ST. LAWRENCE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Lawrence County Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the St. Lawrence County Industrial Development Agency (Agency), a component unit of St. Lawrence County, New York, as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Lawrence County Industrial Development Agency, as of December 31, 2018 and 2017, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 4 through 7, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Local Government Contributions on Page 36, and Schedule of OPEB Liability and Related Ratios on Page 37 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the St. Lawrence County Industrial Development Agency's basic financial statements. The Schedules of Revenues and Expenses by Project on Page 39 and the Schedules of Operating Expenses on Page 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenues and Expenses by Project and the Schedules of Operating Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 20, 2019, on our consideration of the Agency'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 solely 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 effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Pinto Mucenski Hooper Van House & Co.
Certified Public Accountants, P.C.
March 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the St. Lawrence County Industrial Development Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- Total Assets and Deferred Outflows increased by $ 116,151 primarily due to increase in Deferred Outflow in Pension according to the annual actuarial study.

- Total Liabilities and Deferred Inflows of Resources increased by $ 1,157,851 primarily due to the increase in Deferred Inflows related to Other Post Employment Benefits obligations.

Agency Highlights

- January 2018. The Agency amended an agreement with the Development Authority of the North Country for technical assistance with the Newton Falls railroad rehabilitation project. The Agency also authorized financial assistance to St. Lawrence Soyway Company, LLC, and authorized an application for funds through the National Grid Brownfield Redevelopment Assistance Program for the former J&L Steel site in Star Lake.

- February 2018. The Agency authorized modifications to a project with Corning, Inc. adding an additional 9,000 square feet of improvements to the Company's warehouse facilities.

- March 2018. The Agency conducted its annual reviews of the Compensation, Reimbursement, and Attendance Policy. The Agency also conducted annual reviews of the 2017 Report of Property, Whistleblower Policy, and Defense and Indemnification Policy and reviewed its Code of Ethics. The Agency authorized modifications to the FY2017 Budget and accepted the FY2017 Audit. The Agency authorized an application to the USDA RBDG for the benefit of LC Drives.

- May 2018. The Agency authorized a new project with Corning, Inc. to assist with a $ 14 million expansion at the local facility. The expansion includes 2,280 square feet of space for material storage and handling, 7,565 square feet of office space, and environmental improvements including an addition of nearly 4,000 square feet to the existing bag house at the facility. Approximately 4,400 square feet of existing space will also be renovated within the existing facility and converted to manufacturing space to increase furnace capacity.

- June 2018. The Agency authorized financial assistance to AmTech Yarns, authorized borrowing of funds from the Development Authority of the North Country, and authorized an agreement with the New York Power Authority to explore the feasibility of a project to enhance the Agency's website. The Agency also adopted a Standard Workday Reporting Resolution.

- September 2018. The Agency authorized financial assistance to North American Forest Group, Inc., authorized establishing and maintaining accounts with KeyBanc Capital Markets Inc., and accepted its tentative FY2019 budget. The Agency also authorized a three-year audit services contract.

- October 2018. The Agency adopted its 2018 budget, reviewed its Conflicts of Interest Policy, Procurement Policy, Sexual Harassment Policy, Cellular Phone Usage Policy, and updated personnel guidelines. The Agency authorized financial assistance to North Country Dairy, LLC. in the form of a sales and use tax exemption.

- December 2018. The Agency conducted annual reviews of the Investment Policy and Authorization of Depositories, and adopted amendments to the application, project agreements, and new form of exhibit for project authorizing resolutions. The Agency approved a project authorizing resolution for Am-Tech Yarns, Inc. and an amending resolution for Empire State Mines, LLC.

USING THIS ANNUAL REPORT

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

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The financial statements of the Agency report information using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the Agency's overall financial status. The Agency's basic financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows. The financial statements also include notes that are considered essential to a full understanding of the data that is being presented on the statements.

The *Statements of Net Position* presents information on all of the Agency's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the assets plus deferred outflows of resources less liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The S*tatements of Revenues, Expenses and Changes in Net Position* account for all of the current year's revenues and expenses. This statement measures the success of the Agency's operations over the past year and can be used to determine whether the Agency has successfully recovered all of its costs. It provides the user with basic financial information about the profitability and credit worthiness.

The *Statement of Cash Flows* provides information about the Agency's cash receipts and cash payments during the fiscal year. The statement reports cash receipts, cash payments and net changes in cash resulting from operating; noncapital financing; capital and related financing; and investing activities. The purpose of this statement is to tell the user where the Agency's cash came from, what the cash was used for, and by how much the cash balance changed over the course of the fiscal year.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required Supplementary Information. This information is required in connection with the Agency's pension plan held with New York State and Local Employees' Retirement System and Other Post Employment Benefits. The purpose of Required Supplementary Information presented on pages 36 and 37 is for additional analysis only.

Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report presents Supplementary Schedules, which are presented for purposes of additional analysis only.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government agency's financial position. In the case of the Agency, total net position is $ 5,139,609 as of December 31, 2018.

The Agency's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following tables present a summary of the Agency's derivation of net position for the fiscal year ended December 31, 2018.

