

ST. LAWRENCE COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
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DECEMBER 31, 2006 AND 2005

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# HOOPER AND VAN HOUSE

*Certified Public Accountants*

Donald J. Hooper, CPA  
Derek R. Van House, CPA

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Ronnie M. Van House, CPA  
1986-2006

## INDEPENDENT AUDITORS' REPORT

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Lawrence County Industrial Development Agency as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Lawrence County Industrial Development Agency's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the St. Lawrence County Industrial Development Agency, as of December 31, 2006 and 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2007 on our consideration of the St. Lawrence County Industrial Development Agency's internal control over financial reporting and 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 the internal control over reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 basic financial statements. The supplemental schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Hooper & Van House CPA's

HOOPER AND VAN HOUSE  
Certified Public Accountants

Ogdensburg, New York  
February 23, 2007





# St. Lawrence County Industrial Development Agency

Brian W. Staples  
Chair

Raymond H. Fountain  
Chief Executive Officer

## MANAGEMENT'S DISCUSSION AND ANALYSIS


Our discussion and analysis of the St. Lawrence County Industrial Development Agency's financial performance provide an overview of the Agency's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the Agency's financial statements.

### HIGHLIGHTS

#### Financial Highlights

- Current assets were increased by \$870,374 mostly as an accrual on a receivable that is a pass-through to local jurisdictions.
- Net Assets increased by \$85,066 largely earned by increased interest rates on investments.
- Revenues in the amount of \$2,154,715 were disbursed to taxing jurisdictions throughout St. Lawrence County in the form of PILOT payments.

#### Agency Highlights

- The Agency authorized receipt of \$300,000 in CDBG funding for CoolBrands in North Lawrence. The project proposes to create 40 jobs and retain 143 jobs within St. Lawrence County over the next three years. 
- To continue its commitment to promote the county, the Agency attended six trade shows in Ontario and Quebec, held business attraction seminars at the US Embassy in Ottawa, the US Consulate General's Residence in Montreal, and at the Best Western University Inn in Canton. The Agency's 2006 marketing campaign also included 9,600 direct mailing pieces, and utilization of a variety of media promotion placements in *Canadian Defense Review*, the *Ottawa Business Journal*, the *St. Lawrence Newspapers*, *Absolutely Business* and the *Watertown Daily Times*. Additionally, the Agency convened or participated in a number of meetings with local, county, and regional developers and development organizations.
- The Agency approved an agreement with Tamarack to address outstanding loan obligations to the IDA, the IDA Local Development Corporation and outstanding tax obligations to St. Lawrence County.

- The Agency authorized the issuance of \$20,000,000 in Civic Facility Revenue Bonds to Claxton-Hepburn Medical Center. The project will add a third (Mental Health Center) and fourth (Obstetrical Unit) floor to the East Wing of the Medical Center, and will expand the first floor of the hospital to accommodate an increasing number of minor, outpatient surgical procedures.
- The Agency authorized its Official Intent for Newton Falls Fine Paper Co., LLC, which proposes to acquire and renovate the former paper mill owned by Newstech New York, Inc. Closed since 2001, the reopening of the paper mill would provide a major boost to the economy of the Newton Falls area and would initially employ 97 individuals.
- The Agency continues to improve its website, [www.slcida.com](http://www.slcida.com) . Originally designed as solely a marketing tool, the website has been redesigned to be more user-friendly and more informational. Most of the elements required under the Public Authorities Accountability Act have also been included. The website continues to evolve.



## 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., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the Agency that are principally supported by property taxes and 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's financial position. In the case of the Agency, assets exceeded liabilities by \$8,164,271 as of December 31, 2006.

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, 2006.

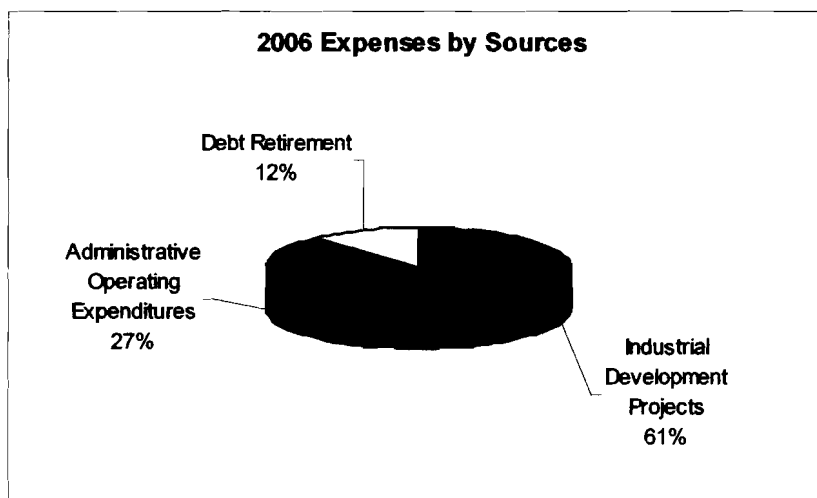
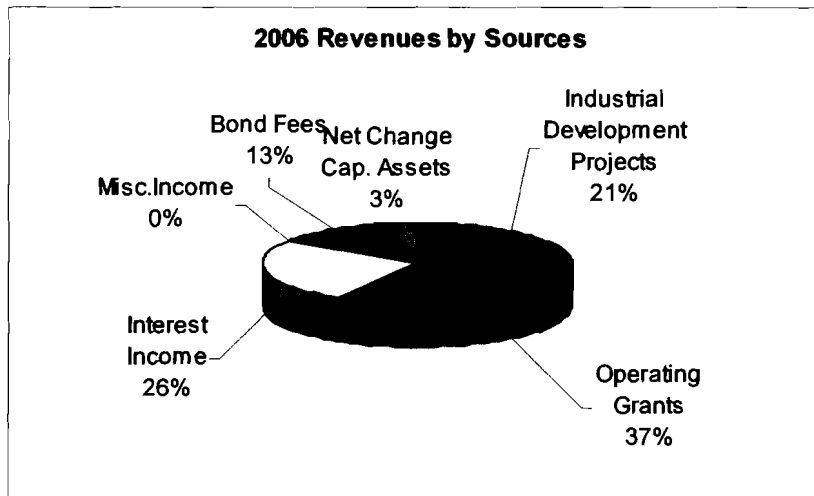
**Table 1**

