

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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DECEMBER 31, 2008 AND 2007

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HOOPER AND VAN HOUSE

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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 of the St. Lawrence County Industrial Development Agency as of and for the years ended December 31, 2008 and 2007, 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.

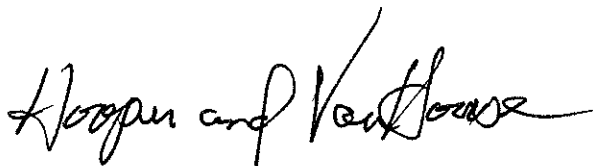
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of the St. Lawrence County Industrial Development Agency, as of December 31, 2008 and 2007, 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 February 11, 2009 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
February 11, 2009





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, 2008. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- Fixed assets were increased by \$368,379 mostly due to the purchase of Massena Lot 17.
- Total general revenues decreased by \$311,839 mostly due to lack of bonding fees.

Agency Highlights

- January 2008: The Agency authorized a lease with Zero Point Clean Technologies, Inc. for the IDA-owned building located within the Potsdam Commerce Park. In addition, the Agency reviewed its Procurement and Investment policies. The Agency also set a public hearing for Curran Renewable Energy, LLC.
- February 2008: The Agency approved a PILOT with Curran Renewable Energy, LLC.
- March 2008: The Agency accepted its 2007 audit and conducted its annual review of its Real Property Guidelines.
- April 2008: The Agency committed \$5,000 per year for a three-year period to the Fort Drum Gap Analysis Committee, to assist in marketing two of the industries identified as ones to benefit from Fort Drum's presence in the North Country. In addition, an agreement was authorized for design and specifications, and general engineering for a green building project. Lastly, the Agency authorized the receipt of outside funds for the administration of the Newton Falls Telecom Project, which should upgrade telecommunication capability near the Hamlet of Newton Falls and the Newton Falls Fine Paper Co., LLC.
- June 2008: The Agency authorized inducement and SEQRA resolutions relating to Bennett Family Properties, located on Highland Road, Massena.

- August 2008: The Agency authorized a purchase option agreement with OpTech Environmental Services, Inc. for the property located on Lot 20, Massena Industrial Park. In addition, the Agency accepted Tribal State Compact funds (i) to administer provision of assessment and strategic planning services to four (4) local companies; (ii) for engineering services for the Canton Industrial Park and (iii) for wetland delineation services for certain County-owned property in Lisbon. Lastly, the Agency approved an easement related to United Helpers' 96-unit health facility and 48-unit assisted living facility.
- October 2008: The 2009 Tentative Budget was approved. The Agency authorized an inducement resolution for Community Bank, NA's project and scheduled a public hearing. Exercising its rights and privileges to remedy a default of the lease agreement with AgPro, Ltd., the Agency conveyed the 24 Commerce Drive, Massena property back to AgPro.
- November 2008: The Agency authorized the Community Bank, NA project and reauthorized a corporate alliance with Electric Strategies, Inc. The Agency was authorized to purchase Lot 17 property within the Massena Industrial Park.
- December 2008: The Agency recognized the contributions of SUNY Canton and its President, Dr. Joseph Kennedy; and CIVES and its Division President, Ted Totten.

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 \$8,277,683 as of December 31, 2008.

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, 2008.