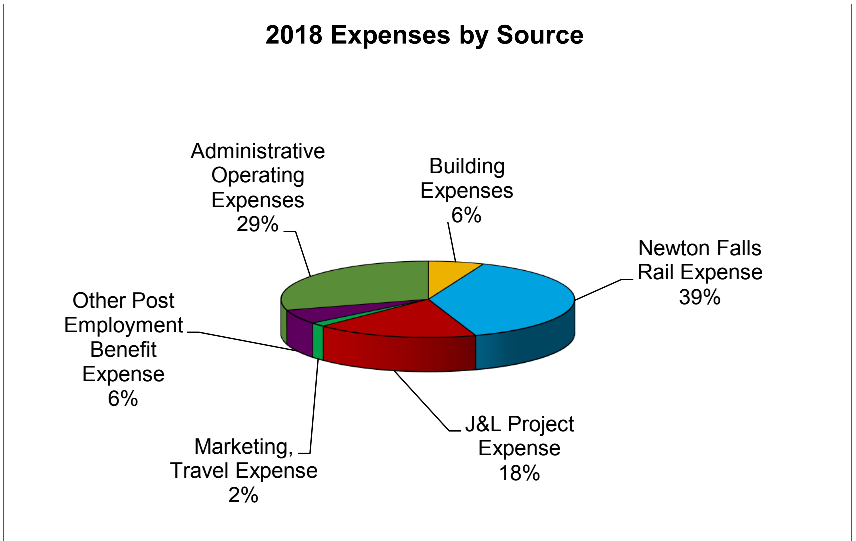
Table 1

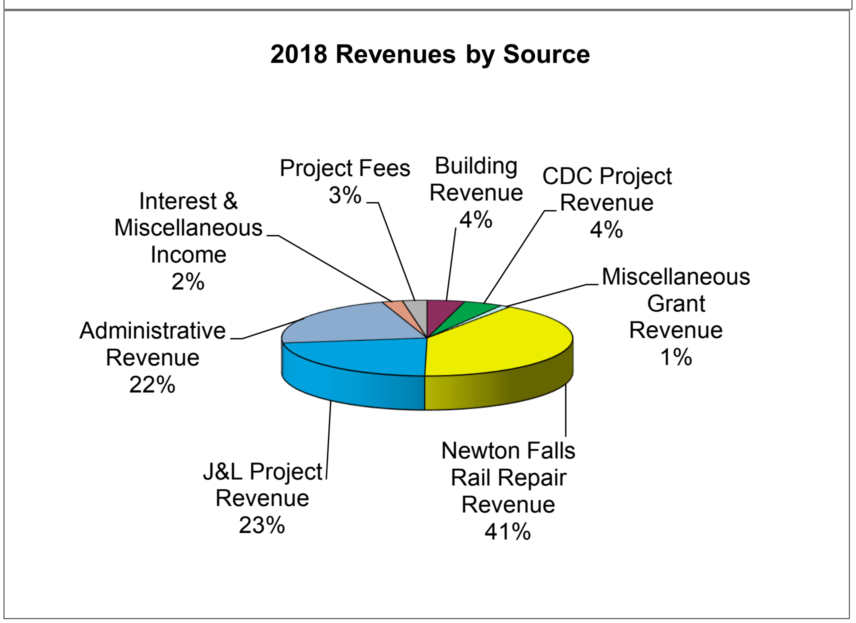
	2018	2017
Current Assets	$ 6,224,912	$ 6,188,532
Fixed Assets (Net)	2,940,141	2,955,048
Other Assets	528,328	559,349
Total Assets	9,693,381	9,702,929
Deferred Outflow of Resources	258,031	132,332
Total Assets and Deferred Outflows	$ 9,951,412	$ 9,835,261
Current Liabilities	$ 1,209,346	$ 1,119,305
Long-term Liabilities	3,065,824	2,472,716
Total Liabilities	4,275,170	3,592,021
Deferred Inflow of Resources	536,633	61,931
Total Liabilities and Deferred Inflows	4,811,803	3,653,952
Total Net Position	5,139,609	6,181,309
Total Liabilities, Deferred Inflows and Net Position	$ 9,951,412	$ 9,835,261

Changes in the Agency's Net Position can be determined by reviewing the following condensed Statement of Revenues, Expenses, and Changes in Net Position at the end of the year.

Table 2

	2018	2017
Industrial Development Project Revenues	$ 1,261,269	$ 1,521,353
Other Revenues	579,063	609,156
Total Revenue	1,840,332	2,130,509
Industrial Development Project Expenses	1,260,953	1,810,812
Administrative Expenses	700,216	758,720
Total Expenses	1,961,169	2,569,532
Change in Net Position	(120,837)	(439,023)
Net Position – Beginning of Year	6,181,309	6,620,332
Implementation of GASB 75	(920,863)	-
Net Position – End of Year	$ 5,139,609	$ 6,181,309





CASH AND INVESTMENT POLICY

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

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency's Chief Executive Officer at 19 Commerce Lane, Suite 1, Canton, New York 13617.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

	12/31/2018	12/31/2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 2,197,149	$ 1,900,675
Cash - Security Deposits	4,802	-
Cash - Special Reserve	21,070	2,000,000
Investments - Special Reserve	1,978,930	-
Accounts Receivable	42,365	5,398
Accrued Interest Receivable	411	604
Grant Receivable	1,883,560	2,198,629
Leases Receivable	15,067	6,803
Capital Lease Receivable	69,728	65,259
Prepaid Expenses	11,830	11,164
Total Current Assets	6,224,912	6,188,532
Long-Term Assets		
Capital Assets		
Nondepreciable	458,343	458,343
Depreciable, Net of Accumulated Depreciation	2,481,798	2,496,705
Leases Receivable, Net of Current Portion	80,293	39,117
Capital Lease Receivable, Net of Current Portion	448,035	520,232
Total Long-Term Assets	3,468,469	3,514,397
Total Assets	9,693,381	9,702,929
Deferred Outflows of Resources		
Pension	172,668	132,332
Other Post Employment Benefits	85,363	-
Total Deferred Outflows of Resources	258,031	132,332
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	285,094	4,271
Rental and Refundable Deposits	4,802	-
Deferred Revenue	114,263	28,957
Long Term Debt - Current Portion	805,187	1,086,077
Total Current Liabilities	1,209,346	1,119,305
Long-Term Liabilities		
Compensated Absences	195,362	182,981
Postemployment Benefits Other Than Pensions	1,692,370	910,104
Long Term Debt - Less Current Portion	1,128,351	1,233,867
Net Pension Liability - Proportionment Share	49,741	145,764
Total Long-Term Liabilities	3,065,824	2,472,716
Total Liabilities	4,275,170	3,592,021
Deferred Inflows of Resources		
Pension	193,148	61,931
Other Post Employment Benefits	343,485	-
Total Deferred Outflows of Resources	536,633	61,931
NET POSITION		
Net Investment in Capital Assets	1,756,603	1,617,985
Unrestricted - Assigned	2,000,000	2,000,000
Unrestricted - Unassigned	1,383,006	2,563,324
Total Net Position	$ 5,139,609	$ 6,181,309