2006		2005	
Total Current Assets	2,361,187	Total Current Assets	\$1,490,813
Total Fixed Assets (Net)	4,634,671	Total Fixed Assets (Net)	4,656,765
Total Other Assets	3,094,316	Total Other Assets	3,230,201
Total Assets	<u>\$10,090,174</u>	Total Assets	<u>\$9,377,779</u>
Total Liabilities	1,925,903	Total Liabilities	1,298,574
Total Net Assets	<u>8,164,271</u>	Total Net Assets	<u>8,079,205</u>
Total Liabilities & Net Assets	<u>\$10,090,174</u>	Total Liabilities & Net Assets	<u>\$9,377,779</u>

Changes in the Agency's Net Assets can be determined by reviewing the following condensed Statement of Revenue, expenses and Changes in Net Assets at the end of the year.

**Table 2**

2006		2005	
Total Industrial Development Project (IDP) Revenue	\$ 504,817	Total Industrial Development Project (IDP) Revenue	\$ 843,302
Total IDP Projects	520,690	Total IDP Projects	707,885
Support Services	<u>233,735</u>	Support Services	<u>232,290</u>
Total Governmental Expenses	<u>(754,425)</u>	Total Governmental Expenses	<u>(940,175)</u>
Total Government Activities	<u>(249,608)</u>	Total Government Activities	<u>(96,873)</u>
Total General Revenues	<u>334,674</u>	Total General Revenues	<u>283,310</u>
Change in Net Assets	85,066	Change in Net Assets	186,437
Prior Year Adjustment	00		175,000
Net Assets – Beginning of Year	<u>8,079,205</u>	Net Assets – Beginning of Year	<u>7,717,768</u>
Net Assets – End of Year	\$ 8,164,271	Net Assets – End of Year	\$ 8,079,205



**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, six (6) 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 80 State Highway 310, Suite 6, Canton, New York 13617.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF THE COUNTY OF ST. LAWRENCE

STATEMENTS OF NET ASSETS  
DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 1,489,167	\$1,351,795
Mortgages Receivable - Current	109,414	104,091
Accrued Pilot Receivable	725,800	-
Due from Affiliated Agencies	434	2,207
Accrued Interest Receivable	36,372	32,720
	2,361,187	1,490,813
<b><u>Fixed Assets</u></b>		
Construction in Progress	-	793,408
Land and Improvements	146,140	138,790
Buildings and Improvements	5,117,012	4,226,503
Automotive Equipment	86,954	86,954
Office Equipment and Furnishings	54,899	50,947
	5,405,005	5,296,602
Less: Accumulated Depreciation	(770,334)	(639,837)
	4,634,671	4,656,765
<b><u>Other Assets</u></b>		
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	1,094,316	1,230,201
	3,094,316	3,230,201
<b>Total Assets</b>	<b>10,090,174</b>	<b>9,377,779</b>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable	1,995	-
Accrued Pilot Payments	725,800	-
Accrued Expenses - Other	1,784	-
Rental Deposits	16,301	12,301
Deferred Revenue	6,667	13,728
Long Term Debt - Current Portion	100,928	97,605
	853,475	123,634
<b>Total Current Liabilities</b>	<b>853,475</b>	<b>123,634</b>
<b><u>Long-Term Debt</u></b>	<b>1,072,428</b>	<b>1,174,940</b>
<b>Total Liabilities</b>	<b>1,925,903</b>	<b>1,298,574</b>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	3,461,315	3,384,220
Restricted-Expendable	2,000,000	2,000,000
Unrestricted	2,702,956	2,694,985
	8,164,271	8,079,205
<b>Total Net Assets</b>	<b>8,164,271</b>	<b>8,079,205</b>
<b>Total Liabilities and Net Assets</b>	<b>\$10,090,174</b>	<b>\$9,377,779</b>

See notes to the financial statements and auditors' report.



