

ST. LAWRENCE COUNTY, NEW YORK

Independent Auditors' Report

Financial Statements and  
Supplementary Information

Year Ended December 31, 2011



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, 2011, 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. In addition, the other auditors conducted the audits of the St. Lawrence County Industrial Development Agency and Canton Human Services Initiatives, Inc. 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. The other auditors of the financial statements of the St. Lawrence County Industrial Development Agency - Local Development Corporation, conducted their audit in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*, the effect of which is considered to be immaterial to the audit results. 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, 2011, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, 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, budgetary comparison information and schedule of funding progress for post employment benefits on pages 3 through 11, page 21 and page 52 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

August 31, 2012

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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, 2011. 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 2011 by \$46,613,239(*net assets*) and the business type activities showed a net deficit of \$304,641. The unrestricted net deficit for governmental activities was \$57,420,807; for business-type activities (solid waste), the net unrestricted deficit was \$1,911,883. Restricted net assets for governmental activities was \$6,968,321 at the close of 2011. Assets are restricted if they must be set aside for specific programs or purposes.
- The County's total net assets decreased by \$18,326,607 primarily due to increases in governmental noncurrent liabilities due in more than one year.
- At the end of 2011, undesignated fund balance for the general fund was \$(1,731,596), or -1.1% of the general fund expenditures.
- The County's total outstanding bond debt decreased by \$825,000 (2.3%). Notes to Financial Statements, p. 41, have the County's total bonded indebtedness, as of December 31, 2011 at \$35,195,000.

**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 has been self-supporting up until the implementation of GASB 45 concerning other post-employment benefits.

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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.

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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 balances – 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.



**COUNTY OF ST. LAWRENCE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net Assets

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and Other Assets	\$ 89,204,591	\$ 83,477,149	\$ 848,813	\$ 613,669	\$ 90,053,404	\$ 84,090,818
Capital Assets, Net	132,260,726	132,412,891	1,607,242	1,727,519	133,867,968	134,140,410
<b>Total Assets</b>	<b>221,465,317</b>	<b>215,890,040</b>	<b>2,456,055</b>	<b>2,341,188</b>	<b>223,921,372</b>	<b>218,231,228</b>
<b>Liabilities:</b>						
Long – Term Liabilities	140,923,177	118,647,914	2,055,203	1,811,589	142,978,380	120,459,503
Other Liabilities	33,928,901	32,302,280	705,493	564,603	34,634,394	32,866,883
<b>Total Liabilities</b>	<b>174,852,078</b>	<b>150,950,194</b>	<b>2,760,696</b>	<b>2,376,192</b>	<b>177,612,774</b>	<b>153,326,386</b>
<b>Net Assets:</b>						
Invested in Capital Assets (net of debt)	97,065,725	96,392,891	1,607,242	1,727,519	98,672,967	98,120,410
Restricted	6,968,321	-	-	-	6,968,321	-
Unrestricted (Deficit)	(57,420,807)	(31,453,045)	(1,911,883)	(1,762,523)	(59,332,690)	(33,215,568)
<b>Total Net Assets</b>	<b>\$ 46,613,239</b>	<b>\$ 64,939,846</b>	<b>\$ (304,641)</b>	<b>\$ (35,004)</b>	<b>\$ 46,308,598</b>	<b>\$ 64,904,842</b>

- The County's total liabilities increased by \$24,286,388, mostly due to the 30 year amortization of the Other Post Employment Benefits (OPEB) and the issuance of a \$800,000 revenue Anticipation Note.

**COUNTY OF ST. LAWRENCE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011**

**Change in Net Assets**

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 24,851,888	\$ 26,071,522	\$ 3,742,264	\$ 3,697,993	\$ 28,594,152	\$ 29,769,515
Operating Grants & Contributions	50,808,888	58,522,358	-	-	50,808,888	58,522,358
Capital Grants & Contributions	2,168,325	4,467,454	-	-	2,168,325	4,467,454
<b>Total Program Revenue</b>	<b>77,829,101</b>	<b>89,061,334</b>	<b>3,742,264</b>	<b>3,697,993</b>	<b>81,571,365</b>	<b>92,759,327</b>
<b>General Revenues:</b>						
Property Taxes & Tax items	45,394,908	43,954,361	-	-	45,394,908	43,954,361
Non-Property Taxes	42,841,132	40,892,889	-	-	42,841,132	40,892,889
Fines and Forfeitures	97,160	262,940	-	-	97,160	262,940
Misc. Local Sources	7,395,141	7,053,649	183,086	161,645	7,578,227	7,215,294
Sale of Property & Compensation for Loss Transfers	1,857,358	1,915,068	49,267	18,129	1,906,625	1,933,197
Investment Earnings	106,954	110,543	4,298	8,608	111,252	119,151
<b>Total General Revenues</b>	<b>97,692,653</b>	<b>94,189,450</b>	<b>236,651</b>	<b>188,382</b>	<b>97,929,304</b>	<b>94,377,832</b>
<b>Total Program &amp; General Revenues</b>	<b>175,521,754</b>	<b>183,250,784</b>	<b>3,978,915</b>	<b>3,886,375</b>	<b>179,500,669</b>	<b>187,137,159</b>
<b>Expenses:</b>						
Governmental Activities Expenses:						
General government Support	45,084,317	45,131,258	-	-	45,084,317	45,131,258
Education	547,107	774,346	-	-	547,107	774,346
Public Safety	23,258,892	20,790,132	-	-	23,258,892	20,790,132
Health	24,279,679	24,431,538	-	-	24,279,679	24,431,538
Transportation	18,893,343	17,872,378	-	-	18,893,343	17,872,378
Economic Opportunity & Development	76,466,984	76,748,384	-	-	76,466,984	76,748,384
Culture & Recreation	364,046	533,884	-	-	364,046	533,884
Home & Community Services	3,434,083	3,595,388	4,219,505	4,043,811	7,653,588	7,639,199
Interest on Long Term Debt	1,621,549	1,022,523	-	-	1,621,549	1,022,523
<b>Total Expenses</b>	<b>193,950,000</b>	<b>190,899,831</b>	<b>4,219,505</b>	<b>4,043,811</b>	<b>198,169,505</b>	<b>194,943,642</b>
<b>Total Government Activities</b>						
Net Changes in Net Assets	(18,428,246)	(7,649,047)	(240,590)	(157,436)	(18,668,836)	(7,806,483)
Net Assets Beginning, Restated	65,041,485	72,588,893	(64,051)	122,432	64,977,434	72,711,325
<b>Net Assets Ending</b>	<b>\$ 46,613,239</b>	<b>\$ 64,939,846</b>	<b>\$ (304,641)</b>	<b>\$ (35,004)</b>	<b>\$ 46,308,598</b>	<b>\$ 64,904,842</b>

**COUNTY OF ST. LAWRENCE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

- Total revenue for 2011 decreased by \$7,636,490. Significant changes involved a decrease in operating grants and contributions (from 2010) of \$7,713,470 and sales tax revenue increased from 2010 by \$1,948,243.
- Total expenses for 2011 increased by \$3,225,863, due mostly in part to increases in health costs and retirement costs.

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,405,830	\$ 2,405,830	\$ 156,050	\$ 156,050	\$ 2,561,880	\$ 2,561,880
<b>Not Depreciated:</b>						
Construction in Progress	3,075,412	5,512,222	-	-	3,075,412	5,512,222
<b>Depreciated:</b>						
Infrastructure	84,280,559	79,854,482	-	-	84,280,559	79,854,482
Land Improvements	-	-	1,042,128	1,129,580	1,042,128	1,129,580
Buildings & Improvements	37,913,940	39,411,986	-	-	37,913,940	39,411,986
Machinery	4,279,284	4,908,451	409,064	441,889	4,688,348	5,350,340
Bond Financing Costs	305,701	319,920	-	-	305,701	319,920
<b>Total</b>	<b>\$ 132,260,726</b>	<b>\$ 132,412,891</b>	<b>\$ 1,607,242</b>	<b>\$ 1,727,519</b>	<b>\$ 133,867,968</b>	<b>\$ 134,140,410</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, 2011, amounted to \$133,867,968 (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 decrease in capital assets for 2011 was due to depreciation being recorded.

