

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 Resolution No. 08-03-11  
 March 27, 2008

**ACCEPTING 2007 IDA AUDIT**

**WHEREAS**, the St. Lawrence County Industrial Development Agency appointed Hooper and VanHouse as its auditor for the years 2006 through 2008, and

**WHEREAS**, Hooper and VanHouse has audited the attached document for approval:

St. Lawrence County Industrial Development Agency  
 Financial Statements and Supplementary Information  
 For the Years Ended December 31, 2007 and 2006

**WHEREAS**, the Audit Committee has reviewed said audited financial statements and recommends acceptance by the Agency,

**NOW, THEREFORE, BE IT RESOLVED** that the St. Lawrence County Industrial Development Agency accepts said audit and directs its staff to remit payment to Hooper and VanHouse in accordance with the terms set forth in Agency Resolution 06-12-25.

**BE IT FURTHER RESOLVED** that copies of the audited financial statements shall be forwarded to the following:

- St. Lawrence County Treasurer
- St. Lawrence County Legislative Chairman
- New York State Department of Economic Development
- New York State Office of the Comptroller, Bureau of Municipal Research and Statistics

Move:	LaBaff			
Second:	Greenwood			
<b>VOTE</b>	<b>AYE</b>	<b>NAY</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
Blevins				X
Greenwood	X			
LaBaff	X			
McMahon				X
Morrill	X			
Staples	X			
Weekes				X

I, Natalie A. Haggart, of the St. Lawrence County Industrial Development Agency, DO HEREBY CERTIFY, that I have compared this copy of this resolution adopted March 27, 2008, with the original record in this office and that the same is a correct transcript thereof and of the whole of said original record.

\_\_\_\_\_  
 /s/  
 Natalie A. Haggart  
 March 27, 2008

ST. LAWRENCE COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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# HOOPER AND VAN HOUSE

*Certified Public Accountants*

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

## INDEPENDENT AUDITORS' REPORT

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 and the aggregate remaining fund information of the St. Lawrence County Industrial Development Agency as of and for the years ended December 31, 2007 and 2006, 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.

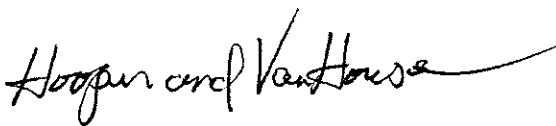
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of the St. Lawrence County Industrial Development Agency, as of December 31, 2007 and 2006, 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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2008 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.

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.

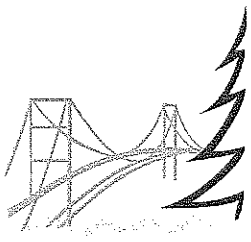
Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the St. Lawrence County Industrial Development Agency basic financial statements. The supplemental schedules listed in the table of contents are presented for additional analysis and 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.



HOOPER AND VAN HOUSE  
Certified Public Accountants

Ogdensburg, New York  
January 28, 2008





# 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, 2007. Please read it in conjunction with the Agency's financial statements.

### HIGHLIGHTS

#### Financial Highlights

- Current assets were increased by \$1,090,019 mostly due to the sale of the Agency's 5<sup>th</sup> and 6<sup>th</sup> Massena Industrial Park buildings.
- Net Assets increased by \$82,895 largely earned by increased interest rates on investments.
- Revenues in the amount of \$1,698,830 were disbursed to taxing jurisdictions throughout St. Lawrence County in the form of PILOT payments.

#### Agency Highlights

- January 2007: The Agency acted on a bond issuance project with Clarkson University, authorized execution of a Lease Agreement, Leaseback Agreement and PILOT Agreement with St. Lawrence Lumber, and an Official Intent Resolution for Curran Renewable Energy, LLC.
- March 2007: The Agency renewed a lease with ZeroPoint Clean Technologies, Inc. for space at the IDA-owned building within the Potsdam Commerce Park. The Agency also authorized a revision to its building lease with Media Accessories.com.
- April 2007: Newton Falls Fine Paper Co., LLC's project was approved by the Agency. This \$10 million bond project will help reopen the former Newstech New York paper mill (closed since 2001) and will create approximately 100 jobs. Potsdam Auxiliary & College Educational Services (PACES) submitted a \$2.5 million Civic Facility Revenue Bond application to assist in the expansion of SUNY Potsdam's dining facility in Carson Hall.
- May 2007: The Agency approved a resolution terminating a lease and PILOT agreement with AG Energy and accepted terms of a proposed settlement.

- August 2007: The Agency authorized a public hearing for Newton Falls Fine Paper Co., LLC, pursuant to the Company's submission of an amended application requesting assisting with a PILOT, and accepted the application of Dockside Village of the 1000 Islands.
- September 2007: The Agency authorized receipt and administration of \$750,000 in CDBG grant funds for Newton Falls Fine Paper Co., LLC to assist in the reopening of the paper mill.
- November 2007: The final bond issuance for EJ Noble Hospital of Gouverneur is approved.
- 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. Elements required under the Public Authorities Accountability Act have also been included. As with last year, 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 agencies financial position. In the case of the Agency, assets exceeded liabilities by \$8,247,166 as of December 31, 2007.