**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE COUNTY OF ST. LAWRENCE**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006					2005				
	Expenditures	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	Expenditures	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			Government Activities	Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>										
<b>Industrial Development Projects</b>										
Potsdam Technology Development Center	\$ 19,627	\$ 70,891	\$ -	\$ -	\$ 51,264	\$ 19,286	\$ 70,890	\$ -	\$ -	\$ 51,604
Potsdam Commerce Park	11,254	13,333	-	-	2,079	-	-	-	-	-
St. Lawrence Valley Air Study	5,000	-	-	-	(5,000)	-	-	-	-	-
Gouverneur Industrial Park	18,408	9,176	-	-	(9,232)	16,841	8,905	-	-	(7,936)
Second Massena Shell Building	-	-	-	-	-	774	52,003	-	-	51,229
Third Massena Shell Building	16,658	35,275	-	-	18,617	16,912	34,400	-	-	17,488
Fifth Massena Industrial Building	56,704	20,000	-	-	(36,704)	47,462	135,000	-	-	87,538
Sixth Massena Shell Building	30,959	31,142	-	-	183	25,266	74,740	-	-	49,474
Massena - Lot 20	33,279	-	-	-	(33,279)	1,491	-	-	-	(1,491)
Senator Meier Grant	-	25,000	-	-	25,000	150,000	75,000	-	-	(75,000)
North Country Energy Plan	1,000	-	-	-	(1,000)	-	-	-	-	-
CDBG Cool Brands	300,000	-	300,000	-	-	-	-	-	-	-
Newton Falls Project	12,231	-	-	-	(12,231)	21,791	-	-	-	(21,791)
BreconRidge Expansion	-	-	-	-	-	250,000	250,000	-	-	-
Railroad Corridor	15,570	-	-	-	(15,570)	23,451	-	-	-	(23,451)
Whey Study	-	-	-	-	-	97	-	8,557	-	8,460
Build Now	-	-	-	-	-	36,618	-	19,271	-	(17,347)
Accelerate NY	-	-	-	-	-	4,000	-	20,640	-	16,640
Multi Modal	-	-	-	-	-	93,896	-	93,896	-	-
<b>Total Industrial Development Projects</b>	<b>520,690</b>	<b>204,817</b>	<b>300,000</b>	<b>-</b>	<b>(15,873)</b>	<b>707,885</b>	<b>700,938</b>	<b>142,364</b>	<b>-</b>	<b>135,417</b>
<b>Support Services</b>										
Administrative Operating Expenses	213,218	-	-	-	(213,218)	211,987	-	-	-	(211,987)
Depreciation - Unallocated	20,517	-	-	-	(20,517)	19,806	-	-	-	(19,806)
Loss on Disposal of Fixed Asset	-	-	-	-	-	497	-	-	-	(497)
<b>Total Support Services</b>	<b>233,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(233,735)</b>	<b>232,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(232,290)</b>
<b>Total Governmental Activities</b>	<b>754,425</b>	<b>204,817</b>	<b>300,000</b>	<b>-</b>	<b>(249,608)</b>	<b>940,175</b>	<b>700,938</b>	<b>142,364</b>	<b>-</b>	<b>(96,873)</b>
<b>General Revenues</b>										
Interest					223,677					177,060
Miscellaneous Income					997					-
Bond Fees					110,000					106,250
<b>Total General Revenues</b>					<b>334,674</b>					<b>283,310</b>
<b>Changes in Net Assets</b>										
Prior Period Adjustment					85,066					186,437
Net Assets-Beginning of Year					-					175,000
					8,079,205					7,717,768
<b>Net Assets-End of Year</b>					<b>\$ 8,164,271</b>					<b>\$ 8,079,205</b>

See notes to the financial statements and auditors' report.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF THE COUNTY OF ST. LAWRENCE  
BALANCE SHEETS - GOVERNMENTAL FUNDS  
DECEMBER 31, 2006 AND 2005

	General	
	2006	2005
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,489,167	\$ 1,351,795
Mortgages Receivable - Current	109,414	104,091
Due from Affiliated Agencies	434	2,207
Accrued Interest Receivable	36,372	32,720
Accrued Pilot Receivable	725,800	-
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	1,094,316	1,230,201
Total Assets	5,455,503	4,721,014
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>Liabilities</b>		
Rental Deposits	16,301	12,301
Accounts Payable	1,995	-
Accrued Pilot Payments	725,800	-
Accrued Expenses - Other	1,784	-
Deferred Revenue	6,667	13,728
Total Liabilities	752,547	26,029
 <b>Fund Balances</b>		
Fund Balance - Reserved	2,000,000	2,000,000
Fund Balance - Unappropriated	2,702,956	2,694,985
Total fund Balances	4,702,956	4,694,985
Total Liabilities and Fund Balances	\$ 5,455,503	\$ 4,721,014

See notes to the financial statements and auditors' report.



