

ST. LAWRENCE COUNTY, NEW YORK

Independent Auditors' Report

Financial Statements and
Supplementary Information

Year Ended December 31, 2009



Whittemore, Downen & Ricciardelli, LLP
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ST. LAWRENCE COUNTY, NEW YORK

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INDEPENDENT AUDITORS' REPORT

To The Board of Legislators
St. Lawrence County, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Soil and Water Conservation District (a discretely presented component unit), each major fund and the aggregate remaining information of St. Lawrence County, New York (the "County") as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of St. Lawrence County Industrial Development Agency and Canton Human Services Initiatives, Inc., which together represent 83 percent of the assets of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors. The financial statements of The St. Lawrence County Industrial Development Agency – Local Development Corporation (SLC-IDA-LDC) have not been audited, and we were not engaged to audit the SLC-IDA-LDC's financial statements as part of our audit of the County's basic financial statements. SLC-IDA-LDC's financial activities are included in the County's financial statements as a discretely presented component unit and represent 26 percent, 27 percent and 12 percent of the assets, net assets, and revenues, respectively, of the County's aggregate discretely presented component units.

Except as discussed in the following paragraph, 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. Those standards require that we plan and perform the audit 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 audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had SLC-IDA-LDC's financial statements been audited, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information for the County as of December 31, 2009, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the basic financial statements, the Internal Service Fund of the County has a deficit net asset. The County does not have a formal plan to remedy this deficit.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and is important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and pages 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Lawrence County, New York's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP

September 27, 2010

COUNTY OF ST. LAWRENCE, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED DECEMBER 31, 2009

St. Lawrence County's (the "County") Management Discussion and Analysis ("MD&A") offers readers of the financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional data contained in the financial statements and notes to those statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its' liabilities at the close of 2009 by \$72,711,325 (*net assets*). The unrestricted net deficit for governmental activities was \$18,246,902; for business-type activities (solid waste), the net unrestricted deficit was \$1,698,843. There were no restricted net assets for governmental activities or business-type activities. Assets are restricted if they must be set aside for specific programs or purposes.
- The County's total net assets decreased by \$12,448,021 primarily due to an increase in postemployment benefit (OPEB) liability.
- At the end of 2009, undesignated fund balance for the general fund was \$8,978,842, or 6.0% of the general fund expenditures.
- The County's total outstanding debt decreased by \$1,185,000 (3.2%). Notes to Financial Statements, p. 39, have the County's total bonded indebtedness, as of December 31, 2009 at \$37,240,000.

OVERVIEW OF FINANCIAL STATEMENTS

The County's basic financial statements have three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. The *government-wide financial statements* present an overall picture of the County's financial position and results of operations. The *fund financial statements* present financial information on the fund basis. The *notes to the financial statements* provide additional information concerning the County's finances that are not disclosed in the government-wide or fund financial statements.

1. The **government-wide financial statements** are **the statement of net assets and the statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net assets of governmental activities and business-type activities and the change in net assets. Governmental activities are primarily supported by property taxes, sales taxes and federal and state grants. The County Solid Waste Department is an enterprise fund and is self-supporting.

The **statement of net assets** presents information on all assets and liabilities of the County, with the difference between assets and liabilities reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Assets, liabilities and net assets are reported for all governmental activities separate from the assets, liabilities and net assets of business-type activities. The County's governmental activities include those accounted for within the General, Bridge and Road, Road Machinery, Special Grant, Capital Project and Internal Service Funds. The County's business-type activities include those accounted for in the Solid Waste Fund.

In addition, assets, liabilities and net assets are reported for the County's component units: the St. Lawrence County Industrial Development Agency, the St. Lawrence County Industrial Development Agency – Local Development Corporation, the St. Lawrence County Soil and Water Conservation District and the Canton Human Services Initiatives, Inc. These units are reported in separate columns, except for Canton Human Services Initiatives, Inc. which is a blended component unit.

The **statement of activities** presents information on all revenues and expenses of the County and the change in net assets. Expenses are reported by major functions and program revenues relating to those functions are reported, providing the net cost of all functions provided by the County. To assist in understanding the County's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the County include Public Safety, Health Services, Transportation, Economic Assistance and Opportunity, Culture and Recreation, Home and Community Services, Education and General Government Services. Business-type activities for the Department of Solid Waste are financed primarily by Tipping Fee revenue. Again, expenses and revenues of the Department of Solid Waste are reported separately from the County's financial information.

2. **Fund Financial Statements** present financial information for governmental funds, proprietary funds, and a fiduciary fund. These statements provide financial information on a fund basis. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenue and expenses), and total economic resources.

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures and changes in fund balance – budget and actual – major governmental funds**, is provided for the County's General Fund. For the proprietary funds, which includes internal service funds in addition to business-type activities, a **statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows** are presented.

Fund financial statements provide more detailed information about the County's activities. Individual funds are established by the County to track revenues that are restricted to certain uses, comply with legal requirements or account for the use of State and Federal Grants.

The government-wide financial statements provide an overall picture of the County's financial standing, split between governmental activities and business-type activities. The statements are comparable to private sector companies and give a good understanding of the County's overall financial health and how the County paid for the various activities, or functions, provided by the County. All assets of the County, including buildings, land, roads and bridges are reported in the **statement of net assets**. All liabilities, including principal outstanding on bonds and future employee benefits obligated but not paid by the County, are included. The **statement of activities** includes depreciation on all long lived assets of the County, but transactions between the different functions of the County have been eliminated in order to avoid "doubling up" the revenues and expenses.

The fund financial statements provide a picture of the major funds of the County and a column for all non-major funds. In the case of governmental activities, outlays for long-lived assets are reported as expenditures, and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the fund financial statement to the government-wide financial statements, reconciliations are provided from the fund financial statements to the government-wide financial statements.

3. **Notes to the financial statements** provide additional detail concerning the financial balances of the County. Additional information about the accounting practices of the County, investments of the County, long-term debt and pension plans are some of the items included in the notes to the financial statements.

The Canton Human Services Initiative, the St. Lawrence County Industrial Development Agency and the St. Lawrence County Industrial Development – Local Development Corporation have separate, audited or reviewed financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

St. Lawrence County Net Assets

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Cash & Cash Equivalent/ Investments	\$ 18,906,739	\$ 19,200,821	\$ 371,474	\$ 286,148	\$ 19,278,213	\$ 19,486,969
All Receivable Net	38,412,397	33,472,916	130,020	104,920	38,542,417	33,577,836
Other Assets	18,790,742	20,549,429	15,138	19,191	18,805,880	20,568,620
Capital Assets Net	129,285,795	128,453,260	1,821,275	1,921,537	131,107,070	130,374,797
Total Assets	205,395,673	201,676,426	2,337,907	2,331,796	207,733,580	204,008,222
Liabilities:						
Accounts Payable	9,821,627	10,367,911	381,383	510,251	10,203,010	10,878,162
Due to Other Govts	14,641,719	14,424,036	-	-	14,641,719	14,424,036
Deferred Revenue	468,872	777,970	-	-	468,872	777,970
Other Liabilities	3,160,215	1,714,356	162,531	142,904	3,322,746	1,857,260
Bonds & Other Long- Term Liabilities	104,714,347	89,382,710	1,671,561	1,528,738	106,385,908	90,911,448
Total Liabilities	132,806,780	116,666,983	2,215,475	2,181,893	135,022,255	118,848,876
Net Assets:						
Invested in Capital Assets (net of related debt) Restricted For Unrestricted (Deficit)	90,835,795 (18,246,902)	89,443,260 (4,433,817)	1,821,275 (1,698,843)	1,921,537 (1,771,634)	92,657,070 (19,945,745)	91,364,797 (6,205,451)
Total Net Assets	\$ 72,588,893	\$ 85,009,443	\$ 122,432	\$ (149,903)	\$ 72,711,325	\$ 85,159,346

- The County's total liabilities increased by \$16,173,379, mostly due to the 30 year amortization of the Other Post Employment Benefits (OPEB).
- At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

St. Lawrence County Change in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for Services	\$ 25,604,619	\$ 25,224,077	\$ 3,552,253	\$ 3,563,269	\$ 29,156,872	\$ 28,787,346
Operating Grants & Contributions	57,375,069	50,381,031	-	-	57,375,069	50,381,031
Capital Grants & Contributions	2,482,391	1,780,873	-	-	2,482,391	1,780,873
Total Program Revenues	85,462,079	77,385,981	3,552,253	3,563,269	89,014,332	80,949,250
General Revenues:						
Property Taxes & Tax Items	41,009,514	38,553,843	-	-	41,009,514	38,553,843
Non-Property Taxes	39,523,160	42,357,597	-	-	39,523,160	42,357,597
Fines and Forfeitures	242,879	279,778	-	-	242,879	279,778
Misc. Local Sources	6,839,943	5,787,031	208,510	181,111	7,048,453	5,968,142
Sale of Property & Compensation for Loss	2,241,603	2,108,225	6,051	6,479	2,247,654	2,114,704
Transfers	-	-	-	-	-	-
Investment Earnings	152,418	851,466	4,649	8,112	157,067	859,578
Total General Revenues	90,009,517	89,937,940	219,210	195,702	90,228,727	90,133,642
Total Program & General Revenues	175,471,596	167,323,921	3,771,463	3,758,971	179,243,059	171,082,892
Expenses:						
Governmental Activities Expenses:						
General government support	42,579,195	41,497,230	-	-	42,579,195	41,497,230
Education	865,399	791,348	-	-	865,399	791,348
Public Safety	20,128,332	19,231,757	-	-	20,128,332	19,231,757
Health	24,284,467	22,382,274	-	-	24,284,467	22,382,274
Transportation	17,986,260	18,990,608	-	-	17,986,260	18,990,608
Economic Opportunity & Development	75,959,073	73,708,502	-	-	75,959,073	73,708,502
Culture & Recreation	479,355	568,326	-	-	479,355	568,326
Home & Community Services	3,881,935	3,173,359	3,798,934	4,266,334	7,680,869	7,439,693
Interest on Long Term Debt	1,728,130	2,505,449	-	-	1,728,130	2,505,449
Total Expenses	187,892,146	182,848,853	3,798,934	4,266,334	191,691,080	187,115,187

Total Government Activities

Net Changes in Net Assets	(12,420,550)	(15,524,932)	(27,471)	(507,363)	(12,448,021)	(16,032,295)
Net Assets Beginning, Restated	85,009,443	100,534,375	149,903	657,266	85,159,346	101,191,641
Net Assets Ending	<u>\$ 72,588,893</u>	<u>\$ 85,009,443</u>	<u>\$ 122,432</u>	<u>\$ 149,903</u>	<u>\$ 72,711,325</u>	<u>\$ 85,159,346</u>

- Total revenue for 2009 increased by \$8,160,167. Significant changes involved FMAP assistance and an increase in property tax (over 2008) of \$2,455,671. Sales tax revenue decreased from 2008 by \$2,834,437.
- On the expenditure side, there was an increase of \$4,575,893, due mostly in part to increase in health costs and Economic Development efforts.

St. Lawrence County Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,405,830	\$ 1,880,830	\$ 156,050	\$ 156,050	\$ 2,561,880	\$ 2,036,880
Not Depreciated:						
Construction in Progress	3,989,143	36,326,061	-	-	3,989,143	36,326,061
Depreciated:						
Infrastructure	77,159,961	75,666,931	-	-	77,159,961	75,666,931
Land Improvements	-	-	1,217,182	1,305,029	1,217,182	1,305,029
Buildings & Improvements	40,912,616	9,578,480	-	-	40,912,616	9,578,480
Machinery	4,484,106	4,652,600	448,043	460,458	4,932,149	5,113,058
Bond Financing Costs	334,139	348,358	-	-	334,139	348,358
Total	<u>\$129,285,795</u>	<u>\$128,453,260</u>	<u>\$1,821,275</u>	<u>\$1,921,537</u>	<u>\$131,107,070</u>	<u>\$130,374,797</u>

- In accordance with GASB 34, the County has recorded depreciation expense associated with all of its capital assets, including infrastructure. The County's investment in capital assets for its governmental and business type activities as of December 31, 2009, amounted to \$131,107,070 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.
- The most significant reason for the increase in capital assets for 200 was due to highway/bridge construction.

St. Lawrence County Outstanding Debt

	Governmental Activities	
	2009	2008
Bonds Payable	\$ 37,240,000	\$ 38,425,000
Workers Comp	26,400,000	23,100,000
OPEB Liability	39,213,103	25,879,439
Landfill Post-Closure	810,736	941,032
Compensated Absences	2,722,069	2,565,977
Total	<u>\$106,385,908</u>	<u>\$ 90,911,448</u>

- The County’s outstanding debt increased by 17% (\$15,474,460) largely due to the OPEB liability.
- The Worker’s Compensation Fund deficit (Exhibit H) increased by \$3,300,000. The 2009 audit made an adjustment to the discount rate for loss reserves. The debt due beyond one year in the Worker’s Compensation Fund increased from \$23,100,000 as of December 31, 2008 to \$26,400,000 as of December 31, 2009.