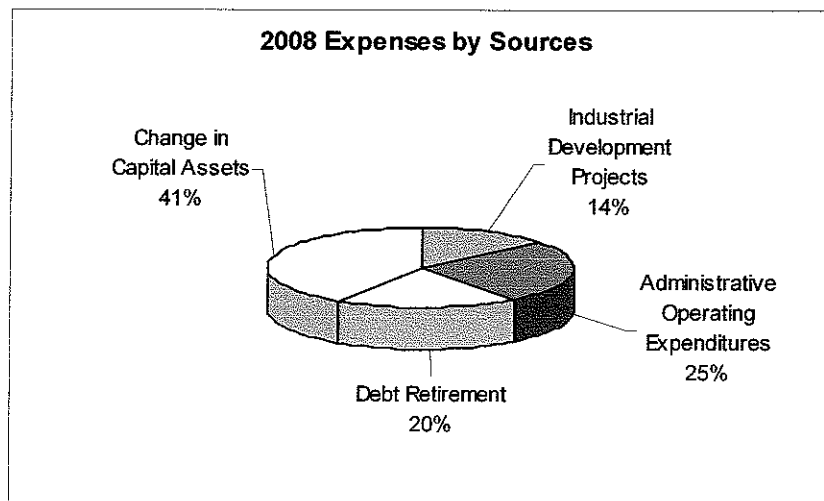
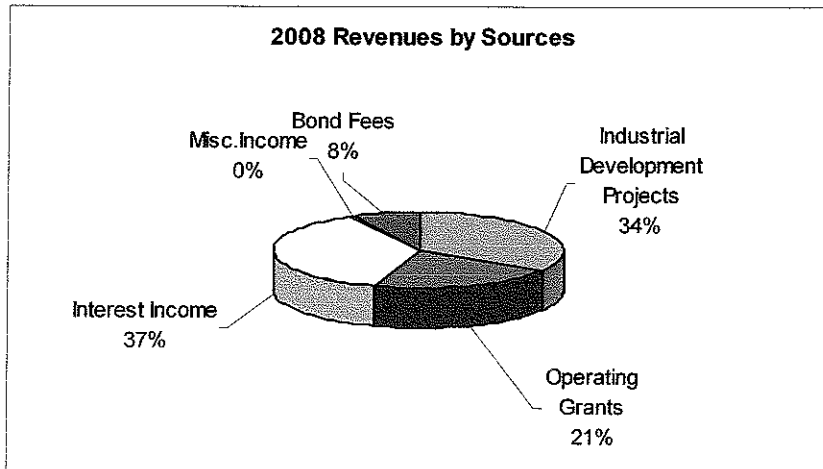
Table 1

2007		2008	
Total Current Assets	3,451,206	Total Current Assets	3,090,090
Total Fixed Assets (Net)	2,778,028	Total Fixed Assets (Net)	3,146,407
Total Other Assets	3,062,617	Total Other Assets	2,846,671
Total Assets	<u>\$9,291,851</u>	Total Assets	<u>\$9,083,168</u>
Total Liabilities	1,044,685	Total Liabilities	805,485
Total Net Assets	<u>8,247,166</u>	Total Net Assets	<u>8,277,683</u>
Total Liabilities & Net Assets	<u>\$9,291,851</u>	Total Liabilities & Net Assets	<u>\$9,083,168</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

2007		2008	
Total Industrial Development Project (IDP) Revenue	\$935,852	Total Industrial Development Project (IDP) Revenue	\$324,288
Total IDP Projects	1,127,088	Total IDP Projects	240,620
Support Services	<u>303,905</u>	Support Services	<u>319,348</u>
Total Governmental Expenses	<u>(1,430,993)</u>	Total Governmental Expenses	<u>(559,968)</u>
Total Government Activities	<u>(495,141)</u>	Total Government Activities	<u>(235,680)</u>
Total General Revenues	<u>578,036</u>	Total General Revenues	<u>266,197</u>
Change in Net Assets	82,895	Change in Net Assets	30,517
Prior Year Adjustment	00	Prior Year Adjustments	00
Net Assets – Beginning of Year	<u>8,164,271</u>	Net Assets – Beginning of Year	<u>8,247,166</u>
Net Assets – End of Year	\$8,247,166	Net Assets – End of Year	\$8,277,683



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, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,952,320	\$ 2,870,561
Mortgages Receivable - Current	118,257	161,301
Short Term Note Receivable - SLC IDA-LDC	-	400,000
Prepaid Expenses	1,538	850
Accounts Receivable	42	2,050
Due from Affiliated Agencies	2,559	-
Accrued Interest Receivable	15,374	16,444
	3,090,090	3,451,206
 <u>Fixed Assets</u>		
Land and Improvements	163,104	125,953
Buildings and Improvements	3,563,213	3,155,213
Automotive Equipment	95,291	112,936
Office Equipment and Furnishings	49,211	47,236
	3,870,819	3,441,338
Less: Accumulated Depreciation	(724,412)	(663,310)
	3,146,407	2,778,028
 <u>Other Assets</u>		
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	846,671	1,062,617
	2,846,671	3,062,617
 Total Other Assets	 2,846,671	 3,062,617
 Total Assets	 9,083,168	 9,291,851
 <u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accrued Expenses - Other	1,815	22,809
Due to Affiliated Agencies	-	245
Rental and Refundable Deposits	31,301	16,301
Deferred Revenue	438	5,908
Long Term Debt - Current Portion	58,353	96,174
	91,907	141,437
 Total Current Liabilities	 91,907	 141,437
 <u>Long-Term Debt</u>	 713,578	 903,248
 Total Liabilities	 805,485	 1,044,685
 <u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,374,476	1,778,606
Restricted-Expendable	2,000,000	2,000,000
Unrestricted	3,903,207	4,468,560
	8,277,683	8,247,166
 Total Net Assets	 8,277,683	 8,247,166
 Total Liabilities and Net Assets	 \$ 9,083,168	 \$ 9,291,851