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, 2007.

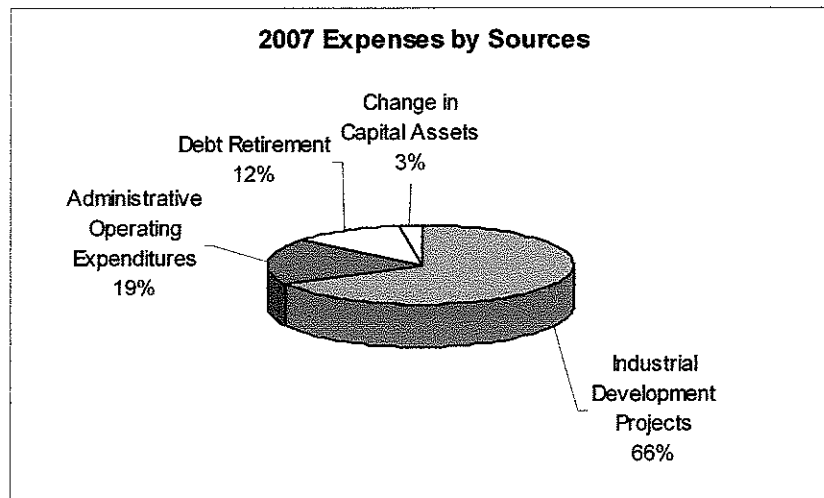
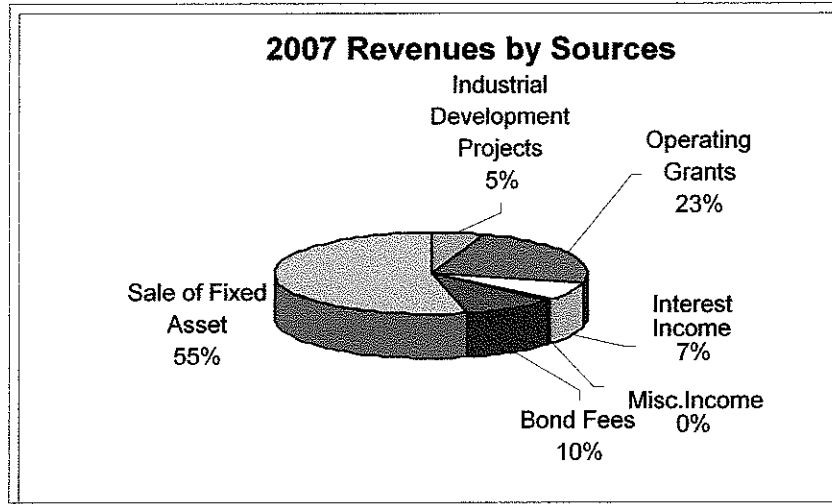
**Table 1**

2006		2007	
Total Current Assets	2,361,187	Total Current Assets	3,451,206
Total Fixed Assets (Net)	4,634,671	Total Fixed Assets (Net)	2,778,028
Total Other Assets	3,094,316	Total Other Assets	3,062,617
Total Assets	<u>\$10,090,174</u>	Total Assets	<u>\$9,291,851</u>
Total Liabilities	1,925,903	Total Liabilities	1,044,685
Total Net Assets	<u>8,164,271</u>	Total Net Assets	<u>8,247,166</u>
Total Liabilities & Net Assets	<u>\$10,090,174</u>	Total Liabilities & Net Assets	<u>\$9,291,851</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		2007	
Total Industrial Development Project (IDP) Revenue	\$ 504,817	Total Industrial Development Project (IDP) Revenue	\$ 935,852
Total IDP Projects	520,690	Total IDP Projects	1,127,088
Support Services	<u>233,735</u>	Support Services	<u>303,905</u>
Total Governmental Expenses	<u>(754,425)</u>	Total Governmental Expenses	<u>(1,430,993)</u>
Total Government Activities	<u>(249,608)</u>	Total Government Activities	<u>(495,141)</u>
Total General Revenues	<u>334,674</u>	Total General Revenues	<u>578,036</u>
Change in Net Assets	85,066	Change in Net Assets	82,895
Prior Year Adjustment	00	Prior Year Adjustment	00
Net Assets – Beginning of Year	<u>8,079,205</u>	Net Assets – Beginning of Year	<u>8,164,271</u>
Net Assets – End of Year	\$ 8,164,271	Net Assets – End of Year	\$ 8,247,166



