

ST. LAWRENCE COUNTY, NEW YORK

Independent Auditors' Report

Financial Statements and  
Supplementary Information

Year Ended December 31, 2010



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, 2010, 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 an opinion on these financial statements based on our audit.

We did not audit the financial statements of St. Lawrence County Industrial Development Agency – Local Development Corporation, St. Lawrence County Industrial Development Agency and Canton Human Services Initiatives, Inc., which together represent 97.6 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.

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 opinion.

In our opinion, 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, 2010, 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 15, 2011, 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 should be considered in 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 11 page 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 15, 2011

## COUNTY OF ST. LAWRENCE, NEW YORK

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED DECEMBER 31, 2010

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, 2010. 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 2010 by \$64,939,846 (*net assets*). The unrestricted net deficit for governmental activities was \$31,453,045; for business-type activities (solid waste), the net unrestricted deficit was \$1,762,523. 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 \$7,649,047 primarily due to decreases in governmental capital assets as well as retiring of equipment.
- At the end of 2010, undesignated fund balance for the general fund was \$3,171,226, or 2.1% of the general fund expenditures.
- The County's total outstanding debt decreased by \$1,220,000 (3.2%). Notes to Financial Statements, p. 38, have the County's total bonded indebtedness, as of December 31, 2010 at \$36,020,000.

#### 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	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Cash & Cash Equivalent/Investments	\$ 17,671,592	\$18,906,739	\$ 457,914	\$ 371,474	\$ 18,129,506	\$ 19,278,213
All Receivable Net	39,435,799	38,412,397	130,744	130,020	39,566,543	38,542,417
Other Assets	26,369,758	18,790,742	25,011	15,138	26,394,769	18,805,880
Capital Assets Net	132,412,891	129,285,795	1,727,519	1,821,275	134,140,410	131,107,070
<b>Total Assets</b>	<b>215,890,040</b>	<b>205,395,673</b>	<b>2,341,188</b>	<b>2,337,907</b>	<b>218,231,228</b>	<b>207,733,580</b>
<b>Liabilities:</b>						
Accounts Payable	14,417,912	9,821,627	400,128	381,383	14,818,040	10,203,010
Due to Other Govts	15,065,586	14,641,719	-	-	15,065,586	14,641,719
Deferred Revenue	381,925	468,872	-	-	381,925	468,872
Other Liabilities	2,436,857	3,160,215	164,475	162,531	2,601,332	3,322,746
Bonds & Other Long- Term Liabilities	118,647,914	104,714,347	1,811,589	1,671,561	120,459,503	106,385,908
<b>Total Liabilities</b>	<b>150,950,194</b>	<b>132,806,780</b>	<b>2,376,192</b>	<b>2,215,475</b>	<b>153,326,386</b>	<b>135,022,255</b>
<b>Net Assets:</b>						
Invested in Capital Assets (net of related debt) Restricted For	96,392,891	90,835,795	1,727,519	1,821,275	98,120,410	92,657,070
Unrestricted (Deficit)	(31,453,045)	(18,246,902)	(1,762,523)	(1,698,843)	(33,215,568)	(19,945,745)
<b>Total Net Assets</b>	<b>\$ 64,939,846</b>	<b>\$72,588,893</b>	<b>\$ (35,004)</b>	<b>\$ 122,432</b>	<b>\$ 64,904,842</b>	<b>\$ 72,711,325</b>

- The County’s total liabilities increased by \$18,304,131, 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	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 26,071,522	\$ 25,604,619	\$3,697,993	\$ 3,552,253	\$ 29,769,515	\$ 29,156,872
Operating Grants & Contributions	58,522,358	57,375,069	-	-	58,522,358	57,375,069
Capital Grants & Contributions	4,467,454	2,482,391	-	-	4,467,454	2,482,391
Total Program Revenues	89,061,334	85,462,079	3,697,993	3,552,253	92,759,327	89,014,332
<b>General Revenues:</b>						
Property Taxes & Tax Items	43,954,361	41,009,514	-	-	43,954,361	41,009,514
Non-Property Taxes	40,892,889	39,523,160	-	-	40,892,889	39,523,160
Fines and Forfeitures	262,940	242,879	-	-	262,940	242,879
Misc. Local Sources	7,053,649	6,839,943	161,645	208,510	7,215,294	7,048,453
Sale of Property & Compensation for Loss	1,915,068	2,241,603	18,129	6,051	1,933,197	2,247,654
Transfers	-	-	-	-	-	-
Investment Earnings	110,543	152,418	8,608	4,649	119,151	157,067
Total General Revenues	94,189,450	90,009,517	188,382	219,210	94,377,832	90,228,727
Total Program & General Revenues	183,250,784	175,471,596	3,886,375	3,771,463	187,137,159	179,243,059

**Expenses:**

## Governmental Activities

## Expenses:

General government support

	45,131,258	42,579,195	-	-	45,131,258	42,579,195
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Education

	774,346	865,399	-	-	774,346	865,399
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Public Safety

	20,790,132	20,128,332	-	-	20,790,132	20,128,332
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Health

	24,431,538	24,284,467	-	-	24,431,538	24,284,467
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Transportation  
Economic Opportunity  
& Development

	17,872,378	17,986,260	-	-	17,872,378	17,986,260
	76,748,384	75,959,073	-	-	76,748,384	75,959,073

Culture & Recreation  
Home & Community  
Services

	533,884	479,355	-	-	533,884	479,355
	3,595,388	3,881,935	4,043,811	3,798,934	7,639,199	7,680,869

Interest on Long  
Term Debt

	1,022,523	1,728,130	-	-	1,022,523	1,728,130
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Total Expenses

	190,899,831	187,892,146	4,043,811	3,798,934	194,943,642	191,691,080
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Total Government  
ActivitiesNet Changes in Net  
Assets

	(7,649,047)	(12,420,550)	(157,436)	(27,471)	(7,806,483)	(12,448,021)
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Net Assets Beginning,  
Restated

	72,588,893	85,009,443	122,432	149,903	72,711,325	85,159,346
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Net Assets Ending

	<u>\$ 64,939,846</u>	<u>\$ 72,588,893</u>	<u>\$ (35,004)</u>	<u>\$ 122,432</u>	<u>\$ 64,904,842</u>	<u>\$ 72,711,325</u>
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- Total revenue for 2010 increased by \$7,894,100. Significant changes involved an increase in property tax (over 2009) of \$2,944,847 and sales tax revenue increased from 2009 by \$1,369,729.
- On the expenditure side, there was an increase of \$3,252,562, due mostly in part to increase in health costs and retirement costs.

St. Lawrence County Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,405,830	\$ 2,405,830	\$ 156,050	\$ 156,050	\$ 2,561,880	\$ 2,561,880
<b>Not Depreciated:</b>						
Construction in Progress	5,512,222	3,989,143	-	-	5,512,222	3,989,143
<b>Depreciated:</b>						
Infrastructure	79,854,482	77,159,961	-	-	79,854,482	77,159,961
Land Improvements	-	-	1,129,580	1,217,182	1,129,580	1,217,182
Buildings & Improvements	39,411,986	40,912,616	-	-	39,411,986	40,912,616
Machinery	4,908,451	4,484,106	441,889	448,043	5,350,340	4,932,149
Bond Financing Costs	319,920	334,139	-	-	319,920	334,139
<b>Total</b>	<b>\$ 132,412,891</b>	<b>\$129,285,795</b>	<b>\$ 1,727,519</b>	<b>\$ 1,821,275</b>	<b>\$ 134,140,410</b>	<b>\$ 131,107,070</b>

- 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, 2010, amounted to \$134,140,410 (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 2010 was due to highway/bridge construction.