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, 2008 AND 2007

	2008						2007					
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Program Revenues			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	
Governmental Activities												
Industrial Development Projects												
Potsdam Technology Development Center	\$ 20,085	70,890	-	-	\$ 50,805	\$ 19,662	70,891	\$ -	\$ -	\$ 51,229		
Potsdam Commerce Park	26,655	81,020	-	-	54,365	28,337	59,631	-	-	31,294		
Gouverneur Industrial Park	11,888	9,742	-	-	(2,146)	16,060	9,455	-	-	(6,605)		
Third Massena Shell Building	17,663	37,636	-	-	19,973	15,964	36,525	-	-	20,561		
Fifth Massena Industrial Building	1,290	-	-	-	(1,290)	54,518	-	-	-	(54,518)		
Sixth Massena Shell Building	809	-	-	-	(809)	31,885	-	-	-	(31,885)		
Massena - Lot 20	38,769	-	-	-	(38,769)	34,838	-	-	-	(34,838)		
Tribal Compact - Strategic Plan	-	-	25,000	-	25,000	-	-	-	-	-		
Cives Rebuilding	-	-	-	-	-	150,000	-	-	-	(150,000)		
Canton Industrial Park Info/Eng	-	-	25,000	-	25,000	-	-	-	-	-		
St. Lawrence Valley Air Study	10,000	-	-	-	(10,000)	-	-	-	-	-		
Railroad Corridor	18,879	-	-	-	(18,879)	15,570	-	-	-	(15,570)		
Wetland Services	17,982	-	25,000	-	7,018	10,254	-	-	-	(10,254)		
CDBG Newton Falls	-	-	50,000	-	50,000	750,000	-	750,000	-	-		
Essential NY Initiative	76,600	-	-	-	(76,600)	-	-	9,350	-	9,350		
Total Industrial Development Projects	240,620	199,288	125,000	-	83,668	1,127,088	176,502	759,350	-	(191,236)		
Support Services												
Administrative Operating Expenses	293,601	-	-	-	(293,601)	260,449	-	-	-	(260,449)		
Depreciation - Unallocated	25,647	-	-	-	(25,647)	18,913	-	-	-	(18,913)		
Loss on Sale/Disposal of Fixed Asset	100	-	-	-	(100)	24,543	-	-	-	(24,543)		
Total Support Services	319,348	-	-	-	(319,348)	303,905	-	-	-	(303,905)		
Total Governmental Activities	559,968	199,288	125,000	-	(235,680)	1,430,993	176,502	759,350	-	(495,141)		
General Revenues												
Interest					219,397					239,287		
Miscellaneous Income					2,050					10,778		
Bond Fees					44,750					327,971		
Total General Revenues					266,197					578,036		
Changes in Net Assets					30,517					82,895		
Net Assets - Beginning of Year					8,247,166					8,164,271		
Net Assets - End of Year					\$ 8,277,683					\$ 8,247,166		

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, 2008 AND 2007

	General	
	2008	2007
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,952,320	\$ 2,870,561
Mortgages Receivable - Current	118,257	561,301
Due from Affiliated Agencies	2,559	-
Accrued Interest Receivable	15,374	16,444
Prepaid Expenses	1,538	850
Accounts Receivable	42	2,050
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	846,671	1,062,617
	<u>5,936,761</u>	<u>6,513,823</u>
Total Assets		
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Rental and Refundable Deposits	31,301	16,301
Accrued Expenses - Other	1,815	22,809
Due to Affiliated Agencies	-	245
Deferred Revenue	438	5,908
	<u>33,554</u>	<u>45,263</u>
Total Liabilities		
Fund Balances		
Fund Balance - Reserved	2,000,000	2,000,000
Fund Balance - Unappropriated	3,903,207	4,468,560
	<u>5,903,207</u>	<u>6,468,560</u>
Total Fund Balances		
Total Liabilities and Fund Balances	<u>\$ 5,936,761</u>	<u>\$ 6,513,823</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, 2008 AND 2007