**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, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 2,870,561	\$ 1,489,167
Mortgages Receivable - Current	161,301	109,414
Short Term Note Receivable - SLC IDA-LDC	400,000	-
Accrued Pilot Receivable	-	725,800
Prepaid Expenses	850	-
Accounts Receivable	2,050	-
Due from Affiliated Agencies	-	434
Accrued Interest Receivable	16,444	36,372
	<u>3,451,206</u>	<u>2,361,187</u>
Total Current Assets		
<b><u>Fixed Assets</u></b>		
Land and Improvements	125,953	146,140
Buildings and Improvements	3,155,213	5,117,012
Automotive Equipment	112,936	86,954
Office Equipment and Furnishings	47,236	54,899
	<u>3,441,338</u>	<u>5,405,005</u>
Less: Accumulated Depreciation	(663,310)	(770,334)
	<u>2,778,028</u>	<u>4,634,671</u>
Total Fixed Assets (Net)		
<b><u>Other Assets</u></b>		
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	1,062,617	1,094,316
	<u>3,062,617</u>	<u>3,094,316</u>
Total Other Assets		
Total Assets	<u>9,291,851</u>	<u>10,090,174</u>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable	-	1,995
Accrued Pilot Payments	-	725,800
Accrued Expenses - Other	22,809	1,784
Due to Affiliated Agencies	245	-
Rental Deposits	16,301	16,301
Deferred Revenue	5,908	6,667
Long Term Debt - Current Portion	96,174	100,928
	<u>141,437</u>	<u>853,475</u>
Total Current Liabilities		
<b><u>Long-Term Debt</u></b>		
	<u>903,248</u>	<u>1,072,428</u>
Total Liabilities	<u>1,044,685</u>	<u>1,925,903</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	1,778,606	3,461,315
Restricted-Expendable	2,000,000	2,000,000
Unrestricted	4,468,560	2,702,956
	<u>8,247,166</u>	<u>8,164,271</u>
Total Net Assets		
Total Liabilities and Net Assets	<u>\$ 9,291,851</u>	<u>\$ 10,090,174</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF THE COUNTY OF ST. LAWRENCE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007					2006				
	Net (Expense) Revenue and Changes in Net Assets					Net (Expense) Revenue and Changes in Net Assets				
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities
<b>Governmental Activities</b>										
Industrial Development Projects										
Potsdam Technology Development Center	\$ 19,662	\$ 70,891	\$ -	\$ -	\$ 51,229	\$ 19,627	\$ 70,891	\$ -	\$ -	\$ 51,264
Potsdam Commerce Park	28,337	59,631	-	-	31,294	11,254	13,333	-	-	2,079
St. Lawrence Valley Air Study	-	-	-	-	-	5,000	-	-	-	(5,000)
Gouverneur Industrial Park	16,060	9,455	-	-	(6,605)	18,408	9,176	-	-	(9,232)
Third Massena Shell Building	15,964	36,525	-	-	20,561	16,658	35,275	-	-	18,617
Fifth Massena Industrial Building	54,518	-	-	-	(54,518)	56,704	20,000	-	-	(36,704)
Sixth Massena Shell Building	31,885	-	-	-	(31,885)	30,959	31,142	-	-	183
Massena - Lot 20	34,838	-	-	-	(34,838)	33,279	-	-	-	(33,279)
Senator Meier Grant	-	-	-	-	-	-	25,000	-	-	25,000
North Country Energy Plan	-	-	-	-	-	1,000	-	-	-	(1,000)
CDBG Cool Brands	-	-	-	-	-	300,000	-	300,000	-	-
Newton Falls Project	-	-	-	-	-	12,231	-	-	-	(12,231)
Cives Rebuilding	150,000	-	-	-	(150,000)	-	-	-	-	-
Railroad Corridor	15,570	-	-	-	(15,570)	15,570	-	-	-	(15,570)
Wetland Services	10,254	-	-	-	(10,254)	-	-	-	-	-
CDBG Newton Falls	750,000	-	750,000	-	-	-	-	-	-	-
Nimo Grant	-	-	9,350	-	9,350	-	-	-	-	-
<b>Total Industrial Development Projects</b>	<b>1,127,088</b>	<b>176,502</b>	<b>759,350</b>	<b>-</b>	<b>(191,236)</b>	<b>520,690</b>	<b>204,817</b>	<b>300,000</b>	<b>-</b>	<b>(15,873)</b>
<b>Support Services</b>										
Administrative Operating Expenses	260,449	-	-	-	(260,449)	213,218	-	-	-	(213,218)
Depreciation - Unallocated	18,913	-	-	-	(18,913)	20,517	-	-	-	(20,517)
Loss on Sale of Fixed Asset	24,543	-	-	-	(24,543)	-	-	-	-	-
<b>Total Support Services</b>	<b>303,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(303,905)</b>	<b>233,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(233,735)</b>
<b>Total Governmental Activities</b>	<b>1,430,993</b>	<b>176,502</b>	<b>759,350</b>	<b>-</b>	<b>(495,141)</b>	<b>754,425</b>	<b>204,817</b>	<b>300,000</b>	<b>-</b>	<b>(249,608)</b>
<b>General Revenues</b>										
Interest					239,287					223,677
Miscellaneous Income					10,778					997
Bond Fees					327,971					110,000
<b>Total General Revenues</b>					<b>578,036</b>					<b>334,674</b>
<b>Changes in Net Assets</b>					<b>82,895</b>					<b>85,066</b>
<b>Net Assets - Beginning of Year</b>					<b>8,164,271</b>					<b>8,079,205</b>
<b>Net Assets - End of Year</b>					<b>\$ 8,247,166</b>					<b>\$ 8,164,271</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, 2007 AND 2006

