

ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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DECEMBER 31, 2009 AND 2008

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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, 2009 and 2008, 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, 2009 and 2008, 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 27, 2010 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.


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

Ogdensburg, New York
January 27, 2010



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, 2009. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- Fixed assets were decreased by \$110,422 due to depreciation costs.
- Total operating revenues decreased by \$154,251 mostly due to the decreased interest rates on investments.

Agency Highlights

- January 2009: The Agency authorized a purchase option agreement with Op-Tech Environmental Services, Inc. for the IDA-owned building located within the Massena Industrial. In addition, the Agency reviewed its Procurement and Investment policies. The Agency authorized the sale of its Industrial Building (Lot 17) to Media Accessories.com, pending a public hearing. Lastly, the Agency formally endorsed the construction of a four-lane highway in St. Lawrence County.
- February 2009: The Agency conducted its annual review of its Real Property Guidelines and supported Steel Development Co., LLC's application to NYPA for an allocation of additional power that could bring this project to fruition.
- March 2009: The Agency accepted its 2008 audit and authorized a revised PILOT agreement with Curran Renewable Energy, LLC.
- April 2009: The Agency authorized execution and delivery of a mortgage relating to Media Accessories.com and authorized execution and delivery of certain supplemental trust indentures and documents with respect to projects with St. Lawrence University undertaken in 2001 and 2005. The Agency modified revenue and allocation accounts from the Four Lanes for Jobs line items, changing the account name to "Northern Corridor Transportation Working Group" to reflect the revitalization of the transportation initiative and to enable the Agency to accept donations for this effort. Recognizing that the IDA's current website may not comply with the spirit of the Public Authorities Accountability Act, the IDA authorized an agreement with Haenel Communication Technologies for website redesign services. Lastly, the Agency authorized the sale of the IDA-owned building (Lot 20) located within the Massena Industrial Park to Op-Tech Environmental Services, Inc.
- May 2009: The Agency authorized its Chairman to sign a Memorandum of Understanding with the Local Government Task Force.

- June 2009: The Agency authorized the execution and delivery of documents relating to the Dockside Village of the 1000 Islands project. The Agency directed staff to explore staffing and administrative arrangements.
- July 2009: The Agency authorized the hiring of a Deputy CEO.
- August 2009: The Agency authorized a 3-year audit services contract with Hooper & VanHouse, CPAs and authorized the issuance of a Negative Declaration for the Frazer Computing, Inc. project. The Agency also accepted the application of Rushton Place, LLC project and adopted findings relative to the project. Lastly, the Agency formally endorsed Newton Falls Fine Paper Co., LLC's application for assistance through New York State's Upstate Regional Blueprint Fund.
- September 2009: The Agency authorized a contract for siding replacement for their building located within the Potsdam Commerce Park and authorized an additional deferral agreement and amendment to indenture for the Curran Renewable Energy, LLC project.
- October 2009: The Agency authorized an inducement resolution for the Rushton Place, LLC project, formally supported the IDALDC's agreement with the RVRDA, and approved and accepted a 2010 budget.
- December 2009: The Agency authorized an initial resolution for the St. Lawrence Gas Company project, adopted its final 2010 budget, authorized execution and delivery of documents relating to the Rushton Place, LLC project, reauthorized a corporate alliance with Electric Strategies, Inc., authorized assignment of Tamarack Tree Service, Inc.'s financial obligations to Atlantic Testing Laboratories, Inc., and formally supported Newton Falls Fine Paper Co.'s application for financial assistance through the Upstate Blueprint Fund for its biomass boiler and power generation project.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., 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 \$8,145,871 as of December 31, 2009.

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, 2009.

