183,477</u>
<b>Long-Term Liabilities:</b>		
Compensated Absences	209,484	205,803
Postemployment Benefits Other Than Pensions	589,003	458,715
Long Term Debt - Less Current Portion	1,438,211	1,537,376
Net Pension Liability - Proportionment Share	73,014	-
Total Long-Term Liabilities	<u>2,309,712</u>	<u>2,201,894</u>
Total Liabilities	<u>2,420,396</u>	<u>2,385,371</u>
<b>Deferred Inflows of Resources - Pension</b>	<u>19,312</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,353,434	2,201,713
Unrestricted - Assigned	2,000,000	2,000,000
Unrestricted - Unassigned	2,198,095	2,055,096
Total Net Position	<u>\$ 6,551,529</u>	<u>\$ 6,256,809</u>

The accompanying notes are an integral part of these financial statements.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>REVENUES:</b>		
Operating Project Revenues:		
Massena - Lot 17	\$ 22,800	\$ 22,800
Newton Falls Rail Repair	913,290	386,710
Potsdam Commerce Park	24,361	24,903
Canton Industrial Building	27,313	24,798
Interest Income - Loans	10,785	13,644
Interest Income - Banks	643	869
Miscellaneous Income	-	839
Revolving Loan Fund	-	8,547
Grant Income - RBEG	-	25,763
Grant Income - HAB Training	-	4,962
Administration Fees	607,200	607,200
Pilot - Tamarack	5,251	5,251
Project Fees	35,149	138,804
Loss on Disposal of Fixed Assets	-	<u>(212,471)</u>
 Total Revenues	 <u>1,646,792</u>	 <u>1,052,619</u>
<b>EXPENSES:</b>		
Operating Project Expenses:		
Gouverneur Industrial Park	1,715	949
First Gouverneur Industrial Building	-	2,467
Massena - Lot 17	30,708	18,613
Massena - Lot 20	343	1,194
Newton Falls Rail Repair	284,754	686,137
Potsdam Commerce Park	28,290	24,581
Canton Industrial Park	2,748	549
Canton Industrial Building	84,691	61,028
Tamarack - Maintenance	5,251	5,251
Program Expenses - RBEG	-	25,763
Program Expenses - HAB Training	-	4,962
Administrative Operating Expenses	<u>821,246</u>	<u>908,174</u>
 Total Expenses	 <u>1,259,746</u>	 <u>1,739,668</u>
Excess (Deficiency) of Revenues Over Expenses	387,046	(687,049)
Implementation of GASB 68	<u>(92,326)</u>	<u>-</u>
Change in Net Position	294,720	(687,049)
 Net Position - Beginning of Year, as restated	 <u>6,256,809</u>	 <u>6,943,858</u>
 Net Position - End of Year	 <u>\$ 6,551,529</u>	 <u>\$ 6,256,809</u>

The accompanying notes are an integral part of these financial statements.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>12/31/2015</u>	(Restated) <u>12/31/2014</u>
<b>OPERATING ACTIVITIES:</b>		
Cash Received from Others for Services and Grants	\$ 1,532,319	\$ 1,298,305
Cash Payments for Goods and Services	<u>(1,074,774)</u>	<u>(1,570,381)</u>
Net Cash Provided By Operating Activities	<u>457,545</u>	<u>(272,076)</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(121,256)	(546,675)
New Lease Proceeds Issued	(35,000)	(8,547)
Payments Received on Capital Lease	34,541	35,916
Payments Received on Mortgage Receivable	19,543	22,479
Payments Received on Leases Receivable	<u>20,782</u>	<u>19,893</u>
Net Cash Provided (Used) By Investing Activities	<u>(81,390)</u>	<u>(476,934)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds Received From Long-Term Debt	-	1,400,000
Payments Made on Long-Term Debt	<u>(122,023)</u>	<u>(66,313)</u>
Net Cash Provided (Used) By Financing Activities	<u>(122,023)</u>	<u>1,333,687</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	254,132	584,677
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>2,140,947</u>	<u>1,556,270</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,395,079</u>	<u>\$ 2,140,947</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in Net Position	\$ 294,720	\$ (687,049)
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation	91,558	93,350
Loss on Sale of Fixed Assets	-	212,471
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(119,268)	(83,151)
Accrued Interest Receivable	889	(369)
Prepaid Expenses	83,815	2,221
Rental and Refundable Deposits	8	-
Accrued Expenses - Other	(53,841)	51,194
Deferred Revenue	3,898	-
Compensated Absences	3,681	17,271
Postemployment Benefits	130,288	121,986
Net Pension Liability	73,014	-
Net Deferred Outflows/Inflows	<u>(51,217)</u>	<u>-</u>
Net Cash Provided By Operating Activities	<u>\$ 457,545</u>	<u>\$ (272,076)</u>

The accompanying notes are an integral part of these financial statements.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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). 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.