OTHER POST-EMPLOYMENT BENEFITS

The County implemented GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions in fiscal year 2007. GASB No. 45 establishes standards for the measurement, recognition and display of Other Postemployment Benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers. Postemployment benefits are part of an exchange of current salaries and benefits for employee services rendered. Prior to GASB No. 45, most OPEB Plans were reported on a pay-as-you-go basis and a government’s financial statements did not report the financial effects of these postemployment benefits until paid.

GASB No. 45 requires the financial reports of governments to provide a systematic, accrual-basis measurement of an annual OPEB cost. The following schedule displays the effect of the GASB No. 45 on the County’s net expenses as they appear in the Statement of Activities for fiscal year 2009:

Fiscal Year 2009

Programs	Net Expense per Statement of Activities	GASB 45 Expenses	Net Expenses Excluding GASB 45	FY 2008 Net Expenses per Statement of Activities
Gen. Govt.	\$ 28,161,850	\$ 2,225,294	\$25,936,557	\$ 29,459,702
Education	\$ 123,787	\$ -	\$ 123,787	\$ 95,337
Public Safety	\$ 14,396,220	\$ 2,741,717	\$11,654,504	\$ 10,755,106
Health	\$ 8,487,468	\$ 2,079,968	\$ 6,407,500	\$ 5,601,443
Transportation	\$ 12,594,503	\$ 1,484,394	\$11,110,109	\$ 12,030,549
Ec. Opp. & Dev.	\$ 36,015,781	\$ 4,294,883	\$31,720,898	\$ 30,880,873
Culture & Rec.	\$ 363,771	\$ 33,736	\$ 330,035	\$ 370,774
Home & Comm.	\$ 558,757	\$ 115,482	\$ 443,275	\$ 976,226
Interest on LT Debt	\$ 1,728,130	\$ -	\$ 1,728,130	\$ 2,505,449
Total	\$ 102,430,267	\$12,975,473	\$89,454,794	\$ 92,675,459
Total OPEB Liability per Armory Associates Report				\$ 13,333,665
Less Solid Waste Full Accrual Enterprise Fund				\$ (273,120)
Less Worker's Compensation				\$ (85,072)
GASB 45 Expenses				\$ 12,975,473

BUDGET VERSUS ACTUAL RESULTS FOR 2009

- Schedule G, p. 20, outlines variances from the 2009 Budget to Actual Results for the General Fund, the County's major Governmental Fund. While County Departments were careful to keep expenditures within budgeted amounts, the County experienced shortfalls in most revenue streams. Payments in Lieu of Taxes (PILOTS) were budgeted at \$750,000. Actual PILOT revenues for 2009 were \$319,975 due to renegotiation of several large PILOT agreements and the termination of other PILOT agreements – in which case the property was transferred to the tax rolls. Sales tax revenues were down by approximately \$3,300,000.
- Because of lower interest rates and reduced cash balances interest earnings on cash reserves were \$41,386, a reduction of \$487,614 from the budgeted amount.
- Federal aid was approximately \$4,450,000 more than budgeted due to the federal stimulus program (FMAP).
- Miscellaneous revenues and employee benefit costs show sizeable variances. This is due to the County's indirect cost allocation in which fringe benefits – including health insurance and retirement – are allocated to each department in the operating budget. The fringe benefits (budgeted in 2009 at \$25,740,258) are actually paid out of line items in the Treasurer's operating budget. As noted above, the fringe benefits are also listed in each Department's budget, with an offsetting revenue account in the Treasurer's budget. Each payroll, fringe benefits are charged to each Department, with an offsetting credit to the Treasurer's revenue account. These are inter-departmental charges which permit Departments to charge fringe benefits as part of their administrative costs. The actual revenue received from New York State is recognized by each department as part of their operating income.

OTHER KEY FINANCIAL ANALYSIS

- As of December 31, 2009, total assets of the County (Exhibit A), excluding component units, exceeded total liabilities by \$72,711,325. The unrestricted net deficit for governmental activities was (\$18,246,902); for business-type activities, the net unrestricted deficit was (\$1,698,843), which includes long term post closure liabilities for landfills of \$810,736. Assets are restricted if they must be set aside for specific programs or purposes. There were no restricted assets for the business-type activities (Solid Waste). Restricted assets (cash) for governmental activities of \$1,506,174 belong to the County's Risk Retention Fund. Net assets invested in capital assets (land, buildings, roads, bridges, machinery), net of accumulated depreciation and related debt, accounts for \$92,657,070. This total represents 127% of the total net assets.
- Unreserved fund balance for the General Fund (Exhibit C) was \$8,978,842 as of the close of the 2009 fiscal year. This is an increase of \$1,060,167 from the 2008 amount. General fund balance appropriated to offset local cost in the 2009 budget was \$298,067. This is a decrease of \$3,672,003 over the 2008 budgeted amount. Total equity of all governmental funds at the close of the 2009 fiscal year was \$16,252,314. This is a decrease of \$1,955,697, over the 2008 total fund equity.
- As of December 31, 2009 total liabilities of the County (Exhibit D), including Canton Human Services Initiatives, Inc. were \$67,697,524. This is an increase of \$7,101,920 over the total liabilities as of December 31, 2008.
- The Worker's Compensation Fund deficit (Exhibit H) increased by \$3,300,000. The debt due beyond one year in the Worker's Compensation Fund was \$26,400,000 as of December 31, 2009.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County of St. Lawrence finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: County Treasurer, St. Lawrence County, 48 Court Street, Canton, NY 13617.

ST. LAWRENCE COUNTY, NEW YORK

Statement of Net Assets

December 31, 2009

ASSETS	Primary Government		Total	Component Units		
	Governmental	Business-Type		Industrial	Industrial	Soil and
	Activities	Activities		Development	Development	Water
			Agency	Agency Local	Conservation	
				Corporation	District	
Cash and cash equivalents	\$ 8,902,056	\$ 371,474	\$ 9,273,530	\$ 3,020,966	\$ 5,990	\$ 88,766
Investments	10,004,683	-	10,004,683	-	-	-
Taxes receivable (net of allowance for uncollectable accounts of \$400,000)	17,609,028	-	17,609,028	-	-	-
Receivables, net (net of allowance for uncollectable accounts of \$102,650)	20,803,369	130,020	20,933,389	842,210	-	99
Internal balances	419,200	60	419,260	-	-	-
Due from other governments	16,159,014	-	16,159,014	-	-	-
Prepaid expenses	706,354	15,078	721,432	750	-	14,350
Restricted Assets:						
Cash	1,506,174	-	1,506,174	2,000,000	517,041	-
Receivables	-	-	-	-	1,931,469	-
Capital assets, net	-	-	-	-	640,869	-
Capital assets, net	129,285,795	1,821,275	131,107,070	3,035,985	-	-
Total Assets	205,395,673	2,337,907	207,733,580	8,899,911	3,095,369	103,215
LIABILITIES						
Accounts payable	6,880,396	87,482	6,967,878	-	-	16,786
Accrued liabilities	2,941,231	293,901	3,235,132	7,220	-	12,731
Due to other governments	14,641,719	-	14,641,719	-	-	-
Deferred revenue	468,872	-	468,872	-	-	-
Internal balances	256,034	162,531	418,565	-	-	-
Other liabilities	2,904,181	-	2,904,181	31,301	750	-
Noncurrent Liabilities:						
Due within one year	3,145,452	136,812	3,282,264	58,266	-	-
Due in more than one year	101,568,895	1,534,749	103,103,644	657,253	-	-
Total Liabilities	132,806,780	2,215,475	135,022,255	754,040	750	29,517
NET ASSETS						
Invested in capital assets, net of related debt	90,835,795	1,821,275	92,657,070	2,320,466	640,869	-
Restricted for:						
Other purposes	-	-	-	2,000,000	2,447,760	-
Unrestricted (deficit)	(18,246,902)	(1,698,843)	(19,945,745)	3,825,405	5,990	73,698
Total Net Assets	\$ 72,588,893	\$ 122,432	\$ 72,711,325	\$ 8,145,871	\$ 3,094,619	\$ 73,698

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Statement of Activities

Year Ended December 31, 2009

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Industrial Agency	Develop ID-Local Develop Corp	Soil and Water
					Governmental Activities	Business-Type Activities	Total			
Primary Government:										
Governmental Activities:										
General government	\$ 42,579,195	\$ 9,987,469	\$ 4,430,076	\$ -	\$ (28,161,650)	\$ -	\$ (28,161,650)	\$ -	\$ -	\$ -
Education	865,399	741,612	-	-	(123,787)	-	(123,787)	-	-	-
Public safety	20,128,332	873,701	4,858,411	-	(14,396,220)	-	(14,396,220)	-	-	-
Health	24,284,467	7,658,835	8,138,164	-	(8,487,468)	-	(8,487,468)	-	-	-
Transportation	17,986,260	2,891,866	17,500	2,482,391	(12,594,503)	-	(12,594,503)	-	-	-
Economic opportunity and development	75,959,073	3,299,854	36,643,438	-	(36,015,781)	-	(36,015,781)	-	-	-
Cultural and recreation	479,355	-	115,584	-	(363,771)	-	(363,771)	-	-	-
Home and community services	3,881,935	151,282	3,171,896	-	(558,757)	-	(558,757)	-	-	-
Interest on long-term debt	1,728,130	-	-	-	(1,728,130)	-	(1,728,130)	-	-	-
Total Governmental Activities	187,892,146	25,604,619	57,375,069	2,482,391	(102,430,067)	-	(102,430,067)	-	-	-
Business-Type Activities:										
Solid waste	3,798,934	3,552,253	-	-	-	(246,681)	(246,681)	-	-	-
Total Primary Government	\$ 191,691,080	\$ 29,156,872	\$ 57,375,069	\$ 2,482,391	(102,430,067)	(246,681)	(102,676,748)	\$ -	\$ -	\$ -
Component Units:										
Industrial Development Agency	\$ 569,081	\$ 254,103	\$ 77,600	\$ -	-	-	-	\$ (237,378)	\$ -	\$ -
IDA - Local Develop Corp	146,973	14,950	-	-	-	-	-	-	(132,023)	-
Soil and Water District	237,795	41,510	87,162	-	-	-	-	-	-	(109,123)
Total Component Units	\$ 953,849	\$ 310,563	\$ 164,762	\$ -	-	-	-	(237,378)	(132,023)	(109,123)
General Revenues:										
Real property taxes and tax items					41,009,514	-	41,009,514	-	-	-
Non-property taxes					39,523,160	-	39,523,160	-	-	-
Fines and forfeitures					242,879	-	242,879	-	-	-
Miscellaneous local sources					6,839,943	208,510	7,048,453	31,572	904	35,789
Sale of property and compensation for loss					2,241,603	6,051	2,247,654	-	-	1,651
Allocation from County					-	-	-	-	-	123,515
Investment earnings					152,418	4,649	157,067	72,959	80,103	256
Total General Revenues					90,009,517	219,210	90,228,727	104,531	81,007	161,211
Change in Net Assets					(12,420,550)	(27,471)	(12,448,021)	(132,847)	(51,016)	52,088
Net Assets at Beginning of Year					85,009,443	149,903	85,159,346	8,277,683	3,145,635	21,610
Prior Period Adjustment					-	-	-	1,035	-	-
Net Assets at Beginning of Year, Restated					85,009,443	149,903	85,159,346	8,278,718	3,145,635	21,610
Net Assets at End of Year					\$ 72,588,893	\$ 122,432	\$ 72,711,325	\$ 8,145,871	\$ 3,094,619	\$ 73,698

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Balance Sheet - Governmental Funds