St. Lawrence County Outstanding Debt

	Governmental Activities	
	2010	2009
Bonds Payable	\$ 36,020,000	\$ 37,240,000
Workers Comp	27,500,000	26,400,000
OPEB Liability	52,395,599	39,213,103
Landfill Post-Closure	673,923	810,736
Compensated Absences	2,732,315	2,722,069
Total	<u>\$ 119,321,837</u>	<u>\$ 106,385,908</u>

- The County’s outstanding debt increased by 13.1 % (\$13,796,754) largely due to the OPEB liability.
- The Worker’s Compensation Fund deficit (Exhibit J) increased by \$1,100,000. The 2010 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 \$26,400,000 as of December 31, 2009 to \$27,500,000 as of December 31, 2010.

**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 2010:

**Fiscal Year 2010**

<b>Programs</b>	<b>Net Expense per Statement of Activities</b>	<b>GASB 45 Expenses</b>	<b>Net Expenses Excluding GASB 45</b>	<b>FY 2009 Net Expenses per Statement of Activities</b>
Gen. Govt.	\$ 25,770,397	\$ 2,657,798	\$ 23,112,599	\$ 28,161,850
Education	13,165	-	13,165	123,787
Public Safety	15,457,129	2,797,682	12,659,447	14,396,220
Health	9,091,753	2,238,144	6,853,609	8,487,468
Transportation	10,982,269	1,678,609	9,303,660	12,594,503
Ec. Opp. & Dev.	38,076,604	4,336,408	33,740,196	36,015,781
Culture & Rec.	450,824	139,884	310,940	363,771
Home & Comm.	973,833	139,884	833,949	558,757
Interest on LT Debt	1,022,523	-	1,022,523	1,728,130
<b>Total</b>	<b>\$ 101,838,497</b>	<b>\$ 13,988,409</b>	<b>\$ 87,850,088</b>	<b>\$ 102,430,267</b>
Total OPEB Liability per Armory Associates Report				\$ 14,320,162
Less Solid Waste Full Accrual Enterprise Fund				(276,841)
Less Worker's Compensation				(54,912)
<b>GASB 45 Expenses</b>				<b>\$ 13,988,409</b>

**BUDGET VERSUS ACTUAL RESULTS FOR 2010**

- Schedule G, p. 17, outlines variances from the 2010 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. Property Tax revenues were down \$1,626,183. Department revenues were down \$2,803,310 due to the reductions from state agencies. Sales tax was also down by \$302,579.
- Because of the Federal interest rates, interest income continues to remain dismal.
- We receive stimulus funding for 2010 in the amount of \$6,978,322, which was \$3,177,766 more than budgeted.
- 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 (originally budgeted in 2010 at \$27,833,910) 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, 2010, total assets of the County (Exhibit A), excluding component units, exceeded total liabilities by \$64,904,842. The unrestricted net deficit for governmental activities was (\$31,453,045); for business-type activities, the net unrestricted deficit was (\$1,762,523), which includes long term post closure liabilities for landfills of \$673,923. 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 \$1,721,119 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 \$98,120,410. This total represents 151.18% of the total net assets.
- Unreserved fund balance for the General Fund (Exhibit C) was \$3,171,226 as of the close of the 2010 fiscal year. This is a decrease of \$5,807,616 from the 2009 amount. General Fund balance appropriated to offset local cost in the 2011 budget was \$6,129,073. This is an increase of \$5,831,006 over the 2010 budgeted amount. Total equity of all governmental funds at the close of the 2010 fiscal year was \$18,195,205. This is an increase of \$1,942,891, over the 2009 total fund equity.
- As of December 31, 2010 total liabilities of the County (Exhibit D), including Canton Human Services Initiatives, Inc. were \$72,320,689. This is an increase of \$4,623,165 over the total liabilities as of December 31, 2009.
- The Worker's Compensation Fund deficit (Exhibit J) increased by \$1,100,000. The debt due beyond one year in the Worker's Compensation Fund was \$27,500,000 as of December 31, 2010.

## **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, 2010

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Industrial Development Agency	Industrial Development Agency Local Development Corporation	Soil and Water Conservation District
Cash and cash equivalents	\$ 7,740,412	\$ 457,914	\$ 8,198,326	\$ 2,700,822	\$ 156,112	\$ 453,179
Investments	9,931,180	-	9,931,180	-	-	-
Taxes receivable (net of allowance for uncollectable accounts of \$400,000)	18,580,661	-	18,580,661	-	-	-
Receivables, net (net of allowance for uncollectable accounts of \$102,650)	20,855,138	130,744	20,985,882	961,253	-	982
Internal balances	179,997	2,899	182,896	-	-	-
Due from other governments	23,360,515	-	23,360,515	-	-	-
Prepaid expenses	1,108,127	22,112	1,130,239	711	-	-
Restricted Assets:						
Cash	1,721,119	-	1,721,119	2,000,000	699,211	-
Prepaid expenses	-	-	-	-	121	-
Receivables	-	-	-	-	1,821,796	-
Capital assets, net	-	-	-	-	625,572	-
Capital assets, net	132,412,891	1,727,519	134,140,410	2,933,585	-	-
<b>Total Assets</b>	<b>\$ 215,890,040</b>	<b>\$ 2,341,188</b>	<b>\$ 218,231,228</b>	<b>\$ 8,596,371</b>	<b>\$ 3,302,812</b>	<b>\$ 454,161</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 10,059,039	\$ 94,730	\$ 10,153,769	\$ -	\$ 677	\$ 547
Accrued liabilities	4,358,873	305,398	4,664,271	20,841	-	11,761
Due to other governments	15,065,586	-	15,065,586	-	-	-
Deferred revenues	381,925	-	381,925	-	-	365,281
Internal balances	18,867	164,475	183,342	-	-	-
Other liabilities	2,417,990	-	2,417,990	33,755	757	-
Noncurrent Liabilities:						
Due within one year	835,246	91,304	926,550	60,181	-	-
Due in more than one year	117,812,668	1,720,285	119,532,953	791,811	-	-
<b>Total Liabilities</b>	<b>150,950,194</b>	<b>2,376,192</b>	<b>153,326,386</b>	<b>906,588</b>	<b>1,434</b>	<b>377,589</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	96,392,891	1,727,519	98,120,410	2,276,331	625,572	-
Restricted For:						
Other purposes	-	-	-	2,000,000	2,519,694	-
Unrestricted (deficit)	(31,453,045)	(1,762,523)	(33,215,568)	3,413,452	156,112	76,572
<b>Total Net Assets</b>	<b>\$ 64,939,846</b>	<b>\$ (35,004)</b>	<b>\$ 64,904,842</b>	<b>\$ 7,689,783</b>	<b>\$ 3,301,378</b>	<b>\$ 76,572</b>