**COUNTY OF ST. LAWRENCE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011**

**Outstanding Debt**

	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
Bonds Payable	\$ 35,195,000	\$ 36,020,000	\$ -	\$ -
Revenue Anticipation Notes	8,500,000	-	-	-
Workers Comp	27,200,000	27,500,000	-	-
OPEB Liability	67,245,256	52,395,599	1,472,583	1,137,666
Landfill Post-Closure Compensated Absences	-	-	582,620	673,923
	2,782,921	2,732,315	-	-
<b>Total</b>	<b>\$ 140,923,177</b>	<b>\$ 118,647,914</b>	<b>\$ 2,055,203</b>	<b>\$ 1,811,589</b>

- The County's outstanding debt increased by 18.6% (\$22,183,960) largely due to the OPEB liability and the issuance of a Revenue Anticipation Note.

**Other Postemployment 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 2011:

**COUNTY OF ST. LAWRENCE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011**

**Fiscal Year 2011**

<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 2010 Net Expenses per Statement of Activities</b>
Gen. Govt.	\$ 30,340,721	\$ 2,619,643	\$ 27,721,078	\$ 25,770,397
Education	(314,503)	-	(314,503)	13,165
Public Safety	18,019,187	3,552,058	14,467,129	15,457,129
Health	10,583,534	2,279,237	8,304,297	9,091,753
Transportation	14,815,686	1,628,027	13,187,659	10,982,269
Ec. Opp. & Dev.	38,111,222	4,543,675	33,567,547	38,076,604
Culture & Rec.	302,224	29,600	272,624	450,824
Home & Comm.	2,641,279	148,001	2,493,277	973,833
Interest on LT Debt	1,621,549	-	1,621,549	1,022,523
<b>Total</b>	<b>\$ 116,120,899</b>	<b>\$14,800,241</b>	<b>\$101,320,657</b>	<b>\$ 101,838,497</b>

Total OPEB Liability per Armory Associates Report	\$ 15,184,574
Less Solid Waste Full Accrual Enterprise Fund	334,917
Less Worker's Compensation	49,416
	<hr/>

GASB 45 Expenses **\$ 14,800,241**

**Budgetary Highlights**

- Schedule G, p. 22, outlines variances from the 2011 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 \$629,607. Department revenues were down \$3,740,242 due to the reductions from state agencies. Sales tax was increased by \$885,585.
- Because of the Federal interest rates, interest income continues to remain dismal.
- 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 are 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

**COUNTY OF ST. LAWRENCE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011**

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, 2011, total assets of the County (Exhibit A), excluding component units, exceeded total liabilities by \$46,308,598. The unrestricted net deficit for governmental activities was (\$57,420,807); for business-type activities, the net unrestricted deficit was (\$1,911,883), which includes long term post closure liabilities for landfills of \$582,620. 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 \$2,096,101 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 \$98,672,967. This total represents 213.08% of the total net assets.
- Unassigned fund balance for the General Fund (Exhibit C) was \$(1,731,596) as of the close of the 2011 fiscal year. This is a decrease of \$4,902,822 from the 2010 amount. General fund balance assigned to offset local cost in the 2012 budget was \$4,958,463. This is a decrease of \$1,170,610 from the 2011 budgeted amount. Total equity of all governmental funds at the close of the 2011 fiscal year was \$13,368,389. This is a decrease of \$4,826,816 from the 2010 total fund equity.
- As of December 31, 2011 total liabilities of the County (Exhibit D), including Canton Human Services Initiatives, Inc. were \$83,398,281. This is an increase of \$11,077,592 over the total liabilities as of December 31, 2010.
- The Worker's Compensation Fund deficit (Exhibit J) decreased by \$300,000. The debt due beyond one year in the Worker's Compensation Fund was \$27,200,000 as of December 31, 2011.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- St. Lawrence County continues to remain stable in many areas such as employment, population, and housing markets. That stability, though being a depressed area, prevents much of the fluctuations seen in many other parts of the country.

**COUNTY OF ST. LAWRENCE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011**

- Sales tax collections over the past couple years have seen close to a 4.5% increase due largely to the impact of the Canadian dollar. It has become close to par with the American dollar, and being on the border of Canada, this has resulted in a large number of Canadians purchasing goods in the County. The sales tax rate for St. Lawrence County continues to remain at 3%. If NYS permits the County to raise this percentage in the future, to a level of many other counties, this will improve the financial picture for St. Lawrence County.
- St. Lawrence County, like many other counties, isn't without its challenges. Fund balance remains low, health insurance and retirement are still on the rise, and revenues are down due largely to New York State cutting the funding of mandates.
- With the current fund balance level, little is able to be appropriated to offset the tax levy. This resulted in a property tax increase of roughly 5.5% in the 2012 budget, exceeding the adjusted tax cap of about 4.4%. Four million dollars was appropriated in the 2012 budget to keep the levy increase as low as possible. This will likely diminish the fund balance to a level that will not allow it to be appropriated in the future.

**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, 2011

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Industrial Development Agency	Industrial Development Agency Local Corporation	Soil and Water Conservation District
Cash and cash equivalents	\$ 15,544,449	\$ 649,821	\$ 16,194,270	\$ 3,335,495	\$ 121,921	\$ 439,588
Investments	10,806,438	-	10,806,438	-	-	-
Taxes receivable (net of allowance for uncollectable accounts of \$400,000)	18,881,076	-	18,881,076	-	-	-
Receivables, net (net of allowance for uncollectable accounts of \$102,650)	20,815,924	162,972	20,978,896	406,116	-	1,395
Internal balances	715,147	2,083	717,230	-	-	-
Due from other governments	18,786,522	-	18,786,522	-	-	-
Prepaid expenses	1,558,934	33,937	1,592,871	56,628	-	6,142
Restricted Assets:						
Cash	2,096,101	-	2,096,101	2,000,000	862,796	-
Prepaid expenses	-	-	-	-	-	-
Receivables	-	-	-	-	1,543,080	-
Capital assets, net	-	-	-	-	610,275	-
Capital assets, net	132,260,726	1,607,242	133,867,968	2,831,807	-	-
<b>Total Assets</b>	<b>\$ 221,465,317</b>	<b>\$ 2,456,055</b>	<b>\$ 223,921,372</b>	<b>\$ 8,630,046</b>	<b>\$ 3,138,072</b>	<b>\$ 447,125</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 13,301,039	\$ 90,700	\$ 13,391,739	\$ -	\$ -	\$ 2,770
Accrued liabilities	2,616,743	451,457	3,068,200	14,048	-	14,866
Revenue anticipation notes payable	-	-	-	-	-	-
Due to other governments	15,355,586	-	15,355,586	-	-	-
Deferred revenues	1,125,597	-	1,125,597	-	-	356,798
Internal balances	110,809	163,336	274,145	-	-	-
Other liabilities	1,419,127	-	1,419,127	28,783	-	-
Noncurrent Liabilities:						
Due within one year	11,260,000	95,869	11,355,869	62,159	-	-
Due in more than one year	129,663,177	1,959,334	131,622,511	835,160	-	-
<b>Total Liabilities</b>	<b>174,852,078</b>	<b>2,760,696</b>	<b>177,612,774</b>	<b>940,150</b>	<b>-</b>	<b>374,434</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of debt	97,065,725	1,607,242	98,672,967	2,234,734	610,275	-
Restricted For:						
Capital projects	4,872,220	-	4,872,220	-	-	-
Other purposes	2,096,101	-	2,096,101	2,000,000	2,405,876	-
Unrestricted (deficit)	(57,420,807)	(1,911,883)	(59,332,690)	3,455,162	121,921	72,691
<b>Total Net Assets (Deficit)</b>	<b>\$ 46,613,239</b>	<b>\$ (304,641)</b>	<b>\$ 46,308,598</b>	<b>\$ 7,689,896</b>	<b>\$ 3,138,072</b>	<b>\$ 72,691</b>