December 31, 2009

ASSETS	General	County Road	Non-Major Funds	Total Governmental Funds
Cash	\$ 415,006	\$ 3,110,727	\$ 4,382,999	\$ 7,908,732
Investments	6,304,683	-	-	6,304,683
Accounts receivable, (net of allowance for uncollectable accounts of \$100,650)	2,948,137	33,046	156,119	3,137,302
Delinquent taxes receivable (net of uncollectable accounts of \$400,000)	12,432,542	-	-	12,432,542
School taxes receivable	5,176,486	-	-	5,176,486
Due from other governments	15,111,136	1,047,878	-	16,159,014
Prepaid expenses	706,354	-	-	706,354
Due from other funds	1,419,244	188,205	2,210,052	3,817,501
Restricted cash	1,506,174	-	-	1,506,174
Total Assets	\$ 46,019,762	\$ 4,379,856	\$ 6,749,170	\$ 57,148,788
LIABILITIES				
Accounts payable	\$ 6,737,682	\$ 12,363	\$ 81,842	\$ 6,831,887
Accrued liabilities	1,888,306	88,579	134,816	2,111,701
Due to school districts	8,819,419	-	-	8,819,419
Due to cities, towns and villages	1,485,660	-	-	1,485,660
Due to other governments	4,336,640	-	-	4,336,640
Deferred revenues	10,619,352	-	179,703	10,799,055
Other liabilities	1,631,606	1,272,575	-	2,904,181
Due to other funds	167,889	3,043,118	396,924	3,607,931
Total Liabilities	35,686,554	4,416,635	793,285	40,896,474
FUND BALANCES				
Reserved for encumbrances	73,393	715,741	51,878	841,012
Reserved for miscellaneous purposes	982,906	-	-	982,906
Unreserved fund balance	8,978,842	(752,520)	4,941,343	13,167,665
Designated for subsequent year's expenditures	298,067	-	962,664	1,260,731
Total Fund Balances	10,333,208	(36,779)	5,955,885	16,252,314
Total Liabilities and Fund Balances	\$ 46,019,762	\$ 4,379,856	\$ 6,749,170	\$ 57,148,788

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Reconciliation of Balance Sheet for Governmental Funds
to the Statement of Net Assets

December 31, 2009

ASSETS	Total Governmental Funds and Activities(1)	Long-term Assets, Liabilities(2)	Reclasses and Eliminations	Statement of Net Assets Totals
Cash and cash equivalents	\$ 8,902,056	\$ -	\$ -	\$ 8,902,056
Investments	10,004,683	-	-	10,004,683
Taxes receivable (net)	17,609,028	-	-	17,609,028
Accounts receivable (net)	20,803,369	-	-	20,803,369
Due from other funds	3,817,501	-	(3,398,301)	419,200
Due from other governments	16,159,014	-	-	16,159,014
Prepaid expenses	706,354	-	-	706,354
Capital assets, net	-	129,285,795	-	129,285,795
Restricted cash	1,506,174	-	-	1,506,174
Total Assets	\$ 79,508,179	\$ 129,285,795	\$ (3,398,301)	\$ 205,395,673
LIABILITIES				
Accounts payable	\$ 6,880,396	\$ -	\$ -	\$ 6,880,396
Accrued liabilities	2,115,087	826,144	-	2,941,231
Other liabilities	2,904,181	-	-	2,904,181
Bond anticipation notes payable	-	-	-	-
Due to other funds	3,654,335	-	(3,398,301)	256,034
Due to other governments	14,641,719	-	-	14,641,719
Deferred revenues	10,846,981	(10,378,109)	-	468,872
Debt due within one year	-	3,145,452	-	3,145,452
Debt due in more than one year	26,654,825	74,914,070	-	101,568,895
Total Liabilities	67,697,524	68,507,557	(3,398,301)	132,806,780
FUND BALANCES				
Invested in capital assets, net of debt	-	90,835,795	-	90,835,795
Reserved for:				
Encumbrances	841,012	-	(841,012)	-
Miscellaneous	982,906	-	(982,906)	-
Unreserved:				
Designated-ensuing year's budget	1,260,731	-	(1,260,731)	-
Undesignated	8,726,006	(30,057,557)	3,084,649	(18,246,902)
Total Fund Balances	11,810,655	60,778,238	-	72,588,893
Total Liabilities and Fund Balances	\$ 79,508,179	\$ 129,285,795	\$ (3,398,301)	\$ 205,395,673

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Reconciliation of Balance Sheet for Governmental Funds
to the Statement of Net Assets

December 31, 2009

(1) County-wide statements combine the Governmental Funds with the Internal Service Fund to present total categories as follows:

	Governmental Funds per Exhibit C	Internal Service Fund per Exhibit H	Total Governmental Funds and Activities per Exhibit D
Total Assets	\$ 57,148,788	\$ 22,359,391	\$ 79,508,179
Total Liabilities	<u>40,896,474</u>	<u>26,801,050</u>	<u>67,697,524</u>
Total Fund Balances	<u>\$ 16,252,314</u>	<u>\$ (4,441,659)</u>	<u>\$ 11,810,655</u>

(2) Details for the above adjustments are as follows:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 204,870,341
Accumulated depreciation	<u>(75,584,546)</u>
Total	<u>\$ 129,285,795</u>

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance.

Adjustment of Deferred Revenue	<u>\$ (10,378,109)</u>
--------------------------------	------------------------

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Bonds and notes payable	\$ 37,240,000
OPEB liability	38,097,453
Compensated absences	<u>2,722,069</u>
	78,059,522
Due in One Year	<u>(3,145,452)</u>
Due in More Than One Year	<u>\$ 74,914,070</u>
Related Accrued Bond Interest Payable	<u>\$ 826,144</u>

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended December 31, 2009

	General	County Road	Non-Major Funds	Total Governmental Funds
REVENUES				
Real property taxes	\$ 36,983,417	\$ -	\$ -	\$ 36,983,417
Real property tax items	2,436,109	-	-	2,436,109
Non-property tax items	39,523,160	-	-	39,523,160
Departmental income	18,816,654	22,563	-	18,839,217
Federal aid	26,203,960	1,881,437	3,728,874	31,814,271
State aid	23,902,367	3,877,170	263,652	28,043,189
Intergovernmental revenues	1,654,426	2,599,328	269,975	4,523,729
Use of money and property	89,107	3,857	42,433	135,397
Fines and forfeitures	242,879	-	-	242,879
Licenses and permits	27,000	-	-	27,000
Sale of property and compensation for loss	2,226,767	10,938	3,898	2,241,603
Interfund revenues	392,331	-	2,647,125	3,039,456
Miscellaneous revenues	6,373,845	26,016	13,919	6,413,780
Total Revenues	158,872,022	8,421,309	6,969,876	174,263,207
EXPENDITURES				
General government	36,476,529	-	144,152	36,620,681
Public safety	15,756,508	742,248	498,628	16,997,384
Transportation	-	15,267,425	5,059,243	20,326,668
Health	22,240,685	-	-	22,240,685
Economic assistance and opportunity	67,812,488	-	3,728,882	71,541,370
Culture and recreation	446,452	-	-	446,452
Education	865,399	-	-	865,399
Home and community services	3,571,694	-	168,088	3,739,782
Employee benefits - unallocated	507,593	-	-	507,593
Principal and interest	2,423,912	-	508,978	2,932,890
Total Expenditures	150,101,260	16,009,673	10,107,971	176,218,904

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended December 31, 2009

	General	County Road	Non-Major Funds	Total Governmental Funds
Excess of Revenues Over Expenditures	8,770,762	(7,588,364)	(3,138,095)	(1,955,697)
OTHER FINANCING SOURCES (USES)				
Transfers in	660,115	12,484,318	5,825,108	18,969,541
Transfers out	(12,599,426)	(5,710,000)	(660,115)	(18,969,541)
Total Other Financing Sources (Uses)	(11,939,311)	6,774,318	5,164,993	-
Net Change in Fund Balance	(3,168,549)	(814,046)	2,026,898	(1,955,697)
Fund Balance at Beginning of Year	13,501,757	777,267	3,928,987	18,208,011
Fund Balance at End of Year	\$ 10,333,208	\$ (36,779)	\$ 5,955,885	\$ 16,252,314

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2009

Total revenues and other financing sources in the governmental funds differ from total revenues for governmental activities in the statement of activities. The differences result primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The main components of the differences are described below.

Total Revenues and Other Financing Sources of the Governmental Funds per Exhibit E	\$ 174,263,207
Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds; they are recognized as current revenue in the statement of activities	1,589,988
Interfunds revenues are used to charge the costs of certain activities, such as equipment rentals to individual funds. These interfund revenues are reported with governmental activities, but eliminated for the statement of activities.	(4,786,196)
An Internal Service Fund is used by management to charge the costs of workers' compensation. The activities of the Internal Service Fund are included in the County-wide governmental statement of activities.	<u>4,404,597</u>
Total	<u><u>\$ 175,471,596</u></u>

Total revenues of governmental activities in the statement of activities per Exhibit B are comprised of:

Charges for services	\$ 25,604,619
Operating grants and contributions	57,375,069
Capital grants and contributions	2,482,391
General revenues	<u>90,009,517</u>
Total Revenues of Governmental Activities per Exhibit B	<u><u>\$ 175,471,596</u></u>

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2009

Total expenditures and other financing uses of the governmental funds differ from total expenses of governmental activities in the statement of activities. The difference is attributable primarily to the long-term focus of governmental activities versus the current financial resources focus of governmental funds. The main components of the differences are described below.

Total Expenditure of the Governmental Funds per Exhibit E	\$ 176,218,904
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount which depreciation (\$4,161,119) was exceeded by capital expenditures (\$4,993,654) in the current period.	(832,535)
Interfund expenditures are eliminated against the respective interfund revenues.	(4,786,196)
Repayment of bond principal is reported as an expenditure in governmental funds. For the County as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	(1,185,000)
Internal Service Fund expenditures are recognized in the County-wide financial statements.	5,365,168
Accrued interest is not recognized in the governmental funds statement of revenues and expenditures, but is recognized in the County-wide statement of activities.	(19,760)
The recording of the County's actuarially calculated liability for retiree health insurance benefits (OPEB expense) is not recognized in the governmental funds, but is recognized in the County-wide financial statements.	12,975,474
To recognize compensated absences expense for current year change in liability.	<u>156,091</u>
Total Expenses of Governmental Activities per Exhibit B	<u>\$ 187,892,146</u>

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Major Governmental Funds

Year Ended December 31, 2009

	General Fund			
	Original Budget	Final Budget	Budgetary Actual	Favorable (Unfavorable) Variance
REVENUES				
Real property taxes	\$ 389,000	\$ 38,866,278	\$ 36,983,417	\$ (1,882,861)
Real property tax items	2,623,000	3,073,000	2,436,109	(636,891)
Non-property tax items	42,784,000	42,828,000	39,523,160	(3,304,840)
Departmental income	20,007,163	20,206,446	18,816,654	(1,389,792)
Federal aid	18,551,792	21,753,195	26,203,960	4,450,765
State aid	24,921,828	26,068,039	23,902,367	(2,165,672)
Intergovernmental revenues	1,619,769	1,679,769	1,654,426	(25,343)
Use of money and property	568,300	568,300	89,107	(479,193)
Fines and forfeitures	5,000	5,000	242,879	237,879
Licenses and permits	26,250	26,250	27,000	750
Sale of property and compensation for loss	2,061,015	2,381,015	2,226,767	(154,248)
Interfund revenues	392,331	392,331	392,331	-
Miscellaneous revenues	29,432,489	30,083,074	6,373,845	(23,709,229)
Total Revenues	143,381,937	187,930,697	158,872,022	(29,058,675)
EXPENDITURES				
General government	42,201,589	39,968,117	36,508,133	3,459,984
Public safety	14,776,277	16,047,255	15,769,546	277,709
Transportation	-	-	-	-
Health	21,685,221	24,209,202	22,242,568	1,966,634
Economic assistance and opportunity	69,479,431	69,844,483	67,839,356	2,005,127
Culture and recreation	334,497	519,239	446,452	72,787
Education	802,952	902,935	865,399	37,536
Home and community services	1,223,231	3,615,865	3,571,694	44,171
Employee benefits - unallocated	23,632,075	25,740,258	507,593	25,232,665
Principal and interest	2,423,913	2,423,913	2,423,912	1
Total Expenditures	176,559,186	183,271,267	150,174,653	33,096,614
Excess (Deficit) of Revenues Over Expenditures	(33,177,249)	4,659,430	8,697,369	4,037,939
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	660,115	660,115	-
Transfers out	(12,226,604)	(12,599,426)	(12,599,426)	-
Total Other Financing Sources (Uses)	(11,726,604)	(11,939,311)	(11,939,311)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses-Budget Basis	\$ (44,903,853)	\$ (7,279,881)	\$ (3,241,942)	\$ 4,037,939
Encumbrances Included in Actual			73,393	
Net Change in Fund Balance			(3,168,549)	
Fund Balance at Beginning of Year			13,501,757	
Fund Balance at End of Year			\$ 10,333,208	