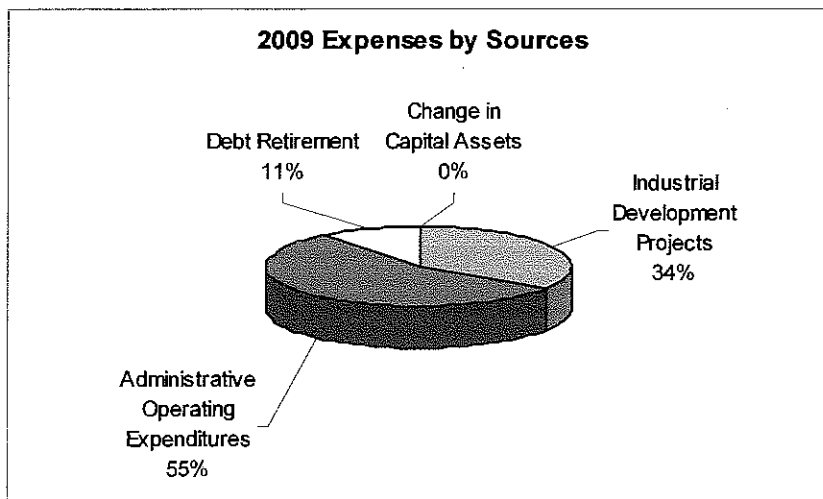
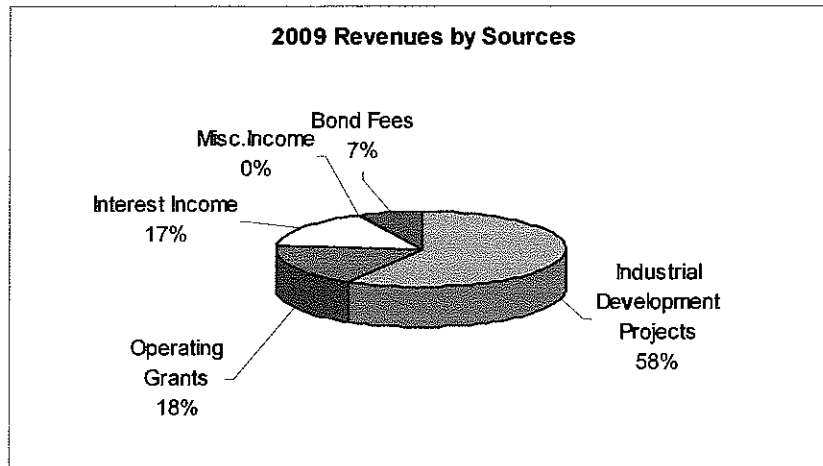
Table 1

2008		2009	
Total Current Assets	3,090,090	Total Current Assets	3,147,475
Total Fixed Assets (Net)	3,146,407	Total Fixed Assets (Net)	3,035,985
Total Other Assets	2,846,671	Total Other Assets	2,716,451
Total Assets	<u>\$9,083,168</u>	Total Assets	<u>\$8,899,911</u>
Total Liabilities	805,485	Total Liabilities	754,040
Total Net Assets	<u>8,277,683</u>	Total Net Assets	<u>8,145,871</u>
Total Liabilities & Net Assets	<u>\$9,083,168</u>	Total Liabilities & Net Assets	<u>\$8,899,911</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

2008		2009	
Total Industrial Development Project (IDP) Revenue	\$324,288	Total Industrial Development Project (IDP) Revenue	\$331,703
Total IDP Projects	240,620	Total IDP Projects	265,114
Support Services	<u>319,348</u>	Support Services	<u>303,967</u>
Total Governmental Expenses	<u>(559,968)</u>	Total Governmental Expenses	<u>(569,081)</u>
Total Government Activities	<u>(235,680)</u>	Total Government Activities	<u>(237,378)</u>
Total General Revenues	<u>266,197</u>	Total General Revenues	<u>104,531</u>
Change in Net Assets	30,517	Change in Net Assets	(132,847)
Prior Year Adjustment	00	Prior Year Adjustments	1,035
Net Assets – Beginning of Year	<u>8,247,166</u>	Net Assets – Beginning of Year	<u>8,277,683</u>
Net Assets – End of Year	\$8,277,683	Net Assets – End of Year	\$8,145,871