**Measurement Focus and Basis of Accounting**

The Agency's 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.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, all investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Allowance for Bad Debts**

The Agency has elected not to establish an allowance for bad debts since all receivables are deemed collectible. An allowance will be established when an event occurs in the future that would necessitate a reserve.

**Use of Estimates**

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

**Capital Assets**

Capital assets are reported at actual cost for acquisitions subsequent to 1995. Assets acquired prior to 1995 have been disposed of in prior periods in the ordinary course of business. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Agency-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight Line (SL)	40 yr.
Building improvements	1,000	SL	10 yr.
Automotive equipment	2,500	SL	5 yr.
Furniture and equipment	1,000	SL	7 yr.

**Deferred Revenue**

The Agency recognizes revenue when it is earned. Revenue associated with cash receipts received in advance from rental operations is deferred until the month they are earned.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 outlined 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 outlined 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*.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary Procedures and Budgetary Accounting**

The Agency administration prepares a proposed budget for operations each year for approval by the Board of Directors. Appropriations are adopted at the program line item level as established by the adoption of the budget which constitutes a limitation on expenditures 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.

**Implementation of New GASB Pronouncements**

The Agency adopted the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pension*. GASB Statement 68 replaces the requirements of GASB Statements Nos. 27 and 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The employer liability is to be measured as the difference between the present values of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position. Obligations for employers with cost sharing plans will be based on their proportionate share of contributions to the pension plan. The standard also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope.

**Subsequent Events**

Management has reviewed and evaluated all events and transactions from January 1, 2016 through March 3, 2016, 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 - NET POSITION CLASSIFICATION**

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 \$ 2,353,434 and \$ 2,201,713 invested in capital assets, net of related debt as of December 31, 2015 and 2014, respectively.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 - NET POSITION CLASSIFICATION (Continued)**

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 unrestricted net position has two classifications, Unassigned and Assigned. The Agency's unassigned net position was \$ 1,980,547 and \$ 1,667,798 as of December 31 2015 and 2014, respectively. The assigned net position was \$ 2,000,000 for both December 31, 2015 and 2014.

**NOTE 3 - 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.

**NOTE 4 - MORTGAGES RECEIVABLE**

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 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, 2015 and 2014 are as follows:

Mortgages	Interest Rate	Maturity	Collateral	Original Amount	Balance 2015	Balance 2014
Atlantic Testing Laboratories	5.250%	12/1/2016	Building	\$ 188,478	\$ 6,942	\$ 26,485

The above mortgage balance is considered current at December 31, 2015.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 - LEASES RECEIVABLE**

The Agency carries leases receivable at cost. Balances at December 31, 2015 and 2014 is as follows:

Leases	Interest Rate	Maturity	Collateral	Original Amount	Balance 2015	Balance 2014
High Peaks Winery	0.000%	8/1/2019	Equipment	\$ 5,336	\$ 2,541	\$ 3,112
Fockler Industries, LLC	2.650%	6/1/2017	Equipment	92,790	33,877	51,714
North Country Grown	0.000%	3/1/2018	Truck	8,547	6,173	8,547
St. Lawrence Brewing	0.000%	12/1/2021	Equipment	35,000	35,000	-
					<u>\$ 77,591</u>	<u>\$ 63,373</u>

Future maturities of the Leases Receivable are as follows:

December 31, 2016	\$ 19,856
2017	27,338
2018	8,197
2019	7,479
2020	7,227
Thereafter	<u>7,494</u>
	<u>\$ 77,591</u>

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

**NOTE 6 - CAPITAL LEASE (LEASE-PURCHASE AGREEMENT)**

The Agency leases a building to OP-TECH Environmental Services, Inc. under a lease-purchase agreement. The lease period is from July 1, 2009 to May 11, 2024 with current monthly lease payments including interest of \$ 3,677.56 and a current interest rate of 2.625%. The interest rate adjusts to market every five years.