	General	
	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,870,561	\$ 1,489,167
Mortgages Receivable - Current	561,301	109,414
Due from Affiliated Agencies	-	434
Accrued Interest Receivable	16,444	36,372
Accrued Pilot Receivable	-	725,800
Prepaid Expenses	850	-
Accounts Receivable	2,050	-
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	1,062,617	1,094,316
	<u>6,513,823</u>	<u>5,455,503</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Rental Deposits	16,301	16,301
Accounts Payable	-	1,995
Accrued Pilot Payments	-	725,800
Accrued Expenses - Other	22,809	1,784
Due to Affiliated Agencies	245	-
Deferred Revenue	5,908	6,667
	<u>45,263</u>	<u>752,547</u>
 Fund Balances		
Fund Balance - Reserved	2,000,000	2,000,000
Fund Balance - Unappropriated	4,468,560	2,702,956
	<u>6,468,560</u>	<u>4,702,956</u>
 Total fund Balances	<u>6,468,560</u>	<u>4,702,956</u>
 Total Liabilities and Fund Balances	<u>\$ 6,513,823</u>	<u>\$ 5,455,503</u>

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, 2007 AND 2006

	GENERAL	
	2007	2006
<u>REVENUES</u>		
<u>Operating Project Revenues</u>		
Potsdam Technology Development Center	\$ 70,891	\$ 70,891
Potsdam Commerce Park	59,631	13,333
CDBG Cool Brands	-	300,000
Gouverneur Industrial Park	9,455	9,176
Third Massena Shell Building	36,525	35,275
Fifth Massena Shell Building	-	20,000
Sixth Massena Shell Building	-	31,142
Senator Meier Grant	-	25,000
CDBG Newton Falls	750,000	-
Nimo Grant	9,350	-
Interest Income	239,287	223,677
Miscellaneous Income	10,778	997
Bonds Fees	327,971	110,000
Sale of Fixed Assets (Net)	1,752,142	-
	<u>\$ 3,266,030</u>	<u>\$ 839,491</u>
Total Revenues		
<u>EXPENDITURES</u>		
<u>Operating Project Expenditures</u>		
Potsdam Technology Development Center	3,437	3,401
North Country Energy Plan	-	1,000
CDBG Cool Brands	-	300,000
Potsdam Commerce Park	6,074	7,543
St. Lawrence Valley Air Study	-	5,000
Gouverneur Industrial Park	6,081	8,429
Third Massena Shell Building	2,832	3,525
Fifth Massena Industrial Building	25,728	25,297
Sixth Massena Shell Building	15,717	13,321
Massena - Lot 20	16,950	15,391
Newton Falls Project	-	12,231
Railroad Corridor	15,570	15,570
CDBG Newton Falls	750,000	-
Cives Rebuilding	150,000	-
Wetland Services	10,254	-
Administrative Operating Expenditures	284,992	213,218
Debt Retirement	173,933	99,189
Net Change in Capital Assets	38,857	108,405
	<u>1,500,425</u>	<u>831,520</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	1,765,605	7,971
Fund Balances - Beginning of Year	<u>4,702,956</u>	<u>4,694,985</u>
Fund Balances - End of Year	<u>\$ 6,468,561</u>	<u>\$ 4,702,956</u>

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
December 31, 2007

	<u>Total</u> Governmental <u>Funds</u>	<u>Long-term</u> Assets, <u>Liabilities</u>	<u>Reclassifications</u> and <u>Eliminations</u>	<u>Statement of</u> Net Assets <u>Totals</u>
<b>ASSETS</b>				
Cash	\$ 2,870,561	\$ -	\$ -	\$ 2,870,561
Mortgages and Note Receivable - Current	561,301	-	-	561,301
Accrued Interest Receivable	16,444	-	-	16,444
Prepaid Expenses	850	-	-	850
Accounts Receivable	2,050	-	-	2,050
Fixed Assets - Net	-	2,778,028	-	2,778,028
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Long Term Mortgages Receivable	1,062,617	-	-	1,062,617
	<hr/>			
Total Assets	6,513,823	2,778,028	-	9,291,851
<hr/>				
<b>LIABILITIES</b>				
Long Term Debt - Current Portion	-	96,174	-	96,174
Rental Deposits	16,301	-	-	16,301
Due to Affiliated Agencies	245	-	-	245
Accrued Expenses - Other	22,809	-	-	22,809
Deferred Revenue	5,908	-	-	5,908
Long Term Debt	-	903,248	-	903,248
	<hr/>			
Total Liabilities	45,263	999,422	-	1,044,685
<hr/>				
<b>NET ASSETS</b>				
Total Net Assets	6,468,560	1,778,606	-	8,247,166
	<hr/>			
Total Liabilities and Fund Balance/Net Assets	\$ 6,513,823	\$ 2,778,028	\$ -	\$ 9,291,851
<hr/>				
Total Governmental Fund Balances				\$ 6,468,560
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:				
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds				2,778,028
Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds				(999,422)
				<hr/>
Net Assets of Governmental Activities				\$ 8,247,166
				<hr/>

See notes to financial statements.