**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE COUNTY OF ST. LAWRENCE**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<b>GENERAL</b>	
	<u>2006</u>	<u>2005</u>
<b>REVENUES</b>		
<u>Operating Project Revenues</u>		
Potsdam Technology Development Center	\$ 70,891	\$ 70,890
Potsdam Commerce Park	13,333	-
CDBG Cool Brands	300,000	-
Gouverneur Industrial Park	9,176	8,905
Second Massena Shell Building	-	52,003
Third Massena Shell Building	35,275	34,400
Fifth Massena Shell Building	20,000	135,000
Sixth Massena Shell Building	31,142	74,740
BreconRidge Expansion	-	250,000
Senator Meier Grant	25,000	75,000
Whey Study	-	8,557
Build Now	-	19,271
Accelerate NY	-	20,640
Multi Modal	-	93,896
Interest Income	223,677	177,060
Miscellaneous Income	997	-
Bonds Fees	110,000	106,250
Debt Acquisition	-	217,204
Net Change in Capital Assets	22,094	-
	<b>\$ 861,585</b>	<b>\$ 1,343,816</b>
Total Revenues		
 <b>EXPENDITURES</b>		
<u>Operating Project Expenditures</u>		
Potsdam Technology Development Center	19,627	19,286
North Country Energy Plan	1,000	-
CDBG Cool Brands	300,000	-
Potsdam Commerce Park	11,254	-
St. Lawrence Valley Air Study	5,000	-
Gouverneur Industrial Park	18,408	16,841
Second Massena Shell Building	-	774
Third Massena Shell Building	16,658	16,912
Fifth Massena Industrial Building	56,704	47,462
Sixth Massena Shell Building	30,959	25,266
Massena - Lot 20	33,279	1,491
Coming Grant Expenditures	-	150,000
Newton Falls Project	12,231	21,791
BreconRidge Expansion	-	250,000
Railroad Corridor	15,570	23,451
Whey Study	-	97
Build Now	-	36,618
Accelerate NY	-	4,000
Multi Modal	-	93,896
Administrative Operating Expenditures	233,735	232,290
Debt Retirement	99,189	78,412
Net Change in Capital Assets	-	1,308,534
	<b>853,614</b>	<b>2,327,121</b>
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	7,971	(983,305)
Fund Balances - Beginning of Year	4,694,985	5,678,290
Fund Balances - End of Year	<b>\$ 4,702,956</b>	<b>\$ 4,694,985</b>

See notes to the financial statements and auditors' report.



**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**December 31, 2006**

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
<b>ASSETS</b>				
Cash	\$ 1,489,167	\$ -	\$ -	\$ 1,489,167
Mortgages Receivable - Current	109,414	-	-	109,414
Due from Affiliated Agencies	434	-	-	434
Accrued Interest Receivable	36,372	-	-	36,372
Accrued Pilot Receivable	725,800	-	-	725,800
Fixed Assets - Net	-	4,634,671	-	4,634,671
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Long Term Mortgages Receivable	1,094,316	-	-	1,094,316
<b>Total Assets</b>	<b>5,455,503</b>	<b>4,634,671</b>	<b>-</b>	<b>10,090,174</b>
<b>LIABILITIES</b>				
Long Term Debt - Current Portion	-	100,928	-	100,928
Rental Deposits	16,301	-	-	16,301
Accounts Payable	1,995	-	-	1,995
Accrued Pilot Payments	725,800	-	-	725,800
Accrued Expenses - Other	1,784	-	-	1,784
Deferred Revenue	6,667	-	-	6,667
Long Term Debt	-	1,072,428	-	1,072,428
<b>Total Liabilities</b>	<b>752,547</b>	<b>1,173,356</b>	<b>-</b>	<b>1,925,903</b>
<b>NET ASSETS</b>				
<b>Total Net Assets</b>	<b>4,702,956</b>	<b>3,461,315</b>	<b>-</b>	<b>8,164,271</b>
<b>Total Liabilities and Fund Balance/Net Assets</b>	<b>\$ 5,455,503</b>	<b>\$ 4,634,671</b>	<b>\$ -</b>	<b>\$ 10,090,174</b>

See notes to financial statements.

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**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, 2006**

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>Revenues</b>				
Potsdam Technology Development Center	\$ 70,891	\$ -	\$ -	\$ 70,891
Gouverneur Industrial Park	9,176	-	-	9,176
Third Massena Shell Building	35,275	-	-	35,275
Fifth Massena Shell Building	20,000	-	-	20,000
Sixth Massena Shell Building	31,142	-	-	31,142
Senator Meier Grant	25,000	-	-	25,000
Potsdam Commerce Park	13,333	-	-	13,333
CDBG Cool Brands	300,000	-	-	300,000
Interest Income	223,677	-	-	223,677
Miscellaneous Income	997	-	-	997
Bond Fees	110,000	-	-	110,000
Net Change in Capital Assets	22,094	(22,094)	-	-
<b>Total Revenues</b>	<b>861,585</b>	<b>(22,094)</b>	<b>-</b>	<b>839,491</b>
<b>Expenditures</b>				
Potsdam Technology Development Center	19,627	-	-	19,627
Gouverneur Industrial Park	18,408	-	-	18,408
Third Massena Shell Building	16,658	-	-	16,658
Fifth Massena Shell Building	56,704	-	-	56,704
Sixth Massena Shell Building	30,959	-	-	30,959
Massena - Lot 20	33,279	-	-	33,279
North Country Energy Plan	1,000	-	-	1,000
CDBG Cool Brands	300,000	-	-	300,000
Potsdam Commerce Park	11,254	-	-	11,254
St. Lawrence Valley Air Study	5,000	-	-	5,000
Newton Falls Project	12,231	-	-	12,231
Railroad Corridor	15,570	-	-	15,570
Administrative Operating Expenditures	233,735	-	-	233,735
Debt Retirement	99,189	-	(99,189)	-
<b>Total Expenditures</b>	<b>853,614</b>	<b>-</b>	<b>(99,189)</b>	<b>754,425</b>
Excess (Deficiency) Of Revenues Over Expenditures	7,971	(22,094)	99,189	85,066
<b>Net Change For The Year</b>	<b>\$ 7,971</b>	<b>\$ (22,094)</b>	<b>\$ 99,189</b>	<b>\$ 85,066</b>