See Independent Auditors' Report and Notes



ST. LAWRENCE COUNTY, NEW YORK

Exhibit B

Statement of Activities

Year Ended December 31, 2011

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			
Primary Government:										
Governmental Activities:										
General government	\$ 45,084,317	\$ 10,980,792	\$ 3,762,804	\$ -	\$ (30,340,721)	\$ -	\$ (30,340,721)	\$ -	\$ -	\$ -
Education	547,107	861,610	-	-	314,503	-	314,503	-	-	-
Public safety	23,258,892	660,463	4,579,242	-	(18,019,187)	-	(18,019,187)	-	-	-
Health	24,279,679	6,471,317	7,224,828	-	(10,583,534)	-	(10,583,534)	-	-	-
Transportation	18,893,343	2,389,916	-	1,687,741	(14,815,686)	-	(14,815,686)	-	-	-
Economic opportunity and development	76,466,984	3,390,579	34,965,183	-	(38,111,222)	-	(38,111,222)	-	-	-
Culture and recreation	364,046	-	61,822	-	(302,224)	-	(302,224)	-	-	-
Home and community services	3,434,083	97,211	215,009	480,584	(2,641,279)	-	(2,641,279)	-	-	-
Interest on long-term debt	1,621,549	-	-	-	(1,621,549)	-	(1,621,549)	-	-	-
Total Governmental Activities	193,950,000	24,851,888	50,808,888	2,168,325	(116,120,899)	-	(116,120,899)	-	-	-
Business-Type Activities:										
Solid waste	4,219,505	3,742,264	-	-	-	(477,241)	(477,241)	-	-	-
Total Primary Government	\$ 198,169,505	\$ 28,594,152	\$ 50,808,888	\$ 2,168,325	(116,120,899)	(477,241)	(116,598,140)	\$ -	\$ -	\$ -
Component Units:										
Industrial Development Agency	\$ 1,080,352	\$ 203,852	\$ -	\$ -	-	-	-	\$ (876,500)	\$ -	\$ -
IDA - Local Develop Corp	560,885	359,254	-	-	-	-	-	-	(201,631)	-
Soil and Water District	420,201	37,207	232,274	-	-	-	-	-	-	(150,720)
Total Component Units	\$ 2,061,438	\$ 600,313	\$ 232,274	\$ -	-	-	-	(876,500)	(201,631)	(150,720)
General Revenues:										
Real property taxes and tax items					45,394,908	-	45,394,908	-	-	-
Non-property taxes					42,841,132	-	42,841,132	-	-	-
Fines and forfeitures					97,160	-	97,160	-	-	-
Miscellaneous local sources					7,395,141	183,086	7,578,227	837,703	530	34,992
Sale of property and compensation for loss					1,857,358	49,267	1,906,625	-	-	-
Allocation from County					-	-	-	-	-	111,163
Investment earnings					106,954	4,298	111,252	38,910	63,904	684
Total General Revenues					97,692,653	236,651	97,929,304	876,613	64,434	146,839
Change in Net Assets					(18,428,246)	(240,590)	(18,668,836)	113	(137,197)	(3,881)
Net Assets (Deficit) at Beginning of Year					64,939,846	(35,004)	64,904,842	7,689,783	3,301,378	76,572
Prior Period Adjustment					101,639	(29,047)	72,592	-	(26,109)	-
Net Assets (Deficit) at Beginning of Year, Restated					65,041,485	(64,051)	64,977,434	7,689,783	3,275,269	76,572
Net Assets (Deficit) at End of Year					\$ 46,613,239	\$ (304,641)	\$ 46,308,598	\$ 7,689,896	\$ 3,138,072	\$ 72,691

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Balance Sheet - Governmental Funds

December 31, 2011

	General Fund	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,878,675	\$ 8,784,530	\$ 14,663,205
Investments	6,406,438	-	6,406,438
Accounts receivable, (net of allowance or uncollectable accounts of \$48,579)	3,646,716	19,208	3,665,924
Delinquent taxes receivable (net of uncollectable accounts of \$400,000)	13,698,190	-	13,698,190
School taxes receivable	5,182,886	-	5,182,886
Due from other governments	18,201,004	585,518	
Prepaid expenses	1,558,934	-	1,558,934
Due from other funds	2,813,253	120,563	2,933,816
Restricted cash	2,096,101	-	2,096,101
<b>Total Assets</b>	<b>\$ 59,482,197</b>	<b>\$ 9,509,819</b>	<b>\$ 50,205,494</b>
LIABILITIES			
Accounts payable	\$ 13,075,297	\$ 223,443	\$ 13,298,740
Accrued liabilities	2,240,570	219,748	2,460,318
Revenue anticipation notes payable	8,500,000	-	8,500,000
Due to school districts	8,833,674	-	8,833,674
Due to cities, towns and villages	1,508,064	-	1,508,064
Due to other governments	5,013,848	-	5,013,848
Deferred revenue	12,190,219	180,968	12,371,187
Other liabilities	1,197,153	221,974	1,419,127
Due to other funds	41,470	2,177,199	2,218,669
<b>Total Liabilities</b>	<b>52,600,295</b>	<b>3,023,332</b>	<b>55,623,627</b>
FUND BALANCES			
Nonspendable	1,558,934	-	1,558,934
Restricted	2,096,101	4,872,220	6,968,321
Comitted	-	-	-
Assigned	4,958,463	2,123,079	7,081,542
Unassigned (Deficit)	(1,731,596)	(508,812)	(2,240,408)
<b>Total Fund Balances</b>	<b>6,881,902</b>	<b>6,486,487</b>	<b>13,368,389</b>
<b>Total Liabilities and Fund balances</b>	<b>\$ 59,482,197</b>	<b>\$ 9,509,819</b>	<b>\$ 68,992,016</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, 2011

ASSETS	Total Governmental Funds and Activities(1)	Long-term Assets, Liabilities(2)	Reclasses and Eliminations	Statement of Net Assets Totals
Cash and cash equivalents	\$ 15,544,449	\$ -	\$ -	\$ 15,544,449
Investments	10,806,438	-	-	10,806,438
Taxes receivable (net)	18,881,076	-	-	18,881,076
Accounts receivable (net)	20,815,924	-	-	20,815,924
Due from other funds	2,933,816	-	(2,218,669)	715,147
Due from other governments	-	-	-	-
Prepaid expenses	1,558,934	-	-	1,558,934
Capital assets, net	-	132,260,726	-	132,260,726
Restricted cash	2,096,101	-	-	2,096,101
<b>Total Assets</b>	<b><u>\$ 72,636,738</u></b>	<b><u>\$ 132,260,726</u></b>	<b><u>\$ (2,218,669)</u></b>	<b><u>\$ 202,678,795</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,301,039	\$ -	\$ -	\$ 13,301,039
Accrued liabilities	2,462,680	154,063	-	2,616,743
Other liabilities	1,419,127	-	-	1,419,127
Revenue anticipation notes	8,500,000	-	(8,500,000)	-
Due to other funds	2,329,478	-	(2,218,669)	110,809
Due to other governments	15,355,586	-	-	15,355,586
Deferred revenues	12,471,219	(11,345,622)	-	1,125,597
Debt due within one year	-	2,760,000	8,500,000	11,260,000
Debt due in more than one year	27,559,152	102,104,025	-	129,663,177
<b>Total Liabilities</b>	<b><u>83,398,281</u></b>	<b><u>93,672,466</u></b>	<b><u>(2,218,669)</u></b>	<b><u>174,852,078</u></b>
<b>FUND BALANCES</b>				
Nonspendable	1,558,934	-	(1,558,934)	-
Restricted	6,968,321	-	-	6,968,321
Comitted	-	-	-	-
Assigned	7,081,542	-	(7,081,542)	-
Unassigned (Deficit)	(2,240,408)	-	2,240,408	-
Invested in capital assets, net of debt	-	97,065,725	-	97,065,725
Unreserved:				
Undesignated (deficit)	(5,343,410)	(58,477,465)	6,400,068	(57,420,807)
<b>Total Fund Balances</b>	<b><u>8,024,979</u></b>	<b><u>38,588,260</u></b>	<b><u>-</u></b>	<b><u>46,613,239</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 91,423,260</u></b>	<b><u>\$ 132,260,726</u></b>	<b><u>\$ (2,218,669)</u></b>	<b><u>\$ 221,465,317</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, 2011

(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	\$ 50,205,494	\$ 22,431,244	\$ 72,636,738
Total Liabilities	<u>55,623,627</u>	<u>27,774,654</u>	<u>83,398,281</u>
Total Fund Balances	<u>\$ (5,418,133)</u>	<u>\$ (5,343,410)</u>	<u>\$ (10,761,543)</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	\$ 215,841,169
Accumulated depreciation	<u>(83,580,443)</u>
Total	<u>\$ 132,260,726</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>\$ (11,345,622)</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	\$ 35,195,000
OPEB liability	66,886,104
Compensated absences	<u>2,782,921</u>
	104,864,025
Due in One Year	<u>(2,760,000)</u>
Due in More Than One Year	<u>\$ 102,104,025</u>
Related Accrued Bond Interest Payable	<u>\$ 154,063</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, 2011