The accompanying notes are an integral part of these financial statements.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	12/31/2018	12/31/2017
REVENUES		
Program Revenues		
Newton Falls Rail Repair Grant	$ 748,110	$ 1,124,475
Potsdam Commerce Park Rent	43,410	24,810
Canton Industrial Building Rent	33,564	3,000
Massena Lot 17 Rent	-	15,400
Loan Interest Income	15,692	12,566
Bank Interest Income	389	480
ALCOA Foundation Grant	10,134	19,244
RDBG Grant	10,111	-
J & L Project Grant	415,940	410,620
Administration Fees	407,200	407,200
CDC Project Fees	79,545	149,566
Project Fees	50,177	20,000
Miscellaneous Income	17,767	100
Unrealized Gain (Loss) on Investments	8,293	-
Gain (Loss) on the Sale of Property	-	(56,952)
Total Revenues	1,840,332	2,130,509
EXPENSES		
Program Expenses		
Gouverneur Industrial Park	1,842	41
Massena Lot 17	-	17,925
Newton Falls Rail Repair	759,360	1,152,894
Potsdam Commerce Park	31,669	28,850
Canton Industrial Park	4,924	1,505
Canton Industrial Building	81,193	81,276
J & L Project Expense	348,821	470,026
Newell Building Project Expense	-	12,473
Other Program Expenses	33,144	45,822
Administrative Operating Expenses	700,216	758,720
Total Expenses	1,961,169	2,569,532
Change in Net Position	(120,837)	(439,023)
Net Position - Beginning of Year	6,181,309	6,620,332
Implementation of GASB 75	(920,863)	-
Net Position - End of Year	$ 5,139,609	$ 6,181,309

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	12/31/2018	12/31/2017
Cash Flows from Operating Activities		
Cash Received from Others for Services and Grants	$ 2,203,929	$ 5,733,704
Cash Paid for Goods and Services	(959,198)	(2,389,818)
Cash Paid for Employee Services	(342,441)	(337,649)
Cash Paid for Employee Benefits	(158,101)	(155,033)
Net Cash Provided (Used) By Operating Activities	744,189	2,851,204
Cash Flows from Investing Activities		
Issuance of New Leases	(57,850)	(47,621)
Payments Received on Leases	76,138	119,173
Net Cash Provided (Used) By Investing Activities	18,288	71,552
Cash Flows from Capital and Financing Activities		
Purchase of Property and Equipment	(79,597)	(27,541)
Proceeds Received From Long-Term Debt	17,119	232,881
Payments Made on Long-Term Debt	(403,525)	(2,458,200)
Net Cash Provided (Used) By Financing Activities	(466,003)	(2,252,860)
Net Increase (Decrease) in Cash and Cash Equivalents	296,474	669,896
CASH AND CASH EQUIVALENTS - Beginning of Year	1,900,675	1,230,779
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,197,149	$ 1,900,675
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Change in Net Position	$ (120,840)	$ (439,023)
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities		
Depreciation	94,505	99,292
Implementation of GASB Statement No. 75	(920,863)	-
Loss on Sale of Property	-	56,952
Changes in Operating Assets and Liabilities		
Accounts Receivable	(36,967)	27,209
Accrued Interest Receivable	193	82
Grants Receivable	315,069	3,539,195
Prepaid Expenses	(666)	6,733
Rental and Refundable Deposits	-	(1,000)
Accrued Expenses - Other	280,825	(618,305)
Deferred Revenue	85,306	(19,243)
Compensated Absences	12,381	13,897
Postemployment Benefits	782,266	164,955
Net Pension Liability	(96,023)	(178,829)
Net Pension Deferred Outflows/Inflows	90,881	199,289
Net OPEB Deferred Outflows/Inflows	258,122	-
Net Cash Provided (Used) By Operating Activities	$ 744,189	$ 2,851,204

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the St. Lawrence County Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Certain significant accounting principles and policies utilized by the Agency are described below.

Reporting Entity

The reporting entity of the Agency is based upon Criteria set forth by ***GASB Statement 14, The Financial Reporting Entity.*** The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present the activities of the Agency.

Nature of Organization

The Agency is an industrial development agency duly established under Title 1, Article 18-A of the General Municipal Law of the State of New York and Chapter 358 of the Laws of 1971 of the State of New York, and is a corporate governmental agency constituting a public benefit corporation of the State of New York. The Agency is exempt from federal, state, and local income taxes.

Measurement Focus and Basis of Accounting

The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, may include grants and donations. On an accrual basis, revenue is recognized in the fiscal year for which the revenue is earned. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Cash and Cash Equivalents

For the purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and savings instruments with a maturity of less than three months.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Bad Debts

The Agency has elected not to establish an allowance for bad debts since all receivables are deemed collectible. An allowance will be established when an event occurs in the future that would necessitate a reserve.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets are reported at actual cost. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Agency-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 5,000	Straight Line (SL)	40 years
Building Improvements	1,000	SL	10 years
Land Improvements	1,000	SL	3 years
Office Furniture and Equipment	1,000	SL	7 years
Automobiles	2,500	SL	5 years

Deferred Revenue

The Agency recognizes revenue when it is earned. Revenue associated with cash receipts received in advance from rental operations is deferred until the month they are earned.