See notes to financial statements.

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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF THE COUNTY OF ST. LAWRENCE  
STATEMENTS OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2006 AND 2005

	<u>Agency</u>	
	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash	\$ -	\$ -
Total Assets	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Other liabilities	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005

	<u>Agency Funds</u>	
	<u>2006</u>	<u>2005</u>
<b>ADDITIONS</b>		
Revenues from Payments in Lieu of Taxes	\$ 2,154,715	\$ 1,907,900
Total Additions	<u>2,154,715</u>	<u>1,907,900</u>
<b>DEDUCTIONS</b>		
Payments to Governmental Agencies	<u>2,154,715</u>	<u>1,907,900</u>
Total Deductions	<u>2,154,715</u>	<u>1,907,900</u>
Change in Net Assets	-	-
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u>\$ -</u>	<u>\$ -</u>

See notes to the financial statements and auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the St. Lawrence County Industrial Development Agency (the “Agency”) have been prepared in conformity with generally accepted accounting principles (GAAP) as apply 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:

A. Reporting entity:

The reporting entity of the Agency is based upon Criteria set fort 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. The Agency is a component unit of the County of St. Lawrence, New York State.

1. 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.

B. Basis of presentation:

1. Agency-wide statements:

The Statement of Net Assets and the Statement of Activities present financial information about the Agency’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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. Revenues that are not classified as program revenues are presented as general revenues.

2. Fund financial statements:

The fund statements 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: This is the Agency's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the Agency acts as trustee or agent for resources that belong to others. These activities are not included in the Agency-wide financial statements, because their resources do not belong to the Agency, and are not available to be used.

C. Measurement focus and basis of accounting

The Agency-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, may include grants and donations. On an accrual basis, revenue is recognized in the fiscal year for which the revenue is earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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.

D. 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.

E. 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	800	SL	5 yr
Furniture and equipment	100	SL	7 yr.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

F. Budgetary procedures and budgetary accounting:

The Agency administration prepares a proposed budget for approval by the Board of Directors for the following governmental funds for which legal (appropriated) budgets are adopted:

General Fund

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute 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*.

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

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

A. Total fund balances of governmental funds vs. net assets of governmental activities:

Total fund balances of the Agency's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental funds Balance Sheets.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

B. 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:

1. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

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.

3. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental funds statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.



**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 3 – 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 mortgages receivable as of December 31, 2006 and 2005 consist of the following:

<b><u>Mortgages</u></b>	<b><u>Interest Rate</u></b>	<b><u>Maturity</u></b>	<b><u>Collateral</u></b>	<b><u>Original Amount</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Ansen Corporation	1/2 prime + 1%	08/01/13	Mortgage of Corporate Facility	\$ 205,000	\$ 143,586	\$ 162,737
Ogdensburg Bridge & Port Authority	Variable Rate Adjusted Every 5 years	05/01/14	Mortgage 11th Building	325,547	187,170	208,443
Tamarack Tree Service	5.25%	12/1/2016	Building	188,478	150,958	181,142
Clarkson University	5.25%	10/1/10	Building	143,240	66,893	82,279
Kinney Drugs	3.00%	3/1/14	Building	136,000	102,536	115,014
Ogdensburg Bridge & Port Authority - BreconRidge	Variable Rate Adjusted Every 5 years	5/1/20	Mortgage on 11th Building	600,000	552,587	584,677
					<u>1,203,730</u>	<u>1,334,292</u>
Current Portion					<u>(109,414)</u>	<u>(104,091)</u>
Long-Term Portion					<u>\$ 1,094,316</u>	<u>\$ 1,230,201</u>