See Auditors' Report and Notes

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Major Governmental Funds

Year Ended December 31, 2009

	County Road			
	Original Budget	Final Budget	Budgetary Actual	Favorable (Unfavorable) Variance
REVENUES				
Real property taxes	\$ -	\$ -	\$ -	\$ -
Real property tax items	-	-	-	-
Non-property tax items	-	-	-	-
Departmental income	-	-	22,563	22,563
Federal aid	3,008,000	4,048,000	1,881,437	(2,166,563)
State aid	3,587,696	3,782,696	3,877,170	94,474
Intergovernmental revenues	2,880,468	2,880,468	2,599,328	(281,140)
Use of money and property	15,000	15,000	3,857	(11,143)
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Sale of property and compensation for loss	38,500	38,500	10,938	(27,562)
Interfund revenues	-	-	-	-
Miscellaneous revenues	483,000	483,000	26,016	(456,984)
Total Revenues	10,012,664	11,247,664	8,421,309	(2,826,355)
EXPENDITURES				
General government	-	-	-	-
Public safety	736,579	752,288	774,901	(22,613)
Transportation	15,861,568	16,501,450	15,950,513	550,937
Health	-	-	-	-
Economic assistance and opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Home and community services	-	-	-	-
Employee benefits - unallocated	-	-	-	-
Principal and interest	-	-	-	-
Total Expenditures	16,598,147	17,253,738	16,725,414	528,324
Excess (Deficit) of Revenues Over Expenditures	(6,585,483)	(6,006,074)	(8,304,105)	(2,298,031)
OTHER FINANCING SOURCES (USES):				
Transfers in	12,181,604	12,484,318	12,484,318	-
Transfers out	(4,475,000)	(5,710,000)	(5,710,000)	-
Total Other Financing Sources (Uses)	7,706,604	6,774,318	6,774,318	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses-Budget Basis	\$ 1,121,121	\$ 768,244	\$ (1,529,787)	\$ (2,298,031)
Encumbrances Included in Actual			715,741	
Net Change in Fund Balance			(814,046)	
Fund Balance at Beginning of Year			777,267	
Fund Balance at End of Year			\$ (36,779)	

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK
Statement of Nets Assets - Proprietary Funds
December 31, 2009

ASSETS	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity - Internal Service Fund
Cash	\$ 371,474	\$ 993,324
Investments	-	3,700,000
Receivables (net of allowance for uncollectible accounts of \$2,000)	130,020	17,666,067
Prepaid expenses	15,078	-
Due from other funds	60	-
Capital assets - net of accumulated depreciation	1,821,275	-
Total Assets	\$ 2,337,907	\$ 22,359,391
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 87,482	\$ 48,509
Accrued liabilities	293,901	3,386
Deferred income	-	47,926
Due to other funds	162,531	46,404
Total Current Liabilities	543,914	146,225
Non-Current Liabilities:		
OPEB liability	860,825	254,825
Due within one year	136,812	-
Due beyond one year	673,924	26,400,000
Total Non-Current Liabilities	1,671,561	26,654,825
Total Liabilities	2,215,475	26,801,050
NET ASSETS (DEFICIT)		
Invested in capital assets-net of related debt	1,821,275	-
Unrestricted deficit	(1,731,201)	(4,441,659)
Reserved for encumbrances	32,358	-
Total Net Assets (Deficit)	\$ 122,432	\$ (4,441,659)

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds

Year Ended December 31, 2009

	Business-Type Activity Enterprise Funds Solid Waste	Governmental Activity - Internal Service Fund
	<hr/>	<hr/>
Operating Revenues:		
Charges for services	\$ 3,552,253	\$ -
Intergovernmental revenues	-	4,000,000
Sale of property and compensation for loss	6,051	-
Miscellaneous revenues	208,510	387,574
	<hr/>	<hr/>
Total Operating Revenues	3,766,814	4,387,574
	<hr/>	<hr/>
Operating Expenses:		
General government	-	5,365,166
Home and community services	3,629,862	-
Depreciation	169,072	-
	<hr/>	<hr/>
Total Operating Expenses	3,798,934	5,365,166
	<hr/>	<hr/>
Operating Income (Loss)	(32,120)	(977,592)
Nonoperating Revenues:		
Use of money and property	4,649	17,021
	<hr/>	<hr/>
Change in Net Assets	(27,471)	(960,571)
Net Assets (Deficit) at Beginning of Year	149,903	(3,481,088)
	<hr/>	<hr/>
Net Assets (Deficit) at End of Year	\$ 122,432	\$ (4,441,659)
	<hr/> <hr/>	<hr/> <hr/>

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Statement of Cash Flows - Proprietary Funds

Year Ended December 31, 2009

	Business-Type Activity Enterprise Funds Solid Waste	Governmental Activity - Internal Service Fund
	<u> </u>	<u> </u>
Cash Flows From Operating Activities:		
Cash received for services	\$ 3,536,303	\$ 4,000,000
Cash paid to suppliers for goods and services	(2,123,224)	(2,180,330)
Cash paid to employees for services	(1,358,338)	(267,155)
Cash received from (paid to) other funds-net	19,627	-
Cash paid for workers' compensation benefits	-	(1,466,266)
Cash received from other fund	-	1,277
Other operating revenue	205,416	153,890
	<u>279,784</u>	<u>241,416</u>
Net Cash Provided (Used) by Operating Activities		
	<u>279,784</u>	<u>241,416</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of property and equipment	(68,811)	-
Reduction of long-term liability	(130,297)	-
	<u>(199,108)</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
	<u>(199,108)</u>	<u>-</u>
Cash Flows From Investing Activities:		
Interest and dividends received	4,649	20,369
Sales (purchases) of investments	-	550,000
	<u>4,649</u>	<u>570,369</u>
Net Cash Provided (Used) by Investing Activities		
	<u>4,649</u>	<u>570,369</u>
Net Change in Cash and Cash Equivalents	85,325	811,785
Cash and Cash Equivalents at Beginning of Year	<u>286,149</u>	<u>181,539</u>
Cash and Cash Equivalents at End of Year	<u>\$ 371,474</u>	<u>\$ 993,324</u>

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Statement of Cash Flows - Proprietary Funds

Year Ended December 31, 2009

	Business-Type Activity Enterprise Funds Solid Waste	Governmental Activity - Internal Service Fund
	<u> </u>	<u> </u>
Operating Income (Loss)	\$ (32,120)	\$ (977,592)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	169,071	-
Change in workers' compensation long-term liability	-	3,300,000
Change in OPEB costs	273,120	85,072
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(25,100)	(1,959,434)
Prepaid expenses	4,098	-
Due from other funds	(45)	52
Increase (Decrease) in:		
Accounts payable	5,458	36,614
Accrued liabilities	(134,325)	(244,521)
Due to other funds	19,627	1,225
	<u>311,904</u>	<u>1,219,008</u>
Total Adjustments	311,904	1,219,008
Net Cash Provided (Used) by Operating Activities	<u>\$ 279,784</u>	<u>\$ 241,416</u>

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK
Statement of Net Assets - Fiduciary Funds
December 31, 2009

	ASSETS	Trust and Agency	Expendable Trust
Cash		\$ 1,068,188	\$ 34,284
Total Assets		\$ 1,068,188	\$ 34,284
	LIABILITIES		
Accounts payable		29,130	-
Due to other governments		271,889	-
Other liabilities		766,474	-
Due to other funds		695	-
Total Liabilities		1,068,188	-
	NET ASSETS		
Restricted net assets		\$ -	\$ 34,284

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2009

	Expendable Trust
Additions:	
New York Power Authority deposits	\$ 2,000,000
Interest earned	225
Total Additions	2,000,225
Deductions:	
Transfers to other entities	2,000,000
Fees	7,706
Total Deductions	2,007,706
Change in Net Assets	(7,481)
Net Assets at Beginning of Year	41,765
Net Assets at End of Year	\$ 34,284

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Summary of Significant Accounting Policies

The basic financial statements of St. Lawrence County, New York (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Financial Reporting Entity

The County is governed by County Law, other general laws of the State of New York, and various local laws and ordinances. The County Board of Legislators (the "Board"), which is a legislative body responsible for overall operation of the County, consists of fifteen legislators. The County Administrator serves as chief administrative officer and the County Treasurer serves as chief fiscal officer of the County.

The County provides the following basic services: highway construction and maintenance, economic assistance and opportunity, cultural and recreational programs, public safety and law enforcement and public health.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial reporting is in accordance with GASB Statement No. 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. This statement became effective for the year ended December 31, 2004 and provided additional guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government.

Discretely Presented Component Units

The following organizations are included within the reporting entity as discretely presented component units. These component units are reported in separate columns to emphasize that they are legally separate from the County:

The St. Lawrence County Industrial Development Agency ("IDA") - IDA is a public benefit corporation created by state legislation to promote the economic welfare, opportunities, and property of the County's inhabitants. Members of the IDA are appointed by the County Board of Legislators. IDA revenues are generated by bonds secured by the assets acquired for the related project. The County is not liable for any IDA indebtedness. Separate financial statements for the IDA may be obtained by contacting the IDA directly, which is located in Canton, New York.

The St. Lawrence County Industrial Development Agency – Local Development Corporation ("IDA-LDC") - IDA-LDC is a public benefit corporation established by the St. Lawrence County Industrial Development Agency to collect loan repayments from Community Development Block Grant Projects, and establish a county-wide revolving loan fund. Members of IDA-LDC are appointed by the County Board of Legislators. IDA-LDC revenues are generated from the collection of interest on loans made from Community Development Block Projects. The County is not liable for any IDA-LDC indebtedness. Separate audited financial statements of the IDA-LDC may be obtained by contacting the IDA-LDC directly, which is located in Canton, New York.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Summary of Significant Accounting Policies – Continued

Discretely Presented Component Units – Continued

The St. Lawrence County Soil and Water Conservation District (“the District”) - the District was established by the County Board of Legislators on January 21, 1957. The District is responsible for the conservation of soil and water resources and control and prevention of soil erosion and prevention of floodwater and sediment damages. The County Board of Legislators appoints seven members to the District and appropriates funds for the operation of the Soil and Water Conservation District. The District does not have separate audited financial statements but financial information may be obtained by contacting the District directly which is located in Canton, New York.

Blended Component Unit

The following component unit is a legally separate entity from the County but is, in substance, part of the County’s operations and therefore data from this unit is combined with data of the primary government.

Canton Human Service Initiatives, Inc. (“CHSI”) is a not-for-profit corporation that was established in 2001 to finance, build and rent a health service facility to the County. Although legally separate and independent of the County, CHSI is considered an affiliated organization under GASB Statement No. 39 for determining whether certain organizations are component units and is reported as a blended component unit of the County. Therefore, rental income and rent expense of \$552,000 have been eliminated from the statement of activities.

Separate audited financial statements of CHSI may be obtained by contacting CHSI in Syracuse, New York.

Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the County. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses have been included as part of the program expenses reported for the various functional activities. Program revenues include (1) charges to those who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and fiduciary fund financial statements are reported using economic resources measurement of focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Summary of Significant Accounting Policies – Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when the underlying exchange transaction has occurred and the resources are available. For this purpose, the County considers revenues to be available if the County has collected the revenues in the current period or expects to collect them soon enough after the end of the period to use them to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, licenses and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. There were no significant revenues considered as not subject to accrual.

Revenues from Federal, State or other grants designated for payment of specific County expenditures, are recognized when the related expenditures are incurred. At fiscal year-end, excess receipts over expenditures are recorded as deferred revenue. Any excess expenditures over receipts are recorded as accounts receivable.

The County considers the following governmental funds as major funds:

General Fund – This fund is the principal operating fund of the County and is used to account for all financial resources except those required to be accounted for in other funds.

County Road Fund – This fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.

The County has one major proprietary fund as follows:

Enterprise Fund – Solid Waste Fund – This fund is used to account for operations which provide goods or services to the general public. These ongoing activities are similar to those found in the private sector; therefore, the determination of net income is necessary to sound financial administration. The County maintains one enterprise fund to account for the solid waste operations of the County.

Additionally, the County reports the following fund types:

Capital Project Funds – These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities and equipment other than those financed by the Enterprise Fund.

Internal Service Fund – This fund is used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

The County maintains the following internal service fund:

Self Insurance Fund - This fund is used to account for the County's self-insurance program for workers' compensation benefits.

The County maintains two fiduciary funds:

Agency Fund - This fund is used to account for assets held by the County as an agent for other governments or other funds, such as payroll withholdings.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Summary of Significant Accounting Policies – Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The Expendable Trust Fund accounts for New York Power Authority Grants.

