



September 22, 2008

**To the Chairman and Members of the
Board of Directors
Allegany County Industrial Development Agency
Belmont, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended December 31, 2007 of the Agency's financial statements and have issued our reports thereon dated September 22, 2008. Our audit report expressed an unqualified opinion which states that the Agency's financial statements are in accordance with generally accepted accounting principles for governments. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Allegany County Industrial Development Agency* for the year ended December 31, 2007, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

The following items are a list of additional comments which we desire to bring to the audit committee, board of directors and management's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon by the Agency:

Forecasting

As presented in the combined statement of revenue, expenditures and changes in fund equity, the total reporting entity's expenditures exceed revenue in the amount of approximately \$78,000 and \$101,000 during the current and prior fiscal years. Due to the current and prior year losses, the Agency had an accumulated net asset deficit in the amount of \$189,000 as of December 31, 2007.

The Agency should consider preparing a three year forecast of revenue and expenditures and forecast of cash flows. We realize that such a forecast will require the use of estimates and assumptions of information such as the amount of expected grant revenue, rental income and fees, along with expected rate increase in utilities, operating costs, etc. We believe, however, that a forecast would be a very useful tool that the Agency could utilize when developing a long-term financial plan which coincides with its economic development plan.

Deposits of cash

During our audit, we noticed that the Agency typically makes deposits in the bank on a weekly basis and as a result cash may not always be deposited in a timely fashion from the date of receipt. We recommend that the Agency consider making deposits on a more routine basis. The Agency could also establish a threshold or level of deposits that would dictate when cash would be required to be deposited in the bank.

Internal Revenue Service Audits

The Internal Revenue Service has begun to perform audits of governmental agencies. In doing so, some of the areas that have received recent scrutiny by the IRS are as follows:

- Receiving W-9 Forms and distribution of Form 1099
- Cell phone usage
- Personal usage of Agency assets
- Payments of post-employment benefits
- Independent contractor versus employee designation

More information regarding these areas can be found on the IRS website. We encourage the District to review its current practices and where applicable implement any necessary procedures to ensure compliance.

We would like to take this opportunity to thank the management and staff of the Agency for their assistance and cooperation during the course of our fieldwork. It has been a pleasure to be of service to the [County of Allegany Industrial Development Agency](#).

Sincerely,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**ALLEGANY COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

REPORT ON FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006**

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-6
Financial Statements	
Statements of Net Assets.....	7
Statements of Activities.....	8
Statements of Cash Flows	9
Notes to Financial Statements	10-13
Supplemental Information	
Schedule of Tax-Exempt Bonds and Sale-Leaseback Transactions.....	14
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 Audit Standards"	15-16
Schedule of Findings and Questioned Costs	17-20

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Allegany County Industrial Development Agency
Belmont, New York

We have audited the accompanying financial statements of the ***Allegany County Industrial Development Agency***, a component unit of Allegany County, as of and for the year ended December 31, 2007, which collectively comprise the Agency's basic financial statements. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Agency's December 31, 2006 financial statements and, in our report dated January 10, 2008, we expressed an unqualified opinion on the respective financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ***Allegany County Industrial Development Agency*** as of December 31, 2007 and the results of its operations and its cash flows, 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 September 22, 2008, on our consideration of ***Allegany County Industrial Development 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 to describe the scope of our 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.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements of ***Allegany County Industrial Development Agency***. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of ***Allegany County Industrial Development Agency***. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 22, 2008

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Page 2

I. Discussion and Analysis

The following is a discussion and analysis of the *Allegany County Industrial Development Agency* financial performance for the year ended December 31, 2007. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. It is based on the financial statements. The results of the current year are discussed in the following paragraphs. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which follow this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Allegany County Industrial Development Agency* during the year ended December 31, 2007:

- Overall fund equity of the Agency's decreased approximately \$78,000 and \$101,000 during the years ended December 31, 2007 and 2006, respectively.
- The Agency's total revenue and other sources were approximately \$91,000 during 2007 as compared with approximately \$85,000 during 2006. This increase was primarily the result of increased tenant rents and conference fees at the IDA managed Crossroads Commerce Center.
- The Agency's total expenses and other uses were approximately \$168,000 during 2007 as compared to approximately \$185,000 during 2006. This decrease was primarily the result of a decrease in professional fees incurred in the current year.
- The Agency had capital purchases during the current year in the amount of \$4,755, which were related to leasehold improvements and renovations to the Crossroads Center.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information.