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2006 were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Construction in Progress	\$ 793,408	\$ 89,734	\$ (883,142)	\$ -
Land and Improvements	138,790	7,350	-	146,140
	<hr/>			
Total nondepreciable historical cost	932,198	97,084	(883,142)	146,140
	<hr/>			
Capital assets that are depreciated:				
Buildings and Improvements	4,226,503	890,509	-	5,117,012
Automotive Equipment	86,954	-	-	86,954
Office Equipment and Furnishings	50,947	3,952	-	54,899
	<hr/>			
Total depreciable historical cost	4,364,404	894,461	-	5,258,865
	<hr/>			
Less accumulated depreciation	639,837	130,497	-	770,334
	<hr/>			
Total depreciable historical cost, net	3,724,567	763,964	-	4,488,531
	<hr/>			
Total capital assets historical cost, net	\$ 4,656,765	\$ 861,048	\$ (883,142)	\$ 4,634,671
	<hr/>			
Depreciation expense was charged to governmental activities as follows:				
Potsdam Technological Development Center		\$ 16,226		
Potsdam Commerce Park		3,710		
Gouverneur Industrial Park		9,979		
Third Massena Shell Building		13,132		
Fifth Massena Industrial Building		31,407		
Sixth Massena Industrial Building		17,638		
Massena - Lot 20		17,888		
		<hr/>		
Total depreciation charged to governmental activities		109,980		
		<hr/>		
Depreciation expense charged to support services		20,517		
		<hr/>		
Total depreciation expense		\$ 130,497		
		<hr/>		



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 5 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2006 and 2005 consist of the following:

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2006</u>	<u>2005</u>
St. Lawrence County IDA-LDC	3%	9/1/10		\$ 250,000	\$ 102,323	\$ 127,765
Northern Advanced Technologies Corporation (NATCO)	None	Indefinite	Mortgage on Technology Development Center	145,000	145,000	145,000
St. Lawrence County IDA-LDC	Variable (1-5%)	10/01/13		273,000	110,276	123,346
Empire State Development Corporation	3%	12/01/14		100,000	82,322	91,294
Greater Massena Economic Development Fund	3.375%	12/01/19		600,000	535,792	567,936
St. Lawrence County IDA-LDC	3%	12/01/15		217,204	197,643	217,204
Current Portion					1,173,356	1,272,545
					(100,928)	(97,605)
Long-Term Debt (Net)					<u>\$ 1,072,428</u>	<u>\$ 1,174,940</u>

Future maturities on long-term debt are as follows:

2007	\$ 100,928
2008	105,702
2009	109,351
2010	105,666
2011	87,451
Thereafter	<u>664,258</u>
Total	<u>\$ 1,173,356</u>



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 6 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in forty-four such bond issues in the total original issue amount of \$649,065,700. These issues were made at various times between February, 1973 and December 31, 2006. 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 7 - 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 (IDA-LDC). St. Lawrence County assigned all of the loan repayments from the County Community Development Block Grant (CDBG) projects to the Agency for the purposes of establishing a county wide revolving loan fund. Upon the formation of the IDA-LDC, the Agency assigned all of its rights in the CDBG assignment to the IDA-LDC for collection and administration.

NOTE 8 - 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 loan's interest rate is set a 0% and the loan's term is indefinite. The loan agreement requires that the Agency make payments to NATCO calculated according to the following formula: if the building's cash flow is positive after the bank and Urban Development Corporation's debt amortization, the building's general operation and maintenance costs, the Agency's preferred return on its equity, and a contribution to a capital reserve fund have been paid, then the Agency must pay 50% of the excess to NATCO. The Agency must distribute the other 50% of the excess to the various taxing jurisdictions as a payment in lieu of taxes. At this date no payments have been required.

NOTE 9 - SECOND MASSENA INDUSTRIAL BUILDING - LOT 17

On July 20, 1989, the Agency authorized the construction, financing and leasing of a new 20,000 square foot light industrial building on lot #17 of the Massena Industrial Park. This building was sold to Farley Windows and Michelle Audio in December 2005.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 10 - THIRD MASSENA INDUSTRIAL BUILDING - LOT 11

In July, 1994, the Agency authorized the construction of a 20,000 square foot shell building on lot #11 in the Massena Industrial Park, which was completed in 1996.

In July, 1995, the Agency authorized borrowing with the IDA-LDC to finance the construction of the building. Advances made by the IDA-LDC through 1996 amounted to \$414,535, and the building was completed. As of December 31, 1998, permanent loan financing had been authorized by the Agency with the interim loan kept in place, until closing of permanent financing, which was expected in April, 1999. The Agency was not able to close as expected, due to a land contract with the Massena Development Corporation. In order to provide the IDA-LDC with a final mortgage on the facility, the Agency had to pay off the land contract and acquire title to the property. In the interim, the Agency resolved to increase the loan for the IDA-LDC to \$600,000 to cover the complete cost of the building plus accrued interest. In May of 1999, permanent financing in the amount of \$350,000 was executed with the IDA-LDC. In May, 2000, the Agency satisfied the outstanding note in the amount of \$338,544 due to the IDA-LDC and received additional permanent financing from the IDA-LDC in the form of a \$250,000 promissory note maturing on 9/1/10.

NOTE 11 - GOUVERNEUR INDUSTRIAL PARK

In November, 1991, the Agency passed a resolution which authorized the construction of a 15,000 square foot light industrial building to be called the First Gouverneur Industrial Building, in the Gouverneur Industrial Park in Gouverneur, New York. The building was completed in June, 1993.