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Statement of Activities

Year Ended December 31, 2010

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 Development Agency	IDA-Local Development Corp.	Soil and Water
					Governmental Activities	Business-Type Activities	Total			
<b>Primary Government:</b>										
<b>Governmental Activities:</b>										
General government	\$ 45,131,258	\$ 10,844,254	\$ 8,516,607	\$ -	\$ (25,770,397)	\$ -	\$ (25,770,397)	\$ -	\$ -	\$ -
Education	774,346	761,181	-	-	(13,165)	-	(13,165)	-	-	-
Public safety	20,790,132	693,855	4,639,148	-	(15,457,129)	-	(15,457,129)	-	-	-
Health	24,431,538	7,295,350	8,044,435	-	(9,091,753)	-	(9,091,753)	-	-	-
Transportation	17,872,378	2,493,955	28,000	4,368,154	(10,982,269)	-	(10,982,269)	-	-	-
Economic opportunity and development	76,748,384	3,813,445	34,858,335	-	(38,076,604)	-	(38,076,604)	-	-	-
Culture and recreation	533,884	-	83,060	-	(450,824)	-	(450,824)	-	-	-
Home and community services	3,595,388	169,482	2,352,773	99,300	(973,833)	-	(973,833)	-	-	-
Interest on long-term debt	1,022,523	-	-	-	(1,022,523)	-	(1,022,523)	-	-	-
<b>Total Governmental Activities</b>	<b>190,899,831</b>	<b>26,071,522</b>	<b>58,522,358</b>	<b>4,467,454</b>	<b>(101,838,497)</b>	<b>-</b>	<b>(101,838,497)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Business-Type Activities:</b>										
Solid waste	4,043,811	3,697,993	-	-	-	(345,818)	(345,818)	-	-	-
<b>Total Primary Government</b>	<b>\$ 194,943,642</b>	<b>\$ 29,769,515</b>	<b>\$ 58,522,358</b>	<b>\$ 4,467,454</b>	<b>(101,838,497)</b>	<b>(345,818)</b>	<b>(102,184,315)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Component Units:</b>										
Industrial Development Agency	\$ 891,665	\$ 230,880	\$ 37,000	\$ -	-	-	-	\$ (623,785)	\$ -	\$ -
IDA - Local Develop Corp	78,764	193,150	-	-	-	-	-	-	114,386	-
Soil and Water District	265,302	39,539	68,260	-	-	-	-	-	-	(157,503)
<b>Total Component Units</b>	<b>\$ 1,235,731</b>	<b>\$ 463,569</b>	<b>\$ 105,260</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(623,785)</b>	<b>114,386</b>	<b>(157,503)</b>
<b>General Revenues:</b>										
Real property taxes and tax items					43,954,361	-	43,954,361	-	-	-
Non-property taxes					40,892,889	-	40,892,889	-	-	-
Fines and forfeitures					262,940	-	262,940	-	-	-
Miscellaneous local sources					7,053,649	161,645	7,215,294	126,438	484	36,359
Sale of property and compensation for loss					1,915,068	18,129	1,933,197	-	-	-
Allocation from County					-	-	-	-	-	123,515
Investment earnings					110,543	8,608	119,151	41,259	74,454	503
<b>Total General Revenues</b>					<b>94,189,450</b>	<b>188,382</b>	<b>94,377,832</b>	<b>167,697</b>	<b>74,938</b>	<b>160,377</b>
<b>Change in Net Assets</b>					<b>(7,649,047)</b>	<b>(157,436)</b>	<b>(7,806,483)</b>	<b>(456,088)</b>	<b>189,324</b>	<b>2,874</b>
<b>Net Assets at Beginning of Year</b>					<b>72,588,893</b>	<b>122,432</b>	<b>72,711,325</b>	<b>8,145,871</b>	<b>3,094,619</b>	<b>73,698</b>
<b>Prior Period Adjustment</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,435</b>	<b>-</b>
<b>Net Assets at Beginning of Year, Restated</b>					<b>72,588,893</b>	<b>122,432</b>	<b>72,711,325</b>	<b>8,145,871</b>	<b>3,112,054</b>	<b>73,698</b>
<b>Net Assets at End of Year</b>					<b>\$ 64,939,846</b>	<b>\$ (35,004)</b>	<b>\$ 64,904,842</b>	<b>\$ 7,689,783</b>	<b>\$ 3,301,378</b>	<b>\$ 76,572</b>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Balance Sheet - Governmental Funds

December 31, 2010

	General Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ (745,903)	\$ 7,570,809	\$ 6,824,906
Investments	6,431,180	-	6,431,180
Accounts receivable, (net of allowance or uncollectable accounts of \$103,619)	3,406,331	78,109	3,484,440
Delinquent taxes receivable (net of uncollectable accounts of \$400,000)	13,518,123	-	13,518,123
School taxes receivable	5,062,538	-	5,062,538
Due from other governments	21,621,092	1,739,423	23,360,515
Prepaid expenses	1,108,127	-	1,108,127
Due from other funds	1,088,622	61,016	1,149,638
Restricted cash	1,721,119	-	1,721,119
<b>Total Assets</b>	<b>\$ 53,211,229</b>	<b>\$ 9,449,357</b>	<b>\$ 62,660,586</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 9,850,864	\$ 194,165	\$ 10,045,029
Accrued liabilities	3,769,369	416,631	4,186,000
Due to school districts	8,752,528	-	8,752,528
Due to cities, towns and villages	1,539,365	-	1,539,365
Due to other governments	4,773,693	-	4,773,693
Deferred revenue	11,624,478	156,657	11,781,135
Other liabilities	1,123,362	1,294,628	2,417,990
Due to other funds	35,393	934,248	969,641
<b>Total Liabilities</b>	<b>41,469,052</b>	<b>2,996,329</b>	<b>44,465,381</b>
<b>FUND BALANCES</b>			
Reserved for encumbrances	212,582	627,584	840,166
Reserved for miscellaneous purposes	2,229,296	-	2,229,296
Undesignated	3,171,226	5,203,789	8,375,015
Designated for subsequent years expenditures	6,129,073	621,655	6,750,728
<b>Total Fund Balances</b>	<b>11,742,177</b>	<b>6,453,028</b>	<b>18,195,205</b>
<b>Total Liabilities and Fund balances</b>	<b>\$ 53,211,229</b>	<b>\$ 9,449,357</b>	<b>\$ 62,660,586</b>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

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

December 31, 2010

ASSETS	Total Governmental Funds and Activities(1)	Long-term Assets, Liabilities(2)	Reclasses and Eliminations	Statement of Net Assets Totals
Cash and cash equivalents	\$ 7,740,412	\$ -	\$ -	\$ 7,740,412
Investments	9,931,180	-	-	9,931,180
Taxes receivable (net)	18,580,661	-	-	18,580,661
Accounts receivable (net)	20,855,138	-	-	20,855,138
Due from other funds	1,149,638	-	(969,641)	179,997
Due from other governments	23,360,515	-	-	23,360,515
Prepaid expenses	1,108,127	-	-	1,108,127
Capital assets, net	-	132,412,891	-	132,412,891
Restricted cash	1,721,119	-	-	1,721,119
<b>Total Assets</b>	<b><u>\$ 84,446,790</u></b>	<b><u>\$ 132,412,891</u></b>	<b><u>\$ (969,641)</u></b>	<b><u>\$ 215,890,040</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,059,039	\$ -	\$ -	\$ 10,059,039
Accrued liabilities	4,198,693	160,180	-	4,358,873
Other liabilities	2,417,990	-	-	2,417,990
Bond anticipation notes payable	-	-	-	-
Due to other funds	988,508	-	(969,641)	18,867
Due to other governments	15,065,586	-	-	15,065,586
Deferred revenues	11,781,135	(11,399,210)	-	381,925
Debt due within one year	-	835,246	-	835,246
Debt due in more than one year	27,809,738	90,002,930	-	117,812,668
<b>Total Liabilities</b>	<b><u>72,320,689</u></b>	<b><u>79,599,146</u></b>	<b><u>(969,641)</u></b>	<b><u>150,950,194</u></b>
<b>FUND BALANCES</b>				
Invested in capital assets, net of debt	-	96,392,891	-	96,392,891
Reserved For:				
Encumbrances	840,166	-	(840,166)	-
Miscellaneous	2,229,296	-	(2,229,296)	-
Unreserved:				
Designated-ensuing year's budget	6,750,728	-	(5,879,063)	871,665
Undesignated	2,305,911	(43,579,146)	8,948,525	(32,324,710)
<b>Total Fund Balances</b>	<b><u>12,126,101</u></b>	<b><u>52,813,745</u></b>	<b><u>-</u></b>	<b><u>64,939,846</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 84,446,790</u></b>	<b><u>\$ 132,412,891</u></b>	<b><u>\$ (969,641)</u></b>	<b><u>\$ 215,890,040</u></b>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

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

December 31, 2010

(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	\$ 62,660,586	\$ 21,786,204	\$ 84,446,790
Total Liabilities	<u>44,465,381</u>	<u>27,855,308</u>	<u>72,320,689</u>
Total Fund Balances	<u>\$ 18,195,205</u>	<u>\$ (6,069,104)</u>	<u>\$ 12,126,101</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	\$ 211,904,459
Accumulated depreciation	<u>(79,491,568)</u>
Total	<u>\$ 132,412,891</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>\$ (11,399,210)</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	\$ 36,020,000
OPEB liability	52,085,862
Compensated absences	<u>2,732,314</u>
	90,838,176
Due in One Year	<u>(835,246)</u>
Due in More Than One Year	<u>\$ 90,002,930</u>
Related Accrued Bond Interest Payable	<u>\$ 160,180</u>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