The proprietary fund activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (“FASB”), Accounting Principles Board (“APB”) Opinion and Accounting Research Bulletins (“ARBs”) of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise fund are charges to residents for services. Operating expenses for the enterprise and internal service funds include the cost of the services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets and Budgetary Accounting

The County’s annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- Prior to October 15th of the year, the County Administrator/Budget Officer, submits to the Board of Legislators a tentative budget for the fiscal year commencing the following January 1st.
- The tentative budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers’ comments.
- The Board of Legislators acts on the tentative budget prior to December 20th.
- The County Administrator is authorized to approve all budget transfer requests \$1,000 or less except for personal service transfers and interdepartmental and interfund transfers, which must be approved by the Board of Legislators.
- Formal annual budgetary accounts are adopted and employed for control of all governmental funds except for capital project funds. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.
- Total expenditures for each object may not legally exceed the total appropriations for that object. Encumbrances outstanding at year-end are accounted for by a reservation of fund balance. During the year ended December 31, 2009, supplemental appropriations were made, but not considered material.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Summary of Significant Accounting Policies – Continued

Budgets and Budgetary Accounting – Continued

- These budgets are adopted on a basis consistent with GAAP except that encumbrances are treated as budgetary expenditures in the year of occurrence of the commitment to purchase. Open encumbrances authorized by appropriation from the previous year's budget, after review and approval by the County Treasurer, are added to the current year's budget approved by the Board of Legislators. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary control in the governmental funds. Encumbrances outstanding at year-end are reported as reservation of fund balances since they do not constitute expenditures or liabilities.

Cash and Investments

Investments are stated at fair value. Cash and cash equivalents include amounts in demand deposits and money market funds, as well as short-term investments with a maturity date within three months of the date acquired by the County. During 2009, the County limited its investments to certificates of deposit.

Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g. roads, bridges, culverts and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as an asset with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are incurred.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Building improvements	20 years
Land improvements	20 years
Infrastructure:	
Bridges and culverts	70 years
Roads	60 years
Traffic control systems	40 years
Machinery and Equipment:	
Office equipment and furniture	10 years
Heavy equipment	10 years
Other	5 years
Vehicles	5-7 years
Computers	3 years

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Summary of Significant Accounting Policies – Continued

Property Tax Revenue Recognition

The County-wide property tax is levied by the County Legislature effective January 1st of the year the taxes are recognizable as revenue. Taxes become a lien on the related property on January 1st of the year for which they are levied. In the fund financial statements, property tax is only recognized as revenue in the year for which the property tax is made and to the extent that such taxes are received within the reporting period or sixty days thereafter.

Compensated Absences

According to various union contracts, County employees are entitled to personal leave, sick leave and vacations annually as follows:

- All employees hired before January 1, 1998 shall accrue vacation leave, up to 400 hours, based on the number of years employed up to 104 hours for 1-5 years of service, 136 hours for 6-10 years of service, 152 hours for 11-19 years of service and 200 for 20 or more years of service. Upon separation of service, the employee may elect to receive the value of that accumulated unused vacation time.
- All employees hired after January 1, 1998, shall accrue vacation leave based on the number of years employed up to 70 hours for 1-5 years of service, 136 hours for 6-10 years of service, 152 hours for 11-19 years of service and 200 hours for 20 or more years of service. Those employees who leave County employment for any reason before their first anniversary lose all vacation accruals.
- In case of death, the employer shall pay the value of the decedent's accumulated unused vacation time to the employee's beneficiaries as designated on the employee's group life insurance card.
- All County employees hired before January 1, 1998 shall earn sick leave credit at five hours per payroll period accumulated to 2,000 hours. All employees hired on or after January 1, 1998 shall accrue sick leave credit at three hours per payroll during the first five years of employment. After five years of employment they shall receive five hours per payroll to a maximum of 2,000 hours.
- Personal time will be credited with twenty-four hours of personal leave per year. Personal leave is non-accumulative and unused time will terminate on anniversary dates.
- Accordingly, liabilities for compensated balances of \$2,722,069 are recorded in long-term debt in the government-wide financial statements. These payments are also budgeted annually without accrual and an expenditure will be recorded when paid.

Insurance

The County assumes the liability for most risk including, but not limited to, workers' compensation. Asserted and incurred but not reported claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Such recording is consistent with the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liability are recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded in the general long-term debt in the government-wide financial statements.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Summary of Significant Accounting Policies – Continued

Reserves

Portions of the governmental fund equity are reserved for specific purposes, and are therefore not available as spendable resources.

Pensions

Nearly all County employees are members of various New York State retirement systems. The County is invoiced annually by the systems for its share of the costs.

Interfund Revenues

The County allocates general fund costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. In 2009, the County has reported interfund revenues in the general fund of \$380,744 which represents an allocation of casualty and liability insurance charges to various other funds. The amounts are reported as general government support expenditures in the general fund as well as in the benefitting funds. In 2009 the County has reported interfund revenues in the road and machinery fund of \$2,095,125 which represents an allocation of machinery and equipment rental and repair to various other funds. The amounts for the county road and road machinery fund are reported as transportation expenditures in the funds.

Use of Estimates

The preparation of the financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

Cash and Investments

The County investment policies are governed by State law and various resolutions of the County Board of Legislators. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the US Treasury and US government agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations which may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The County's December 31, 2009 bank balances were collateralized and insured as follows:

Total on deposit	\$ 24,803,513
Insured by FDIC	(12,334,724)
Collateralized by pledged securities held by the financial institutions	<u>(9,880,013)</u>
Uninsured and uncollateralized	<u>\$ 2,588,776</u>

See the accompanying schedule of findings and questioned costs, item number 2009-04 for additional information.

Other non-major governmental funds include cash and cash equivalents of CHSI in the amount of \$904,452. CHSI deposits were insured up to FDIC limits; the remaining amounts were uncollateralized at December 31, 2009.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Cash and Investments – Continued

Industrial Development Agency Component Unit – Cash and cash equivalents totaled \$5,020,966. Collateral is required for demand and time deposits and certificates of deposits not covered by FDIC insurance.

Industrial Development Agency – Local Development Corporation Component Unit – Deposits totaled \$523,031 at various banks and were insured up to FDIC limits. Any balances in excess of FDIC insurance were uncollateralized at December 31, 2009.

Soil and Water Conservation District Component Unit – Deposits totaled \$89,161 and were fully insured at December 31, 2009.

Restricted Cash

General Fund cash of \$1,506,174 has been restricted for risk retention liabilities involving unemployment and general liability insurance risks. The County's policy is to first apply budgeted unrestricted resources for these expenditures before applying restricted cash.

Accounts Receivable

\$17,665,361 of the accounts receivable totaling \$20,933,389 for the primary government is comprised of amounts recorded in the Workers' Compensation (Internal Service) Fund, which is due from other participating municipalities to cover their share of the actuarially computed workers' compensation benefits liability; see "Risk Management" note.

Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

	<u>Balance 01/01/2009</u>	<u>Additions</u>	<u>Reclass- ifications and Retirements</u>	<u>Balance 12/31/09</u>
Governmental Activities:				
Capital Assets – not being depreciated:				
Land	\$ 1,880,830	\$ 525,000	\$ -	\$ 2,405,830
Construction-in- process	<u>36,326,061</u>	<u>3,248,410</u>	<u>(35,585,328)</u>	<u>3,989,143</u>
Total capital assets – not being depreciated	<u>38,206,891</u>	<u>3,773,410</u>	<u>(35,585,328)</u>	<u>6,394,973</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Capital Assets – Continued

	Balance 01/01/2009	Additions	Reclass- ifications and Retirements	Balance 12/31/09
Capital Assets – being depreciated:				
Infrastructure	127,367,244	501,698	2,703,031	130,571,973
Buildings and improvements	21,777,514	-	32,834,764	54,612,278
Machinery and equipment	12,327,061	787,160	(278,103)	12,836,118
Bond financing costs	455,000	-	-	455,000
 Total capital assets – being depreciated	 161,926,819	 1,288,858	 35,259,692	 198,475,369
Less: Accumulated Depreciation for:				
Infrastructure	51,700,313	1,759,232	(47,533)	53,412,012
Buildings and improvements	12,199,034	1,500,628	-	13,699,662
Machinery and equipment	7,674,461	887,039	(209,488)	8,352,012
Bond financing costs	106,642	14,219	-	120,861
 Total accumulated depreciation	 71,680,450	 4,161,118	 (257,021)	 75,584,547
 Total capital assets - being depreciated - net	 90,246,369	 (2,872,260)	 35,516,713	 122,890,822
 Total governmental activities capital assets - net	 \$128,453,260	 \$ 901,150	 \$ (68,615)	 \$129,285,795

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Capital Assets – Continued

	Balance 01/01/2009	Additions	Reclass- ifications and Retirements	Balance 12/31/09
Business-Type Activities (Solid Waste): Capital Assets – not being depreciated - Land	\$ 156,050	\$ -	\$ -	\$ 156,050
Capital Assets - being depreciated:				
Land improvements	3,440,897	-	-	3,440,897
Buildings and improvements	9,272	-	-	9,272
Machinery and equipment	1,770,635	68,810	(1,637)	1,837,808
Total capital assets - being depreciated	<u>5,220,804</u>	<u>68,810</u>	<u>(1,637)</u>	<u>5,287,977</u>
Less: Accumulated Depreciation for:				
Land improvements	2,135,868	87,847	-	2,223,715
Buildings and improvements	9,272	-	-	9,272
Machinery and equipment	1,310,177	81,225	(1,637)	1,389,765
Total accumulated depreciation	<u>3,455,317</u>	<u>169,072</u>	<u>(1,637)</u>	<u>3,622,752</u>
Total capital assets being depreciated – net	<u>1,765,487</u>	<u>(100,262)</u>	<u>-</u>	<u>1,665,225</u>
Total business – type activities capital assets - net	<u>\$ 1,921,537</u>	<u>\$ (100,262)</u>	<u>\$ -</u>	<u>\$ 1,821,275</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General governmental support	\$ 635,405
Public safety	1,091,689
Transportation	2,305,321
Economic assistance and opportunity	103,823
Health and sanitation	24,880
Total depreciation expense – governmental activities	<u>\$ 4,161,118</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Capital Assets – Continued

Business-Type Activities:	
Solid waste	\$ 169,072

Governmental Activities Asset Purchases in 2009 were as follows:

Public safety	\$ 859,771
Transportation	4,050,253
Economic assistance and opportunity	84,673
Health and sanitation	67,571
	<hr/>
Total	\$ 5,062,268

Discretely Presented Component Units Capital Assets – A summary of discretely presented component unit capital assets by major classification follows:

	Balance 12/31/09
	<hr/>
Industrial Development Agency:	
Land and land improvements	\$ 163,104
Buildings and improvements	3,563,213
Automotive equipment	95,291
Office equipment and furnishings	49,211
	<hr/>
Total capital assets	3,870,819
Less: accumulated depreciation	834,834
	<hr/>
Total	\$ 3,035,985

	Balance 12/31/09
	<hr/>
Industrial Development Agency – Local Development Corporation:	
Land	\$ 30,000
Buildings and improvements	743,523
	<hr/>
Total capital assets	773,523
Less: accumulated depreciation	132,654
	<hr/>
Total	\$ 640,869

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Long-Term Liabilities

The following is a summary of changes in general long-term liabilities:

Primary Government:

	Balance 01/01/2009	Increase/ Accretions	Decrease/ Payments	Balance 12/31/09	Due In One Year	Due Beyond One Year
Bonds payable	\$ 38,425,000	\$ -	\$ (1,185,000)	\$ 37,240,000	\$ 1,220,000	\$ 36,020,000
Workers' Compensation	23,100,000	3,300,000	-	26,400,000	-	26,400,000
OPEB liability	25,291,733	13,060,545	-	38,352,278	-	38,352,278
Compensated absences	2,565,977	1,925,452	(1,769,360)	2,722,069	1,925,452	796,617
Subtotal – Primary Government	<u>89,382,710</u>	<u>18,285,997</u>	<u>(2,954,360)</u>	<u>104,714,347</u>	<u>3,145,452</u>	<u>101,568,895</u>
Business-Type Activity Enterprise Fund (Solid Waste):						
Landfill post-closure OPEB liability	941,033	-	(130,297)	810,736	136,812	673,924
	<u>587,705</u>	<u>273,120</u>	<u>-</u>	<u>860,825</u>	<u>-</u>	<u>860,825</u>
Subtotal – Enterprise Fund	<u>1,528,738</u>	<u>273,120</u>	<u>(130,297)</u>	<u>1,671,561</u>	<u>136,812</u>	<u>1,534,749</u>
Total	<u>\$ 90,911,448</u>	<u>\$ 18,559,117</u>	<u>\$ (3,084,657)</u>	<u>\$ 106,385,908</u>	<u>\$ 3,282,264</u>	<u>\$ 103,103,644</u>

Interest expense for the year ended December 31, 2009 totaled \$1,728,130.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Long-Term Liabilities – Continued

Other Long-Term Liabilities

Other long-term liabilities consisted of liabilities related to compensated absences, judgments and claims for workers' compensation and landfill post-closure costs. As explained in the notes, the County records the value of governmental fund type compensated absences in the governmental activities. The payment of both compensated absences and judgments and claims is dependent on many factors and, therefore, cannot be reasonably estimated as to further timing of payment. The annual budgets of the operating funds provide for such as amounts become payable.