CASH AND INVESTMENT POLICY

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

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency's Chief Executive Officer at 80 State Highway 310, Suite 6, Canton, New York 13617.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET ASSETS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,020,966	\$ 2,952,320
Mortgages Receivable - Current	122,840	118,257
Prepaid Expenses	750	1,538
Accounts Receivable	1,569	42
Due from Affiliated Agencies	-	2,559
Accrued Interest Receivable	1,350	15,374
	<hr/>	<hr/>
Total Current Assets	3,147,475	3,090,090
<u>Fixed Assets</u>		
Land and Improvements	163,104	163,104
Buildings and Improvements	3,563,213	3,563,213
Automotive Equipment	95,291	95,291
Office Equipment and Furnishings	49,211	49,211
	<hr/>	<hr/>
	3,870,819	3,870,819
Less: Accumulated Depreciation	(834,834)	(724,412)
	<hr/>	<hr/>
Total Fixed Assets (Net)	3,035,985	3,146,407
<u>Other Assets</u>		
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	716,451	846,671
	<hr/>	<hr/>
Total Other Assets	2,716,451	2,846,671
	<hr/>	<hr/>
Total Assets	8,899,911	9,083,168
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accrued Expenses - Other	7,220	1,815
Rental and Refundable Deposits	31,301	31,301
Deferred Revenue	-	438
Long Term Debt - Current Portion	58,266	58,353
	<hr/>	<hr/>
Total Current Liabilities	96,787	91,907
	<hr/>	<hr/>
<u>Long-Term Debt</u>	657,253	713,578
	<hr/>	<hr/>
Total Liabilities	754,040	805,485
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,320,466	2,374,476
Restricted-Expendable	2,000,000	2,000,000
Unrestricted	3,825,405	3,903,207
	<hr/>	<hr/>
Total Net Assets	8,145,871	8,277,683
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 8,899,911	\$ 9,083,168
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009						2008					
	Net (Expense) Revenue and Changes in Net Assets			Net (Expense) Revenue and Changes in Net Assets			Program Revenues			Program Revenues		
	Expenditures	Charges for Services	Capital Grants and Contributions	Government Activities	Expenditures	Charges for Services	Capital Grants and Contributions	Government Activities	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	
Governmental Activities												
Industrial Development Projects												
Potsdam Technology Development Center	\$ 20,344	70,890	-	\$ 50,546	\$ 20,085	70,890	-	\$ 50,805	-	-	\$ 50,805	
Potsdam Commerce Park	60,421	48,003	-	(12,418)	26,655	81,020	-	54,365	-	-	54,365	
Gouverneur Industrial Park	16,581	10,039	-	(6,542)	11,888	9,742	-	(2,146)	-	-	(2,146)	
Third Massena Shell Building	13,132	40,435	-	27,303	17,663	37,636	-	19,973	-	-	19,973	
Fifth Massena Industrial Building	-	-	-	-	1,290	-	-	(1,290)	-	-	(1,290)	
Sixth Massena Shell Building	-	-	-	-	809	-	-	(809)	-	-	(809)	
Massena - Lot 20	29,203	11,033	-	(18,170)	38,769	-	-	(38,769)	-	-	(38,769)	
Massena - Lot 17	27,460	73,703	-	46,243	-	-	-	-	-	-	-	
Tribal Compact - Strategic Plan	18,750	-	-	(18,750)	-	-	-	-	25,000	-	25,000	
Canton Industrial Park Infa/Eng	3,500	-	-	(3,500)	-	-	-	-	25,000	-	25,000	
St. Lawrence Valley Air Study	-	-	-	-	10,000	-	-	-	-	-	-	
Railroad Corridor	8,358	-	-	(8,358)	18,879	-	-	(18,879)	-	-	(18,879)	
Wetland Services	2,891	-	-	(2,891)	17,982	-	-	(17,982)	-	-	(17,982)	
Northern Corridor Trans Group	14,474	-	1,000	(13,474)	-	-	-	-	25,000	-	25,000	
Newton Falls Telecom Project	50,000	-	-	(50,000)	-	-	-	-	-	-	-	
CDBG Newton Falls	-	-	-	-	-	-	-	-	-	-	-	
Essential NY Initiative	-	-	76,600	76,600	76,600	-	-	-	50,000	-	50,000	
Total Industrial Development Projects	265,114	254,103	77,600	66,589	240,620	199,288	125,000	83,668	125,000	-	83,668	
Support Services												
Administrative Operating Expenses	283,122	-	-	(283,122)	293,601	-	-	(293,601)	-	-	(293,601)	
Depreciation - Unallocated	20,845	-	-	(20,845)	25,647	-	-	(25,647)	-	-	(25,647)	
Loss on Sale/Disposal of Fixed Asset	-	-	-	-	100	-	-	(100)	-	-	(100)	
Total Support Services	303,967	-	-	(303,967)	319,348	-	-	(319,348)	-	-	(319,348)	
Total Governmental Activities	569,081	254,103	77,600	(237,378)	559,968	199,288	125,000	(235,860)	125,000	-	(235,860)	
General Revenues												
Interest	-	-	-	72,959	-	-	-	219,397	-	-	219,397	
Miscellaneous Income	-	-	-	1,512	-	-	-	2,050	-	-	2,050	
Bond Fees	-	-	-	30,060	-	-	-	44,750	-	-	44,750	
Total General Revenues				104,531				266,197			266,197	
Changes in Net Assets												
Prior Period Adjustment	-	-	-	(132,847)	-	-	-	30,517	-	-	30,517	
Net Assets - Beginning of Year				8,277,683				8,247,166			8,247,166	
Net Assets - End of Year				\$ 8,145,871				\$ 8,277,683			\$ 8,277,683	