Future minimum lease payments under the capital lease are as follows:

December 31, 2016	\$ 35,772
2017	36,723
2018	37,698
2019	38,700
2020	39,728
Thereafter	<u>146,109</u>
	<u>\$ 334,731</u>

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 7 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2015 is as follows:

Capital Assets	Beginning Balance	Additions/ Reclassifications	Retirements/ Reclassifications	Ending Balance
<b>Nondepreciable</b>				
Land	\$ 166,250	\$ -	\$ -	\$ 166,250
Land Improvements	115,103	-	-	115,103
Construction in Progress	550,974	22,020	572,994	-
Total nondepreciable historical cost	<u>832,327</u>	<u>22,020</u>	<u>572,994</u>	<u>281,353</u>
<b>Depreciable</b>				
Building and Improvements	3,363,986	672,232	-	4,036,216
Automotive Equipment	39,578	-	-	39,578
Office Equipment and Furnishings	27,096	-	-	27,096
Total depreciable historical cost	3,430,660	672,232	-	4,102,890
Less accumulated depreciation	401,875	91,558	-	493,433
Total depreciable historical cost, net	<u>3,028,785</u>			<u>3,609,457</u>
Total capital assets historical cost, net	<u>\$ 3,861,112</u>			<u>\$ 3,890,810</u>

Depreciation expense was charged to activities as follows:

Massena - Lot 17 Building	\$ 10,200
Potsdam Commerce Park Building	22,263
Canton Industrial Building	54,686
Total Depreciation Charged to Government Activities	<u>87,149</u>
Administrative Operating	4,409
Total Depreciation Expense	<u>\$ 91,558</u>

**NOTE 8 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Agency has reported amounts in deferred outflows or resources and deferred inflow of resources related to their pension plan held by New York State and Local Employees' Retirement System.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 - PENSION PLANS**

**Plan Description**

The St. Lawrence County Industrial Development Agency participates in the New York State and Local Employees' Retirement System (ERS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**Benefits Provided**

The System provides retirement benefits as well as death and disability benefits.

***Tiers 1 and 2***

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit for Tier 2 is 62.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 - PENSION PLANS (Continued)**

**Benefits Provided (Continued)**

*Tiers 1 and 2 (Continued)*

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 - PENSION PLANS (Continued)**

**Benefits Provided (Continued)**

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

*Special Plans*

The 25 Year Plan allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20 Year Plan allow a retirement after 20 years of service with a benefit of one-half of final average salary.

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

*Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 ERS, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - PENSION PLANS (Continued)**

**Benefits Provided (Continued)**

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$ 50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$ 18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

**Contributions**

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 - PENSION PLANS (Continued)**

**Contributions (Continued)**

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2015	\$ 81,609
2014	83,571
2013	100,277

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and  
 Deferred Inflows of Resources Related to Pensions**

At December 31, 2015, the Agency reported a liability of \$ 73,014 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's portion of the net pension liability as based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, the Agency's proportionate share was \$ 73,014, which was a decrease of \$ 24,652 from its proportion measured as of March 31, 2015.

For the year ended December 31, 2015, the Agency recognized pension expense of \$ 61,250. At December 31, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,337	\$ -
Changes of Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	12682	-
Changes in proportion and differences between Employer Contribution and Proportionate Share of Contributions	-	19,312
Employer Contributions Subsequent to the Measurement Date	55,510	-
Total	<u>\$ 70,529</u>	<u>\$ 19,312</u>

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - PENSION PLANS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and  
 Deferred Inflows of Resources Related to Pensions (Continued)**

The \$ 70,529 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended March 31:	
2016	(1,073)
2017	(1,073)
2018	(1,073)
2019	(1,073)
2020	-
Thereafter	-

**Actuarial Assumptions**

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Inflation	2.70%
Salary increase	4.90%
Investment rate of return (net of investment expense, including inflation)	7.50%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - PENSION PLANS (Continued)**

**Actuarial Assumptions (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation-indexed bonds	4.00%

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - PENSION PLANS (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability  
 to the Discount Rate Assumption**

The following presents Agency's proportionate share of the net position liability calculated using the discount rate of 7.5%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability (asset)	486,669	73,014	(276,214)

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of March 31, 2015, were as follows:

	Employees' Retirement System (Dollars in Thousands)
Employers' total pension liability	\$ (164,591,504)
Plan net position	<u>161,213,259</u>
Employers' net pension liability	<u>\$ (3,378,245)</u>
Ratio of plan net position to the employers' total pension liability	97.9%

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Annual Other Postemployment Benefit expenses for the year ended December 31, 2015 amounted to \$ 130,288. At December 31, 2015, the postemployment benefit liability for retired employees amounted to \$ 589,003. The number of participants as of December 31, 2015 follows.