Bonds Payable

The following is an analysis of the Serial Bonds recorded in the governmental funds as of December 31, 2009:

Description	Original Amount	Balance 01/01/2009	Issued	Payments	Balance 12/31/2009	Due In One Year
Public Improvement – County Courthouse Complex, issued 10/01/91, interest at 6.3% from 2002- 2008 and 6.35% from 2009- 2010 maturing 09/01/2010	\$ 6,650,000	\$ 850,000	\$ -	\$ 425,000	\$ 425,000	\$ 425,000
Public Improvement – Jail, issued 05/15/07, interest at 4% from 2008-2011, 4.25% from 2012-2030, 4.5% from 2031-2035, maturing 05/15/2035	30,975,000	30,950,000	-	625,000	30,325,000	650,000
Canton Human Service Initiatives, Inc. issued 09/01/01, interest at 4.5%- 5% from 2001-2011, 5.7% from 2012-2024 and 5.75% from 2025-2032 maturing 09/01/2032	8,010,000	6,625,000	-	135,000	6,490,000	145,000
Total		<u>\$ 38,425,000</u>	<u>\$ -</u>	<u>\$ 1,185,000</u>	<u>\$ 37,240,000</u>	<u>\$ 1,220,000</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Long-Term Liabilities – Continued

The following is a summary of the annual principal and interest requirements for the bonds listed above:

<u>Year</u>	<u>County Principal</u>	<u>CHSI Principal</u>	<u>Total Principal</u>	<u>County Interest</u>
2010	\$ 1,075,000	\$ 145,000	\$ 1,220,000	\$ 1,321,425
2011	675,000	150,000	825,000	1,267,938
2012	700,000	160,000	860,000	1,239,563
2013	725,000	170,000	895,000	1,209,281
2014	750,000	180,000	930,000	1,177,937
2015-2019	4,350,000	1,065,000	5,415,000	5,363,750
2020-2024	5,400,000	1,395,000	6,795,000	4,330,998
2025-2029	6,750,000	1,845,000	8,595,000	3,046,436
2030-2034	8,400,000	1,380,000	9,780,000	1,452,687
2035	1,925,000	-	1,925,000	43,312
Total	\$ 30,750,000	\$ 6,490,000	\$ 37,240,000	\$ 20,453,327

Long-Term Debt - Component Units

St. Lawrence County Industrial Development Agency - Long-term debt consisted of the following at December 31, 2009:

	<u>Original Amount</u>	<u>Balance 01/01/2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/2009</u>
Northern Advanced Technologies Corporation (NATCO), interest at 0% with an indefinite maturity date	\$ 145,000	\$ 145,000	\$ -	\$ -	\$ 145,000
Greater Massena Economic Development Fund, interest at 3.375% maturing 12/01/2019	600,000	468,538	-	35,767	432,771
St. Lawrence County IDA-LDC, interest at 3% maturing 12/01/2015	217,204	158,393	-	20,645	137,748
Total		\$ 771,931	\$ -	\$ 56,412	\$ 715,519

Principal payments due on the outstanding balances of the IDA's long-term debts are as follows and will primarily be made from revenue received when the related buildings are productively leased or sold.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Long-Term Liabilities – Continued

Long-Term Debt - Component Units – Continued

2010	\$ 58,266
2011	58,266
2012	62,159
2013	64,202
2014	66,313
Thereafter	<u>406,313</u>
Total	<u>\$ 715,519</u>

Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the County to perform certain remediation and monitoring functions at its closed landfills for thirty years after closure.

It has been estimated the County may be responsible for \$810,736 in landfill closure and postclosure care costs at Canton, Massena and Ogdensburg. This amount is based on engineering estimates and an annual escalation of 5% of each year. Actual costs may be higher due to inflation, changes in technology, changes in regulations or an inflation rate different than assumed. This liability is recorded in the Solid Waste Enterprise Fund. There were no closure or postclosure care expenditures recognized during 2009.

Lease Agreements and Bond Risk

In 2001, the County and CHSI, Inc., a blended component unit, entered into an operating lease agreement under which the County would lease the health services facility constructed and owned by CHSI through September 2032. Monthly rent approximates \$44,000 throughout the lease term and calls for modifications in the rent should the annual debt service requirements be reduced on the Series 2001 Bonds. The monthly rent approximated \$44,000 for 2009. The County is responsible for maintenance and insurance costs on the facility. The lease agreement is an obligation of the County only to the extent of monies appropriated and available. The success of the health services facility depends on economic conditions in the County. Should the County suffer an adverse financial impact, there can be no assurance that there will be sufficient monies to fund the debt service on the Series 2001 Bonds.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Operating Leases and Commitments

Operating lease obligations are primarily for rental space and equipment. The County has also contracted with Info Quick Solutions, Inc. to provide County Clerk software installation, training and support services for the sum of \$9,725 per month for five years. Lease and service contract expenditures for the year were approximately \$368,000. The future minimum rental payments required by the primary government for noncancellable operating leases and the service contract are:

2010	\$ 373,414
2011	325,593
2012	101,169
2013	88,725
2014	88,725
Thereafter	<u>266,175</u>
Total	<u>\$ 1,243,801</u>

Pension Plan

The County participates in the New York State and Local Employees' Retirement System ("ERS"), and Public Employees' Group Life Insurance Plan (collectively, the "Systems"). This is a cost sharing, multiple-public employer retirement system. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined the System after July 27, 1976 who contribute 3% of their salary. Employee contributions are deducted by employers from employees' paychecks and sent to the System. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed as proportions of payroll of members, which shall be used in computing the employers' contributions required to be made by employers to the pension accumulation fund.

The County is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2009	\$ 2,885,727
2008	3,232,986
2007	3,237,142

The County's contributions made to the Systems in 2009, 2008, and 2007 were equal to 100% of the contributions required for each year.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Risk Management

The County assumes the liability for most risk including, but not limited to workers' compensation, property damage and personal injury liability. The Workers' Compensation Program is recorded in the Internal Service Fund. Risk management related to general liability is reported in the General Fund and risk related to the Series 2001 Bonds is reported in the Long-Term Liabilities note.

Workers' Compensation Fund

The County has a workers' compensation plan pursuant to Article 5 of the Workers' Compensation Law. This plan includes County employees, and any town, village, city, school district or district corporation wishing to participate. The County's liability for workers' compensation is included in the Internal Service Fund and has been discounted using an interest rate of 3%.

	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End Of Year
2009	\$ 23,100,000	\$ 6,191,904	\$ (2,891,904)	\$ 26,400,000
2008	22,300,000	3,712,730	(2,912,730)	23,100,000

General Liability Program

The County also self insures for unemployment, as well as certain non-highway vehicle and Sheriff's Department risks. In addition, the County is the defendant in several litigation claims. No responses have been established because management considers such liability estimates to be immaterial.

Other

The County participates in a number of federally assisted grant programs. These programs are subject to compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Postemployment Benefits

In addition to providing pension benefits, the County provides certain health care and life insurance benefits for retired employees. Retiring employees must meet age and retirement criteria to be eligible for the benefits. Accordingly, retired employees receive varying levels of coverage upon retirement.

To be eligible, retirees must meet both of the following criteria. The first is that the employee has completed a minimum of five years of service for the County. The second is that an employee must either be qualified for retirement, be a member of a retirement system administered by the State of New York or one of its civil divisions; or the employee must be at least 55 years of age. The County recognized the cost of providing benefits by recording its share of insurance costs of approximately \$4,450,000 as an expenditure during 2009.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Other Postemployment Benefits (OPEB)

Plan Description

The County provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to the County. Based on collective bargaining agreements, the retiree and his or her beneficiaries receive this coverage for the life of the retiree. Healthcare benefits for non-union employees are similar to those of union employees.

Currently, St. Lawrence County offers one medical plan through a Self-Insured Medical Plan Administered by APA Partners of Albany, NY.

The St. Lawrence County Medical Plan operates as a single defined benefit Municipality Benefits Plan. The Plan is ERISA exempt and, being a self-insured plan, is not subject to State mandates.

The benefits available under the Plan are described in a detailed Plan Document. The Premium Equivalent Rates (PERs) are established by the County on an annual basis. The PER's are subject to annual increases or decreases based on the actual experience of the Plan for the previous year. The PER's of the Plan are used primarily for assessing the employees contribution to the PER's and the calculation of COBRA rates. This analysis will be based on the actual expenses of the Plan rather than the PER's set by the Plan.

The coverage under the St. Lawrence County Plan is a Managed Care Plan that utilizes co-payments for preferred providers with basic hospital, medical/surgical and major medical coverage. The in-network benefits have a minimal co-payment with no deductible and no out-of-pocket maximum for in-network preferred providers. If out-of-network providers are utilized, the Plan will pay 80% and the member is responsible for the remaining 20% and has a \$200 individual deductible with a maximum out of pocket of \$800. The family policy has a \$600 deductible with a maximum out of pocket of \$2,400.

At the time of the initial actuarial analysis, the County's medical plan offered a prescription drug card which includes a retail co-payment of \$5.00 for generic prescriptions and a \$15.00 co-payment for brand name drugs if a generic is available, or \$10.00 for a brand name drug if no generic is available. There is also a mail-order prescription drug option available to covered members under this plan which includes a \$2.00 co-payment for generic medication and a \$5.00 co-payment for brand name drugs.

One of the County's labor units converted to a different drug benefit. This new three-tiered co-payment plan has a \$7.00 co-payment for the generic drugs, a \$15.00 co-payment for preferred brand name drugs and a \$30.00 co-payment for the non-preferred brand name drugs. These retail co-pays are for a 30-day supply of prescription drugs. The mail-order portion of the Plan offers a 90-day supply of prescription drugs with a \$7.00 co-payment for generic drugs, a \$30.00 co-payment for the preferred brand name drugs, and a \$60.00 co-payment for the non-preferred brand name drugs.

Shortly after January 1, 2006, the County's largest labor unit, the CSEA, converted over to the new prescription co-payment plan. In addition to this traditional prescription drug plan, the CSEA Unit will also have access to a \$-0- co-payment plan using a firm called CanaRx.

While the time period involved with the actuarial analysis is based on the old Rx benefit, the cost efficiencies of the new drug plan are factored into the trending methodologies used in the analysis.

Funding Policy

The County currently pays for postemployment health care benefits on a pay-as-you-go basis. Although the County may study the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Other Postemployment Benefits (OPEB) – Continued

Accounting Policy

The accrual basis of accounting is used. The fair market value of assets is determined by the market value of assets paid by a willing buyer to a willing seller.

Other Disclosure Information

The schedule of funding progress presents multiyear trend information that is useful in determining whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future.

Amounts are allocated to the Enterprise (Solid Waste) and Internal Service Fund based on a percentage of current payroll dollars for each fund.

Annual OPEB Cost – Fiscal Year Ended December 31, 2009	County	Solid Waste	Internal Service	Total
Normal cost	\$ 5,218,206	\$ 109,838	\$ 34,212	\$ 5,362,256
Past service cost	10,224,637	215,218	67,037	10,506,892
Annual Required Contribution (ARC)	15,442,843	325,056	101,249	15,869,148
Interest on OPEB obligation adjustments to ARC	1,007,369	21,204	6,605	1,035,178
OPEB expense	\$16,450,212	\$ 346,260	\$ 107,854	\$16,904,326
Reconciliation of Net OPEB Obligation	County	Solid Waste	Internal Service	Total
Net OPEB obligation at the beginning of the year	\$25,121,980	\$ 587,705	\$ 169,753	\$25,879,438
OPEB expense	16,450,212	346,260	107,854	16,904,326
Net OPEB contributions made during the fiscal year	(3,474,739)	(73,140)	(22,782)	(3,570,661)
Net OPEB obligation at the end of the year	\$38,097,453	\$ 860,825	\$ 254,825	\$39,213,103
Percentage of expense contributed				21%

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Other Postemployment Benefits (OPEB) – Continued

Other Disclosure Information – Continued

<u>Schedule of Funding Progress</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Current retired members	\$ 59,403,686	\$ 59,925,741
Current active members	119,042,374	108,310,341
Actuarial accrued liability	178,446,060	168,236,082
Actuarial value of assets	-	-
Unfunded actuarial accrued liability	<u>\$178,446,060</u>	<u>\$168,236,082</u>
Funded Ratio (Act. accrued liability/Act. value of assets)	0%	0%

The schedule of funding progress shows multiyear trend information showing that the value of plan assets remains \$-0- as the unfunded actuarial accrued liability is increasing each year.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are “community-rated” and annual premiums for community-rated coverages were used as a proxy for claims without age adjustment. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of December 31, 2009, the most recent (interim) actuarial valuation, the liabilities were computed using the projected unit credit method with a thirty year amortization. The actuarial assumptions utilized a 4% discount rate. The valuation assumes a variable medical trend rate ranging from 10% down to 5% and a postretirement benefit increase ranging from 5% to 4.2% per year depending upon the retiree’s age.