On June 5, 1992, the Agency authorized borrowings with the IDA-LDC in order to finance the construction of the building. A grant from the Farmers Home Administration was also received for the construction in the amount of \$100,000. In October, 1993, a final promissory note was executed with the IDA-LDC in the amount of \$273,000 with the loan term set at twenty years, with interest at the rate of one percent (1%) per annum for years one through five of the term, three percent (3%) per annum for years six through ten of the term and five percent (5%) per annum for the remainder of the term.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 12 - MICHELLE AUDIO DEBT RESOLUTION

During 2005, Michelle Audio of America entered into a corporate restructuring plan. In an effort to assist Michelle Audio with its restructuring plan, the IDA took the following steps:

- May 2005 - The IDA accepted as payment in full for the lease purchase of Lot 16 the accrued equity in the Lot 13 lease/purchase obligation. Michelle Audio vacated the Lot 13 property on 7/13/2005.
- December 2005 - The IDA agreed to take possession of Lot 20 and in exchange for the value of the property, the IDA paid off, on behalf of Michelle Audio the following:
  - > IDA lease/purchase for Lot 17 dated 10/30/03
  - > IDA and IDA-LDC loans for Lot 20 dated 12/1/03
  - > Available balances of all PILOT and PILOT related debt
  - > The remaining amount, \$209,664 was paid to Michelle Audio
  - > The Lot 20 property was vacated by Michelle Audio on 4/15/2006

NOTE 13 - 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 14 - PRIOR PERIOD ADJUSTMENT

Following an in-depth review of the aging long term liabilities of \$100,000 and \$75,000 with the Farmers' Home Administration (currently known as USDA-Rural Development), it was determined that they should have been recorded as grants in 1992 and 1980, respectively rather than loans. Management has therefore reclassified the former liabilities to net assets of the Agency as of December 31, 2005.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
POTSDAM COMMERCE PARK  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b><u>REVENUES:</u></b>		
Rental Income	\$ 13,333	\$ -
	<hr/>	<hr/>
Total Revenues	13,333	-
	<hr/>	<hr/>
<b><u>EXPENSES:</u></b>		
Insurance	3,228	-
Maintenance Services	1,469	-
Depreciation	3,711	-
Utilities	2,796	-
Miscellaneous	50	-
	<hr/>	<hr/>
Total Expenses	11,254	-
	<hr/>	<hr/>
Excess of Revenues Over Expenses	\$ 2,079	\$ -
	<hr/> <hr/>	<hr/> <hr/>

See auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
POTSDAM TECHNOLOGY DEVELOPMENT CENTER  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b><u>REVENUES:</u></b>		
Rental Income	\$ 70,891	\$ 70,891
Total Revenues	70,891	70,891
<b><u>EXPENSES:</u></b>		
Insurance	3,401	3,060
Depreciation	16,226	16,226
Total Expenses	19,627	19,286
Excess of Revenues Over Expenses	<u>\$ 51,264</u>	<u>\$ 51,605</u>

See auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
GOUVERNEUR INDUSTRIAL PARK  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b><u>REVENUES:</u></b>		
Rental Income	\$ 9,176	\$ 8,905
	<hr/>	<hr/>
Total Revenues	9,176	8,905
	<hr/>	<hr/>
<b><u>EXPENSES:</u></b>		
Insurance	241	286
Interest	5,940	6,556
Repairs and Maintenance	2,198	-
Miscellaneous Expense	50	20
Depreciation	9,979	9,979
	<hr/>	<hr/>
Total Expenses	18,408	16,841
	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenses	\$ (9,232)	\$ (7,936)
	<hr/>	<hr/>

See auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
SECOND MASSENA SHELL BUILDING  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b><u>REVENUES:</u></b>		
Rental Income	\$ -	\$ 52,003
Total Revenues	<u>-</u>	<u>52,003</u>
<b><u>EXPENSES:</u></b>		
Insurance	-	774
Depreciation	-	-
Total Expenses	<u>-</u>	<u>774</u>
Excess Revenues Over Expenses	<u>\$ -</u>	<u>\$ 51,229</u>

See auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
THIRD MASSENA SHELL BUILDING  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>REVENUES:</u>		
Rental Income	\$ 35,275	\$ 34,400
	<hr/>	<hr/>
Total Revenues	35,275	34,400
	<hr/>	<hr/>
<u>EXPENSES:</u>		
Interest	3,526	3,780
Depreciation	13,132	13,132
	<hr/>	<hr/>
Total Expenses	16,658	16,912
	<hr/>	<hr/>
Excess Revenues Over Expenses	\$ 18,617	\$ 17,488
	<hr/>	<hr/>

See auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
FIFTH MASSENA INDUSTRIAL BUILDING  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b><u>REVENUES:</u></b>		
Rental Income	\$ 20,000	\$ 135,000
 Total Revenues	 <u>20,000</u>	 <u>135,000</u>
<b><u>EXPENSES:</u></b>		
Insurance	3,530	969
Interest	14,120	14,419
Maintenance Services	3,603	667
Utilities	4,044	-
Depreciation	<u>31,407</u>	<u>31,407</u>
 Total Expenses	 <u>56,704</u>	 <u>47,462</u>
 Excess Revenues Over Expenses	 <u>\$ (36,704)</u>	 <u>\$ 87,538</u>

See auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
SIXTH MASSENA INDUSTRIAL BUILDING  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>REVENUES:</u>		
Rental Income	\$ 31,142	\$ 74,740
Total Revenues	<u>31,142</u>	<u>74,740</u>
<u>EXPENSES:</u>		
Interest	7,384	7,428
Maintenance Services	2,665	200
Miscellaneous Expense	32	-
Insurance	2,161	-
Utilities	1,079	-
Depreciation	<u>17,638</u>	<u>17,638</u>
Total Expenses	<u>30,959</u>	<u>25,266</u>
Excess Revenues Over Expenses	<u>\$ 183</u>	<u>\$ 49,474</u>

See auditors' report.