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,020,966	\$ 2,952,320
Mortgages Receivable - Current	122,840	118,257
Due from Affiliated Agencies	-	2,559
Accrued Interest Receivable	1,350	15,374
Prepaid Expenses	750	1,538
Accounts Receivable	1,569	42
Cash - Interest Bearing (Special Reserve)	2,000,000	2,000,000
Long Term Mortgages Receivable	716,451	846,671
	<hr/>	<hr/>
Total Assets	5,863,926	5,936,761
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>Liabilities</u>		
Rental and Refundable Deposits	31,301	31,301
Accrued Expenses - Other	7,220	1,815
Due to Affiliated Agencies	-	-
Deferred Revenue	-	438
	<hr/>	<hr/>
Total Liabilities	38,521	33,554
	<hr/>	<hr/>
<u>Fund Balances</u>		
Fund Balance - Reserved	2,000,000	2,000,000
Fund Balance - Unappropriated	3,825,405	3,903,207
	<hr/>	<hr/>
Total Fund Balances	5,825,405	5,903,207
	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 5,863,926	\$ 5,936,761
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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
<u>Operating Project Revenues</u>		
Potsdam Technology Development Center	\$ 70,890	\$ 70,890
Potsdam Commerce Park	48,003	81,020
Gouverneur Industrial Park	10,039	9,742
Third Massena Shell Building	40,435	37,636
Massena - Lot 20	11,033	-
Massena - Lot 17	73,703	-
Wetland Services	-	25,000
Canton Industrial Park Infa/Eng	-	25,000
Tribal Compact - Strategic Plan	-	25,000
CDBG Newton Falls	-	50,000
Northern Corridor Trans Group	1,000	-
Essential NY Initiative	76,600	-
Interest Income	72,959	219,397
Miscellaneous Income	1,512	2,050
Bonds Fees	30,060	44,750
	<hr/>	<hr/>
Total Revenues	436,234	590,485
	<hr/>	<hr/>
EXPENDITURES		
<u>Operating Project Expenditures</u>		
Potsdam Technology Development Center	4,119	3,859
Potsdam Commerce Park	38,158	4,392
Gouverneur Industrial Park	6,712	2,019
Third Massena Shell Building	-	4,531
Fifth Massena Shell Building	-	1,290
Sixth Massena Shell Building	-	809
Massena - Lot 20	11,315	20,881
Massena - Lot 17	17,260	-
Railroad Corridor	8,358	18,879
Tribal Compact - Strategic Plan	18,750	-
St. Lawrence Valley Air Study	-	10,000
Essential NY Initiative	-	76,600
Canton Industrial Park Infa/Eng	3,500	-
Wetland Services	2,891	17,982
Northern Corridor Trans Group	14,474	-
Newton Falls Telecom Project	50,000	-
Administrative Operating Expenditures	283,122	293,702
Debt Retirement	56,412	227,492
Net Change in Capital Assets	-	473,403
	<hr/>	<hr/>
Total Expenditures	515,071	1,155,839
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(78,837)	(565,354)
Prior Period Adjustment	1,035	-
Fund Balances - Beginning of Year	5,903,207	6,468,561
	<hr/>	<hr/>
Fund Balances - End of Year	\$ 5,825,405	\$ 5,903,207
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	\$ 3,020,966	\$ -	\$ -	\$ 3,020,966
Mortgages and Note Receivable - Current	122,840	-	-	122,840
Due from Affiliated Agencies	-	-	-	-
Accrued Interest Receivable	1,350	-	-	1,350
Prepaid Expenses	750	-	-	750
Accounts Receivable	1,569	-	-	1,569
Fixed Assets - Net	-	3,035,985	-	3,035,985
Cash - Interest Bearing (Special Reserve)	2,000,000	-	-	2,000,000
Long Term Mortgages Receivable	716,451	-	-	716,451
	<hr/>			
Total Assets	5,863,926	3,035,985	-	8,899,911
	<hr/>			
LIABILITIES				
Long Term Debt - Current Portion	-	58,266	-	58,266
Rental and Refundable Deposits	31,301	-	-	31,301
Accrued Expenses - Other	7,220	-	-	7,220
Deferred Revenue	-	-	-	-
Long Term Debt	-	657,253	-	657,253
	<hr/>			
Total Liabilities	38,521	715,519	-	754,040
	<hr/>			
NET ASSETS				
Total Net Assets	5,825,405	2,320,466	-	8,145,871
	<hr/>			
Total Liabilities and Fund Balance/Net Assets	\$ 5,863,926	\$ 3,035,985	\$ -	\$ 8,899,911
	<hr/>			