Annual Other Postemployment Benefit Cost

For the fiscal year ended December 31, 2009, the County’s OPEB cost (expense) of \$16,904,326 was equal to the annual required contribution. The payment of current health insurance premiums, which totaled \$3,570,661 for 385 retirees and their beneficiaries, resulted in a net OPEB cost of \$13,333,665 for the year ended December 31, 2009. 21% of the total cost was contributed during 2009.

For the fiscal year ended December 31, 2008, the County’s OPEB cost (expense) of \$16,259,479 was equal to the annual required contribution. The payment of current health insurance premiums, which totaled \$3,084,302 for 385 retirees and their beneficiaries, resulted in a net OPEB cost of \$13,175,177 for the year ended December 31, 2008. 19% of the total cost was contributed during 2008.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources to provide services. These transactions are recorded as interfund revenues, interfund transfers and expenditures in the respective funds.

The following schedule summarizes interfund receivables and payables by fund at December 31, 2009 arising from these transactions:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 1,419,244	\$ (149,391)
Other governmental	2,398,257	(3,458,540)
Enterprise	60	(162,531)
Internal service	-	(46,404)
Agency	-	(695)
	<hr/>	<hr/>
Total	<u>\$ 3,817,561</u>	<u>\$ (3,817,561)</u>

The County made the following transfers during 2009:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 660,116	\$ 12,599,425
County Road	12,484,317	5,710,000
Road Machinery	5,108	-
Capital Projects Funds	5,820,000	660,116
	<hr/>	<hr/>
Total	<u>\$ 18,969,541</u>	<u>\$ 18,969,541</u>

Contingencies

Certain Indian tribes have asserted land claims under federal common law, and under the federal Non-Intercourse Act of 1790 as amended. The effect of these claims thus far has created some uncertainty as to the title to millions of acres of New York State land. Various alleged representatives of the St. Regis Mohawk tribe have made these claims for land in St. Lawrence County. The County has joined with other affected counties in defending the claims, and has also joined in the claims against the State of New York indemnity and for the cost of defense of the Indian claims. The case will be heard in the U.S. District Court. The impact of a decision on lands in St. Lawrence County, and therefore on the County, is indirect and difficult to assess. If the claimants were to succeed fully in their demands, the impact on the County and some of its constituent towns and individual land owners would be extremely severe. The County's counsel is currently unable to appraise the possibility of success or failure.

There are various other claims and legal actions pending against the County for which no provision has been made in the financial statements. In the opinion of the County Attorney and other County officials, liabilities arising from these claims and legal actions, if any, either cannot be estimated at this time, or will not be significant.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2009

Deficit Fund Equity

The following funds had an accumulated deficit as of December 31, 2009:

County Road Fund	\$ 36,779
Internal Service Fund (Workers' Compensation)	<u>4,441,659</u>
Total	<u>\$ 4,478,438</u>

The County does not have a formal plan to remedy these deficits.

Conduit Debt Obligations

At the date of these financial statements, the St. Lawrence County Industrial Development Agency had participated in fifty industrial revenue 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.

Restricted Net Assets

Net assets of \$2,000,000 are restricted in the Industrial Development Agency because of Federal Community Development Block Grant regulations over their expenditure.

The IDA-LDC has temporarily restricted net assets of \$3,088,629 which represents the amount of Revolving Loan Funds created by St. Lawrence County to stimulate the growth of private sector employment by providing financial assistance to applicants that wish to expand and modernize their business facilities.

Reserved Fund Balances

The governmental funds balance sheet (Exhibit C) includes reserved fund balances for the following purposes:

Sheriff Equitable Sharing	\$ 230,751
Prosecutor	138,248
Tribal State Compact	84,936
Drug Enforcement Agency	65,020
Fort LA Preservation	50,000
Environmental Remediation	145,840
Various	<u>268,111</u>
Total General Fund Reserves	<u>\$ 982,906</u>

Subsequent Events

The County has evaluated all events through September 27, 2010 the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.

ST. LAWRENCE COUNTY, NEW YORK

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2009

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
U.S. Dept. of Agriculture:		
Passed through the New York State Office of Temporary and Disability:		
SNAP Cluster:		
Assistance - Food Stamp Program	10.551	\$ 758,832
ARRA Assistance - Food Stamp Program	10.551	60,976
Food Stamps-Supplemental Nutrition Assistance Program	10.561	<u>20,952,608</u>
Subtotal - SNAP Cluster		21,772,416
National Education and Training Program	10.564	<u>111,152</u>
		21,883,568
* U.S. Dept. of Housing and Urban Development:		
Passed through the New York State Division of Housing and Community Renewal:		
Community Development Block Grant - State's Program	14.218	<u>2,234,215</u>
		2,234,215
U.S. Department of Labor:		
Passed through the New York State Office for the Aging:		
Senior Community Service Employment and Title V	17.235	256,350
ARRA Title V	17.235	<u>2,900</u>
		259,250
Passed through the New York State Department of Labor:		
** WIA Cluster:		
WIA Adult Program	17.258	419,196
ARRA WIA Adult Program	17.258	218,690
WIA Youth Activities	17.259	893,433
ARRA WIA Youth Activities	17.259	546,565
WIA Disabled Workers	17.260	765,991
ARRA WIA Disabled Workers	17.260	<u>305,948</u>
Subtotal - WIA Cluster		3,149,823
WIA Strategic Planning	17.266	<u>79,024</u>
		<u>3,488,097</u>
Subtotal		27,605,880

* Sub-recipient is St. Lawrence County Housing Council, Inc.

** Sub-recipients are St. Lawrence-Lewis BOCES Transitional Services, St. Lawrence NYSARS, The Research Foundation State University of NY for an on behalf of SUNY College of Technology at Canton, Liberty Partnership Program, St. Lawrence-Lewis BOCES, Catholic Charities-Diocese of Ogdenburg, Literacy of Northern New York, Inc., Seaway Valley Prevention Council and St. Lawrence County Office of Economic Development.

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2009

Federal Grantor/ Program Title	Federal CFDA Number		Federal Expenditures
Subtotal Forward			27,605,880
U.S. Dept. of Justice:			
Passed through the New York State			
Department of Criminal Justice Services:			
Sex Offender Management and Domestic Violence Grant	16.588	<u>34,038</u>	
			34,038
U.S. Dept. of Transportation:			
Passed through New York State			
Department of Transportation:			
Highway Planning and Construction	20.205	853,325	
ARRA Highway Planning and Construction	20.205	639,982	
Rural Transit System	20.509	97,800	
ARRA Rural Transit System	20.509	654	
Innovative Bridge Research and Deployment Funds	20.200	<u>71,513</u>	
			1,663,274
U.S. Department of Homeland Security:			
Emergency Management Program	83.552	189,172	
SLC-EFS	97.024	22,000	
ARRA SLC-EFS	97.114	9,500	
Subtotal - SLC -EFS		<u>31,500</u>	220,672
U.S. Dept. of Health and Human Services:			
Passed through the New York State			
Office for the Aging:			
Aging Cluster:			
Aging - Title III Part B	93.044	121,357	
Aging - Title III Part C	93.045	228,375	
Aging - Administration on Aging	93.053	<u>101,463</u>	
Subtotal - Aging Cluster		<u>451,195</u>	
Aging - Title VII	93.042	10,717	
Aging - Title III Part F	93.043	7,523	
Nation Family Caregiver Support - Title III Part E	93.052	49,167	
Health Care Financing Research Demonstrations and Evaluations - Health Insurance Information Counseling and Assistance Program	93.779	41,835	
Congregate Meals	93.707	22,122	
Delivered Meals	93.705	<u>10,885</u>	
Subtotals Forward		593,444	29,523,864

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2009

Federal Grantor/ Program Title	Federal CFDA Number		Federal Expenditures
Subtotals Forward		593,444	29,523,864
U.S. Dept. of Health and Human Services, Continued:			
Passed through the New York State			
Department of Health:			
Healthy Living Partnership	93.283	54,654	
Emergency Preparedness	93.069	92,902	
Dental Sealant Program	93.994	33,066	
Passed through the New York State			
Office of Temporary and Disability Assistance:			
Temporary Assistance for Needy Families	93.558	1,725,632	
Child Support Enforcement	93.563	1,165,165	
ARRA Child Support Enforcement	93.563	74,354	
Home Energy Assistance Block Grant	93.568	10,558,273	
Foster Care - Title IV-E	93.658	2,101,675	
ARRA Foster Care - Title IV-E	93.658	67,110	
ARRA Adoption Assistance	93.659	27,990	
Social Services Block Grant	93.667	2,142,030	
Independent Living	93.674	26,072	
ARRA- Back to School	93.714	656,987	
Passed through the New York State			
Office of Mental Health:			
CHMS Block Grant	93.958	19,765	
Medicaid Cluster:			
Passed through the New York State			
Office of Temporary and Disability Assistance:			
Medical Assistance Title XIX	93.778	2,948,531	
Medical Salary Sharing	93.778	5,110	
Passed through the New York State			
Office of Mental Health:			
Federal Salary Sharing	93.778	16,000	
Subtotal Medicaid Cluster		<u>2,969,641</u>	
Passed through the New York State			
Office of Alcoholism and Substance Abuse Services:			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	<u>900,873</u>	
			<u>23,209,633</u>
Total			<u>\$ 52,733,497</u>

See Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2009

Basis of Accounting

The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Accruals are estimated for pending claims.

Reporting Entity

St. Lawrence County (the "County") for purposes of the schedule of expenditures of federal awards includes all the funds of the primary government. It does not include any component units of the County as follows:

- St. Lawrence County Industrial Development Agency
- St. Lawrence County Industrial Development Agency – Local Development Corporation
- Canton Human Services Initiatives, Inc.
- St. Lawrence County Soil and Water Conservation District

These component units may also receive federal financial assistance, but separately satisfy the audit requirements of OMB Circular A-133.

The County administers certain federal awards programs through subrecipients. Those subrecipients are also not considered part of the County reporting entity; however the federal funds passed through to such subrecipients are included in the schedule of expenditures of federal awards.

Noncash Awards

A significant portion of federal financial assistance related to the Food Stamps program does not involve cash awards to the County. This portion of the program represents the face value of the Food Stamp coupons which amounted to \$20,952,608 for the year ended December 31, 2009. This noncash federal financial assistance is included in federal revenue and expenditures on the schedule of expenditures of federal awards.



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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 Legislators
St. Lawrence County, New York

We have audited the financial statements of St. Lawrence County, New York, as of and for the year ended December 31, 2009, and have issued our report thereon dated September 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 St. Lawrence County, New York'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 St. Lawrence County, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Lawrence County, New York's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weakness and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified one deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider one deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2009-05).

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies (2009-01, 2009-03 and 2009-06).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Lawrence County, New York'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2009-02 and 2009-04.

St. Lawrence County, New York's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit St. Lawrence County, New York's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Legislators, Federal Awarding Agencies, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP

September 27, 2010



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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To The Board of Legislators
St. Lawrence County, New York

Compliance

We have audited the compliance of St. Lawrence County, New York, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. St. Lawrence County, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of St. Lawrence County, New York's management. Our responsibility is to express an opinion on St. Lawrence County, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Lawrence County, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of St. Lawrence County, New York's compliance with those requirements.

In our opinion, St. Lawrence County, New York, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of St. Lawrence County, New York, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered St. Lawrence County, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Lawrence County, New York's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. St. Lawrence County, New York's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit St. Lawrence County, New York's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Legislators, others within the entity, 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.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP

September 27, 2010

ST. LAWRENCE COUNTY, NEW YORK
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2009

Section I - Summary of Auditor's Results

I. Financial Statements

A. Type of auditors' report issued:

1. Unqualified, with an explanatory paragraph regarding deficit net assets in the Internal Service Fund and explanatory language relating to the fact that we did not audit the financial statements of the St. Lawrence County Industrial Development Agency and Canton Human Services Initiative, Inc. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the St. Lawrence County Industrial Development Agency and Canton Human Services Initiative, Inc. is based solely on the reports of the other auditors. The financial statements of the St. Lawrence County Industrial Development Agency – Local Development Corporation have not been audited.