Vested Employee Benefits

Agency employees are granted vacation and sick time in varying amounts based primarily on length of service. There are limits on the amount of time that can be either accrued and/or used during any one fiscal year. Also, in the event of certain terminations, some earned benefits may be forfeited.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vested Employee Benefits (Continued)

Personal time and other forms of leave are specified in the Agency's Employee Handbook. Personal time must be utilized during a 12 month period that begins on the first day of the month the employee was hired. Personal time is non-cumulative from year to year. Any unused time at the end of the employee's anniversary year will be subject to forfeiture. Sick and vacation leave is cumulative from year to year with maximum accruals based on years of service as outlined in the employee handbook. Upon retirement, resignation, or death, employees may receive a payment for accrued vacation and personal time based on the employee's regular rate of pay. Upon retirement, employees may receive a medical insurance credit based on unused sick time accrued at the employee's regular rate of pay as outlined in the employee handbook. Consistent with ***GASB Statement 16, Accounting for Compensated Absences,*** an accrual for accumulated sick and vacation leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year end.

Eligible Agency employees participate in the New York State and Local Employees Retirement System. In addition to providing pension benefits, the Agency participates in a health insurance program through St. Lawrence County which provides medical insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Medical benefits are provided through a plan whose premiums are based on the benefits paid during the year. The Agency recognizes the cost of providing medical insurance by recording its share of insurance premiums as expenditures in the year paid.

Postemployment Benefits Other Than Pensions (OPEB)

In addition to providing the retirement benefits described in the Note above, the Agency provides post-employment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the Agency Board. In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (Statement 75). This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension,* (Statement 45) and issues new standards for defined benefit OPEB and defined contribution OPEB provided to employees of state and local governments through OPEB plans. Its intent is to improve accounting and financial reporting by requiring an OPEB liability to be reported on the face of the financial statements rather than in the accompanying notes as previously required by Statement 45. In 2018, the Agency implemented Statement 75.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Procedures and Budgetary Accounting

The Agency administration prepares a proposed budget for operations each year for approval by the Board of Directors. Appropriations are adopted at the program line item level as established by the adoption of the budget which constitutes a limitation on expenditures which may be incurred. Appropriations lapse at the end of the fiscal year unless expended. Budgets are adopted annually on a basis consistent with GAAP.

Pension Accounting

The Agency adopted the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pension.* GASB Statement 68 replaces the requirements of GASB Statements Nos. 27 and 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The employer liability is to be measured as the difference between the present values of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position. Obligations for employers with cost sharing plans will be based on their proportionate share of contributions to the pension plan. The standard also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. In 2015, the Agency implemented ***GASB 68***.

Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2019 through March 20, 2019, the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the balance sheet date required to be recognized or disclosed in the accompanying financial statements.

Changes in Accounting Principles

For the fiscal year ended December 31, 2018, the Agency implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The implementation of the statement requires the Agency to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflows of resources and deferred inflows of resources related to OPEB. See Note 9 for the financial statement impact of the implementation of the statement.

NOTE 2 - NET POSITION CLASSIFICATION

Net Investment in Capital Assets - Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets. The Agency had $ 1,756,603 and $ 1,617,985 invested in capital assets, net of related debt as of December 31, 2018 and 2017, respectively.

Unrestricted Net Position - Reports all other net assets that do not meet the definition of the above classification and are deemed to be available for general use by the Agency. The unrestricted net position has two classifications, Unassigned and Assigned. The Agency's unassigned net position was $ 1,383,006 and $ 2,563,324 as of December 31, 2018 and 2017, respectively. The assigned net position was $ 2,000,000 for both December 31, 2018 and 2017. The Board of Directors designated the assigned net position of $ 2,000,000 in 2001 for the purpose of assisting in the future solvency of the Agency.

NOTE 3 - CASH AND INVESTMENTS

The Agency's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Agency's investment policies. Resources must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

NOTE 4 - INVESTMENTS

Investments as of December 31, 2018 and 2017 are carried at fair value and consist of the following:

	12/31/2018	12/31/2017
United States Treasury Bills	$ 1,978,930	$ -

Investment return on the above investments is recorded in the statement of activities as follows:

	12/31/2018	12/31/2017
Unrealized Gains (Losses)	$ 8,293	$ -

NOTE 5 - FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or transfer a liability in an orderly transaction between market participants. The Agency uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. Level 1 includes fixed income and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies. This category generally includes certain U.S. Government and Agency obligations, fixed income securities, and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Level 3 assets and liabilities includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private debt and equity instruments and alternative investments.

The following presents the Agency's investments at December 31, 2018 and 2017 that are measured at fair value on a recurring basis. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurements.

	Quoted Prices in Active Identical Assets (Level 1)	
	12/31/2018	12/31/2017
United States Treasury Bills	$ 1,978,930	$ -

The Agency has no investments that are valued using either Level 2 or Level 3 inputs as of December 31, 2018 and 2017.

NOTE 6 - LEASES RECEIVABLE

The Agency carries leases receivable at cost. Balances at December 31, 2018 and 2017 are as follows:

Leases	Interest Rate	Maturity	Original Amount	Balance 2018	Balance 2017
LC Drives Corp. (RDBG)	0.000%	09/01/2024	$ 47,621	$ 39,117	$ 45,920
LC Drives Corp. (RDBG)	0.000%	10/01/2025	57,850	56,243	-
				$ 95,360	$ 45,920

Future maturities of the leases receivable are as follows:

	Lease Receivable
December 31, 2019	$ 15,067
2020	15,067
2021	15,067
2022	15,067
2023	15,067
Thereafter	20,025
	$ 95,360

All leases are considered collectible until all legal remedies have been exhausted.