**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, 2007**

	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	9,455	-	-	9,455
Third Massena Shell Building	36,525	-	-	36,525
Fifth Massena Shell Building	-	-	-	-
Sixth Massena Shell Building	-	-	-	-
Potsdam Commerce Park	59,631	-	-	59,631
CDBG Newton Falls	750,000	-	-	750,000
Nimo Grant	9,350	-	-	9,350
Interest Income	239,287	-	-	239,287
Miscellaneous Income	10,778	-	-	10,778
Bond Fees	327,971	-	-	327,971
Sale of Fixed Assets (Net)	1,752,142	(1,752,142)	-	-
<b>Total Revenues</b>	<b>3,266,030</b>	<b>(1,752,142)</b>	<b>-</b>	<b>1,513,888</b>
<b>Expenditures</b>				
Potsdam Technology Development Center	3,437	16,225	-	19,662
Gouverneur Industrial Park	6,081	9,979	-	16,060
Third Massena Shell Building	2,832	13,132	-	15,964
Fifth Massena Shell Building	25,728	28,790	-	54,518
Sixth Massena Shell Building	15,717	16,168	-	31,885
Massena - Lot 20	16,950	17,888	-	34,838
Potsdam Commerce Park	6,074	22,263	-	28,337
Cives Rebuilding	150,000	-	-	150,000
Wetland Services	10,254	-	-	10,254
CDBG Newton Falls	750,000	-	-	750,000
Railroad Corridor	15,570	-	-	15,570
Administrative Operating Expenditures	284,992	18,913	-	303,905
Debt Retirement	173,933	-	(173,933)	-
Fixed Asset Purchases	38,857	(38,857)	-	-
<b>Total Expenditures</b>	<b>1,500,425</b>	<b>104,501</b>	<b>(173,933)</b>	<b>1,430,993</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>1,765,605</b>	<b>(1,856,643)</b>	<b>173,933</b>	<b>82,895</b>
<b>Net Change For The Year</b>	<b>\$ 1,765,605</b>	<b>\$ (1,856,643)</b>	<b>\$ 173,933</b>	<b>\$ 82,895</b>
Net Change in Fund Balances				\$ 1,765,605
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(143,358)
Expenditures for acquisition of Capital Assets (net) recorded in the Governmental Funds but not in the Statement of Activities				38,857
Sale and disposal of Fixed Assets (net) recorded in the Governmental Funds but not in the Statement of Activities				(1,752,142)
Repayment of long-term debt and incurrance of new debt as an expenditure/receipt in the Governmental Funds, but not in the Statement of Activities				173,933
<b>Change in Net Assets of Governmental Activities</b>				<b>\$ 82,895</b>

See notes to financial statements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF THE COUNTY OF ST. LAWRENCE  
STATEMENTS OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2007 AND 2006

	<u>Agency</u>	
	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash	\$ -	\$ -
Total Assets	-	-
<b>LIABILITIES</b>		
Other liabilities	-	-
Total Liabilities	\$ -	\$ -

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	<u>Agency Funds</u>	
	<u>2007</u>	<u>2006</u>
<b>ADDITIONS</b>		
Revenues from Payments in Lieu of Taxes	\$ 1,698,830	\$ 2,154,715
Total Additions	1,698,830	2,154,715
<b>DEDUCTIONS</b>		
Payments to Governmental Agencies	1,698,830	2,154,715
Total Deductions	1,698,830	2,154,715
Change in Net Assets	-	-
Net Assets - Beginning of Year	-	-
Net Assets - End of Year	\$ -	\$ -

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, 2007 AND 2006

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 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. 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, 2007 AND 2006

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, 2007 AND 2006

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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, 2007 AND 2006

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, 2007 AND 2006

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.