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

Year Ended December 31, 2010

	General	Non-Major	Total
REVENUES	Fund	Funds	Governmental Funds
Real property taxes	\$ 40,306,541	\$ -	\$ 40,306,541
Real property tax items	2,626,718	-	2,626,718
Non-property tax items	40,892,889	-	40,892,889
Departmental income	19,649,154	15,298	19,664,452
Federal aid	29,806,523	6,492,400	36,298,923
State aid	23,262,222	3,428,666	26,690,888
Intergovernmental revenues	2,006,456	2,478,657	4,485,113
Use of money and property	73,171	93,243	166,414
Fines and forfeitures	262,940	-	262,940
Licenses and permits	25,500	-	25,500
Sale of property and compensation for loss	1,819,385	33,123	1,852,508
Interfund revenues	383,452	2,759,969	3,143,421
Miscellaneous revenue	6,217,024	26,528	6,243,552
	<u>167,331,975</u>	<u>15,327,884</u>	<u>182,659,859</u>
Total Revenues			
EXPENDITURES			
General government	37,636,876	43,323	37,680,199
Public Safety	15,635,244	921,276	16,556,520
Transportation	-	22,534,610	22,534,610
Health	21,866,848	-	21,866,848
Economic assistance and opportunity	69,690,578	2,229,942	71,920,520
Culture and recreation	394,833	-	394,833
Education	774,346	-	774,346
Home and community services	3,368,661	1,450	3,370,111
Employee benefits - unallocated	2,710,494	-	2,710,494
Principal and interest	2,396,425	512,062	2,908,487
	<u>154,474,305</u>	<u>26,242,663</u>	<u>180,716,968</u>
Total Expenditures			

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

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

Year Ended December 31, 2010

	General Fund	Non-Major Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	<u>12,857,670</u>	<u>(10,914,779)</u>	<u>1,942,891</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers in	175,000	16,860,286	17,035,286
Interfund transfers out	<u>(11,623,701)</u>	<u>(5,411,585)</u>	<u>(17,035,286)</u>
Total Other Financing Sources (Uses)	<u>(11,448,701)</u>	<u>11,448,701</u>	<u>-</u>
Net Change in Fund Balances	1,408,969	533,922	1,942,891
Fund Balances - Beginning of Year	<u>10,333,208</u>	<u>5,919,106</u>	<u>16,252,314</u>
Fund Balances - End of Year	<u>\$ 11,742,177</u>	<u>\$ 6,453,028</u>	<u>\$ 18,195,205</u>

See Independent 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, 2010

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	\$ 182,659,859
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	1,021,101
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.	(4,838,011)
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>4,407,835</u>
Total	<u><u>\$ 183,250,784</u></u>

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

Charges for services	\$ 26,071,522
Operating grants and contributions	58,522,358
Capital grants and contributions	4,467,454
General revenues	<u>94,189,450</u>
Total Revenues of Governmental Activities per Exhibit B	<u><u>\$ 183,250,784</u></u>

See Independent 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, 2010

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	\$ 180,716,968
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 (\$4,224,823) was exceeded by capital expenditures (\$7,351,919) in the current period.	(3,127,096)
Interfund expenditures are eliminated against the respective interfund revenues.	(4,838,011)
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.	(1,220,000)
Internal Service Fund expenditures are recognized in the County-wide financial statements.	6,035,279
Accrued interest is not recognized in the governmental funds statement of revenues and expenditures, but is recognized in the County-wide statement of activities.	(665,964)
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.	13,988,409
To recognize compensated absences expense for current year change in liability.	<u>10,246</u>
Total Expenses of Governmental Activities per Exhibit B	<u><u>\$ 190,899,831</u></u>

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

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

Year Ended December 31, 2010

REVENUES	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual Budgetary Basis	
	Original	Final		
Real property taxes	\$ 41,932,724	\$ 41,932,724	\$ 40,306,541	\$ (1,626,183)
Real property tax items	2,428,580	2,428,580	2,626,718	198,138
Non-property taxes	40,137,000	41,195,468	40,892,889	(302,579)
Departmental income	21,989,195	22,452,464	19,649,154	(2,803,310)
Federal aid	25,258,564	28,597,740	29,806,523	1,208,783
State aid	22,664,912	23,941,391	23,262,222	(679,169)
Intergovernmental revenue	1,505,656	1,897,372	2,006,456	109,084
Use of money and property	308,400	308,400	73,171	(235,229)
Fines and forfeitures	3,000	3,000	262,940	259,940
Licenses and permits	25,500	25,500	25,500	-
Sale of property and compensation for loss	2,144,526	2,156,919	1,819,385	(337,534)
Interfund revenues	392,331	392,331	383,452	(8,879)
Miscellaneous local sources	32,119,905	32,429,269	6,217,024	(26,212,245)
<b>Total Revenues</b>	<b>190,910,293</b>	<b>197,761,158</b>	<b>167,331,975</b>	<b>(30,429,183)</b>
<b>EXPENDITURES</b>				
General government	40,596,995	39,180,821	37,746,698	1,434,123
Public safety	14,839,653	16,167,585	15,716,203	451,382
Transportation	-	-	-	-
Health	21,466,725	23,430,980	21,882,002	1,548,978
Economic assistance and opportunity	71,490,646	72,594,494	69,697,205	2,897,289
Cultural and recreation	380,159	420,307	394,833	25,474
Education	803,134	803,225	774,346	28,879
Home and community services	1,013,427	3,383,893	3,368,681	15,212
Employee benefits - unallocated	27,833,910	28,162,463	2,710,494	25,451,969
Principal and interest	2,396,426	2,396,426	2,396,425	1
<b>Total Expenditures</b>	<b>180,821,075</b>	<b>186,540,194</b>	<b>154,686,887</b>	<b>31,853,307</b>
<b>Excess of Revenues Over Expenditures</b>	<b>10,089,218</b>	<b>11,220,964</b>	<b>12,645,088</b>	<b>1,424,124</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	175,000	175,000	175,000	-
Interfund transfers out	(11,623,701)	(11,623,701)	(11,623,701)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(11,448,701)</b>	<b>(11,448,701)</b>	<b>(11,448,701)</b>	<b>-</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis</b>	<b>\$ (1,359,483)</b>	<b>\$ (227,737)</b>	<b>1,196,387</b>	<b>\$ 1,424,124</b>
Encumbrances Included in Actual			<u>212,582</u>	
Net Change in Fund Balances			1,408,969	
Fund Balances at Beginning of Year			<u>10,333,208</u>	
Fund Balances at End of Year			<u>\$ 11,742,177</u>	

## ST. LAWRENCE COUNTY, NEW YORK

Statement of Net Assets  
Proprietary Funds

December 31, 2010

ASSETS	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
Cash and cash equivalents	\$ 457,914	\$ 915,506
Investments	-	3,500,000
Receivables (net of allowance for uncollectible accounts of \$2,000)	130,744	17,370,698
Prepaid expenses	22,112	-
Due from other funds	2,899	-
Capital assets - net of accumulated depreciation	<u>1,727,519</u>	<u>-</u>
Total Assets	<u>\$ 2,341,188</u>	<u>\$ 21,786,204</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 94,730	\$ 14,011
Accrued liabilities	305,398	12,693
Due to other funds	<u>164,475</u>	<u>18,867</u>
Total Current Liabilities	<u>564,603</u>	<u>45,571</u>
Non-Current Liabilities:		
OPEB liability	1,137,666	309,737
Due within one year	91,304	-
Due beyond one year	<u>582,619</u>	<u>27,500,000</u>
Total Non-Current Liabilities	<u>1,811,589</u>	<u>27,809,737</u>
Total Liabilities	<u>2,376,192</u>	<u>27,855,308</u>
NET ASSETS (DEFICIT)		
Invested in capital assets-net of related debt	1,727,519	-
Unrestricted deficit	<u>(1,762,523)</u>	<u>(6,069,104)</u>
Total Net Assets (Deficit)	<u>\$ (35,004)</u>	<u>\$ (6,069,104)</u>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