Active Employees	6
Retired Employees	0
Spouses of Retired Employees	<u>0</u>
Total Participants	6

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

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, 2015 amounted to \$ 130,288.

A summary of the actuarial assumptions and calculated results follows:

**Benefit Obligations and Normal Cost**

Actuarial Accrued Liability(AAL)	\$ 908,539
Normal Cost for a Fiscal Year	82,015
Amortization of Unfunded UAAL	<u>58,158</u>
Annual Required Contribution	<u>140,173</u>

**Annual OPEB and Net OPEB Obligation**

Annual Required Contribution	\$ 140,173
Interest on Net OPEB Obligation	18,349
Adjustment to Annual Required Contribution	<u>(28,234)</u>
Annual OPEB Cost (Expense)	130,288
Less:	
Contribution made to Plan During Fiscal Year	<u>-</u>
Increase in Net OPEB Obligation	130,288
Net OPEB Obligation - Beginning of Year	<u>458,715</u>
Expected Net OPEB Obligation - End of Year	<u>\$ 589,003</u>

**Actuarial Methods and Assumptions**

Discount Rate	4.0%
Initial Medical Rate	5.0%
Ultimate Medical Rate	4.3%

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM LIABILITIES**

**Greater Massena Economic Development Fund (GMEDF):** On May 31, 2002, the Agency adopted Resolution # 02-05-35, authorizing the application 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	<u>935,000</u>
Total	<u>\$ 2,035,000</u>

**St. Lawrence County Industrial Development Agency Local Development Corporation (Massena Lot 20 Building):** In December 2005, the Agency agreed to take possession of the Lot 20 building in the Massena Industrial Park. As part of the transaction, the Agency assumed from its previous owner an existing \$ 217,204 loan against the building made by the SLCIDA-LDC. The Agency subsequently entered into a lease/purchase agreement for the building with another company, but continues to pay off the loan.

**St. Lawrence County Industrial Development Agency Local Development Corporation (Canton Industrial Building):** On December 4, 2014, the Agency closed a \$ 1,400,000 loan from the SLCIDA-LDC consisting of \$ 700,000 from the River Valley Redevelopment Agency loan fund and \$ 700,000 from the SLCIDA-LDC revolving loan fund to finance some of the construction costs of the Canton Industrial Building. The Agency mortgaged the property to the SLCIDA-LDC as security for the loan. The River Valley Redevelopment Agency portion of the loan has a 7 year repayment with a 20 year amortization with an interest rate of 1%. The remaining portion of the loan has a 30 year amortization with an interest rate of ½ of 1%.

Long-term liabilities as of December 31, 2015 and 2014 consisted of the following:

Holder	Interest Rate	Maturity	Original Amount	Balance 2015	Balance 2014
GMEDF	3.375%	12/1/2019	\$ 600,000	\$ 190,898	\$ 234,681
SLCIDA-LDC Massena Lot 20	3.000%	12/1/2015	217,204	-	24,718
SLCIDA-SLRVRA Canton Industrial Building	1.000%	11/1/2021	700,000	668,177	700,000
SLCIDA-LDC Canton Industrial Building	0.500%	11/1/2044	700,000	678,301	700,000
				<u>\$ 1,537,376</u>	<u>\$ 1,659,399</u>

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

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

December 31, 2016	\$	99,165
2017		101,149
2018		103,189
2019		105,289
2020		55,863
Thereafter		<u>1,108,721</u>
		<u>\$ 1,573,376</u>

**NOTE 12 - 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, 2015. 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 13 - ST. LAWRENCE COUNTY IDA LOCAL DEVELOPMENT CORPORATION**

On April 29, 1986, the Agency created a Local Development Corporation known as the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC). St. Lawrence County assigned all of the loan repayments from certain County Community Development Block Grant (CDBG) Projects to the Agency 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 14 - MASSENA LOT 17 AND MASSENA LOT 20 BUILDINGS**

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.

In 2014, after Media Accessories.Com, Inc. defaulted on its lease/purchase agreement for the Agency's Lot 17 building in the Massena Industrial Park, the Agency terminated its contract with the company and resumed full ownership of the property. The Agency assumed on a month to month basis the lease that NY Power Tools had in place with Media Accessories.Com, Inc. for some of the space in the building.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 15 - CANTON INDUSTRIAL PARK**

By Resolution # IDA-12-12-49 dated December 11, 2012, 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 were substantially completed in 2014. 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, 2015, including the costs for the Canton Industrial Building and Improvements, the Agency has accumulated expenses totaling \$ 2,638,468 for the Canton Industrial Park project.