NOTE 7 - CAPITAL LEASES (LEASE-PURCHASE AGREEMENTS)

The Agency leases buildings under two separate lease-purchase agreements. The Agency is the mortgage holder under these agreements and property title was transferred to the lessee at the time the lease originated. Balances at December 31, 2018 and 2017 are as follows:

Capital Leases	Interest Rate	Original Date	Maturity Date	Original Amount	Balance 2018	Balance 2017
Op-Tech	2.625%	07/01/2009	05/11/2024	$ 540,000	$ 224,517	$ 262,137
New York Power Tools, Inc.	3.000%	07/01/2017	06/30/2027	350,000	293,246	323,354
					$ 517,763	$ 585,491

NOTE 7 - CAPITAL LEASES (LEASE-PURCHASE AGREEMENTS) (Continued)

Future minimum lease payments under the capital lease are as follows:

December 31, 2019	$	69,728
2020		71,700
2021		73,728
2022		75,814
2023		77,958
Thereafter		148,835
	$	517,763

NOTE 8 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2018 is as follows:

Capital Assets	Beginning Balance	Additions	Retirements	Ending Balance
Nondepreciable				
Land	$ 206,750	$ -	$ -	$ 206,750
Land Improvements	251,593	-	-	251,593
Total nondepreciable historical cost	458,343	-	-	458,343
Depreciable				
Building and Improvements	2,998,093	79,598	-	3,077,691
Automotive Equipment	39,560	-	-	39,560
Office Equipment and Furnishings	27,096	-	-	27,096
Total depreciable historical cost	3,064,749	79,598	-	3,144,347
Less accumulated depreciation	568,044	94,505	-	662,549
Total depreciable historical cost, net	2,496,705			2,481,798
Total capital assets historical cost, net	$ 2,955,048			$ 2,940,141

Depreciation expense was charged to activities as follows:

	2018	2017
Potsdam Commerce Park Building	$ 22,263	$ 22,263
Massena - Lot 17 Building	-	10,062
Canton Industrial Building	60,980	58,128
Canton Industrial Park	4,020	-
Total Depreciation Charged to Activities	87,263	90,453
Administrative Operating	7,242	8,839
Total Depreciation Expense	$ 94,505	$ 99,292

NOTE 9 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has two items that meet this criterion - contributions made to the OPEB and pension plan in the current year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has two items that meet the criterion of this category – OPEB and pension related deferrals.

NOTE 10 - PENSION PLANS

Plan Description

The St. Lawrence County Industrial Development Agency participates in the New York State and Local Employees' Retirement System (ERS) which, along with the New York State and Local Police and Fire Retirement System (PFRS), is collectively referred to as the New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

NOTE 10 - PENSION PLANS (Continued)

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

NOTE 10 - PENSION PLANS (Continued)

Tiers 3, 4, and 5 (Continued)

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25 Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20 Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

NOTE 10 - PENSION PLANS (Continued)

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $ 50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $ 18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2018	$ 49,766
2017	$ 55,996
2016	$ 74,013

NOTE 10 - PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Agency reported a liability of $ 49,741 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's portion of the net pension liability is based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2018, the Agency's proportionate share was $ 49,741, which was a decrease of $ 96,023 from its proportion measured as of March 31, 2017.

For the year ended December 31, 2018, the Agency recognized pension expense of $ 44,558. At December 31, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 17,741	$ 14,661
Changes of Assumptions	32,982	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	72,245	142,604
Changes in Proportion and Differences between Employer Contribution and Proportionate Share of Contributions	-	35,883
Employer Contributions Subsequent to the Measurement Date	49,700	-
Total	$ 172,668	$ 193,148

The $ 49,700 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

March 31, 2019	$ (4,929)
2020	(2,778)
2021	(43,403)
2022	(19,070)
	$ (70,180)

NOTE 10 - PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with updated procedures to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

	ERS
Inflation	2.50%
Salary Increase	3.80%
Investment Rate of Return	
(Net of Investment Expense, including Inflation)	7.00%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.55%
International Equity	6.35%
Private Equity	7.50%
Real Estate	5.55%
Absolute Return Strategies	3.75%
Opportunistic Portfolio	5.68%
Real Assets	5.29%
Bonds and Mortgages	1.31%
Cash	(.25)%
Inflation-Indexed Bonds	1.25%

The real rate of return is net of the long-term inflation assumption of 2.50%.

NOTE 10 - PENSION PLANS (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net position liability calculated using the discount rate of 7.0%, as well as what the Agency's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0%) or 1 percentage-point higher (8.0%) than the current rate:

	Decrease (6.0%)	Assumption (7.0%)	Increase (8.0%)
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 376,355	$ 49,741	$ (226,561)

Pension Plan Fiduciary Net Position

The components of the net pension liability of the employers participating in The System as of March 31, 2018, were as follows:

	Employees Retirement System (Dollars in Thousands)
Employers' Total Pension Liability	$ 183,400,590
Fiduciary Net Position	180,173,145
Employers' Net Pension Liability	$ 3,227,445
Ratio of Fiduciary Net Position to the Employers' Total Pension Liability	98.24%

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The Agency's defined benefit OPEB plan, the St. Lawrence County Health Care Plan, provides OPEB for all permanent full-time employees of the Agency. The St. Lawrence County Health Care Plan is a single-employer defined benefit OPEB plan administered by St. Lawrence County. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the St. Lawrence County Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

The St. Lawrence County Health Care Plan provides healthcare benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The benefit terms provide for payment of 90 percent of the health insurance premiums for non-Medicare-eligible individual retirees.

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	1
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	5
	6

Total OPEB Liability

The Agency's total OPEB liability of $ 1,692,370 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	3.00%
Discount Rate	3.44%
Healthcare Cost Trend Rates	6.00% pre-65 and 6.50% post-65 for 2019, with future anticipated decreases.
Retirees' Share of Benefit-Related Costs	10% of projected health insurance premiums for retirees

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The discount rate was based on Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 SOA Mortality Tables adjusted back to 2006 using scale MP-2014 and projected forward using scale MP-2017.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2016 – December 31, 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2017	$ 1,865,238
Changes for the Year	
Service Cost	$ 81,664
Interest	73,298
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	(387,465)
Changes in Assumptions of Other Inputs	75,268
Benefit Payments	(15,633)
Net Changes	(172,868)
Balance at January 1, 2018	$ 1,692,370

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44%) or 1-percentage-point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Current (3.44%)	1% Increase (4.44%)
Total OPEB Liability	$ 2,045,080	$ 1,692,370	$ 1,415,039

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 1,374,326	$ 1,692,370	$ 2,109,068