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

Year Ended December 31, 2010

	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
Operating Revenues:		
Charges for services	\$ 3,697,993	\$ -
Intergovernmental revenues		4,000,000
Sale of property and compensation for loss	18,129	-
Miscellaneous revenues	161,645	401,148
	<u>3,877,767</u>	<u>4,401,148</u>
Total Operating Revenues		
Operating Expenses:		
General government	-	6,035,281
Home and community services	3,876,813	-
Depreciation	166,998	-
	<u>4,043,811</u>	<u>6,035,281</u>
Total Operating Expenses		
Operating Loss	(166,044)	(1,634,133)
Nonoperating Revenues:		
Use of money and property	8,608	6,688
	<u>8,608</u>	<u>6,688</u>
Change in Net Assets	(157,436)	(1,627,445)
Net Assets (Deficit) at Beginning of Year	122,432	(4,441,659)
	<u>122,432</u>	<u>(4,441,659)</u>
Net Assets (Deficit) at End of Year	<u>\$ (35,004)</u>	<u>\$ (6,069,104)</u>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Statement of Cash Flows - Proprietary Funds

Year Ended December 31, 2010

	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
Cash Flows From Operating Activities:		
Cash received for services	\$ 3,697,269	\$ 4,000,000
Cash paid to suppliers for goods and services	(2,304,016)	(1,033,456)
Cash paid to employees for services	(1,287,084)	(147,204)
Cash received from (paid to) other funds-net	1,944	(27,537)
Cash paid for workers' compensation benefits	-	(3,429,539)
Other operating revenue	179,772	353,222
Net Cash Provided (Used) by Operating Activities	<u>287,885</u>	<u>(284,514)</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of property and equipment	(73,241)	-
Reduction of long-term liability	(136,812)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(210,053)</u>	<u>-</u>
Cash Flows From Investing Activities:		
Interest and dividends received	8,608	6,696
Sales (purchases) of investments	-	200,000
Net Cash Provided (Used) by Investing Activities	<u>8,608</u>	<u>206,696</u>
Net Change in Cash and Cash Equivalents	86,440	(77,818)
Cash and Cash Equivalents at Beginning of Year	<u>371,474</u>	<u>993,324</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 457,914</u></u>	<u><u>\$ 915,506</u></u>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Statement of Cash Flows - Proprietary Funds

Year Ended December 31, 2010

	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
	<u>                    </u>	<u>                    </u>
Operating Loss	\$ (166,044)	\$ (1,634,133)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	166,998	-
Change in workers' compensation long-term liability	-	1,100,000
Change in OPEB costs	276,841	54,912
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(726)	295,361
Prepaid expenses	(7,034)	-
Due from other funds	(2,839)	-
Increase (Decrease) in:		
Accounts payable	7,248	(34,498)
Accrued liabilities	11,497	(38,619)
Due to other funds	1,944	(27,537)
	<u>453,929</u>	<u>1,349,619</u>
Total Adjustments	453,929	1,349,619
Net Cash Provided (Used) by Operating Activities	<u>\$ 287,885</u>	<u>\$ (284,514)</u>

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Statement of Net Assets - Fiduciary Funds

December 31, 2010

ASSETS	Trust and Agency	Expendable Trust
Cash and cash equivalents	\$ 1,258,794	\$ 32,979
Due from other funds	1,115	-
Total Assets	\$ 1,259,909	\$ 32,979
LIABILITIES		
Accounts payable	\$ 152,123	\$ -
Due to other governments	286,888	-
Other liabilities	820,230	-
Due to other funds	668	-
Total Liabilities	1,259,909	-
NET ASSETS		
Restricted net assets	\$ -	\$ 32,979

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK  
Statement of Changes in Fiduciary Net Assets  
Year Ended December 31, 2010

	Expendable Trust
<b>Additions:</b>	
New York Power Authority deposits	\$ 2,171,192
Interest earned	120
<b>Total Additions</b>	<b>2,171,312</b>
<b>Deductions:</b>	
Transfers to other entities	2,171,192
Fees	1,425
<b>Total Deductions</b>	<b>2,172,617</b>
Change in Net Assets	(1,305)
Net Assets at Beginning of Year	34,284
<b>Net Assets at End of Year</b>	<b>\$ 32,979</b>

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**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, 2010

**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 \$558,000 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, 2010

**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, 2010

**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 15<sup>th</sup> 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 1<sup>st</sup>.
- 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 20<sup>th</sup>.
- The County Administrator is authorized to approve all budget transfer requests \$2,185 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, 2010, supplemental appropriations were made, but not considered material.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**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 2010, 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, 2010

**Summary of Significant Accounting Policies – Continued**

Property Tax Revenue Recognition

The County-wide property tax is levied by the County Legislature effective January 1<sup>st</sup> of the year the taxes are recognizable as revenue. Taxes become a lien on the related property on January 1<sup>st</sup> 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 \$2,732,315 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, 2010

**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 2010, the County has reported interfund revenues in the general fund of \$377,859 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 2010 the County has reported interfund revenues in the road and machinery fund of \$2,201,969 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, 2010 bank balances were collateralized and insured as follows:

Total on deposit	\$ 21,135,223
Insured by FDIC	(10,451,852)
Collateralized by pledged securities held by the financial institutions	<u>(10,683,371)</u>
Uninsured and uncollateralized	<u>\$ -</u>

Other non-major governmental funds include cash and cash equivalents of CHSI in the amount of \$874,407. CHSI deposits were insured up to FDIC limits; the remaining amounts were uncollateralized at December 31, 2010.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**Cash and Investments – Continued**

Industrial Development Agency Component Unit – Cash and cash equivalents totaled \$4,700,822. 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 \$855,323 at various banks and were insured up to FDIC limits. Any balances in excess of FDIC insurance were uncollateralized at December 31, 2010.

Soil and Water Conservation District Component Unit – Deposits totaled \$453,179 and were fully insured at December 31, 2010.

**Restricted Cash**

General Fund cash of \$1,721,119 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**

\$17,370,000 of the accounts receivable totaling \$20,985,882 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, 2010 was as follows:

	Balance 01/01/10	Additions	Reclass- ifications and Retirements	Balance 12/31/10
Governmental Activities:				
Capital Assets – not being depreciated:				
Land	\$ 2,405,830	\$ -	\$ -	\$ 2,405,830
Construction-in- process	<u>3,989,143</u>	<u>4,382,408</u>	<u>(2,859,329)</u>	<u>5,512,222</u>
Total capital assets – not being depreciated	<u>6,394,973</u>	<u>4,382,408</u>	<u>(2,859,329)</u>	<u>7,918,052</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**Capital Assets – Continued**

	Balance 01/01/10	Additions	Reclass- ifications and Retirements	Balance 12/31/10
Capital Assets – being depreciated:				
Infrastructure	130,571,973	1,675,488	2,704,592	134,952,053
Buildings and improvements	54,612,278	-	-	54,612,278
Machinery and equipment	12,836,118	1,309,118	(178,160)	13,967,076
Bond financing costs	455,000	-	-	455,000
 Total capital assets – being depreciated	 <u>198,475,369</u>	 <u>2,984,606</u>	 <u>2,526,432</u>	 <u>203,986,407</u>
Less: Accumulated Depreciation for:				
Infrastructure	53,412,011	1,770,352	(84,792)	55,097,571
Buildings and improvements	13,699,662	1,500,630	-	15,200,292
Machinery and equipment	8,352,011	939,624	(233,010)	9,058,625
Bond financing costs	120,861	14,219	-	135,080
 Total accumulated depreciation	 <u>75,584,545</u>	 <u>4,224,825</u>	 <u>(317,802)</u>	 <u>79,491,568</u>
 Total capital assets - being depreciated - net	 <u>122,890,824</u>	 <u>(1,240,219)</u>	 <u>2,844,234</u>	 <u>124,494,839</u>
 Total governmental activities capital assets - net	 <u>\$129,285,797</u>	 <u>\$ 3,142,189</u>	 <u>\$ (15,095)</u>	 <u>\$132,412,891</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**Capital Assets – Continued**