**NOTE 16 - 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 17 - NEWTON FALLS SECONDARY LINE**

On December 23, 1991, the Agency took title to the St. Lawrence County portion of 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 and which 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.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 17 - NEWTON FALLS SECONDARY LINE (Continued)**

Beginning after October 25, 2012, the Agency began incurring expenses for pre-construction costs and by December 31, 2015, these costs totaled \$ 1,316,129 (See Schedule by projects for Newton Falls Rail Repair) of which \$ 284,754 and \$ 686,137 were incurred in 2015 and 2014, respectively. On February 7, 2014, the Urban Development Corporation, acting on behalf of ESD, sent the Agency an executed Grant Disbursement Agreement which structured the Phase 1 grant process and authorized the Agency to request reimbursement for pre-construction expenses dating back to October 25, 2012. Reimbursements received pursuant to the Grant Disbursement Agreement were \$ 913,290 and \$ 386,710 as of December 31, 2015 and 2014, respectively.

**NOTE 18 - 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.

**NOTE 19 - RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES**

Occasionally the Agency (as "grantee") applies for and receives grants from government agencies and other organizations. These grants are usually "reimbursement grants", i.e., the monies from the grants 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 revenues/expenses or receivables/payables associated with items to be paid out for future grant reimbursement unless 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, 2015, consisted of the following:

Reimbursement Grants with Agency as a "Grantee"	Awarded Revenue	Deferred Expenses	Accounts Receivable
Empire State Development (ESD) -			
Newton Falls Secondary Line - Phase 1	\$ 1,300,000	\$ -	\$ 166,309
Newton Falls Secondary Line - Phase 2	8,672,000	-	-
Canton Industrial Park	470,000	-	-
Total Awards	<u>\$ 10,442,000</u>	<u>\$ -</u>	<u>\$ 166,309</u>

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 19 - RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES (Continued)**

From time to time, the Agency will act as a “grantor” in a “pass through” capacity only where it applies for grants on 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, 2015, there were no active grants of this nature.

**NOTE 20 - CONCENTRATION OF CREDIT RISK**

At December 31, 2015, the consolidated entities had bank balances totaling \$ 4,395,079. A combination of federal depository insurance and securities pledged and held by the bank fully covered these bank balances.

**NOTE 21 - RESTATEMENT OF LEASES**

The 2014 financial statements have been restated relating to certain lease transactions. In previously issued financial statements, the capital lease described in Note 6 was treated and reported as an operating lease. Beginning with the 2014 restatement and going forward, all such transactions will be treated as capital leases.

The above restatement resulted in the following change to net position at December 31, 2014.

	Net Position
Balance at 12/31/13 as previously reported	\$ 7,109,591
Net effect of lease correction for prior years	<u>(165,733)</u>
Balance at 12/31/13 as restated	<u>6,943,858</u>
Balance at 12/31/14 as previously reported	6,440,571
Net effect of lease correction for prior years	(165,733)
To reverse recording of rental income	(35,917)
To reverse recording of depreciation expense	<u>17,888</u>
Balance at 12/31/14 as restated	<u>\$ 6,256,809</u>

**NOTE 22 - RECLASSIFICATIONS**

Certain amounts in the 2014 financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED DECEMBER 31, 2015

NYSLRS PENSION PLAN

	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.0021322%
Employer's proportionate share of the net pension liability (asset)	73,014
Employer's covered-employee payroll	376,838
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.38%
Plan fiduciary net position as a percentage of the total pension liability	97.9%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

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SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015

NYSLRS PENSION PLAN

Contractually required contribution	74,013
Contributions in relation to the contractually required contribution	<u>74,013</u>
Contribution deficiency (excess)	<u>-</u>
Employer's covered-employee payroll	376,838
Contribution as a percentage of covered- employee payroll	19.64%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**SUPPLEMENTARY INFORMATION**

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULES OF REVENUES AND EXPENSES BY PROJECT  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2015