B. Internal control over financial reporting:

- | | | | | |
|----------------------------------------------------------------------------------|--------------|-----|--------------|----|
| 1. Material weaknesses identified? | <u> X </u> | Yes | _____ | No |
| 2. Significant deficiencies identified not considered to be material weaknesses? | <u> X </u> | Yes | _____ | No |
| 3. Noncompliance material to financial statements noted? | _____ | Yes | <u> X </u> | No |

II. Federal Awards

A. Internal control over major programs:

- | | | | | |
|----------------------------------------------------------------------------------|-------|-----|--------------|----|
| 1. Material weaknesses identified? | _____ | Yes | <u> X </u> | No |
| 2. Significant deficiencies identified not considered to be material weaknesses? | _____ | Yes | <u> X </u> | No |

B. Type of auditors' report issued on compliance for major programs:

Unqualified

- | | | | | |
|---------------------------------------------------------------------------------------------------------------------------|-------|-----|--------------|----|
| 1. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? | _____ | Yes | <u> X </u> | No |
|---------------------------------------------------------------------------------------------------------------------------|-------|-----|--------------|----|

ST. LAWRENCE COUNTY, NEW YORK
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2009

Section I - Summary of Auditor's Results – Continued

II. Federal Awards – Continued

C. The County's major programs were:

	**CFDA Number
U.S. Department of Agriculture:	
Passed through the New York State Office of Temporary and Disability:	
Supplemental Nutrition Assistance Cluster:	
Supplemental Nutrition Assistance Program	10.551
State Administrative Matching Grants for Supplemental Nutrition Assistance Program, including	10.561
ARRA-State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561
U.S. Department of Transportation:	
Passed through the New York State Department of Transportation:	
Highway Planning and Construction, including	20.205
ARRA-Highway Planning and Construction	20.205
U.S. Department of Labor:	
Passed through the New York State Department of Labor:	
WIA Cluster:	
WIA Adult Program, including	17.258
ARRA-WIA Adult Program	17.258
WIA Youth Activities, including	17.259
ARRA-WIA Youth Activities	17.259
WIA Disabled Workers, including	17.260
ARRA-WIA Disabled Workers	17.260
U.S. Department of Health and Human Services:	
Passed through the New York State Office of Temporary and Disability Assistance:	
Child Support Enforcement, including	93.563
ARRA-Child Support Enforcement	93.563
Foster Care Title IV-E, including	93.658
ARRA-Foster Care Title IV-E	93.658
Home Energy Assistance Block Grant/W.R.A.P.	93.568

D. Dollar threshold used to distinguish between Type A and Type B programs is \$1,582,005.

E. The auditee qualifies as a low-risk auditee.

**CFDA numbers and determination of clusters based upon OMB Circular A-133 Compliance Supplement dated June 2010.

ST. LAWRENCE COUNTY, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Section II - Financial Statement Findings

Number/Finding/NonCompliance

Questioned
Costs

No. 2009-01

N/A

Criteria: Risk of fraud and financial misstatement should be assessed by an entity to assist with the establishment of relevant operating procedures and to ensure sufficient internal controls.

Condition: It was noted that the County has no documented risk assessment in place.

Cause of Condition: This is a repeat finding from 2008, as well as 2007.

Effect of Condition: By not analyzing risk and not documenting the study, the County may not detect significant risks of misstatement of the financial statements or possible exposure to fraud.

Recommendation: Management and the Board of Legislators' audit committee should conduct a risk assessment regarding the County's financial operations. The assessment results should be in writing and maintained as part of the County's formal policies and procedures. It should be used to monitor adherence to internal controls and updated as systems and financial positions change over time.

Management Response: Management concurs with this recommendation. The Treasurer will be recommending to the Legislature that an analysis of the risk assessment of financial operations be done, the results put in writing and maintained as part of the County's formal policies and procedures.

No. 2009-02

N/A

Criteria: The New York System of Uniform Accounts required that each approved Capital Project be accounted for in a separate fund.

Condition: All County Capital Projects are co-mingled and accounted for in one fund.

Cause of Condition: This is a repeat finding from both 2008 and 2007.

Effect of Condition: Improper fund accounting for each project; also, large projects must be shown as a major fund in the County's financial statements, but the necessary information is not readily available to do so.

Recommendation: The Treasurer's Office should account for all Capital Projects in separate, individual funds and general ledgers.

ST. LAWRENCE COUNTY, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned
Costs

No. 2009-02 – Continued

Management Response: While the County operates with one capital project fund, the various capital projects are segregated into separate accounts and fully accounted for individually. All transactions can (and are) readily available. The Treasurer's Office believed it was complying with previous findings regarding this issue, and will discuss this further with the County Auditors.

No. 2009-03

N/A

Criteria: Accurate expense and liability recognition.

Condition: Upon testing of compensated absence accruals, we noted several errors including the failure to agree opening 2009 balances to 2008 ending balances.

Cause of Condition: The cause of the condition appears to be an oversight.

Effect of Condition: The accrual for compensated absences could be overstated or understated. The potential discrepancy was estimated as an understatement for 2009 and calculated to be approximately \$13,000.

Recommendation: The compensated absences report should be reviewed by an individual independent of the individual who prepared the report to insure its accuracy.

Management Response: The County will ensure that all ending balances agree with the subsequent year opening balances.

No. 2009-04

N/A

Criteria: General Municipal Law requires deposits held by banking institutions to be properly secured at all times throughout the year by collateral.

Condition: At December 31, 2009, deposits held by one bank were under-collateralized by approximately \$2,500,000.

Cause of Condition: The cause of the condition appears to be an oversight.

Effect of Condition: The County did not comply with General Municipal Law and there was exposure to the potential loss of funds in the event of a bank failure. This was also a finding two years ago, in 2007.

ST. LAWRENCE COUNTY, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned
Costs

No. 2009-04 – Continued

Recommendation: The County Treasurer should review the monthly collateral statements and ensure that the deposits held are properly collateralized. If not, he should immediately notify the bank to correct the shortage.

Management Response: The Treasurer was unsure why and contacted M&T in regards to this and there seemed to be some misunderstanding and misinterpretation as to what is covered under the FDIC Account Guarantee Program as far as deposit accounts are concerned. This program is set to expire in June 2010.

No. 2009-05

N/A

Criteria: Accurate liability and revenue recognition are important to all organizations.

Condition: At December 31, 2009, cash received by the County Road Fund was not properly allocated between 2009 and 2010, resulting in an overstatement of 2009 revenue and an understatement of deferred revenue at December 31, 2009 by approximately \$1,000,000.

Cause of Condition: The cause of the condition appears to be an oversight.

Effect of Condition: The County's 2009 revenue was overstated by \$1,000,000 and its deferred revenue was understated by the same amount.

Recommendation: Care should be taken at the end of the year to determine that revenue is recorded in the proper period. The allocation calculations should be reviewed by the Deputy Treasurer.

Management Response: The Deputy Treasurer will follow up on this issue.

No. 2009-06

N/A

Criteria: Cash receipt records should have management oversight to ensure proper internal control.

Condition: During 2009, the Solid Waste Department had a new manager, who ceased to perform spot checking procedures on cash receipts during the year.

Cause of Condition: A change in management personnel led to a change in procedures for the department.

ST. LAWRENCE COUNTY, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned
Costs

No. 2009-06 – Continued

Effect of Condition: The lack of procedures increased the risk of employee error or theft of cash.

Recommendation: We recommend that the spot checking of cash receipts be reinstated in the Solid Waste Department.

Management Response: After discussing the risks of the cash receipt procedures, the manager agreed to re-institute the spot checking procedures.

ST. LAWRENCE COUNTY, NEW YORK

Schedule of Prior Year Findings and Questioned Costs

From December 31, 2008 Report

No. 2008-01

Condition: The County did not have a documented risk assessment in place.

Status: This is also a 2009 finding (No. 2009-01).

No. 2008-02

Condition: All County capital projects were co-mingled and accounted for in one fund in opposition to the New York State System of Uniform Accounts that requires that each approved Capital Project be accounted for in a separate fund.

Status: This is a repeat finding in 2009 (No. 2009-02).

No. 2008-03

Condition: An error in the setup of a fixed asset schedule causing a misalignment of columns in a spreadsheet resulted in the duplicate recording of an asset.

Status: The fixed asset schedule was corrected in 2009.

No. 2008-04

Condition: Compensated absence accruals contained multiple errors.

Status: This is also a 2009 finding (No. 2009-03).

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Robert O. McNeil
County Treasurer

Kevin M. Felt
Deputy County Treasurer

Vickie Stiles
Deputy County Treasurer

September 29, 2010

Whittemore, Downen and Ricciardelli, LLP
333 Aviation Road, Building B
Queensbury, NY 12804-9903

Re: Corrective action report, single audit for the year ending December 31, 2009.

In accordance with the Single Audit Act, the St. Lawrence County Treasurer's Office has reviewed the above Audit's findings and has taken the following corrective action:

No. 2009-01

Criteria: Risk of fraud and financial misstatement should be assessed by an entity to assist with the establishment of relevant operating procedures and to ensure sufficient internal controls. The County has no documented risk assessment in place.

Condition: It was noted that the County has no documented risk assessment in place.

Effect of Condition: By not analyzing risk and not documenting the study, the County may not detect significant risks of misstatement of the financial statements or possible exposure to fraud.

Recommendation: Management and the Board of Legislators' audit committee should conduct a risk assessment regarding the County's financial operations. The assessment results should be in writing and maintained as part of the County's formal policies and procedures. It should be used to monitor adherence to internal controls and updated as systems and financial positions change over time.

Management Response: Management concurs with this recommendation. The Treasurer has been talking with other Counties to see how they handle risk and will be recommending to the Legislature that an analysis of the risk assessment of financial operations be done, the results put in writing and maintained as part of the County's formal policies and procedures.

No. 2009-02

Criteria: The New York System of Uniform Accounts required the each approved Capital Project be accounted for in a separate fund. All County Capital Projects are co-mingled and accounted for in one fund.

Condition: All County Capital Projects are co-mingled and accounted for in one fund.

Effect of Condition: Improper fund accounting for each project; also, large projects must be shown as a major fund in the County's financial statements, but the necessary information is not readily available to do so.

Recommendation: The Treasurer's Office should account for all Capital Projects in separate, individual funds and general ledgers.

Management Response: While the County operates with one capital project fund, the various capital projects are segregated into separate accounts and fully accounted for individually. All the transactions can (and are) readily available. Interest earnings on bonds sold for the jail project are credited to the jail capital project. The Treasurer's Office believed it was complying with previous findings regarding this issue, and will discuss this further with the County Auditors.

No. 2009-03

Criteria: Accurate expense and liability recognition.

Condition: Upon testing of compensated absence accruals, we noted several errors including the failure to agree opening 2009 balances to 2008 ending balances.

Effect of Condition: The accrual for compensated absences could be overstated or understated. The potential discrepancy was estimated as an understatement for 2009 and calculated to be approximately \$13,000.

Recommendation: The compensated absences report should be reviewed by an individual independent of the individual who prepared the report to insure its accuracy.

Management Response: The County will ensure that all ending balances agree with the subsequent year opening balances.

No. 2009-04

Criteria: General Municipal Law requires deposits held by banking institutions to be properly secured at all times throughout the year by collateral.

Condition: At December 31, 2009, deposits held by one bank were under-collateralized by approximately \$2,500,000.

Effect of Condition: The County did not comply with General Municipal Law and there was exposure to the potential loss of funds in the event of a bank failure. This was also a finding two years ago, in 2007.

Recommendation: The County Treasurer should review the monthly collateral statements and ensure that the deposits held are properly collateralized. If not, he should immediately notify the bank to correct the shortage.

Management Response: The Treasurer was unsure why and contacted M&T in regards to this and there seemed to be some misunderstanding and misinterpretation as to what is covered under the FDIC Account Guarantee Program as far as deposit accounts are concerned. This program is set to expire in June 2010.

No. 2009-05

Criteria: Accurate liability and revenue recognition are important to all organizations.

Condition: At December 31, 2009, cash received by the County Road Fund was not properly allocated between 2009 and 2010, resulting in an overstatement of 2009 revenue and an understatement of deferred revenue at December 31, 2009 by approximately \$1,000,000.

Effect of Condition: The County's 2009 revenue was overstated by \$1,000,000 and its deferred revenue was understated by the same amount.

Recommendation: Care should be taken at the end of the year to determine that revenue is recorded in the proper period. The allocation calculations should be reviewed by the Deputy Treasurer.

Management Response: The Deputy Treasurer will follow up on this issue.

No. 2009-06

Criteria: Cash receipt records should have management oversight to ensure proper internal control.

Condition: During 2009, the Solid Waste Department had a new manager, who ceased to perform spot checking procedures on cash receipts during the year.

Effect of Condition: The lack of procedures increased the risk of employee error or theft of cash.

Recommendation: We recommend that the spot checking of cash receipts be reinstated in the Solid Waste Department.

Management Response: After discussing the risk of the cash receipt procedures, the manager agreed to re-institute the spot checking procedures.



Robert O. McNeil
St. Lawrence County Treasurer