	GENERAL	
	2008	2007
<u>REVENUES</u>		
<u>Operating Project Revenues</u>		
Potsdam Technology Development Center	\$ 70,890	\$ 70,891
Potsdam Commerce Park	81,020	59,631
Gouverneur Industrial Park	9,742	9,455
Third Massena Shell Building	37,636	36,525
Fifth Massena Shell Building	-	-
Sixth Massena Shell Building	-	-
Massena - Lot 20	-	-
Wetland Services	25,000	-
Canton Industrial Park Infa/Eng	25,000	-
Tribal Compact - Strategic Plan	25,000	-
CDBG Newton Falls	50,000	750,000
Nimo Grant	-	9,350
Interest Income	219,397	239,287
Miscellaneous Income	2,050	10,778
Bonds Fees	44,750	327,971
Sale of Fixed Assets (Net)	-	1,752,142
	590,485	3,266,030
Total Revenues		
<u>EXPENDITURES</u>		
<u>Operating Project Expenditures</u>		
Potsdam Technology Development Center	3,859	3,437
Potsdam Commerce Park	4,392	6,074
Gouverneur Industrial Park	2,019	6,081
Third Massena Shell Building	4,531	2,832
Fifth Massena Shell Building	1,290	25,728
Sixth Massena Shell Building	809	15,717
Massena - Lot 20	20,881	16,950
Railroad Corridor	18,879	15,570
CDBG Newton Falls	-	750,000
St. Lawrence Valley Air Study	10,000	-
Essential NY Initiative	76,600	-
Cives Rebuilding	-	150,000
Wetland Services	17,982	10,254
Administrative Operating Expenditures	293,702	284,992
Debt Retirement	227,492	173,933
Net Change in Capital Assets	473,403	38,857
	1,155,839	1,500,425
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	(565,354)	1,765,605
Fund Balances - Beginning of Year	6,468,561	4,702,956
Fund Balances - End of Year	\$ 5,903,207	\$ 6,468,561

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, 2008

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	\$ 2,952,320	\$ -	\$ -	\$ 2,952,320
Mortgages and Note Receivable - Current	118,257	-	-	118,257
Due from Affiliated Agencies	2,559	-	-	2,559
Accrued Interest Receivable	15,374	-	-	15,374
Prepaid Expenses	1,538	-	-	1,538
Accounts Receivable	42	-	-	42
Fixed Assets - Net	-	3,146,407	-	3,146,407
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Long Term Mortgages Receivable	846,671	-	-	846,671
	<hr/>			
Total Assets	5,936,761	3,146,407	-	9,083,168
LIABILITIES				
Long Term Debt - Current Portion	-	58,353	-	58,353
Rental and Refundable Deposits	31,301	-	-	31,301
Accrued Expenses - Other	1,815	-	-	1,815
Deferred Revenue	438	-	-	438
Long Term Debt	-	713,578	-	713,578
	<hr/>			
Total Liabilities	33,554	771,931	-	805,485
NET ASSETS				
Total Net Assets	5,903,207	2,374,476	-	8,277,683
	<hr/>			
Total Liabilities and Fund Balance/Net Assets	\$ 5,936,761	\$ 3,146,407	\$ -	\$ 9,083,168
	<hr/>			
Total Governmental Fund Balances				\$ 5,903,207
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				3,146,407
Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds				<u>(771,931)</u>
Net Assets of Governmental Activities				<u>\$ 8,277,683</u>