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Agency recognized OPEB expense of $ 119,525. At December 31, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 343,485
Change of Assumptions or Other Inputs	66,725	-
Employer Contributions Subsequent to the Measurement Date	18,638	-
Total	$ 85,363	$ 343,485

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

December 31, 2019	$ (35,437)
2020	(35,437)
2021	(35,437)
2022	(35,437)
Thereafter	(135,012)

NOTE 12 - LONG-TERM LIABILITIES

Greater Massena Economic Development Fund (GMEDF): On May 31, 2002, the Agency adopted Resolution # 02-05-35, authorizing the application to the GMEDF for a loan to assist in the financing to expand the Fifth Massena Industrial Building and to also construct the Sixth Massena Industrial Building. The structure of project financing follows:

Empire State Development	$ 400,000
Senator Raymond Meier Member Item	100,000
GMEDF	600,000
IDA Cash Equity	935,000
Total	$ 2,035,000

NOTE 12 - LONG-TERM LIABILITIES (Continued)

St. Lawrence County Industrial Development Agency Local Development Corporation (Canton Industrial Building): On December 4, 2014, the Agency closed a \$ 1,400,000 loan from the SLCIDA-LDC consisting of \$ 700,000 from the River Valley Redevelopment Agency loan fund and \$ 700,000 from the SLCIDA-LDC revolving loan fund to finance some of the construction costs of the Canton Industrial Building. The Agency mortgaged the property to the SLCIDA-LDC as security for the loan. The River Valley Redevelopment Agency portion of the loan has a 7 year repayment with a 20 year amortization with an interest rate of 1%. The remaining portion of the loan has a 30 year amortization with an interest rate of ½ of 1%.

Various Lending Agencies (Newton Falls Rail Rehabilitation Project): During 2017 and 2016, through various resolutions, the Board approved the following loans from NBT Bank, River Valley Redevelopment Agency (SLRVRA), and Development Authority of the North Country (DANC) to provide gap funding necessary for the rail rehabilitation project. The structure of project financing follows:

2016 - NBT (\$ 3,500,000 line of credit)	\$ 857,051
2016 - SLRVRA	750,000
2016 - DANC - Loan 1	750,000
2016 - DANC - Loan 2	750,000
Total	\$ 3,107,051

Development Authority of the North Country (DANC): In 2017 a grant/loan agreement was executed for the former J&L Steel site rehabilitation to assist in gap funding for phase 1 of the project. DANC committed a grant of up to \$ 250,000 with matching loan funds of up to \$ 250,000 at 1% interest. The loan portion was paid in full during 2018.

Long-term liabilities as of December 31, 2018 and 2017 consisted of the following:

Holder	Interest Rate	Maturity	Original Amount	Balance 2018	Balance 2017
GMEDF - GM Vendor	3.375%	12/01/19	\$ 600,000	\$ -	\$ 98,778
SLCIDA-SLRVRA - Canton Industrial Building	1.000%	11/01/21	700,000	570,918	603,662
SLCIDA-LDC - Canton Industrial Building	0.500%	11/01/44	700,000	612,620	634,623
SLCIDA-SLRVRA - Rail	1.500%	09/30/17	750,000	750,000	750,000
DANC - J & L Loan	1.000%	10/02/18	232,881	-	232,881
				\$ 1,933,538	\$ 2,319,944

NOTE 12 - LONG-TERM LIABILITIES (Continued)

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

	Principal	Interest
December 31, 2019	$ 805,187	$ 16,071
2020	55,629	8,128
2021	56,077	7,681
2022	56,527	7,230
2023	56,982	6,775
2024 - 2028	291,875	26,910
2029 - 2033	303,862	14,925
2034 - 2038	158,749	5,461
2039 - 2043	123,424	2,206
2044	25,226	69
	$ 1,933,538	$ 95,456

NOTE 13 - INDUSTRIAL REVENUE BOND ISSUES

At the date of these financial statements, the Agency had participated in fifty such bond issues in the total original issue amount of $ 755,610,700. These issues were made at various times between February 1973 and December 31, 2018. 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.

NOTE 14 - ST. LAWRENCE COUNTY IDA LOCAL DEVELOPMENT CORPORATION

On April 29, 1986, the Agency created a Local Development Corporation known as the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC). St. Lawrence County assigned all of the loan repayments from certain County Community Development Block Grant (CDBG) Projects to the Agency for the purpose of establishing a county wide revolving loan fund. Upon the formation of the SLCIDA-LDC, the SLCIDA assigned all of its rights in the CDBG assignment to the SLCIDA-LDC for collection and administration.

NOTE 15 - MASSENA LOT 17 AND MASSENA LOT 20 BUILDINGS

In 2005, the Agency acquired the Massena Lots 17 and 20 buildings as part of a loan settlement agreement with Michele Audio Corporation of America.

In 2009, the Agency entered into a 15 year lease/purchase agreement with OP-Tech Environmental Services, Inc. for the Lot 20 industrial building at the lease/purchase price of $ 540,000.

NOTE 15 - MASSENA LOT 17 AND MASSENA LOT 20 BUILDINGS (Continued)

In 2014, after Media Accessories.Com, Inc. defaulted on its lease/purchase agreement for the Agency's Lot 17 building in the Massena Industrial Park, the Agency terminated its contract with the company and resumed full ownership of the property. The Agency assumed on a month-to-month basis the lease that NY Power Tools had in place with Media Accessories.com, Inc. In July 2017, the Agency entered into a 10 year lease/purchase with NY Power Tools Inc. for Lot 17 industrial building at the lease/purchase price of $ 350,000.

NOTE 16 - CANTON INDUSTRIAL PARK

By Resolution # IDA-12-12-49 dated December 11, 2012, the Agency assigned a value of $ 166,250 to the land that constitutes the Canton Industrial Park (CIP) which had been donated to the Agency by St. Lawrence County in 2011. In 2012, the Agency applied for and was awarded funds through New York State's Regional Economic Development program to build out the infrastructure of the CIP. In April 2013, the Agency executed an Incentive Proposal issued by Empire State Development (ESD) under which ESD committed to grant up to $ 470,000 to the Agency for site preparation, including roads, water, and sewer in the CIP. In late 2013, the Agency began to make such improvements; they were substantially completed in 2014. In 2016, the Agency received a final grant award of $ 470,000 from Empire State Development.