Total Governmental Fund Balances \$ 5,825,405

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. 3,035,985

Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore not reported in the funds. (715,519)

Net Assets of Governmental Activities \$ 8,145,871

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, 2009

	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	48,003	-	-	48,003
Gouverneur Industrial Park	10,039	-	-	10,039
Third Massena Shell Building	40,435	-	-	40,435
Massena Lot - 20	11,033	-	-	11,033
Massena Lot - 17	73,703	-	-	73,703
Northern Corridor Trans Group	1,000	-	-	1,000
Essential NY Initiative	76,600	-	-	76,600
Interest Income	72,959	-	-	72,959
Miscellaneous Income	1,512	-	-	1,512
Bond Fees	30,060	-	-	30,060
	<hr/>			
Total Revenues	436,234	-	-	436,234
	<hr/>			
Expenditures				
Potsdam Technology Development Center	4,119	16,225	-	20,344
Potsdam Commerce Park	38,158	22,263	-	60,421
Gouverneur Industrial Park	6,712	9,869	-	16,581
Third Massena Shell Building	-	13,132	-	13,132
Massena - Lot 20	11,315	17,888	-	29,203
Massena - Lot 17	17,260	10,200	-	27,460
Wetland Services	2,891	-	-	2,891
Railroad Corridor	8,358	-	-	8,358
Tribal Compact - Strategic Plan	18,750	-	-	18,750
Canton Industrial Park Infa/Eng	3,500	-	-	3,500
Northern Corridor Trans Group	14,474	-	-	14,474
Newton Falls Telecom Project	50,000	-	-	50,000
Administrative Operating Expenditures	283,122	20,845	-	303,967
Debt Retirement	56,412	-	(56,412)	-
	<hr/>			
Total Expenditures	515,071	110,422	(56,412)	569,081
	<hr/>			
Excess (Deficiency) Of Revenues Over Expenditures	(78,837)	(110,422)	56,412	(132,847)
	<hr/>			
Net Change For The Year	\$ (78,837)	\$ (110,422)	\$ 56,412	\$ (132,847)
	<hr/>			
Net Change in Fund Balances				\$ (78,837)
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds				(110,422)
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				<hr/> 56,412
Change in Net Assets of Governmental Activities				<hr/> <hr/> \$ (132,847)