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, 2008

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenues				
Potsdam Technology Development Center	\$ 70,890	\$ -	\$ -	\$ 70,890
Potsdam Commerce Park	81,020	-	-	81,020
Gouverneur Industrial Park	9,742	-	-	9,742
Third Massena Shell Building	37,636	-	-	37,636
Wetland Service	25,000	-	-	25,000
Canton Industrial Park Infa/Eng	25,000	-	-	25,000
CDBG Newton Falls	50,000	-	-	50,000
Tribal Compact - Strategic Plan	25,000	-	-	25,000
Interest Income	219,397	-	-	219,397
Miscellaneous Income	2,050	-	-	2,050
Bond Fees	44,750	-	-	44,750
Total Revenues	590,485	-	-	590,485
Expenditures				
Potsdam Technology Development Center	3,859	16,226	-	20,085
Potsdam Commerce Park	4,392	22,263	-	26,655
Gouverneur Industrial Park	2,019	9,869	-	11,888
Third Massena Shell Building	4,531	13,132	-	17,663
Fifth Massena Shell Building	1,290	-	-	1,290
Sixth Massena Shell Building	809	-	-	809
Massena - Lot 20	20,881	17,888	-	38,769
St. Lawrence Valley Air Study	10,000	-	-	10,000
Wetland Services	17,982	-	-	17,982
Essential NY Initiative	76,600	-	-	76,600
Railroad Corridor	18,879	-	-	18,879
Administrative Operating Expenditures	293,701	25,647	-	319,348
Debt Retirement	227,492	-	(227,492)	-
Fixed Asset Purchases	473,403	(473,403)	-	-
Total Expenditures	1,155,838	(368,378)	(227,492)	559,968
Excess (Deficiency) Of Revenues Over Expenditures	(565,353)	368,378	227,492	30,517
Net Change For The Year	\$ (565,353)	\$ 368,378	\$ 227,492	\$ 30,517
Net Change in Fund Balances				\$ (565,353)
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(105,025)
Expenditures for acquisition of Capital Assets (net) recorded in the Governmental Funds but not in the Statement of Activities				473,503
Sale and disposal of Fixed Assets (net) recorded in the Governmental Funds but not in the Statement of Activities				(100)
Repayment of long-term debt and incurrence of new debt as an expenditure/receipt in the Governmental Funds, but not in the Statement of Activities				227,492
Change in Net Assets of Governmental Activities				\$ 30,517

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, 2008 AND 2007

	<u>Agency</u>	
	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ -	\$ -
Total Assets	-	-
LIABILITIES		
Other liabilities	-	-
Total Liabilities	\$ -	\$ -

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

	<u>Agency Funds</u>	
	<u>2008</u>	<u>2007</u>
ADDITIONS		
Revenues from Payments in Lieu of Taxes	\$ 5,251	\$ 1,698,830
Total Additions	5,251	1,698,830
DEDUCTIONS		
Payments to Governmental Agencies	5,251	1,698,830
Total Deductions	5,251	1,698,830
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, 2008 AND 2007

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, 2008 AND 2007

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, 2008 AND 2007

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, 2008 AND 2007

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, 2008 AND 2007

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, 2008 AND 2007

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, 2008 and 2007 consisted of the following:

<u>Mortgages</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2008</u>	<u>2007</u>
Ansen Corporation	1/2 prime + 1% Currently 3.00%	08/01/13	Corporate Facility	\$ 205,000	\$ 103,544	\$ 123,872
Ogdensburg Bridge & Port Authority	Variable Rate 5 Year Intervals Currently 5.00%	05/01/14	11th Building	325,547	141,948	165,156
Tamarack Tree Service	5.25%	12/1/2016	Building	188,478	123,375	138,050
Clarkson University	5.25%	10/1/10	Building	143,240	-	50,700
Kinney Drugs	3.00%	3/1/14	Building	136,000	33,674	89,677
Ogdensburg Bridge & Port Authority - BreconRidge	Variable Rate 5 Year Intervals Currently 3.875%	5/1/20	BreconRidge Building	600,000	485,960	519,996
Newton Falls Fine Paper, LLC	Variable Rate 5 Year Intervals Currently 5.13%	1/7/17	Personal Guarantee	400,000	76,427	136,467
					<u>964,928</u>	<u>1,223,918</u>
Current Portion					<u>(118,257)</u>	<u>(161,301)</u>
Long-Term Portion					<u>\$ 846,671</u>	<u>\$ 1,062,617</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2008 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	\$ 125,953	\$ 37,151	\$ -	\$ 163,104
Total nondepreciable historical cost	<u>125,953</u>	<u>37,151</u>	<u>-</u>	<u>163,104</u>
Capital assets that are depreciated:				
Buildings and Improvements	3,155,213	408,000	-	3,563,213
Automotive Equipment	112,936	23,408	(41,053)	95,291
Office Equipment and Furnishings	47,236	4,945	(2,970)	49,211
Total depreciable historical cost	<u>3,315,385</u>	<u>436,353</u>	<u>(44,023)</u>	<u>3,707,715</u>
Less accumulated depreciation	<u>663,310</u>	<u>105,025</u>	<u>(43,923)</u>	<u>724,412</u>
Total depreciable historical cost, net	<u>2,652,075</u>	<u>331,328</u>	<u>(100)</u>	<u>2,983,303</u>
Total capital assets historical cost, net	<u>\$ 2,778,028</u>	<u>\$ 368,479</u>	<u>\$ (100)</u>	<u>\$ 3,146,407</u>
Depreciation expense was charged to governmental activities as follows:				
Potsdam Technological Development Center		\$ 16,226		
Potsdam Commerce Park		22,263		
Gouverneur Industrial Park		9,869		
Third Massena Industrial Building		13,132		
Massena - Lot 20		17,888		
Total depreciation charged to governmental activities		<u>79,378</u>		
Depreciation expense charged to support services		<u>25,647</u>		
Total depreciation expense		<u>\$ 105,025</u>		