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 Organization carries its mortgages receivable at cost recognizing interest income on the accrual basis as specified in the various loan agreements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

Mortgages Receivable balances at December 31, 2007 and 2006 consisted of the following:

<u>Mortgages</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2007</u>	<u>2006</u>
Ansen Corporation	1/2 prime + 1%	08/01/13	Mortgage of Corporate Facility	\$ 205,000	\$ 123,872	\$ 143,586
Ogdensburg Bridge & Port Authority	Variable Rate Adjusted Every 5 years	05/01/14	Mortgage 11th Building	325,547	165,156	187,170
Tamarack Tree Service	5.25%	12/1/2016	Building	188,478	138,050	150,958
Clarkson University	5.25%	10/1/10	Building	143,240	50,700	66,893
Kinney Drugs	3.00%	3/1/14	Building	136,000	89,677	102,536
Ogdensburg Bridge & Port Authority - BreconRidge	Variable Rate Adjusted Every 5 years	5/1/20	Mortgage on 11th Building	600,000	519,996	552,587
Newton Falls Fine Paper, LLC	Variable Rate Adjusted Every 5 years	1/7/17	Personal Gaurantee	400,000	136,467	-
Current Portion					1,223,918	1,203,730
					(161,301)	(109,414)
Long-Term Portion					\$ 1,062,617	\$ 1,094,316

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2007 were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land and Improvements	\$ 146,140	\$ 9,813	\$ (30,000)	\$ 125,953
Total nondepreciable historical cost	<u>146,140</u>	<u>9,813</u>	<u>(30,000)</u>	<u>125,953</u>
Capital assets that are depreciated:				
Buildings and Improvements	5,117,012	-	(1,961,799)	3,155,213
Automotive Equipment	86,954	25,982	-	112,936
Office Equipment and Furnishings	54,899	3,063	(10,726)	47,236
Total depreciable historical cost	<u>5,258,865</u>	<u>29,045</u>	<u>(1,972,525)</u>	<u>3,315,385</u>
Less accumulated depreciation	<u>770,334</u>	<u>143,358</u>	<u>(250,382)</u>	<u>663,310</u>
Total depreciable historical cost, net	<u>4,488,531</u>	<u>(114,313)</u>	<u>(1,722,143)</u>	<u>2,652,075</u>
Total capital assets historical cost, net	<u>\$ 4,634,671</u>	<u>\$ (104,500)</u>	<u>\$ (1,752,143)</u>	<u>\$ 2,778,028</u>
Depreciation expense was charged to governmental activities as follows:				
Potsdam Technological Development Center		\$ 16,226		
Potsdam Commerce Park		22,262		
Gouverneur Industrial Park		9,979		
Third Massena Shell Building		13,132		
Fifth Massena Industrial Building		28,790		
Sixth Massena Industrial Building		16,168		
Massena - Lot 20		<u>17,888</u>		
Total depreciation charged to governmental activities		<u>124,445</u>		
Depreciation expense charged to support services		<u>18,913</u>		
Total depreciation expense		<u>\$ 143,358</u>		

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 5 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2007 and 2006 consist of the following:

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2007</u>	<u>2006</u>
St. Lawrence County IDA-LDC	3%	9/1/10		\$ 250,000	\$ 76,186	\$ 102,323
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	96,689	110,276
Empire State Development Corporation	3%	12/01/14		100,000	-	82,322
Greater Massena Economic Development Fund	3.375%	12/01/19		600,000	503,120	535,792
St. Lawrence County IDA-LDC	3%	12/01/15		217,204	178,427	197,643
Current Portion					999,422	1,173,356
					(96,174)	(100,928)
Long-Term Debt (Net)					<u>\$ 903,248</u>	<u>\$ 1,072,428</u>

NOTE 6 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in forty-eight such bond issues in the total original issue amount of \$649,885,700. These issues were made at various times between February, 1973 and December 31, 2007. 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.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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 is currently under lease with various tenants.

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.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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.

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

In two separate actions, the Agency was notified of two negligence actions brought by construction works for injuries allegedly sustained at the site of construction of the AgEnergy Cogeneration Facility in Ogdensburg. One action is currently still in its pre-trial status, with a claim pending in the amount of \$1,000,000. In the second action counsel advises that the matter is moving very slowly. In both cases, due to the hold harmless provisions of the bond agreement and the limits of the insurance coverage, counsel believes that the Agency will not incur direct liability from these actions. There has not been any movement in these matters in 2007 and 2006

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Another unrelated negligence action was commenced in 1997 against the Agency for injuries allegedly sustained at the Megan Racine Co-generation site at Canton. The Agency is additionally insured under the Liability Insurance of Megan-Racine. Counsel anticipates that the existing insurance policy will cover any exposure to the Agency. There has been little movement in this matter over the past few years.

There are several miscellaneous public improvement liens on projects which the Agency "owns". However, no actions have been commenced to foreclose these liens. Should actions be commenced, counsel advises that the Agency will take appropriate measures.

NOTE 14 - SALE OF 5TH & 6TH MASSENA BUILDINGS

On December 21st, the 5th and 6th Massena Industrial Buildings were sold to Curran Renewable Energy LLC for a total of \$1,727,599. In addition to an \$8 million bond, Curran Renewable LLC was assisted by the SLC IDA-LDC and the GMEDF with \$600,00 in funding to purchase two existing, IDA-owned buildings within the Massena Industrial Park and the purchase and installation of equipment used to manufacture wood pellets. The project proposes the creation of 50 new jobs.

NOTE 15 - LOAN TO NEWTON FALLS FINE PAPER LLC.