	Balance 01/01/10	Additions	Reclass- ifications and Retirements	Balance 12/31/10
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	1,837,808	73,242	-	1,911,050
Total capital assets - being depreciated	<u>5,287,977</u>	<u>73,242</u>	<u>-</u>	<u>5,361,219</u>
Less: Accumulated Depreciation for:				
Land improvements	2,223,715	87,602	-	2,311,317
Buildings and improvements	9,272	-	-	9,272
Machinery and equipment	1,389,765	79,396	-	1,469,161
Total accumulated depreciation	<u>3,622,752</u>	<u>166,998</u>	<u>-</u>	<u>3,789,750</u>
Total capital assets being depreciated – net	<u>1,665,225</u>	<u>(93,756)</u>	<u>-</u>	<u>1,571,469</u>
Total business – type activities capital assets - net	<u>\$ 1,821,275</u>	<u>\$ (93,756)</u>	<u>\$ -</u>	<u>\$ 1,727,519</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General governmental support	\$ 630,197
Public safety	1,070,777
Transportation	2,345,340
Economic assistance and opportunity	146,350
Health and sanitation	32,161
Total depreciation expense – governmental activities	<u>\$ 4,224,825</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**Capital Assets – Continued**

Business-Type Activities:	
Solid waste	\$ 166,998

Governmental Activities Asset Purchases in 2010 were as follows:

General government support	\$ 17,280
Public safety	144,776
Transportation	6,726,661
Economic assistance and opportunity	390,930
Health and sanitation	87,367
	<hr/>
Total	\$ 7,367,014

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

	Balance 12/31/10
	<hr/>
Industrial Development Agency:	
Land and land improvements	\$ 163,103
Buildings and improvements	3,563,214
Automotive equipment	95,291
Office equipment and furnishings	37,194
	<hr/>
Total capital assets	3,858,802
Less: accumulated depreciation	925,217
	<hr/>
Total	\$ 2,933,585

	Balance 12/31/10
	<hr/>
Industrial Development Agency – Local Development Corporation:	
Land	\$ 30,000
Buildings and improvements	743,523
	<hr/>
Total capital assets	773,523
Less: accumulated depreciation	147,951
	<hr/>
Total	\$ 625,572

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**Long-Term Liabilities**

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

Primary Government:

	Balance 01/01/10	Increase/ Accretions	Decrease/ Payments	Balance 12/31/10	Due In One Year	Due Beyond One Year
Bonds payable	\$ 37,240,000	\$ -	\$ (1,220,000)	\$ 36,020,000	\$ 825,000	\$ 35,195,000
Workers' Compensation	26,400,000	1,100,000	-	27,500,000	-	27,500,000
OPEB liability	38,352,278	14,043,321	-	52,395,599	-	52,395,599
Compensated absences	2,722,069	10,246	-	2,732,315	10,246	2,722,069
Subtotal – Primary Government	<u>104,714,347</u>	<u>15,153,567</u>	<u>(1,220,000)</u>	<u>118,647,914</u>	<u>835,246</u>	<u>117,812,668</u>
Business-Type Activity Enterprise Fund (Solid Waste):						
Landfill post-closure OPEB liability	810,735	-	(136,812)	673,923	91,304	582,619
	<u>860,825</u>	<u>276,841</u>	<u>-</u>	<u>1,137,666</u>	<u>-</u>	<u>1,137,666</u>
Subtotal – Enterprise Fund	<u>1,671,560</u>	<u>276,841</u>	<u>(136,812)</u>	<u>1,811,589</u>	<u>91,304</u>	<u>1,720,285</u>
Total	<u>\$ 106,385,907</u>	<u>\$ 15,430,408</u>	<u>\$ (1,356,812)</u>	<u>\$ 120,459,503</u>	<u>\$ 926,550</u>	<u>\$ 119,532,953</u>

Interest expense for the year ended December 31, 2010 totaled \$1,022,523.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**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, 2010:

Description	Original Amount	Balance 01/01/2010	Issued	Payments	Balance 12/31/10	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	\$ 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	30,325,000	-	650,000	29,675,000	675,000
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	6,490,000	-	145,000	6,345,000	150,000
Total		<u>\$ 37,240,000</u>	<u>\$ -</u>	<u>\$ 1,220,000</u>	<u>\$ 36,020,000</u>	<u>\$ 825,000</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**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>
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	1,177,938
2015	800,000	190,000	990,000	1,145,000
2016-2020	4,550,000	1,075,000	5,625,000	5,174,625
2021-2025	5,625,000	1,405,000	7,030,000	4,096,719
2026-2030	7,075,000	1,855,000	8,930,000	2,752,656
2031-2035	8,775,000	1,160,000	9,935,000	1,023,188
Total	<u>\$ 29,675,000</u>	<u>\$ 6,345,000</u>	<u>\$ 36,020,000</u>	<u>\$ 19,086,908</u>

**Long-Term Debt - Component Units**

St. Lawrence County Industrial Development Agency - Long-term debt consisted of the following at December 31, 2010:

	<u>Original Amount</u>	<u>Balance 01/01/10</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/10</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	432,771	-	36,993	395,778
St. Lawrence County IDA-LDC, interest at 3% maturing 12/01/2015	217,204	137,748	-	21,272	116,476
Total		<u>\$ 715,519</u>	<u>\$ -</u>	<u>\$ 58,265</u>	<u>\$ 657,254</u>

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, 2010

**Long-Term Liabilities – Continued**

Long-Term Debt - Component Units – Continued

2011	\$ 60,181
2012	62,159
2013	64,202
2014	66,313
2015	68,501
Thereafter	<u>335,898</u>
Total	<u>\$ 657,254</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 \$673,923 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 2010.

**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 \$43,000 throughout the remaining 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 2010. 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, 2010

**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 \$467,000. The future minimum rental payments required by the primary government for noncancellable operating leases and the service contract are:

2011	\$	395,193
2012		194,769
2013		184,725
2014		184,725
2015		184,725
Thereafter		<u>393,450</u>
Total	\$	<u>1,537,587</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:

2010	\$	4,529,403
2009		2,885,727
2008		3,232,986

The County's contributions made to the Systems in 2010, 2009, and 2008 were equal to 100% of the contributions required for each year.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**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%.

	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End Of Year</u>
2010	\$ 26,400,000	\$ 4,529,539	\$ (3,429,539)	\$ 27,500,000
2009	23,100,000	6,191,904	(2,891,904)	26,400,000

**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 estimates of loss 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 \$3,825,000 as an expenditure during 2010.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**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 Resolve Health Plan Administrators 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, 2010

**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, 2010	County	Solid Waste	Internal Service	Total
Normal cost	\$ 7,388,601	\$ 146,226	\$ 29,004	\$ 7,563,831
Past service cost	9,566,264	189,323	37,553	9,793,140
 Annual Required Contribution (ARC)	 16,954,865	 335,549	 66,557	 17,356,971
Interest on OPEB obligation adjustments to ARC	1,532,186	30,323	6,015	1,568,524
 OPEB expense	 <u>\$18,487,051</u>	 <u>\$ 365,872</u>	 <u>\$ 72,572</u>	 <u>\$18,925,495</u>
Reconciliation of Net OPEB Obligation	County	Solid Waste	Internal Service	Total
Net OPEB obligation at the beginning of the year	\$38,097,453	\$ 860,825	\$ 254,825	\$39,213,103
OPEB expense	18,487,051	365,872	72,572	18,925,495
Net OPEB contributions made during the fiscal year	(4,498,642)	(89,031)	(17,660)	(4,605,333)
 Net OPEB obligation at the end of the year	 <u>\$52,085,862</u>	 <u>\$ 1,137,666</u>	 <u>\$ 309,737</u>	 <u>\$53,533,265</u>
 Percentage of expense contributed				24%

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**Other Postemployment Benefits (OPEB) – Continued**

Other Disclosure Information – Continued

<u>Schedule of Funding Progress</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Current retired members	\$100,291,208	\$119,042,374
Current active members	<u>62,892,510</u>	<u>59,403,686</u>
Actuarial accrued liability	163,183,718	178,446,060
Actuarial value of assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	<u>\$163,183,718</u>	<u>\$178,446,060</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, 2010, the most recent 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 7% down to 3.7% and a postretirement benefit increase ranging from 0% to 4.2% per year depending upon the retiree’s age.