	General	Non-Major	Total
REVENUES	Fund	Funds	Governmental Funds
Real property taxes	\$ 42,749,046	\$ -	\$ 42,749,046
Real property tax items	2,699,450	-	2,699,450
Non-property tax items	42,841,132	-	42,841,132
Departmental income	18,295,841	6,176	18,302,017
Federal aid	25,556,241	3,162,123	28,718,364
State aid	20,620,055	3,641,946	24,262,001
Intergovernmental revenues	1,762,900	2,383,740	4,146,640
Use of money and property	60,793	42,121	102,914
Fines and forfeitures	97,160	-	97,160
Licenses and permits	24,750	-	24,750
Sale of property and compensation for loss	1,787,327	70,031	1,857,358
Interfund revenues	400,723	2,930,539	3,331,262
Miscellaneous revenue	6,782,409	29,665	6,812,074
	<u>163,677,827</u>	<u>12,266,341</u>	<u>175,944,168</u>
Total Revenues			
EXPENDITURES			
General government	39,441,261	25,775	39,467,036
Public Safety	17,392,551	894,990	18,287,541
Transportation	497,793	20,912,445	21,410,238
Health	21,681,478	-	21,681,478
Economic assistance and opportunity	69,748,624	1,740,046	71,488,670
Culture and recreation	329,757	-	329,757
Education	547,125	-	547,125
Home and community services	2,691,733	-	2,691,733
Employee benefits - unallocated	2,549,614	-	2,549,614
Principal and interest	1,942,938	509,728	2,452,666
	<u>156,822,874</u>	<u>24,082,984</u>	<u>180,905,858</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, 2011

	General Fund	Non-Major Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	<u>6,854,953</u>	<u>(11,816,643)</u>	<u>(4,961,690)</u>
OTHER FINANCING SOURCES (USES)			
Premium on revenue anticipation note	33,235	-	33,235
Interfund transfers in	84,425	14,737,744	14,822,169
Interfund transfers out	<u>(11,832,888)</u>	<u>(2,989,281)</u>	<u>(14,822,169)</u>
Total Other Financing Sources (Uses)	<u>(11,715,228)</u>	<u>11,748,463</u>	<u>33,235</u>
Net Change in Fund Balances	<u>(4,860,275)</u>	<u>(68,180)</u>	<u>(4,928,455)</u>
Fund Balances - Beginning of Year	11,742,177	6,453,028	18,195,205
Prior Period Adjustment	<u>-</u>	<u>101,639</u>	<u>101,639</u>
Fund Balances - Beginning of Year, Restated	<u>11,742,177</u>	<u>6,554,667</u>	<u>18,296,844</u>
Fund Balances - End of Year	<u>\$ 6,881,902</u>	<u>\$ 6,486,487</u>	<u>\$ 13,368,389</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, 2011

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	\$ 175,977,403
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	(53,588)
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.	(5,031,184)
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>4,629,123</u>
Total	<u><u>\$ 175,521,754</u></u>

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

Charges for services	\$ 24,851,888
Operating grants and contributions	50,808,888
Capital grants and contributions	2,168,325
General revenues	<u>97,692,653</u>
Total Revenues of Governmental Activities per Exhibit B	<u><u>\$ 175,521,754</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, 2011

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	\$ 180,905,858
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 (\$4,351,531) exceeded net capital expenditures (\$4,199,365) in the current period.	152,166
Interfund expenditures are eliminated against the respective interfund revenues.	(5,031,184)
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.	(825,000)
Internal Service Fund expenditures are recognized in the County-wide financial statements.	3,903,429
Accrued interest is not recognized in the governmental funds statement of revenues and expenditures, but is recognized in the County-wide statement of activities.	(6,117)
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.	14,800,242
To recognize compensated absences expense for current year change in liability.	<u>50,606</u>
Total Expenses of Governmental Activities per Exhibit B	<u><u>\$ 193,950,000</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  
General Fund

Year Ended December 31, 2011

REVENUES	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual Budgetary Basis	
	Original	Final		
Real property taxes	\$ 43,963,521	\$ 43,378,653	\$ 42,749,046	\$ (629,607)
Real property tax items	2,389,630	2,389,630	2,699,450	309,820
Non-property taxes	40,105,250	41,955,547	42,841,132	885,585
Departmental income	21,693,595	22,036,083	18,295,841	(3,740,242)
Federal aid	21,440,370	26,500,003	25,556,241	(943,762)
State aid	22,733,176	24,805,563	20,620,055	(4,185,508)
Intergovernmental revenue	1,776,753	1,776,753	1,762,900	(13,853)
Use of money and property	105,900	105,900	60,793	(45,107)
Fines and forfeitures	3,000	3,000	97,160	94,160
Licenses and permits	25,500	25,500	24,750	(750)
Sale of property and compensation for loss	1,960,500	1,960,500	1,787,327	(173,173)
Interfund revenues	649,158	649,158	400,723	(248,435)
Miscellaneous local sources	36,128,340	36,602,269	6,782,409	(29,819,860)
<b>Total Revenues</b>	<b>192,974,693</b>	<b>202,188,559</b>	<b>163,677,827</b>	<b>(38,510,732)</b>
<b>EXPENDITURES</b>				
General government	43,604,086	43,998,204	39,537,373	4,460,831
Public safety	15,592,071	18,706,446	17,467,115	1,239,331
Transportation	-	514,915	498,416	16,499
Health	21,326,550	23,057,983	21,690,882	1,367,101
Economic assistance and opportunity	73,011,123	74,053,508	69,748,664	4,304,844
Cultural and recreation	356,672	367,001	329,757	37,244
Education	853,251	853,251	547,125	306,126
Home and community services	1,253,612	2,832,453	2,691,733	140,720
Employee benefits - unallocated	30,429,295	30,748,634	2,549,614	28,199,020
Principal and interest	1,942,938	1,942,938	1,942,938	-
<b>Total Expenditures</b>	<b>188,369,598</b>	<b>197,075,333</b>	<b>157,003,617</b>	<b>40,071,716</b>
<b>Excess of Revenues Over Expenditures</b>	<b>4,605,095</b>	<b>5,113,226</b>	<b>6,674,210</b>	<b>1,560,984</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on revenue anticipation note	-	-	33,235	(33,235)
Interfund transfers in	84,425	84,425	84,425	-
Interfund transfers out	(12,000,888)	(12,000,888)	(11,832,888)	(168,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,916,463)</b>	<b>(11,916,463)</b>	<b>(11,715,228)</b>	<b>(201,235)</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis</b>	<b>\$ (7,311,368)</b>	<b>\$ (6,803,237)</b>	<b>(5,041,018)</b>	<b>\$ 1,762,219</b>
Encumbrances Included in Actual			180,743	
Net Change in Fund Balances			(4,860,275)	
Fund Balances at Beginning of Year			11,742,177	
Fund Balances at End of Year			<u>\$ 6,881,902</u>	

## ST. LAWRENCE COUNTY, NEW YORK

Statement of Net Assets  
Proprietary Funds

December 31, 2011

ASSETS	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
Cash and cash equivalents	\$ 649,821	\$ 881,244
Investments	-	4,400,000
Receivables (net of allowance for uncollectible accounts of \$2,000)	162,972	17,150,000
Prepaid expenses	33,937	-
Due from other funds	2,083	-
Capital assets - net of accumulated depreciation	<u>1,607,242</u>	<u>-</u>
Total Assets	<u>\$ 2,456,055</u>	<u>\$ 22,431,244</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 90,700	\$ 2,299
Accrued liabilities	451,457	2,362
Due to other funds	163,336	110,809
Deferred revenue	<u>-</u>	<u>100,032</u>
Total Current Liabilities	<u>705,493</u>	<u>215,502</u>
Non-Current Liabilities:		
OPEB liability	1,472,584	359,152
Due within one year	95,869	-
Due beyond one year	<u>486,750</u>	<u>27,200,000</u>
Total Non-Current Liabilities	<u>2,055,203</u>	<u>27,559,152</u>
Total Liabilities	<u>2,760,696</u>	<u>27,774,654</u>
NET ASSETS (DEFICIT)		
Invested in capital assets-net of related debt	1,607,242	-
Unrestricted deficit	<u>(1,911,883)</u>	<u>(5,343,410)</u>
Total Net Assets (Deficit)	<u>\$ (304,641)</u>	<u>\$ (5,343,410)</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, 2011