For over a year the St. Lawrence County Industrial Development Agency worked with an investment group which was proposing to acquire the Newton Falls mill and return it to operational status. On February 7, 2007 the St. Lawrence County Industrial Development Agency passed a resolution authorizing a loan to the Mill of \$400,000 to assist in this reopening. Also, a bond was issued in July 2007 for \$10 million to complete the acquisition by the investment group Newton Falls Fine Paper, LLC.

NOTE 16 - SHORT TERM LOAN TO THE SLC IDA LDC

On December 7th, 2007 the St. Lawrence County Industrial Development Agency loaned the St. Lawrence County Industrial Development Agency Local Development Corporation (SLC IDA-LDC) \$400,000. This loan was created to increase the amount of cash available so that loan commitments could be fulfilled by the SLC IDA-LDC.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
POTSDAM COMMERCE PARK  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>		
Rental Income	\$ 59,631	\$ 13,333
Total Revenues	59,631	13,333
<u>EXPENSES:</u>		
Insurance	5,824	3,228
Maintenance Services	250	1,469
Depreciation	22,263	3,711
Utilities	-	2,796
Miscellaneous	-	50
Total Expenses	28,337	11,254
Excess of Revenues Over Expenses	\$ 31,294	\$ 2,079

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
POTSDAM TECHNOLOGY DEVELOPMENT CENTER  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>		
Rental Income	\$ 70,891	\$ 70,891
Total Revenues	<u>70,891</u>	<u>70,891</u>
<u>EXPENSES:</u>		
Insurance	3,436	3,401
Depreciation	<u>16,226</u>	<u>16,226</u>
Total Expenses	<u>19,662</u>	<u>19,627</u>
Excess of Revenues Over Expenses	<u>\$ 51,229</u>	<u>\$ 51,264</u>

SCHEDULES OF REVENUES AND EXPENSES  
GOUVERNEUR INDUSTRIAL PARK  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>		
Rental Income	\$ 9,455	\$ 9,176
 Total Revenues	 <u>9,455</u>	 <u>9,176</u>
<u>EXPENSES:</u>		
Insurance	304	241
Interest	5,422	5,940
Repairs and Maintenance	355	2,198
Miscellaneous Expense	-	50
Depreciation	<u>9,979</u>	<u>9,979</u>
 Total Expenses	 <u>16,060</u>	 <u>18,408</u>
 Excess (Deficit) Revenues Over Expenses	 <u>\$ (6,605)</u>	 <u>\$ (9,232)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
THIRD MASSENA SHELL BUILDING  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>		
Rental Income	\$ 36,525	\$ 35,275
Total Revenues	36,525	35,275
<u>EXPENSES:</u>		
Interest	2,832	3,526
Depreciation	13,132	13,132
Total Expenses	15,964	16,658
Excess Revenues Over Expenses	\$ 20,561	\$ 18,617

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
FIFTH MASSENA INDUSTRIAL BUILDING  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>		
Rental Income	\$ -	\$ 20,000
Total Revenues	-	20,000
<u>EXPENSES:</u>		
Insurance	5,049	3,530
Interest	12,794	14,120
Maintenance Services	1,176	3,603
Utilities	6,709	4,044
Depreciation	28,790	31,407
Total Expenses	54,518	56,704
Excess Revenues Over Expenses	\$(54,518)	\$(36,704)

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
SIXTH MASSENA INDUSTRIAL BUILDING  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>		
Rental Income	\$ -	\$ 31,142
Total Revenues	-	31,142
<u>EXPENSES:</u>		
Interest	6,530	7,384
Maintenance Services	1,823	2,665
Miscellaneous Expense	-	32
Insurance	2,858	2,161
Utilities	4,506	1,079
Depreciation	16,168	17,638
Total Expenses	31,885	30,959
Excess Revenues Over Expenses	\$ (31,885)	\$ 183

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF REVENUES AND EXPENSES  
MASSENA - LOT 20  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>EXPENSES:</u>		
Depreciation	17,888	17,888
Maintenance Expense	2,050	3,306
Miscellaneous	112	-
Insurance	5,940	5,304
Utilities	2,950	1,228
Interest Expense	5,898	5,553
	<hr/>	<hr/>
Total Expenses	34,838	33,279
	<hr/>	<hr/>
Excess Revenues Over Expenses	<u>\$ (34,838)</u>	<u>\$ (33,279)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>OPERATING EXPENSES:</u>		
4 Lanes 4 Jobs	\$ -	\$ 641
Accounting	5,200	5,700
Educational Workshops	2,035	4,344
Insurance	12,481	5,079
Legal Fees	19,348	12,644
Loss on Disposal of Fixed Assets	24,543	-
Meetings	4,344	9,455
Miscellaneous	286	535
Office Supplies and Postage	3,426	3,723
Other Travel	8,192	8,478
Professional Associations	1,485	1,455
Promotion	97,048	66,505
Services - County	96,672	87,619
Telephone	3,324	2,666
Vehicle Repairs and Maintenance	6,608	4,374
	\$284,992	\$213,218
	\$284,992	\$213,218