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2009 AND 2008

	<u>Agency</u>	
	<u>2009</u>	<u>2008</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, 2009 AND 2008

	<u>Agency Funds</u>	
	<u>2009</u>	<u>2008</u>
ADDITIONS		
Revenues from Payments in Lieu of Taxes	\$ 21,111	\$ 5,251
Total Additions	21,111	5,251
DEDUCTIONS		
Payments to Governmental Agencies	21,111	5,251
Total Deductions	21,111	5,251
Change in Net Assets	-	-
Net Assets - Beginning of Year	-	-
Net Assets - End of Year	\$ -	\$ -

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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, 2009 AND 2008

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, 2009 AND 2008

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, 2009 AND 2008

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, 2009 AND 2008

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, 2009 AND 2008

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, 2009 and 2008 consisted of the following:

<u>Mortgages</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2009</u>	<u>2008</u>
Ansen Corporation	1/2 prime + 1% Currently 3.00%	08/01/13	Corporate Facility	\$ 205,000	82,640	103,544
Ogdensburg Bridge & Port Authority	Variable Rate 5 Year Intervals Currently 5.00%	05/01/14	11th Building	325,547	117,500	141,948
Tamarack Tree Service	5.25%	12/1/2016	Building	188,478	110,237	123,375
Clarkson University	5.25%	10/1/10	Building	143,240	15,714	33,674
Kinney Drugs	3.00%	3/1/14	Building	136,000	62,775	76,427
Ogdensburg Bridge & Port Authority - BreconRidge	Variable Rate 5 Year Intervals Currently 3.875%	5/1/20	BreconRidge Building	600,000	450,425	485,960
					839,291	964,928
Current Portion					(122,840)	(118,257)
Long-Term Portion					\$ 716,451	\$ 846,671

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2009 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	163,104	-	-	163,104
Total nondepreciable historical cost	<u>163,104</u>	-	-	<u>163,104</u>
Capital assets that are depreciated:				
Buildings and Improvements	3,563,213	-	-	3,563,213
Automotive Equipment	95,291	-	-	95,291
Office Equipment and Furnishings	49,211	-	-	49,211
Total depreciable historical cost	<u>3,707,715</u>	-	-	<u>3,707,715</u>
Less accumulated depreciation	<u>724,412</u>	110,422	-	<u>834,834</u>
Total depreciable historical cost, net	<u>2,983,303</u>	<u>(110,422)</u>	-	<u>2,872,881</u>
Total capital assets historical cost, net	<u>\$ 3,146,407</u>	<u>\$ (110,422)</u>	<u>\$ -</u>	<u>\$ 3,035,985</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 Shell Building		13,132		
Massena - Lot 20		17,887		
Massena - Lot 17		<u>10,200</u>		
Total depreciation charged to governmental activities		<u>89,577</u>		
Depreciation expense charged to support services		<u>20,845</u>		
Total depreciation expense		<u>\$ 110,422</u>		

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 – LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2009 and 2008 consist of the following:

<u>Holder</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Collateral</u>	<u>Original Amount</u>	<u>2009</u>	<u>2008</u>
Northern Advanced Technologies Corporation (NATCO)	None	Indefinite	Technology Development Center	145,000	145,000	145,000
Greater Massena Economic Development Fund	3.375%	12/01/19		600,000	432,771	468,538
St. Lawrence County IDA-LDC	3%	12/01/15		217,204	137,748	158,393
Current Portion					715,519	771,931
					(58,266)	(58,353)
Long-Term Debt (Net)					<u>\$ 657,253</u>	<u>\$ 713,578</u>

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

2011	58,266
2012	62,159
2013	64,202
2014	66,313
2015	68,493
Thereafter	<u>337,820</u>
	<u>\$ 657,253</u>

NOTE 6 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in fifty such bond issues in the total original issue amount of \$755,610,700. These issues were made at various times between February, 1973 and December 31, 2009. 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, 2009 AND 2008

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, 2009 AND 2008

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 workers 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 2009 and 2008.

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, 2009 AND 2008

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 \$600,000 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.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments were entered as follows:

Write off of 2008 payables that were relieved or reimbursed	<u>\$1,035</u>
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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM COMMERCE PARK
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>		
Rental Income	\$ 48,003	\$ 81,020
	<hr/>	<hr/>
Total Revenues	48,003	81,020
	<hr/>	<hr/>
<u>EXPENSES:</u>		
Insurance	3,262	3,212
Maintenance Services	802	1,180
Utilities	241	-
Repairs - Structural	33,828	-
Miscellaneous	25	-
Depreciation	22,263	22,263
	<hr/>	<hr/>
Total Expenses	60,421	26,655
	<hr/>	<hr/>
Excess of Revenues Over Expenses	\$ (12,418)	\$ 54,365
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
POTSDAM TECHNOLOGY DEVELOPMENT CENTER
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>		
Rental Income	\$ 70,890	\$ 70,890
	<hr/>	<hr/>
Total Revenues	70,890	70,890
	<hr/>	<hr/>
<u>EXPENSES:</u>		
Insurance	4,117	3,859
Depreciation	16,226	16,226
	<hr/>	<hr/>
Total Expenses	20,343	20,085
	<hr/>	<hr/>
Excess of Revenues Over Expenses	\$ 50,547	\$ 50,805
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
GOUVERNEUR INDUSTRIAL PARK
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>		
Rental Income	\$ 10,039	\$ 9,742
Total Revenues	<u>10,039</u>	<u>9,742</u>
<u>EXPENSES:</u>		
Insurance	187	289
Interest	-	1,163
Repairs and Maintenance	6,525	567
Depreciation	<u>9,869</u>	<u>9,869</u>
Total Expenses	<u>16,581</u>	<u>11,888</u>
Excess (Deficit) Revenues Over Expenses	<u>\$ (6,542)</u>	<u>\$ (2,146)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
THIRD MASSENA SHELL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>		
Rental Income	\$ 38,781	\$ 37,636
Total Revenues	<u>38,781</u>	<u>37,636</u>
<u>EXPENSES:</u>		
Interest	-	541
Insurance	(1,654)	3,991
Depreciation	<u>13,132</u>	<u>13,132</u>
Total Expenses	<u>11,478</u>	<u>17,664</u>
Excess of Revenues Over Expenses	<u>\$ 27,303</u>	<u>\$ 19,972</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
FIFTH MASSENA INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>		
Rental Income	\$ -	\$ -
	<hr/>	<hr/>
Total Revenues	-	-
<u>EXPENSES:</u>		
Insurance	-	-
Interest	-	934
Maintenance Services	-	300
Utilities	-	56
Depreciation	-	-
	<hr/>	<hr/>
Total Expenses	-	1,290
	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenses	\$ -	\$ (1,290)
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
SIXTH MASSENA INDUSTRIAL BUILDING
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>		
Rental Income	\$ -	\$ -
	<hr/>	<hr/>
Total Revenues	-	-
<u>EXPENSES:</u>		
Interest	-	481
Maintenance Services	-	300
Insurance	-	-
Utilities	-	28
Depreciation	-	-
	<hr/>	<hr/>
Total Expenses	-	809
	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenses	\$ -	\$ (809)
	<hr/>	<hr/>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 20
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>	<u>\$ 11,033</u>	<u>\$ -</u>
 <u>EXPENSES:</u>		
Maintenance Expense	385	7,560
Miscellaneous		-
Insurance	5,053	5,324
Utilities	1,408	2,918
Interest Expense	4,469	5,078
Depreciation	17,888	17,889
 Total Expenses	 <u>29,203</u>	 <u>38,769</u>
 Excess (Deficit) Revenues Over Expenses	 <u>\$ (18,170)</u>	 <u>\$ (38,769)</u>