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 5 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2008 and 2007 consist of the following:

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2008</u>	<u>2007</u>
St. Lawrence County IDA-LDC	3%	9/1/10		\$ 250,000	\$ -	\$ 76,186
Northern Advanced Technologies Corporation (NATCO)	None	Indefinite	Technology Development Center	145,000	145,000	145,000
St. Lawrence County IDA-LDC	Variable (1-5%)	10/01/13		273,000	-	96,689
Empire State Development Corporation	3%	12/01/14		100,000	-	-
Greater Massena Economic Development Fund	3.375%	12/01/19		600,000	468,538	503,120
St. Lawrence County IDA-LDC	3%	12/01/15		217,204	158,393	178,427
Current Portion					771,931	999,422
					(58,353)	(96,174)
Long-Term Debt (Net)					<u>\$ 713,578</u>	<u>\$ 903,248</u>

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

2009	\$ 58,353
2010	60,266
2011	62,243
2012	64,291
2013	64,202
Thereafter	<u>462,576</u>
	<u>\$ 771,931</u>

NOTE 6 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in forty-ninth such bond issues in the total original issue amount of \$698,760,700. These issues were made at various times between February, 1973 and December 31, 2008. 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.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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 - 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, 2008 AND 2007

NOTE 10 - 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 11 - 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 2008 and 2007

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.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 12 - SALE OF 5TH & 6TH MASSENA BUILDINGS

On December 21, 2007, 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 13 - 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 14 - 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. The loan was repaid in full in 2008.

NOTE 15 - PURCHASE OF MASSENA LOT 17

In December 2008 the St. Lawrence County Industrial Development Agency purchased Massena Lot 17. The purchase price was \$408,000. This building was originally built by the Industrial Development Agency in 1989 and later title was transferred to Michele Audio. The St. Lawrence County Industrial Development Agency plans to actively market this building.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM COMMERCE PARK
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>		
Rental Income	\$ 81,020	\$ 59,631
Total Revenues	<u>81,020</u>	<u>59,631</u>
<u>EXPENSES:</u>		
Insurance	3,212	5,824
Maintenance Services	1,180	250
Depreciation	<u>22,263</u>	<u>22,263</u>
Total Expenses	<u>26,655</u>	<u>28,337</u>
Excess of Revenues Over Expenses	<u>\$ 54,365</u>	<u>\$ 31,294</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM TECHNOLOGY DEVELOPMENT CENTER
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>		
Rental Income	\$ 70,890	\$ 70,891
Total Revenues	70,890	70,891
<u>EXPENSES:</u>		
Insurance	3,859	3,436
Depreciation	16,226	16,226
Total Expenses	20,085	19,662
Excess of Revenues Over Expenses	\$ 50,805	\$ 51,229