Annual Other Postemployment Benefit Cost

For the fiscal year ended December 31, 2010, the County’s OPEB cost (expense) of \$18,925,495 was equal to the annual required contribution. The payment of current health insurance premiums, which totaled \$4,605,333 for 488 retirees and their beneficiaries, resulted in a net OPEB cost of \$14,320,162 for the year ended December 31, 2010. 24% of the total cost was contributed during 2010.

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.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2010

**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, 2010 arising from these transactions:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 1,088,622	\$ (35,394)
Other governmental	61,016	(934,248)
Enterprise	2,899	(164,475)
Internal service	-	(18,867)
Agency	1,115	(668)
	<u>1,153,652</u>	<u>(1,153,652)</u>
Total	<u>\$ 1,153,652</u>	<u>\$ (1,153,652)</u>

The County made the following transfers during 2010:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 175,000	\$ 11,623,701
County Road	11,573,701	5,236,585
Road Machinery	-	-
Capital Projects Funds	5,286,585	175,000
	<u>17,035,286</u>	<u>17,035,286</u>
Total	<u>\$ 17,035,286</u>	<u>\$ 17,035,286</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, 2010

**Deficit Fund Equity**

The following funds had an accumulated deficit as of December 31, 2010:

Enterprise Fund	\$ 35,011
Internal Service Fund (Workers' Compensation)	<u>5,773,745</u>
Total	<u>\$ 5,808,756</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, 2010. 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 \$3,145,266 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	\$ 352,520
Prosecutor	145,916
Drug Enforcement Agency	70,403
Fort LA Preservation	50,000
Environmental Remediation	148,169
Various	<u>1,462,288</u>
Total General Fund Reserves	<u>\$ 2,229,296</u>

**Subsequent Events**

The County has evaluated all events through September 15, 2011 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, 2010

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	\$ 1,037,770	
ARRA Assistance - Food Stamp Program	10.561	61,609	
		<u>1,099,379</u>	
Subtotal - SNAP Cluster			
National Education and Training Program	10.564	117,309	
Wild Habitat Improvement Program	10.914	1,339	
		<u>1,218,027</u>	
			1,218,027
* 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>1,897,358</u>	
			1,897,358
U.S. Department of Labor:			
Passed through the New York State Office for the Aging:			
Senior Community Service Employment and Title V	17.235	246,570	
Title V	17.235	47,578	
ARRA Title V	17.235	6,076	
		<u>300,224</u>	
Passed through the New York State Department of Labor:			
WIA Cluster:			
WIA Adult Program	17.258	313,446	
WIA Youth Activities	17.259	581,086	
ARRA WIA Youth Activities	17.259	162,952	
WIA Dislocated Workers	17.260	486,826	
		<u>1,544,310</u>	
Subtotal - WIA Cluster			
WIA Strategic Planning	17.266	51,093	
WIA Dislocated Works- Supplemental Funds	17.278	30,630	
		<u>1,926,257</u>	
Subtotal			5,041,642

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

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2010

Federal Grantor/ Program Title	Federal CFDA Number		Federal Expenditures
Subtotal Forward			5,041,642
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	38,302	
2010 COPS Technology Program	16.71	<u>18,301</u>	
			56,603
U.S. Dept. of Transportation:			
Passed through New York State			
Department of Transportation:			
Highway Planning and Construction	20.205	1,452,189	
ARRA Highway Planning and Construction	20.205	2,842,537	
Innovative Bridge Research and Deployment Funds	20.200	<u>47,960</u>	
			4,342,686
U.S. Dept. of Homeland Security:			
SLC-Emergency Food and Shelter	97.024	<u>22,490</u>	
			22,490
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	121,566	
Aging - Title III Part C-1	93.045	154,974	
Aging - Title III Part C-2	93.045	<u>73,563</u>	
Subtotal - Aging Cluster		<u>350,103</u>	
Aging - Title VII	93.042	10,717	
Aging - Title III Part F	93.043	7,554	
NISP	93.053	103,040	
M.I.P.P.A	93.071	1,421	
National Family Caregiver Support Title III Part E	93.052	55,395	
Health Care Financing Research Demonstrations and Evaluations - Health Insurance Information Counseling and Assistance Program	93.779	<u>37,969</u>	
Subtotals Forward		566,199	10,029,620

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2010

Federal Grantor/ Program Title	Federal CFDA Number		Federal Expenditures
Subtotals Forward		566,199	10,029,620
U.S. Dept. of Health and Human Services, Continued:			
Passed through the New York State			
Department of Health:			
Healthy Living Partnership	93.283	58,169	
Emergency Preparedness	93.069	200,670	
Dental Sealant Program	93.994	50,000	
Passed through the New York State			
Office of Temporary and Disability			
Assistance:			
Child Support Enforcement	93.563	1,240,032	
ARRA Child Support Enforcement	93.563	185,208	
Low-Income Home Energy Assistance	93.568	11,118,556	
W.R.A.P.	93.568	41,984	
Foster Care - Title IV-E	93.658	1,938,823	
ARRA Foster Care - Title IV-E	93.658	86,898	
ARRA Adoption Assistance	93.659	30,064	
Social Services Block Grant	93.667	2,363,345	
ARRA Child Care and Development Block Grant	93.713	129,498	
Independent Living	93.674	30,255	
Temporary Assistance for Needy Families	93.558	1,982,009	
Medicaid Cluster:			
Passed through the New York State			
Office of Temporary and Disability			
Assistance:			
Medical Assistance Title XIX	93.778	2,736,311	
Passed through the New York State			
Office of Mental Health:			
Federal Salary Sharing	93.778	131,340	
Subtotal Medicaid Cluster		<u>2,867,651</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>1,024,054</u>	
			<u>23,347,216</u>
Total			<u>\$ 33,376,836</u>

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2010

**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.

**Sub-Recipients**

Of the federal expenditures presented in the schedule, the County provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided Sub-recipients</u>
U.S. Department of Housing and Urban Development: Passed through the New York State Division of Housing and Community Renewal: Community Development Block Grant - State's Program to subrecipient St. Lawrence County Housing Council, Inc.	14.218	\$ 1,881,358



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INDEPENDENT AUDITORS' 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 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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents and have issued our report thereon dated September 15, 2011. 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.

Other auditors audited the financial statements of St. Lawrence County Industrial Development Agency – Local Development Corporation, St. Lawrence County Industrial Development Agency and Canton Human Services Initiatives, Inc., which are component units, as described in our report on St. Lawrence County, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (2010-01, 2010-03 and 2010-05). 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.

#### 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 2010-02 and 2010-06.

We noted certain other matters that we reported to management as findings 2010-04, 2010-05, 2010-07 and 2010-08.

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 15, 2011



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010

Internal Control Over Compliance

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 to determine the 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 over compliance 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 15, 2011

ST. LAWRENCE COUNTY, NEW YORK  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2010

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 – Local Development Corporation, 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 – Local Development Corporation, St. Lawrence County Industrial Development Agency and Canton Human Services Initiative, Inc. is based solely on the reports of the other auditors.