	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
Operating Revenues:		
Charges for services	\$ 3,742,264	\$ -
Intergovernmental revenues		4,100,000
Sale of property and compensation for loss	49,267	-
Miscellaneous revenues	183,086	525,083
Total Operating Revenues	<u>3,974,617</u>	<u>4,625,083</u>
Operating Expenses:		
General government	-	3,903,429
Home and community services	4,048,286	-
Depreciation	171,219	-
Total Operating Expenses	<u>4,219,505</u>	<u>3,903,429</u>
Operating Income (Loss)	(244,888)	721,654
Nonoperating Revenues:		
Use of money and property	4,298	4,040
Change in Net Assets	<u>(240,590)</u>	<u>725,694</u>
Net Assets (Deficit) at Beginning of Year	(35,004)	(6,069,104)
Prior Period Adjustment	(29,047)	-
Net Assets (Deficit) at Beginning of Year, Restated	<u>(64,051)</u>	<u>(6,069,104)</u>
Net Assets (Deficit) at End of Year	<u>\$ (304,641)</u>	<u>\$ (5,343,410)</u>

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK  
Statement of Cash Flows - Proprietary Funds  
Year Ended December 31, 2011

	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
Cash Flows From Operating Activities:		
Cash received for services	\$ 3,710,036	\$ 4,100,000
Cash paid to suppliers for goods and services	(2,214,026)	(1,016,214)
Cash paid to employees for services	(1,397,369)	(141,409)
Cash received from (paid to) other funds-net	(1,139)	91,942
Cash paid for workers' compensation benefits	-	(2,798,434)
Other operating revenue	232,353	625,115
Net Cash Provided (Used) by Operating Activities	329,855	861,000
Cash Flows From Capital and Related Financing Activities:		
Purchase of property and equipment	(50,942)	-
Reduction of long-term liability	(91,304)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(142,246)	-
Cash Flows From Investing Activities:		
Interest and dividends received	4,298	4,738
Sales (purchases) of investments	-	(900,000)
Net Cash Provided (Used) by Investing Activities	4,298	(895,262)
Net Change in Cash and Cash Equivalents	191,907	(34,262)
Cash and Cash Equivalents at Beginning of Year	457,914	915,506
Cash and Cash Equivalents at End of Year	\$ 649,821	\$ 881,244

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Statement of Cash Flows - Proprietary Funds

Year Ended December 31, 2011

	Business-Type Activity Enterprise Fund Solid Waste	Governmental Activity Internal Service Fund
	<u>                    </u>	<u>                    </u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (244,888)	\$ 721,654
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	171,219	-
Change in workers' compensation long-term liability	-	(300,000)
Change in OPEB liability	334,918	49,415
Prior period adjustment to compensated absences	(29,047)	-
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(32,228)	220,000
Prepaid expenses	(11,825)	-
Due from other funds	816	-
Increase (Decrease) in:		
Accounts payable	(4,030)	(11,712)
Accrued liabilities	146,059	(10,331)
Due to other funds	(1,139)	91,942
Deferred revenue	-	100,032
	<u>574,743</u>	<u>139,346</u>
Total Adjustments		
	<u>\$ 329,855</u>	<u>\$ 861,000</u>
Net Cash Provided (Used) by Operating Activities		

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Statement of Net Assets - Fiduciary Funds

December 31, 2011

ASSETS	Agency	Expendable Trust
Cash and cash equivalents	\$ 1,417,548	\$ 32,867
Due from other funds	9,972	-
Total Assets	\$ 1,427,520	\$ 32,867
LIABILITIES		
Accounts payable	\$ 30	\$ -
Due to other governments	21,775	-
Other liabilities	952,658	-
Due to other funds	453,057	-
Total Liabilities	1,427,520	-
NET ASSETS		
Restricted net assets	\$ -	\$ 32,867

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK  
Statement of Changes in Fiduciary Net Assets  
Year Ended December 31, 2011

	Expendable Trust
<b>Additions:</b>	
New York Power Authority deposits	\$ 2,000,000
Interest earned	88
Total Additions	2,000,088
<b>Deductions:</b>	
Transfers to other entities	2,000,000
Fees	200
Total Deductions	2,000,200
Change in Net Assets	(112)
Net Assets at Beginning of Year	32,979
Net Assets at End of Year	\$ 32,867

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**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, 2011

**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 \$537,600 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, 2011

**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 fund as a major fund:

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.

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:

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

Road Machinery Fund – Used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law.

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.

Special Revenue Fund – Used to account for the use of federal monies received under the Workforce Investment Act.

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.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Summary of Significant Accounting Policies – Continued**

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

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.

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.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**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 assigned 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 2011, the County limited its investments to certificates of deposit and money market funds.

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

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Summary of Significant Accounting Policies - Continued**

Capital Assets, Continued

Heavy equipment	10 years
Other	5 years
Vehicles	5-7 years
Computers	3 years

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 \$2,782,921 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.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Summary of Significant Accounting Policies – Continued**

Insurance, Continued

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.

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 2011, the County has reported interfund revenues in the general fund of \$392,157 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 2011 the County has reported interfund revenues in the road and machinery fund of \$2,392,939 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.

Adoption of New Accounting Pronouncement

During the year ended December 31, 2011, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the County to change its fund balance classifications for governmental funds. The new classifications are as follows:

Nonspendable fund balance – Amounts that are not in a spendable form such as inventory, prepaid expenses or long-term portions of loans receivable.

Restricted fund balance – Amounts subject to a constraint imposed by providers such as creditors, grantors, contributors or higher levels of government or through constitutional provisions or enabling legislation.

Committed fund balance – Amounts subject to a purpose imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint.

Assigned fund balance – Amounts subject to a constraint that represents an intended use established by the government's highest level of decision-making authority or by their designated body or official, which is the Board of Supervisors.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Summary of Significant Accounting Policies – Continued**

**Adoption of New Accounting Pronouncement - Continued**

Unassigned fund balance – Amounts available for any purpose, which are only found in the general fund or as a deficit balance in any other fund.

Order of Use of fund balance:

In determining the order that expenditures will be applied to the various classifications of fund balance, it is the County's policy to first determine the total fund balance that is nonspendable and to then determine the amount of restricted fund balance. Any remaining fund balance is first committed and/or assigned to a specific purpose. In the general fund the remaining balance is unassigned. Unassigned balances are available for general use. In addition, any deficit fund balance in any other fund is considered to be unassigned. Stabilization amounts may be formally set aside by the Board of Legislators and may be used from any unassigned balance.

**Future Impacts of Accounting Pronouncements**

The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB No. 53*, effective for the year ending June 30, 2012; GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statement No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective for the year ending June 30, 2013. The County is, therefore, unable to disclose the impact that adopting GASB Statement Nos. 57, 60, 61, 62, 63 and 64 will have on its financial position and results of operations.

**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.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Cash and Investments - Continued**

The County's December 31, 2011 bank balances were collateralized and insured as follows:

Total on deposit	\$ 32,418,864
Insured by FDIC	(14,798,346)
Collateralized by pledged securities held by the financial institutions	<u>(17,620,518)</u>
Uninsured and uncollateralized	<u>\$ -</u>

Other non-major governmental funds include cash and cash equivalents of CHSI in the amount of \$921,806. CHSI deposits were insured up to FDIC limits; the remaining amounts were uncollateralized at December 31, 2011.

Industrial Development Agency Component Unit – Cash and cash equivalents totaled \$5,335,495. 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 – Cash and cash equivalents totaled \$984,717 at various banks and were insured up to FDIC limits. Any balances in excess of FDIC insurance were uncollateralized at December 31, 2011.

Soil and Water Conservation District Component Unit – Deposits totaled \$439,588 and were fully insured at December 31, 2011.

**Restricted Cash**

General Fund cash of \$2,096,101 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.

Industrial Development Agency – Local Development Corporation Component Unit has restricted cash of \$862,796 for revolving loans.

The St. Lawrence County Industrial Development Agency has restricted cash of \$2,000,000 for a special reserve.

**Accounts Receivable**

\$17,150,000 of the accounts receivable totaling \$20,978,896 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.



ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Capital Assets**

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance 01/01/11	Additions	Reclass- ifications and Retirements	Balance 12/31/11
Governmental Activities:				
Capital Assets – not being depreciated:				
Land	\$ 2,405,830	\$ -	\$ -	\$ 2,405,830
Construction-in- process	5,512,222	2,085,774	(4,522,584)	3,075,412
Total capital assets – not being depreciated	7,918,052	2,085,774	(4,522,584)	5,481,242
Capital Assets – being depreciated:				
Infrastructure	134,952,053	1,744,999	4,522,584	141,219,636
Buildings and improvements	54,612,278	-	-	54,612,278
Machinery and equipment	13,967,076	396,616	(290,679)	14,073,013
Bond financing costs	455,000	-	-	455,000
Total capital assets – being depreciated	203,986,407	2,141,615	4,231,905	210,359,927
Less: Accumulated Depreciation for:				
Infrastructure	55,097,571	1,841,506	-	56,939,077
Buildings and improvements	15,200,292	1,498,046	-	16,698,338
Machinery and equipment	9,058,625	997,760	(262,656)	9,793,729
Bond financing costs	135,080	14,219	-	149,299
Total accumulated depreciation	79,491,568	4,351,531	(262,656)	83,580,443
Total capital assets - being depreciated - net	124,494,839	(2,209,916)	4,494,561	126,779,484
Total governmental activities capital assets - net	\$132,412,891	\$ (124,142)	\$ (28,023)	\$132,260,726
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

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Capital Assets –Continued**

	Balance 01/01/11	Additions	Reclass- ifications and Retirements	Balance 12/31/11
Buildings and improvements	9,272	-	-	9,272
Machinery and equipment	1,911,050	50,942	-	1,961,992
Total capital assets - being depreciated	5,361,219	50,942	-	5,412,161
Less: Accumulated Depreciation for:				
Land improvements	2,311,317	87,452	-	2,398,769
Buildings and improvements	9,272	-	-	9,272
Machinery and equipment	1,469,161	83,767	-	1,552,928
Total accumulated depreciation	3,789,750	171,219	-	3,960,969
Total capital assets being depreciated – net	1,571,469	(120,277)	-	1,451,192
Total business – type activities capital assets - net	<u>\$ 1,727,519</u>	<u>\$ (120,277)</u>	<u>\$ -</u>	<u>\$ 1,607,242</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General governmental support	\$ 632,254
Public safety	1,096,065
Transportation	2,385,740
Economic assistance and opportunity	185,888
Health and sanitation	51,584

Total depreciation expense – governmental activities

\$ 4,351,531

Business-Type Activities:

Solid waste	\$ 171,219
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Governmental Activities Asset Purchases in 2011 were as follows:

General government support	\$ 62,169
Public safety	255,071
Transportation	3,830,772
Economic assistance and opportunity	32,119
Health and sanitation	47,257

Total

\$ 4,227,388

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Capital Assets –Continued**

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

Industrial Development Agency:	
Land and land improvements	\$ 163,103
Buildings and improvements	3,563,214
Automotive equipment	95,291
Office equipment and furnishings	<u>33,676</u>
Total capital assets	3,855,284
Less: accumulated depreciation	<u>1,023,477</u>
Total	<u>\$ 2,831,807</u>
Industrial Development Agency – Local Development Corporation:	
Land	\$ 30,000
Buildings and improvements	<u>743,523</u>
Total capital assets	773,523
Less: accumulated depreciation	<u>163,248</u>
Total	<u><u>\$ 610,275</u></u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Long-Term Liabilities and Revenue Anticipation Note**

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

Primary Government:

	Balance 01/01/11	Increase/ Accretions	Decrease/ Payments	Balance 12/31/11	Due In One Year	Due Beyond One Year
Bonds payable	\$ 36,020,000	\$ -	\$ (825,000)	\$ 35,195,000	\$ 860,000	\$ 34,335,000
Revenue anticipation notes	-	8,500,000	-	8,500,000	8,500,000	-
Workers' Compensation	27,500,000	2,418,434	(2,718,434)	27,200,000	-	27,200,000
OPEB liability	52,395,599	19,482,008	(4,632,351)	67,245,256	-	67,245,256
Compensated absences	2,732,315	1,930,787	(1,880,181)	2,782,921	1,900,000	882,921
Subtotal – Primary Government	<u>118,647,914</u>	<u>32,331,229</u>	<u>(10,055,966)</u>	<u>140,923,177</u>	<u>11,260,000</u>	<u>129,663,177</u>
Business-Type Activity Enterprise Fund (Solid Waste):						
Landfill post-closure OPEB liability	673,923	-	(91,303)	582,620	95,869	486,751
	<u>1,137,666</u>	<u>439,395</u>	<u>(104,478)</u>	<u>1,472,583</u>	<u>-</u>	<u>1,472,583</u>
Subtotal – Enterprise Fund	<u>1,811,589</u>	<u>439,395</u>	<u>(195,781)</u>	<u>2,055,203</u>	<u>95,869</u>	<u>1,959,334</u>
Total	<u>\$ 120,459,503</u>	<u>\$ 32,770,624</u>	<u>\$ (10,251,747)</u>	<u>\$ 142,978,380</u>	<u>\$ 11,355,869</u>	<u>\$ 131,622,511</u>

Interest expense for the year ended December 31, 2011 totaled \$1,621,549.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Long-Term Liabilities and Revenue Anticipation Note - 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, 2011:

Description	Original Amount	Balance 01/01/2011	Issued	Payments	Balance 12/31/11	Due In One Year
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	\$29,675,000	\$ -	\$675,000	\$29,000,000	\$ 700,000
Canton Human Service Initiatives, Inc. issued 09/01/01, interest at 5.7% from 2012-2024 and 5.75% from 2025-2032 maturing 09/01/2032	8,010,000	6,345,000	-	150,000	6,195,000	160,000
Total		<u>\$ 36,020,000</u>	<u>\$ -</u>	<u>\$ 825,000</u>	<u>\$ 35,195,000</u>	<u>\$ 860,000</u>

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Long-Term Liabilities and Revenue Anticipation Note – 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>
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	825,000	200,000	1,025,000	1,110,469
2017-2021	4,750,000	1,185,000	5,935,000	4,977,001
2022-2026	5,900,000	1,565,000	7,465,000	3,851,814
2027-2031	7,375,000	2,060,000	9,435,000	2,443,595
2032-2036	7,175,000	485,000	7,660,000	664,313
Total	<u>\$ 29,000,000</u>	<u>\$ 6,195,000</u>	<u>\$ 35,195,000</u>	<u>\$ 17,818,974</u>

Revenue Anticipation Note

A revenue anticipation note in the amount of \$8,500,000 was issued on September 30, 2011, and is due August 30, 2012, with interest at 1.5%. The note was incurred to cover operating expenses until state aid was received.

Long-Term Debt - Component Units

St. Lawrence County Industrial Development Agency - Long-term debt consisted of the following at December 31, 2011:

	<u>Original Amount</u>	<u>Balance 01/01/11</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/11</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	395,778	-	38,262	357,516
St. Lawrence County IDA-LDC, interest at 3% maturing 12/01/2015	217,204	116,476	-	21,919	94,557
Total		<u>\$ 657,254</u>	<u>\$ -</u>	<u>\$ 60,181</u>	<u>\$ 597,073</u>

Principal and interest 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, 2011

**Long-Term Liabilities and Revenue Anticipation Note – Continued**

Long-Term Debt - Component Units – Continued

	<u>Principal</u>	<u>Interest</u>
2012	\$ 62,159	\$ 14,464
2013	64,202	12,430
2014	66,313	10,328
2015	68,501	8,158
2016	45,284	6,103
2017 - 2021	<u>145,614</u>	<u>8,775</u>
Subtotal	452,073	60,258
Indefinite Maturity date	<u>145,000</u>	-
Total	<u>\$ 597,073</u>	<u>\$ 60,258</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 \$582,619 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 2011.

**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 \$43,000 for 2011. 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, 2011

**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 \$395,000. The future minimum rental payments required by the primary government for noncancellable operating leases and the service contract are:

2012	\$	194,769
2013		184,725
2014		184,725
2015		184,725
2016		184,725
Thereafter		<u>208,725</u>
Total	\$	<u>1,142,394</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:

2011	\$	6,106,845
2010		4,529,403
2009		2,885,727

The County's contributions made to the Systems in 2011, 2010, and 2009 were equal to 100% of the contributions required for each year.



ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**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>
2011	\$ 27,500,000	\$ 2,418,434	\$ (2,718,434)	\$ 27,200,000
2010	26,400,000	4,529,539	(3,429,539)	27,500,000

**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 \$5,145,000 as an expenditure during 2011.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**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, 2011

**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, 2011	County	Solid Waste	Internal Service	Total
Normal cost	\$ 6,888,587	\$ 155,883	\$ 23,000	\$ 7,067,470
Past service cost	10,441,458	236,282	34,862	10,712,602
Annual Required Contribution (ARC)	17,330,045	392,165	57,862	17,780,072
Interest on OPEB obligation adjustments to ARC	2,087,133	47,230	6,968	2,141,331
OPEB expense	\$19,417,178	\$ 439,395	\$ 64,830	\$19,921,403
Reconciliation of Net OPEB Obligation – Fiscal Year Ended December 31, 2011	County	Solid Waste	Internal Service	Total
Net OPEB obligation at the beginning of the year	\$52,085,862	\$ 1,137,666	\$ 309,737	\$53,533,265
OPEB expense	19,417,178	439,395	64,830	19,921,403
Net OPEB contributions made during the fiscal year	(4,616,937)	(104,478)	(15,414)	(4,736,829)
Net OPEB obligation at the end of the year	\$66,886,103	\$ 1,472,583	\$ 359,153	\$68,717,839
Percentage of expense contributed				24%

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

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

Other Disclosure Information - Continued

Reconciliation of Net OPEB Obligation – Fiscal Year Ended December 31, 2010	<u>County</u>	<u>Solid Waste</u>	<u>Internal Service</u>	<u>Total</u>
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	\$52,085,862	\$ 1,137,666	\$ 309,737	\$53,533,265
Percentage of expense contributed				24%

Reconciliation of Net OPEB Obligation – Fiscal Year Ended December 31, 2009	<u>County</u>	<u>Solid Waste</u>	<u>Internal Service</u>	<u>Total</u>
Net OPEB obligation at the beginning of the year	\$25,121,980	\$ 587,705	\$ 169,753	\$25,879,438
OPEB expense	16,450,212	346,260	107,854	16,904,326
Net OPEB contributions made during the fiscal year	(3,474,739)	(73,140)	(22,782)	(3,570,661)
Net OPEB obligation at the end of the year	<u>\$38,097,453</u>	<u>\$ 860,825</u>	<u>\$ 254,825</u>	<u>\$39,213,103</u>
Percentage of expense contributed				21%

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, 2011, the most recent interim actuarial valuation, the liabilities were computed using the projected unit credit method with a thirty year amortization. The actuarial assumptions utilized a 4% discount rate. The valuation assumes a variable medical trend rate ranging from 7% down to 3.7% and a postretirement benefit increase ranging from 0% to 4.2% per year depending upon the retiree’s age.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

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

Other Disclosure Information – Continued

Annual Other Postemployment Benefit Cost

For the fiscal year ended December 31, 2011, the County's OPEB cost (expense) of \$19,921,403 was equal to the annual required contribution. The payment of current health insurance premiums, which totaled \$4,736,829 for 488 retirees and their beneficiaries, resulted in a net OPEB cost of \$15,184,574 for the year ended December 31, 2011. 24% of the total cost was contributed during 2011.

For the fiscal year ended December 31, 2010, the County's OPEB cost (expense) of \$18,925,425 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

**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. Generally, the interfund payables and receivables result as expenditures for other governmental funds and are sometimes made out of the general fund for payroll and related taxes and benefits until interfund balance payments may be processed.

The following schedule summarizes interfund receivables and payables by fund at December 31, 2011 arising from these transactions:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 2,813,253	\$ (41,470)
Other governmental	120,563	(2,177,199)
Enterprise	2,083	(163,336)
Internal service	-	(110,809)
Agency	9,972	(453,057)
	<hr/>	<hr/>
Total	<u>\$ 2,945,871</u>	<u>\$ (2,945,871)</u>

The County made the following transfers during 2011:

Transfers among funds result as part of the annual budget process and are generally routine in nature. General fund revenues finance, in part, county road and road machinery expenses including payroll and related taxes and benefits, as well as, materials. The transfer from the capital projects fund to the general fund during 2011 was due to the closure of the jail project.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Interfund Transactions - Continued**

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 84,425	\$ 11,832,888
County Road	11,752,888	2,904,856
Capital Projects Funds	<u>2,984,856</u>	<u>84,425</u>
Total	<u>\$ 14,822,169</u>	<u>\$ 14,822,169</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.

**Fund Balances**

During the year ended December 31, 2011, the County implement Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type definitions. In the Government Fund Statements, as follows:

Nonspendable amounts represent prepaid expenses.

Restricted funds represent amounts held for risk retention liabilities involving unemployment and general liability insurance risks.

Assigned funds include the following:

Encumbrances, or commitments for expenditures. General fund encumbrances totaled \$180,743 and non-major fund encumbrances totaled \$23,039 for the year ended December 31, 2011.

Subsequent year's expenditures. The general fund has assigned \$4,004,891 for appropriation to meet expenditure requirement for the 2012 year.

Funds reserved by the Board of Supervisors for various purposes, including sheriff equitable sharing, drug enforcement agency, Fort La Presentation, and environmental remediation. The total assigned for miscellaneous purposes was \$772,828.

ST. LAWRENCE COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

**Deficit Fund Equity**

The following funds had an accumulated deficit as of December 31, 2011:

County Road Machinery Fund	\$ 489,712
Enterprise Fund	304,641
Internal Service Fund (Workers' Compensation)	<u>5,343,410</u>
Total	<u>\$ 6,137,763</u>

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

**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 \$3,016,151 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.

**Prior Period Adjustments**

Prior period adjustments represent errors in the calculation of a prior year receivable and a prior year payable, which were discovered during the year ended December 31, 2011.

The prior period adjustments are as follows:

Governmental Activities (Non-major fund):

Adjustment of opening accounts receivable in county road fund of \$101,639.

Business-Type Activities:

Correction of prior year compensated absence accrual of \$29,047 in Solid Waste Fund.

IDA – Local Development Corp. (component unit):

To write off prior year interest receivable for \$26,109.

The effect of these adjustments on net assets at the beginning of the year can be found on pg.14, Statement of Activities.

**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, 2011. 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.

**Subsequent Events**

The County has evaluated all events through August 31, 2012 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 Funding Progress for Other Postemployment Benefits

Year Ended December 31, 2011

Actuarial Valuation Date	Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2010	December 31, 2011	-	174,932,349	174,932,349	0%	40,301,791	434%
January 1, 2010	December 31, 2010	-	163,183,718	163,183,718	0%	38,712,023	422%
January 1, 2008	December 31, 2009	-	178,446,060	178,446,060	0%	38,369,493	465%

See Independent Auditors' Report and Notes



## ST. LAWRENCE COUNTY, NEW YORK

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Passed through the New York State			
Office of Temporary and Disability:			
SNAP Cluster:			
State Administrative Matching Grant-			
Food Stamp Program	10.561	\$1,251,995	
Total - SNAP Cluster			1,251,995
Conservation Reserve Program	10.069		1,192
Wetlands Reserve Program	10.072		459
Environmental Quality Incentives Program	10.912		3,978
Wild Habitat Incentive Program	10.914		204
			<u>204</u>
Total U.S. Department of Agriculture			1,257,828
<u>* U.S. Department of Housing and Urban Development:</u>			
Passed through the New York State Division			
of Housing and Community Renewal:			
Community Development Block Grant -			
State's Program			
	14.228		1,565,819
Total U.S. Department of Housing and Urban Development			1,565,819
<u>U.S. Department of Labor:</u>			
Passed through the New York State Office			
for the Aging:			
Senior Community Service Employment	17.235		117,768
National Council on Aging-Title V	17.235		43,912
Passed through the New York State			
Department of Labor:			
WIA Cluster:			
WIA Adult Program	17.258	490,921	
WIA Youth Activities	17.259	362,623	
ARRA-WIA Youth Activities	17.259	14,522	
WIA Dislocated Workers	17.260	36,056	
Total - WIA Cluster			904,122
WIA Dislocated Works- Supplemental Funds	17.278		330,584
Total U.S. Department of Labor			1,396,386

\* Sub-recipients are St. Lawrence County Housing Council, Inc. and  
St. Lawrence County Industrial Development Agency (component unit)

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	
<u>U.S. Department of Justice:</u>			
Passed through the New York State			
Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	40,770	
Total U.S. Department of Justice			40,770
<u>U.S. Department of Transportation:</u>			
Passed through New York State			
Department of Transportation:			
Highway Planning and Construction	20.205	1,416,882	
ARRA Highway Planning and Construction	20.205	5,194	
Total U.S. Department of Transportation			1,422,076
<u>U.S. Department of Homeland Security:</u>			
Passed through New York State Office of Homeland Security:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	30,821	
Total Homeland Security Cluster			30,821
SLC-Emergency Food and Shelter	97.024	12,250	
State Homeland Security Program	97.073	341,293	
Total U.S. Department of Homeland Security			384,364
<u>U.S. Department of Health and Human Services:</u>			
Passed through the New York State			
Office for the Aging:			
Aging Cluster:			
Aging - Title III Part B	93.044	121,418	
Aging - Title III Part C	93.045	226,722	
Nutrition Services Incentive Program	93.053	99,557	
Total - Aging Cluster			447,697
Aging - Title III Part D	93.043	7,562	
Medicare Enrollment Assistance Program	93.071	22,563	
National Family Caregiver Support Title III, Part E	93.052	47,185	
Medicaid Services Research, Demonstrations and and Evaluations - Health Insurance	93.779	42,288	
Passed through the New York State			
Department of Health:			
Investigations and Technical Assistance	93.283	66,506	
Public Health Emergency Preparedness	93.069	130,879	
Dental Sealant Program	93.236	30,695	