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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
MASSENA - LOT 20  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>REVENUES:</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>EXPENSES:</u>		
Depreciation	17,888	1,491
Maintenance Expense	3,306	-
Insurance	5,304	-
Utilities	1,228	-
Interest Expense	5,553	-
	<hr/>	<hr/>
Total Expenses	33,279	1,491
	<hr/>	<hr/>
Excess Revenues Over Expenses	<u>\$ (33,279)</u>	<u>\$ (1,491)</u>

See auditors' report.



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>OPERATING EXPENSES:</u>		
4 Lanes 4 Jobs	\$ 641	\$ 1,161
Accounting	5,700	5,608
Consulting	-	10,000
Depreciation	20,517	19,806
Educational Workshops	4,344	1,700
Insurance	5,079	7,427
Legal Fees	12,644	10,000
Loss on Disposal of Fixed Assets	-	497
Meetings	9,455	10,001
Miscellaneous	535	988
Office Supplies and Postage	3,723	3,291
Other Travel	8,478	6,154
Printing and Copying	-	95
Professional Associations	1,455	1,000
Promotion	66,505	65,899
Services - County	87,619	81,284
Telephone	2,666	2,596
Vehicle Repairs and Maintenance	4,374	4,783
	\$ 233,735	\$ 232,290
Total Operating Expenses	\$ 233,735	\$ 232,290

See auditors' report.



**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  
Canton, New York 13617

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Lawrence County Industrial Development Agency as of and for the year ended June 30, 2006, which collectively comprise the St. Lawrence County Industrial Development Agency's basic financial statements and have issued our report thereon dated February 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Lawrence County Industrial Development Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Lawrence County Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and pertinent federal awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Hooper & Van House CPA's

HOOPER AND VAN HOUSE  
Certified Public Accountants

Ogdensburg, New York  
February 23, 2007



# HOOPER AND VAN HOUSE

*Certified Public Accountants*

February 23, 2007

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

Donald J. Hooper, CPA  
Derek R. Van House, CPA

Ronnie M. Van House, CPA  
1986-2006

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

We have audited the financial statements of the St. Lawrence County Industrial Development Agency for the year ended December 31, 2006 and have issued our report thereon dated February 23, 2007. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated February 23, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the St. Lawrence County Industrial Development Agency. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

## Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the St. Lawrence County Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2006. We noted no transactions entered into by the Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

## Accounting Estimates

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. We noted no significantly sensitive estimates affecting the December 31, 2006 financial statements.

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### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Agency's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Agency, either individually or in the aggregate, indicate matters that could have a significant effect on the Agency's financial reporting process.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### 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 Agency'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.

### Issues Discussed Prior to Retention of Independent Auditors

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 Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



St. Lawrence County Industrial Development Agency  
February 23, 2007

This information is intended solely for the use of the Board of Directors and management of the St. Lawrence County Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Hooper & Van House CPA's*

HOOPER AND VAN HOUSE  
Certified Public Accountants



# HOOPER AND VAN HOUSE

*Certified Public Accountants*

Donald J. Hooper, CPA  
Derek R. Van House, CPA

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Ronnie M. Van House, CPA  
1986-2006

February 23, 2007

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

St. Lawrence County Industrial Development Agency  
Canton, New York 13617

In planning and performing our audit of the financial statements of the St. Lawrence County Industrial Development Agency (the Agency) for the year ended December 31, 2006, we considered the Agency's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the internal control structure does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

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

This report is intended solely for the use of management and members of the Agency Board and is not intended to be and should not be used for any other purpose.

Very truly yours,

*Hooper & Van House CPA's*

HOOPER AND VAN HOUSE  
Certified Public Accountants

*St. Lawrence County Industrial Development Agency  
Comments and Recommendations  
December 31, 2006*

Comment:

In conducting our audit, auditing standards generally accepted in the United States require us to confirm significant asset and liability balances with third parties whenever possible. To that end, we mailed Standard Bank Confirmation forms to your major depository banks. Again this year a response letter was received from HSBC Bank USA, National Association stating that in order to provide a response to the Auditors' Standard Bank Confirmation, they would need a \$25 processing fee sent to them. The Agency may want to review its service requirements with this banking institution where it has well over \$2,000,000 on deposit.

Recommendation:

The banking industry is based on service. As banks expand and acquire other banks, sometimes services suffer and fees increase. We recommend that banking relationships be reviewed annually to evaluate the pros and cons of each such relationship and to guide you in deciding which institutions you conduct business with.