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
GOUVERNEUR INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>		
Rental Income	\$ 9,742	\$ 9,455
Total Revenues	<u>9,742</u>	<u>9,455</u>
<u>EXPENSES:</u>		
Insurance	289	304
Interest	1,163	5,422
Repairs and Maintenance	567	355
Depreciation	<u>9,869</u>	<u>9,979</u>
Total Expenses	<u>11,888</u>	<u>16,060</u>
Excess (Deficit) Revenues Over Expenses	<u>\$ (2,146)</u>	<u>\$ (6,605)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
THIRD MASSENA SHELL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>		
Rental Income	\$ 37,636	\$ 36,525
Total Revenues	<u>37,636</u>	<u>36,525</u>
<u>EXPENSES:</u>		
Interest	541	2,832
Insurance	3,991	-
Depreciation	<u>13,132</u>	<u>13,132</u>
Total Expenses	<u>17,664</u>	<u>15,964</u>
Excess of Revenues Over Expenses	<u>\$ 19,972</u>	<u>\$ 20,561</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
FIFTH MASSENA INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>		
Rental Income	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>
<u>EXPENSES:</u>		
Insurance	-	5,049
Interest	934	12,794
Maintenance Services	300	1,176
Utilities	56	6,709
Depreciation	-	28,790
Total Expenses	<u>1,290</u>	<u>54,518</u>
Excess (Deficit) Revenues Over Expenses	<u>\$ (1,290)</u>	<u>\$ (54,518)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
SIXTH MASSENA INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>		
Rental Income	\$ -	\$ -
	<hr/>	<hr/>
Total Revenues	-	-
<u>EXPENSES:</u>		
Interest	481	6,530
Maintenance Services	300	1,823
Insurance	-	2,858
Utilities	28	4,506
Depreciation	-	16,168
	<hr/>	<hr/>
Total Expenses	809	31,885
	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenses	\$ (809)	\$ (31,885)
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 20
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>EXPENSES:</u>		
Maintenance Expense	7,560	2,050
Miscellaneous	-	112
Insurance	5,324	5,940
Utilities	2,918	2,950
Interest Expense	5,078	5,898
Depreciation	<u>17,889</u>	<u>17,888</u>
 Total Expenses	 <u>38,769</u>	 <u>34,838</u>
 Excess (Deficit) Revenues Over Expenses	 <u>\$ (38,769)</u>	 <u>\$ (34,838)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING EXPENSES:</u>		
Accounting/Audit	\$ 5,400	\$ 5,200
Educational Workshops	2,960	2,035
Insurance	973	12,481
Interest - GMEDF	15,034	-
Legal Fees	26,375	19,348
Loss on Disposal of Fixed Assets	100	24,543
Meetings	3,841	4,344
Miscellaneous	3,285	286
Office Supplies and Postage	4,208	3,426
Other Travel	9,773	8,192
Printing and Copying	2,605	-
Professional Associations	1,085	1,485
Promotion	94,240	97,048
Services - County	110,535	96,672
Telephone	3,603	3,324
Vehicle Repairs and Maintenance	9,685	6,608
	<u>\$293,702</u>	<u>\$284,992</u>
Total Operating Expenses	<u>\$293,702</u>	<u>\$284,992</u>

**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 of the St. Lawrence County Industrial Development Agency as of and for the year ended December 31, 2008, and have issued our report thereon dated February 11, 2009. 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.

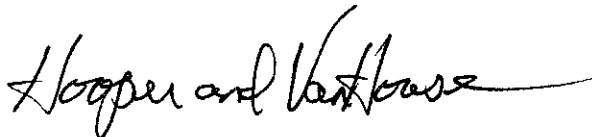
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

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*. We noted a certain matter that we reported to management of the St. Lawrence County Industrial Development Agency in a separate letter dated February 11, 2009.

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
February 11, 2009



HOOPER AND VAN HOUSE

Certified Public Accountants

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

Ronnie M. Van House, CPA
1986-2006

February 11, 2009

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

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, 2008 and have issued our report thereon dated February 11, 2009. One of our responsibilities as auditors is to present information regarding the scope and results of the audit to assist you in overseeing the financial disclosure and reporting process of the Agency. The following offers comments on our involvement with that process and with management as it carries out its responsibilities.

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, 2008. 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, 2008 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.



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

Certified Public Accountants

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

Ronnie M. Van House, CPA
1986-2006

February 11, 2009

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

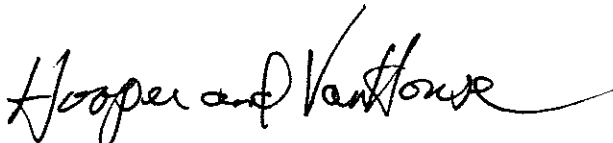
In planning and performing our audit of the financial statements of the St. Lawrence County Industrial Development Agency (the Agency) for the year ended December 31, 2008, we considered the Agency's internal control structure in order to determine our auditing procedures for the purpose of expressing 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, 2008*

Comment:

Deposits held at one of the Agency's financial institutions were under collateralized at December 31, 2008 by \$190,000. This presents a significant risk of Agency funds should the bank fail.

Recommendation

Agency management and the financial institution's collateralizing agency need to provide constant and diligent monitoring of the collateralization of Agency funds.