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES AND EXPENSES
MASSENA - LOT 17
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>	<u>\$ 73,703</u>	<u>\$ -</u>
 <u>EXPENSES:</u>		
Maintenance Expense	4,579	-
Miscellaneous	8,536	-
Insurance	1,294	-
Utilities	2,851	-
Interest Expense	-	-
Depreciation	10,200	-
	<hr/>	<hr/>
Total Expenses	27,460	-
	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenses	<u>\$ 46,243</u>	<u>\$ -</u>

ST LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>OPERATING EXPENSES:</u>		
Accounting/Audit	\$ 6,523	\$ 5,400
Educational Workshops	2,262	2,960
Employee Benefits	514	-
Insurance	5,989	973
Interest - GMEDF	-	15,034
Legal Fees	22,915	26,375
Meetings	2,163	3,841
Miscellaneous	545	3,284
Office Supplies and Postage	3,874	4,208
Other Travel	7,829	9,773
Outside Contracted Services	21,398	-
Payroll Fees	391	-
Payroll Taxes	1,149	-
Pension Expense	5,708	-
Printing and Copying	228	2,605
Professional Associations	2,015	1,085
Promotion	79,651	94,240
Salaries and Wages	9,727	-
Services - County	100,910	110,535
Technology Expense	1,700	-
Telephone	2,210	3,603
Vehicle Repairs and Maintenance	5,421	9,685
	<hr/>	<hr/>
Total Operating Expenses	<u>\$283,122</u>	<u>\$293,601</u>



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**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, 2009, and have issued our report thereon dated January 27, 2010. 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 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 Organization'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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization'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 organization'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 certain matters that we reported to management of the Agency in a separate letter dated January 27, 2010.

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


Prato Mucenski Hooper Van Housen & Co.
Certified Public Accountants, P.C.

Ogdensburg, New York
January 27, 2010



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January 27, 2010

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, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated December 17, 2009, which is reiterated as outlined below.

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

As stated in our engagement letter dated December 17, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed test of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Agency's compliance with those requirements.

B. Planned Scope and Timing of the Audit

The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining and understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result for (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf on the entity. We have communicated our significant findings as outlined below.

We began our audit on January 18, 2010 and intend to issue our report no later than February 15, 2010.

The information is intended solely for the use of the Agency and its management and is not intended to be and should not be used by anyone other than these specified parties.

C. Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatement identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit

procedures and corrected by management were material, either individually or in the aggregated, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 27, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accounting to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the applications of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,


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

Ogdensburg, New York
January 27, 2010



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January 27, 2010

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, 2009, 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,

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

Ogdensburg, New York
January 27, 2010

*St. Lawrence County Industrial Development Agency
Comments and Recommendations
December 31, 2009*

09-1 Payroll Timesheet Review and Approval

Status: Not Corrected

Comment:

It was noted during the review of the Agency's financial policies in regards to payroll that payroll is processed on a bi-weekly basis, whereas the employees timesheets are submitted, reviewed, and approved on a monthly basis. Therefore the payroll is being paid prior to timesheet review and approval.

Recommendation:

Bi-weekly timesheets should be maintained by each employee and submitted for review and approval prior to processing by the 3rd party payroll provider.

Management Response:

Review and approval will be completed on each bi-weekly pay run and the Agency's financial policy in regards to payroll will be updated accordingly.