NOTE 17 - ST. LAWRENCE COUNTY IDA CIVIC DEVELOPMENT CORPORATION

On January 7, 2010, a resolution was passed by the Agency that authorized staff to pursue the creation of a local development corporation to assist 501(c)(3) organizations in financing much-needed construction and expansion projects. The expiration of Civic Facilities Bond legislation had severely inhibited the ability of local industrial development agencies to assist 501(c)(3) organizations in financing much-needed construction and expansion projects. On April 13, 2010, the St. Lawrence County Industrial Development Agency Civic Development Corporation (SLCIDA-CDC) was created for this purpose.

NOTE 18 - NEWTON FALLS SECONDARY LINE

On December 23, 1991, the Agency took title to the St. Lawrence County portion of the 46.25 mile Newton Falls Secondary Line (the "Railroad"). In May of 2012, the Agency and the Mohawk Adirondack & Northern (MA&N) executed an operating agreement under which the Agency's ownership of the Railroad was confirmed and which structured the Agency's lease of the Railroad to MA&N and set conditions under which MA&N might take future ownership of the Railroad.

NOTE 18 - NEWTON FALLS SECONDARY LINE (Continued)

On October 25, 2012, the Agency executed an Incentive Proposal issued by Empire State Development (ESD) (originally dated March 7, 2012 and revised on September 7, 2012) under which ESD committed to grant up to $ 9,972,000 to the Agency to rehabilitate the entire Railroad. The Incentive Proposal split the grant into two phases – Phase 1 amounting up to $ 1,300,000 to be used for pre-construction costs that would enable the Agency to clear the line, appraise the repairs required, and prepare specifications and bid documents; Phase 2 amounting up to $ 8,672,000 to be used for the actual rehabilitation work.

Beginning after October 25, 2012, the Agency began incurring expenses for the Phase 1 pre-construction costs and by December 31, 2015, the pre-construction phase was complete with cumulative costs totaling $ 1,316,129. On February 7, 2014, the Urban Development Corporation, acting on behalf of ESD, sent the Agency an executed Grant Disbursement Agreement which structured the Phase 1 grant process and authorized the Agency to request reimbursement for pre-construction expenses dating back to October 25, 2012. Total reimbursements received by the Agency pursuant to the Phase 1 Grant Disbursement Agreement totaled $ 1,300,000.

Phase 2 of the project began in 2016. Through December 31, 2018, cumulative rehabilitation costs totaled $ 8,266,656 while grant reimbursement totaled $ 6,771,917. The Agency expects to receive full grant reimbursement in 2019.

NOTE 19 - J&L REHABILITATION

The Jones & Laughlin Ore Processing Facility (“J&L”) is an approximate 36 acre site within a 58.10 acre parcel of real property containing several abandoned buildings in disrepair, a network of tunnels and piles of demolition debris located at the intersection of NYS Route 3 and County Route 60 in the Town of Clifton, St. Lawrence County, New York, and is owned by St. Lawrence County. In 2016, the SLCIDA entered into an agreement with the Town of Clifton, the Development Authority of the North Country and St. Lawrence County regarding rehabilitation of the J&L site. The SLCIDA manages multiple grants on this project pertaining to the rehabilitation. Phase 1 of the project is site testing, engineering assessments and the demolition of buildings on the J&L site. Phase 2 will continue with the demolition and redevelopment.

NOTE 20 - RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES

Occasionally the Agency (as "grantee") applies for and receives grants from government agencies and other organizations. These grants are usually "reimbursement grants", i.e., the monies from the grants are only paid to the grantee as reimbursements after the grantee has documented to the grantor that the grantee has achieved defined benchmarks, paid out required funds, and otherwise complied with all other required grant conditions. Projects in which such grants are involved often span several fiscal years and long delays in the reimbursement process are frequent. Consequently, in cases involving reimbursement grants, the Agency does not accrue expected grant revenue or receivables until it has complied with the conditions of the grant agreement(s) and submitted the necessary documentation that will trigger the payment process. Until such documentation has been submitted, and accepted, the grantor still has substantial discretion to deny or reduce payment. Accordingly, at year end the Agency does not accrue any revenues/expenses or receivables/payables associated with items to be paid out for future grant reimbursement unless the Agency is satisfied that it has complied with all grant reimbursement eligibility requirements. These items are usually paid out in the subsequent period and will be recorded as project expenses. There were no such reimbursement grants active as of December 31, 2018.

From time to time, the Agency will act as a "grantor" in a "pass through" capacity only where it applies for grants on behalf of other entities and then in turn acts as the official "grantor". Since these grants are also reimbursement grants, the Agency has adopted the same policy as stated above when acting as a "pass through grantor". As of December 31, 2018, there were no active grants of this nature.

NOTE 21 - CONCENTRATION OF CREDIT RISK

At December 31, 2018, the Agency had bank balances totaling $ 2,215,411. A combination of federal depository insurance (FDIC) and securities pledged and held by the banks fully covered the cash balances as follows:

FDIC Insured	$ 750,000
Collateralized by Financial Institutions	1,465,411
	$ 2,215,411

NOTE 22 - RELATED PARTY TRANSACTIONS

The Agency is related to the following entities through:

- St. Lawrence County Industrial Development Agency Civic Development Corporation (SLCIDA-CDC)
  - Common Board Membership and Officers

- St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC)
  - Common Board Membership, Officers and Program Administrative Agreements

In 2018 and 2017, SLCIDA-CDC paid SLCIDA $ 0 and $ 149,566, respectively. This amount represents one-half of the bond fees received by SLCIDA-CDC in 2018 and 2017. There are no restrictions on the payment and the payment was made in accordance with enabling legislation and in accordance with resolution CDC-10-10-17, passed on October 10, 2010. This resolution adopted a policy which authorized the transfer to the St. Lawrence County Industrial Development Agency 50% of any and all Project/Bond Fees the Corporation receives.