See Independent Auditors' Report and Notes

## ST. LAWRENCE COUNTY, NEW YORK

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Health and Human Services, Continued:</u>		
Passed through the New York State Office of Temporary and Disability Assistance:		
CCDF Cluster:		
ARRA Child Care and Development Block Grant	93.713	<u>111,065</u>
Total CCDF Cluster		111,065
Child Support Enforcement	93.563	1,174,447
Low-Income Home Energy Assistance	93.568	8,742,871
W.R.A.P.	93.568	38,630
Foster Care - Title IV-E	93.658	2,242,034
ARRA Foster Care - Title IV-E	93.658	74,873
ARRA Adoption Assistance	93.659	36,192
Social Services Block Grant	93.667	2,399,126
Foster Care Independence Program	93.674	37,494
TANF Cluster:		
Temporary Assistance for Needy Families	93.558	<u>3,311,289</u>
Total TANF Cluster		3,311,289
Medicaid Cluster:		
Passed through the New York State Department of Health:		
Medical Assistance Title XIX	93.778	3,705,001
Passed through the New York State Office of Mental Health:		
Federal Salary Sharing	93.778	<u>44,561</u>
Total Medicaid Cluster		3,749,562
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>671,495</u>
Total U.S. Department of Health and Human Services		<u>23,384,453</u>
Total		<u>\$ 29,451,696</u>

Grants noted above are direct unless specifically noted  
as passthrough grants.

See Independent Auditors' Report and Notes

ST. LAWRENCE COUNTY, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

**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 (except as a subrecipient as noted below)
- 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 sub-recipients St. Lawrence County Housing Council, Inc.	14.228	\$ 1,363,546
St. Lawrence County Industrial Development Agency (Component Unit)	14.228	194,273



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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents and have issued our report thereon dated August 31, 2012. 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. The audit of the St. Lawrence County Industrial Development Agency – Local Development Corporation was not performed in accordance with *Government Auditing Standards*. In addition, 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 for the audits of the St. Lawrence county Industrial Development Agency or the Canton Human Services Initiatives, Inc.

Internal Control Over Financial Reporting

Management of St. Lawrence County, New York, is responsible for establishing and maintaining effective 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Lawrence County, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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. (2011-01, 2011-03, 2011-04 and 2011-06). 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 2011-02 and 2011-05.

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

August 31, 2012



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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, 2011. 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.

St. Lawrence County, New York's basic financial statements include the operations 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. One or more of these entities may have received federal awards. Such awards, if any, were not included in the schedule of expenditures of federal awards for St. Lawrence County, New York, during the year ended December 31, 2011, unless the amounts received were as a sub-recipient of the County. Our audit conducted in accordance with OMB Circular A-133, described below, did not include a schedule of expenditures of federal awards of these component units because the entities engaged other auditors for the year ended December 31, 2011.

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, 2011

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

August 31, 2012



ST. LAWRENCE COUNTY, NEW YORK  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2011

Section I - Summary of Auditor's Results

I. Financial Statements

A. Type of auditors' report issued:

1. Unqualified, 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, 2011

Section I - Summary of Auditor's Results – Continued

II. Federal Awards – Continued

C. The County's major programs were:

	<u>**CFDA Number</u>
<u>Department of Housing and Urban Development:</u>	
Passed through the New York State Division of Housing and Community Renewal	
Community Development Block Grant-State's Program	14.228
 <u>U.S. Department of Transportation:</u>	
Passed through New York State Department of Transportation:	
Highway Planning and Construction	20.205
ARRA Highway Planning and Construction	20.205
 <u>U.S. Department of Health and Human Services:</u>	
Passed through the New York State Office of Temporary and Disability Assistance:	
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
W.R.A.P.	93.568
Social Services Block Grant	93.667

D. Dollar threshold used to distinguish between Type A and Type B programs is \$883,551.

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 2011.

ST. LAWRENCE COUNTY, NEW YORK  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2011

Section II - Financial Statement Findings

Number/Finding/NonCompliance

Questioned  
Costs

No. 2011-01

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, 2009 and 2010.

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 and has, in fact documented such risk assessment; however, as of July of 2012, the Board of Legislators has not approved the assessment.

No. 2011-02

N/A

Criteria: The New York System of Uniform Accounts requires 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, 2009 and 2010.

Effect of Condition: This practice results in 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, 2011

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned  
Costs

No. 2011-02 – 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. 2011-03

N/A

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

Condition: During audit testing procedures, it was noted that department supervisors could adjust vacation time without approval of the Human Resources Department, which could result in an employee having more accrued vacation time than allowed by County employee benefit policies.

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. This is a repeat finding from 2010.

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. In 2012, the policy was changed and the Human Resources Officer currently does review and approve all vacation and/or adjustments.

No. 2011-04

N/A

Criteria: Expenditures pertaining to the current period should be accrued if measurable and if the service has been performed.

Condition: While performing a search for unrecorded liabilities within the capital project fund, it was noted that two invoices totaling \$92,210.71 were not recorded in 2011 when in fact the services were performed during that year.

Cause of Condition: The failure to record an accounts payable for these expenditures appears to be an oversight.

ST. LAWRENCE COUNTY, NEW YORK  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2011

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned  
Costs

No. 2011-04 – Continued

Effect of Condition: Liabilities and expenditures for the capital project fund were understated. An adjusting journal entry has been made to correct the oversight.

Recommendation: A thorough review of all invoices near the end of the beginning of the year should be done to ensure that payables are recorded in the correct period.

Management Response: Management indicated that a thorough review of potential payable will be done in the future.

No. 2011-05

N/A

Criteria: Pursuant to New York State law, the County is required to publish notification that their annual and audit reports, in addition to any related corrective action plan, have been filed with the state and are available for the public to view.

Condition: It was discovered that the County did not properly inform the public that their annual report for 2010 was complete and available for the public to view.

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

Effect of Condition: The County is not in compliance with New York State law.

Recommendation: The County Treasurer should ensure that the County Clerk timely publishes the required legal notice.

Management Response: The failure to publish the required notice was an error. The County Clerk's office and the County Treasurer's office will ensure that the required notice is published timely in the future.

ST. LAWRENCE COUNTY, NEW YORK  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2011

Section II - Financial Statement Findings – Continued

Number/Finding/Non Compliance

Questioned  
Costs

No. 2011-06

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. This is a repeat finding from 2010.

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.

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.

ST. LAWRENCE COUNTY, NEW YORK  
Schedule Prior Year Findings and Questioned Costs  
From December 31, 2010 Report

No. 2010-01

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

Status: This is a repeat finding in 2011 (No. 2011-01).

No. 2010-02

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 2011 (No. 2011-02).

No. 2010-03

Condition: Employee vacation hours can be adjusted upward by Department supervisors without the approval of the Human Resources Department, which could result in more vacation hours owed than allowed by County personnel policies.

Status: This is a repeat finding in 2011 (No. 2011-03).

No. 2010-04

Condition: Electronic records of the salary history of certain terminated employees were deleted from the system upon termination.

Status: This practice was corrected during 2011.

No. 2010-05

Condition: The Treasurer's office was not aware of five cash accounts held by the County.

Status: This situation did not recur in 2011.

No. 2010-06

Condition: During 2010, the Office for the Aging did not request proposals from more than one vendor for contracted bus service.

Status: The correct proposals were requested during 2011.

No. 2010-7

Condition: Several fixed assets were depreciated in excess of their net book value.

Status: This is a repeat finding for 2011. (No. 2011-06).

ST. LAWRENCE COUNTY, NEW YORK

Schedule of Prior Year Findings and Questioned Costs

From December 31, 2010 Report

No. 2010-8

Condition: Several individuals in the Treasurer's office could post entries into the general ledger without review by another management employee

Status This practice was corrected in 2011.