# 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

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

## 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 St. Lawrence County Industrial Development Agency as of and for the year ended December 31, 2007, and have issued our report thereon dated January 28, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

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



HOOPER AND VAN HOUSE  
Certified Public Accountants

Ogdensburg, New York  
January 28, 2008



# HOOPER AND VAN HOUSE

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MEMBERS  
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CERTIFIED PUBLIC ACCOUNTANTS

January 28, 2008

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

We have audited the financial statements of the St. Lawrence County Industrial Development Agency for the year ended December 31, 2007 and have issued our report thereon dated January 28, 2008. Professional standards require that we provide you with the following information related to our audit.

**A. The Auditors' Responsibility under Auditing Standards Generally Accepted in the United States of America**

Our audit was designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, and that they are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America. In carrying out this assignment, we examined, on a test basis, evidence supporting amounts and disclosures in the financial statements. Because we are auditing under the concept of reasonable assurance and examining evidence on a test basis, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. Accordingly, management should be alert throughout the year to changes or signs of deterioration in the effectiveness of control procedures that could significantly affect the Agency's financial condition or results of operation. We should be notified of any discoveries of this nature.

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

**B. Significant Accounting Policies**

Significant accounting policies have been consistently applied for the year ended December 31, 2007. There were no significant unusual transactions in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**C. Management Judgments and Accounting Estimates**

The preparation of financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive because of their significance to the financial statements and the possibility that actual future events affecting them may differ significantly from management's current expectations.

We have reviewed management's judgment based upon our examination of the evidential matter relating to these estimates. We are satisfied that the Agency's accounting estimates as of December 31, 2007 are reasonable in light of known circumstances.

**D. Audit Adjustments**

For the purpose of this letter, professional standards define a significant 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 audit adjustments we recorded, either individually or in the aggregate, indicate matters that could have a significant effect on the Agency's financial reporting process. There were no proposed audit adjustments that were not recorded by the Agency.

**E. Other Information in Documents Containing Audited Financial Statements**

We are not aware of any documents containing the audited financial statements which we would be required to review. If such documents exist, we are required by auditing standards generally accepted in the United States of America to review a printer's proof of the data for consistency with the audited financial statements before they are released to the general public.

**F. Disagreements with Management**

We had no disagreements with management about significant auditing, accounting, or disclosure matters.

**G. Consultation with Other Accountants**

Management has informed us that they have not obtained any opinions from other independent accountants on the application of accounting principles that would affect the Agency's financial statements or the type of opinion that may be rendered on the Agency's financial statements.



St. Lawrence County Industrial Development Agency  
January 28, 2008

**H. Major Issues Discussed with Management Prior to Retention**

We discussed no major issues with management, including the application of accounting principles and auditing standards, prior to our retention as the Agency's external auditors.

**I. Difficulties Encountered in Performing the Audit**

No difficulties of significance were encountered during the current year audit. No significant delays were noted in the commencement of the audit or in providing us with needed information. Management and accounting personnel were very helpful in assisting us during our audit.

This information is intended solely for the use of the audit committee, 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 AND VAN HOUSE  
Certified Public Accountants



# HOOPER AND VAN HOUSE

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January 28, 2008

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

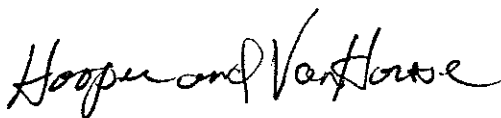
In planning and performing our audit of the financial statements of the St. Lawrence County Industrial Development Agency (the Agency) for the year ended December 31, 2007, we considered the Agency's internal control structure in order to determine our auditing procedures for the purpose of expressing 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 comment is submitted as a constructive suggestion to assist you in improving controls and procedures. This recommendation has been previously discussed with appropriate management personnel and is 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 AND VAN HOUSE  
Certified Public Accountants

*St. Lawrence County Industrial Development Agency  
Comments and Recommendations  
December 31, 2007*

Comment:

During the year ended December 31, 2007 we noted a receipt of CDBG funds from St. Lawrence County and an immediate disbursement in the same amount to Newton Falls Fine Paper. Initially, it appeared that this transaction would require the Agency to undergo an audit in accordance with **OMB Circular A-133** (Single Audit), based on the amount of the transaction. After interviewing several staff members it became clear that the work and all compliance requirements for the transaction were completed by staff employees of the County Office of Economic Development and not as staff to the IDA.

Recommendation

If the IDA is not truly a subrecipient of the County in such transactions, we recommend that IDA staff deliver the County's check rather than depositing the check and issuing an IDA check in the same amount. Because compliance requirements are very detailed and specific in most Federal programs, we feel that the action followed in this case could lead to trailing questions about why the Agency was not audited in compliance with **OMB Circular A-133** because it may appear that is was required.