The SLCIDA-CDC paid SLCIDA $ 79,545 and $ 23,141 in 2018 and 2017, respectively for building project improvements undertaken in the Canton Industrial Building.

The SLCIDA-LDC, GMEDF, and SLRVRA have loaned funds to the Agency. Information on these loans can be found in Note 12 of these financial statements.

Administrative fees paid by SLCIDA-LDC to the Agency totaled $ 207,200 for both 2018 and 2017.

REQUIRED SUPPLEMENTARY INFORMATION

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN

	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.0015412%	0.1551300%	0.0020224%	0.2161300%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 49,741	$ 145,764	$ 324,593	$ 73,014
Employer's Covered-Employee Payroll	$ 342,440	$ 337,649	$ 342,530	$ 376,838
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	14.53%	43.17%	94.76%	19.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2%	94.7%	90.7%	97.9%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS
NYSLRS PENSION PLAN

	2018	2017	2016	2015
Contractually Required Contribution	$ 49,700	$ 49,766	$ 55,996	$ 74,013
Contributions in Relation to the Contractually Required Contribution	49,700	49,766	55,996	74,013
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Employer's Covered-Employee Payroll	$ 342,440	$ 337,649	$ 342,530	$ 376,838
Contribution as a Percentage of Covered-Employee Payroll	14.51%	14.74%	16.35%	19.64%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS

		2018
Total OPEB Liability		
Service Cost	$	81,664
Interest		73,298
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience		(387,465)
Changes of Assumptions or Other Inputs		75,268
Benefit Payments		(15,633)
Net Change in Total OPEB Liability		(172,868)
Total OPEB Liability - Beginning		1,865,238
Total OPEB Liability - Ending	$	1,692,370
Covered Payroll Over Measurement Period	$	333,900
Total OPEB Liability as a Percentage of Covered Payroll		506.85%

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018 3.44%

SUPPLEMENTARY INFORMATION

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULES OF REVENUES AND EXPENSES BY PROJECT
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

2018

	Gouverneur Industrial Park	Massena Lot 17	Newton Falls Rail Repair	Potsdam Commerce Park	Canton Industrial Park	Canton Industrial Building
OPERATING REVENUES						
Rental Income	$ -	$ -	$ -	$ 43,410	$ -	$ 33,564
Other Income	-	-	748,110	-	-	-
Total Income	-	-	748,110	43,410	-	33,564
OPERATING EXPENSES						
Insurance	42	-	-	3,303	904	4,753
Interest	-	-	11,250	-	-	8,974
Maintenance	1,800	-	-	4,587	-	4,840
Miscellaneous	-	-	-	-	-	-
Rehabilitation Project	-	-	748,110	-	-	-
Utilities	-	-	-	1,516	-	1,646
Total Operating Expenses	1,842	-	759,360	9,406	904	20,213
NON-OPERATING EXPENSES						
Depreciation	-	-	-	22,263	4,020	60,980
Total Expenses	1,842	-	759,360	31,669	4,924	81,193
Excess of Revenues Over Expenses	$ (1,842)	$ -	$ (11,250)	$ 11,741	$ (4,924)	$ (47,629)

2017

	Gouverneur Industrial Park	Massena Lot 17	Newton Falls Rail Repair	Potsdam Commerce Park	Canton Industrial Park	Canton Industrial Building
OPERATING REVENUES						
Rental Income	$ -	$ 15,400	$ -	$ 24,810	$ -	$ 3,000
Other Income	-	-	1,124,475	-	-	-
Total Income	-	15,400	1,124,475	24,810	-	3,000
OPERATING EXPENSES						
Insurance	41	4,875	-	3,249	885	5,059
Interest	-	-	23,297	-	-	9,409
Maintenance	-	527	-	2,017	-	1,826
Miscellaneous	-	1,278	-	1,150	620	92
Rehabilitation Project	-	-	1,129,597	-	-	-
Utilities	-	1,183	-	171	-	6,762
Total Operating Expenses	41	7,863	1,152,894	6,587	1,505	23,148
NON-OPERATING EXPENSES						
Depreciation	-	10,062	-	22,263	-	58,128
Total Expenses	41	17,925	1,152,894	28,850	1,505	81,276
Excess of Revenues Over Expenses	$ (41)	$ (2,525)	$ (28,419)	$ (4,040)	$ (1,505)	$ (78,276)

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULES OF ADMINISTRATIVE OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	12/31/2018	12/31/2017
OPERATING EXPENSES		
Salaries and Wages	$ 354,822	$ 351,546
Employee Benefits	128,547	151,555
Payroll Taxes	24,412	23,940
OPEB Expense	119,525	164,955
Accounting/Audit	5,938	7,188
Contracted Services	1,640	-
Data Processing Services	5,866	5,534
Depreciation	7,242	8,839
Insurance	8,158	8,907
Interest Expense	2,345	4,064
Legal Fees	14,597	9,324
Meetings	589	808
Miscellaneous	69	176
Office Supplies and Postage	5,115	4,666
Payroll Fees	1,569	1,461
Printing and Copying	1,623	175
Professional Associations	1,875	313
Rent and Maintenance	2,414	1,386
Subscriptions and Periodicals	370	512
Telephone	7,095	7,264
Utilities	4,939	4,115
Vehicle Repairs and Maintenance	1,466	1,992
Total Operating Expenses	$ 700,216	$ 758,720

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INDEPENDENT AUDITOR'S 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*

Board of Directors
St. Lawrence County Industrial Development Agency

We have audited, 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 financial statements of the business-type activities of the St. Lawrence County Industrial Development Agency (Agency) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pinto Mucenski Hooper VanHouse & Co.

Certified Public Accountants, P.C.
March 20, 2019