	Gouverneur Industrial Park	First Gouverneur Industrial Building	Massena Lot 17	Massena Lot 20	Newton Falls Rail Repair	Potsdam Commerce Park	Canton Industrial Park	Canton Industrial Building
<b>OPERATING REVENUES:</b>								
Rental Income	\$ -	\$ -	\$ 22,800	\$ -	\$ -	\$ 24,361	\$ -	\$ 27,313
Other Income	-	-	-	-	913,290	-	-	-
Total Income	-	-	22,800	-	913,290	24,361	-	27,313
<b>OPERATING EXPENSES:</b>								
Accounting	-	-	-	-	3,600	-	-	-
Insurance	90	-	7,596	-	-	4,900	1,675	8,198
Interest	-	-	-	343	-	-	-	10,286
Maintenance	1,625	-	10,157	-	-	1,127	-	10,028
Miscellaneous	-	-	-	-	-	-	1,073	-
Rehabilitation Project	-	-	-	-	281,154	-	-	-
Utilities	-	-	2,755	-	-	-	-	1,493
Total Operating Expenses	1,715	-	20,508	343	284,754	6,027	2,748	30,005
<b>NON-OPERATING EXPENSES:</b>								
Depreciation	-	-	10,200	-	-	22,263	-	54,686
Total Expenses	1,715	-	30,708	343	284,754	28,290	2,748	84,691
Excess of Revenues Over Expenses	\$ (1,715)	\$ -	\$ (7,908)	\$ (343)	\$ 628,536	\$ (3,929)	\$ (2,748)	\$ (57,378)

2014

	Gouverneur Industrial Park	First Gouverneur Industrial Building	Massena Lot 17	Massena Lot 20	Newton Falls Rail Repair	Potsdam Commerce Park	Canton Industrial Park	Canton Industrial Building
<b>OPERATING REVENUES:</b>								
Rental Income	\$ -	\$ -	\$ 22,800	\$ -	\$ -	\$ 24,903	\$ -	\$ 24,798
Other Income	-	-	-	-	386,710	-	-	-
Total Income	-	-	22,800	-	386,710	24,903	-	24,798
<b>OPERATING EXPENSES:</b>								
Accounting	-	-	-	-	-	-	-	-
Insurance	29	-	4,145	-	-	1,102	549	1,867
Interest	-	-	-	1,194	-	-	-	777
Maintenance	920	-	789	-	-	1,216	-	2,584
Miscellaneous	-	-	-	-	-	-	-	-
Rehabilitation Project	-	-	-	-	686,137	-	-	-
Utilities	-	-	3,479	-	-	-	-	1,811
Total Operating Expenses	949	-	8,413	1,194	686,137	2,318	549	7,039
<b>NON-OPERATING EXPENSES:</b>								
Depreciation	-	2,467	10,200	-	-	22,263	-	53,989
Total Expenses	949	2,467	18,613	1,194	686,137	24,581	549	61,028
Excess of Revenues Over Expenses	\$ (949)	\$ (2,467)	\$ 4,187	\$ (1,194)	\$ (299,427)	\$ 322	\$ (549)	\$ (36,230)

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	(Restated) 2014
	<u>2015</u>	<u>2014</u>
<b>OPERATING EXPENSES:</b>		
Accounting/Audit	\$ 5,850	\$ 5,850
Compensated Absences	3,681	17,271
Data Processing Services	3,945	4,195
Depreciation	4,409	4,431
Educational Workshops	2,800	1,931
Employee Benefits	157,239	172,655
Insurance	10,054	7,102
Interest Expense	7,126	8,461
Legal Fees	8,113	12,889
Meetings	938	515
Miscellaneous	8,807	214
Office Supplies and Postage	5,143	9,295
OPEB Expense	130,288	121,986
Other Travel	8,111	14,753
Payroll Fees	3,252	3,077
Payroll Taxes	26,789	30,278
Printing and Copying	661	885
Professional Associations	2,119	1,945
Promotion and Marketing	37,517	43,525
Rent and Maintenance	3,392	3,139
Salaries and Wages	376,838	426,104
Subscriptions and Periodicals	571	455
Telephone	6,906	6,484
Utilities	4,478	5,433
Vehicle Repairs and Maintenance	<u>2,219</u>	<u>5,301</u>
 Total Operating Expenses	 <u>\$ 821,246</u>	 <u>\$ 908,174</u>

**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***



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**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

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 the St. Lawrence County Industrial Development Agency (Agency) as of and for the year ended December 31, 2015, 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, 2016.

**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 entity'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.

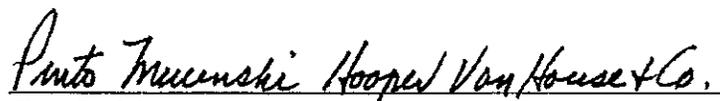
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## 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*.

## Purpose of this Report

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Pruthi Trucinski Hooper Van House & Co.  
Certified Public Accountants, P.C.

March 3, 2016