B. Internal control over financial reporting:

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

II. Federal Awards

A. Internal control over major programs:

- |  |       |     |     |    |
|--|-------|-----|-----|----|
| 1. Material weaknesses identified?   | _____ | Yes | _X_ | No |
| 2. Significant deficiencies identified not considered to be material weaknesses? | _____ | Yes | _X_ | 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 | _X_ | No |
|---|-------|-----|-----|----|

ST. LAWRENCE COUNTY, NEW YORK  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2010

Section I - Summary of Auditor's Results – Continued

II. Federal Awards – Continued

C. The County's major programs were:

	<u>**CFDA Number</u>
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 Health and Human Services:	
Passed through the New York State Office of the Aging:	
Aging Cluster:	
Aging – Title III, Part B	93.044
Aging – Title III, Part C-1	93.045
Aging – Title III, Part C-2	93.045
Child Care and Development Block Grant – ARRA	93.713
Medicaid cluster:	
Federal Salary Sharing	93.778
Medical Assistance- Title XiX	93.778
Block Grant for the Prevention and Treatment of Substance Abuse	93.959
Passed through the New York State Office of Temporary and Disability Assistance:	
Low-Income Home Energy Assistance	93.568

D. Dollar threshold used to distinguish between Type A and Type B programs is \$1,001,305.

E. The auditee does not qualify 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, 2010

Section II - Financial Statement Findings

Number/Finding/NonCompliance

Questioned  
Costs

No. 2010-01

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 2007, 2008 and 2009.

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. 2010-02

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 2007, 2008 and 2009.

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, 2010

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned  
Costs

No. 2010-02 – 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. 2010-03

N/A

Criteria: All information concerning employee benefits should be reviewed by the Human Resources Department.

Condition: One employee received 11.578 additional vacation hours from his department supervisor that were not approved by the Human Resources Department.

Cause of Condition: The cause of the condition appears to be past County policy that allows department supervisors to approve and adjust vacation hours without Human Resource approval.

Effect of Condition: If department supervisors are able to change employee benefit records without the approval of the Human Resources Department, they may circumvent County personnel policies in favor of selected employees and in violation of County personnel rules.

Recommendation: The Human Resources officer should review and approve all vacation accruals and/or adjustments.

Management Response: County management has agreed that the Human Resources Office should review and approve all adjustments to employee vacation records.

No. 2010-04

N/A

Criteria: Pay rates should be substantiated in personnel records.

Condition: When testing pay rates of terminated mental health employees, no computer record of the approved pay rates could be located, as the electronic information for terminated employees is removed from computer records upon date of termination.

Cause of Condition: It has been County policy to maintain a paper record of an employee's initial pay rate and to maintain a computer record of subsequent pay rate increases. When an employee is terminated, the electronic record is removed from the system.

Effect of Condition: There is a possibility that unauthorized pay rates are entered into the electronic system and would go undetected.

ST. LAWRENCE COUNTY, NEW YORK  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2010

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned  
Costs

No. 2010-04 – Continued

Recommendation: It is recommended that a printed authorization form for a pay increase be maintained in a paper personnel file. In addition, a copy of the electronic record that existed at termination should also be printed and placed in the personnel file prior to deletion of the electronic record.

Management Response: The Mental Health Department Supervisor will discuss this recommendation with the County Treasurer's Office and Payroll Clerk.

No. 2010-05

N/A

Criteria: The Treasurer's Office, as the central clearing point for all financial records for the County, should have knowledge of the existence of all bank accounts held by County departments, as well as the purpose for the accounts.

Condition: During audit testing of "off the books" cash accounts, five accounts were located that the Treasurer's Office was not aware of. In addition, it was determined that at least one of the accounts, held by Community Development, should have been on the books. The revenue and expense from the cash receipts and disbursements were eventually recorded on County records, but the cash account was not.

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

Effect of Condition: A lack of control of cash could result when the Treasurer's Office is not aware of the existence of a bank account. Cash accounts could be opened in the County's name and County funds could be misappropriated through the account.

Recommendation: "Off the books" accounts are frequently used by municipalities to account for funds that do not belong to the municipality; for example, the court system will use an off the books account to collect and, pay out amounts owed as the result of judgments issued in court cases. We recommend that the Treasurer's office approve the opening of any cash account in the County's name, as well as how that account is recorded on the County's books. Furthermore, we suggest that the Treasurer's Office circulate a form at the end of each year to all departments requesting the following information with respect to "off the books" accounts:

- Name of account
- Bank where account is located
- End of year balance
- Beginning check number for the year
- Ending check number for the year
- Copy of December 31 bank statement

ST. LAWRENCE COUNTY, NEW YORK  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2010

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned  
Costs

No. 2010-05 – Continued

Management Response: The management of the County agrees that a review of “off the books” accounts needs to be done.

No. 2010-06

N/A

Criteria: Under General Municipal Law, counties should request proposals for products costing \$10,000 and over and for services costing \$20,000 and over if vendors are used that do not qualify for New York State exceptions to the law.

Condition: The Office for the Aging did not request proposals from more than one vendor for bus services.

Cause of Condition: The cause of the condition was not determined.

Effect of Condition: The County may have been able to pay less money for the same service.

Recommendation: It is recommended that the County send requests for proposals in all instances required by General Municipal Law. If a department supervisor is unsure of those requirements, the Treasurer’s Office should be contacted for guidance.

Management Response: The St. Lawrence County Office of the Aging believed they were following the guidelines as prescribed by the State of New York Department of Transportation. In the future, the Office of the Aging will be following the St. Lawrence County Purchasing policy and sending out RFP’s for purchases for more than \$10,000 and services for more than \$20,000 from outside vendors. They will be eliminating this bus service at the end of 2011.

No. 2010-07

N/A

Criteria: Fixed assets are depreciated up to their book value.

Condition: Depreciation expense was recorded causing several fixed assets to exceed their original book value, resulting in negative net book value.

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

Effect of Condition: The assets that had excess depreciation resulted in assets that were undervalued on the financial records.

Recommendation: All depreciation formulas should be reviewed to determine their accuracy and management personnel should review depreciation calculations before they are finalized.

ST. LAWRENCE COUNTY, NEW YORK  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2010

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned  
Costs

No. 2010-07 – Continued

Management Response: The County Treasurer will ensure that a full final review of all assets depreciated is approved by the Treasurer's Office for (1) accuracy of items (ensuring that it exists) and (2) formulations on spreadsheets are accurate prior to recording depreciation expense.

No. 2010-08

N/A

Criteria: Journal entry accuracy should be verified prior to posting to the general ledger and the verification should be documented.

Condition: Four individuals in the Treasurer's office can post entries into the general ledger without review by another management employee. While in certain instances, they may be reviewed by a second employee, this reviewer is not always documented.

Cause of Condition: Prior County policy required that journal entries be reviewed prior to posting to the general ledger, but did not require that the review be documented if the original entry was made by one of four management personnel.

Effect of Condition: This lack of control could result in an inadvertent error. If no documentation of review is required, an error could be made and not caught.

Recommendation: It is recommended that all journal entries be reviewed by an independent management employee prior to posting the entry to the general ledger and that such review be documented.

Management Response: The Treasurer's Office will ensure that review of every journal entry is made and documented prior to posting the entry to the general ledger.

ST. LAWRENCE COUNTY, NEW YORK

Schedule of Prior Year Findings and Questioned Costs

From December 31, 2009 Report

No. 2009-01

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

Status: This is also a 2010 finding (No. 2010-01).

No. 2009-02

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 2010 (No. 2010-02).

No. 2009-03

Condition: Compensated absence accruals contained multiple errors.

Status: No calculation errors were noted in the compensated absence accruals for 2010.

No. 2009-04

Condition: Deposits at one bank were under collateralized by approximately \$2,500,000.

Status: All bank deposits appeared to be appropriately collateralized during 2010.

No. 2009-05

Condition: Cash received at December 31, 2009, was not correctly reported as deferred revenue, resulting in an overstatement of 2009 revenue by \$1,000,000.

Status: This situation did not recur in 2010.

No. 2009-06

Condition: During 2009, a change in management personnel in the Solid Waste Department resulted in a reduction of cash receipt oversight.

Status: Oversight procedures were reinstated in 2010.