**III. Overview of the Financial Statements
(continued)**

A. Reporting the Agency as a Whole (Government-wide Financial Statements):

The government-wide statements report information about the entity as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Assets

The Statement of Net Assets (page 7) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net assets" (the resources that would remain if all obligations were settled) of the Agency. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are designated for certain purposes or reserved for emergencies and cash flow purposes. Some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 8) shows the amounts of program-specific and general Agency revenue used to support the Agency's various functions.

The two government-wide statements report the Agency's net assets and how they have changed. Net assets – the difference between the Agency's assets and liabilities – is one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net assets are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the Agency's overall health, you need to consider additional non-financial factors.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

IV. Financial Analysis of the Agency as a Whole

Fund Equity

The Agency's total net assets was a deficit of approximately \$189,000 as of December 31, 2007.

Revenue

The Agency's total revenue and other sources were approximately \$91,000 during the year ended December 31, 2007. The Agency also received approximately \$400,000 of pass-through revenue during the year ended December 31, 2007. The Agency acts as an intermediary for these funds, and appropriately recognizes each pass-through amount as an expenditure upon distribution.

Figure A-4 presents the major sources of revenue of the Agency. The most significant sources of governmental revenue in the Agency are more thoroughly discussed as follows:

- Rental revenue which represents approximately 50% of the Agency's total revenue increased approximately \$6,000 or 15% during the year ended December 31, 2007. This increase primarily resulted from additional rent received for new tenants and additional fees for use of conference areas during the 2007 year.
- Revenue from application fees is related to pending projects and revenue in the current year was consistent with the prior year.
- During the current year, the Agency had in-kind donations of \$38,000 which related to estimated time spent for the Agency by employees of Allegany County.

**IV. Financial Analysis of the Agency as a Whole
(continued)**

Expenses

The total cost of all programs and services of the Agency was approximately \$168,000. The Agency's expenses consist primarily of rent expense, in-kind expenditures, depreciation, interest expense and general and administrative expenses.

The Agency's expenses are more thoroughly discussed as follows:

- The Agency's total costs were approximately \$168,000 during the year ended December 31, 2007 as compared with \$185,000 during the year ended December 31, 2006. This decrease was the result of a decrease in professional fees.
- The Agency's occupancy costs were approximately \$103,000 during the year ended December 31, 2007 as compared with \$100,000 during the year ended December 31, 2006. This increase in costs was primarily energy related.
- The Agency's salaries and benefits were all donated by employees of Allegany County and totaled approximately \$38,000 and \$37,000 for the years ended December 31, 2007 and 2006, respectively. This increase was related to increases in staffing costs provided in-kind by the County.
- All other costs of the Agency decreased approximately \$21,000 or 9% from \$27,000 in 2007, as compared with \$48,000 in 2006. This decrease is primarily the result of a decrease in professional fees.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Figure A-1 – Statement of Net Assets

Allegany County Industrial Development Agency			
Statement of Net Assets			
	Total Government-wide		
	2007	2006	% Change
Assets			
Current and other assets	\$ 106,314	\$ 34,907	205%
Notes receivable	154,826	154,826	0%
Capital assets, net	68,157	70,437	-3%
Total assets	\$ 329,297	\$ 260,170	27%
Liabilities			
Current liabilities	\$ 399,230	\$ 234,764	70%
Long-term liabilities	119,369	137,114	-13%
Total liabilities	518,599	371,878	39%
Net assets			
Unrestricted accumulated deficit	(189,302)	(111,708)	69%
Total liabilities and net assets	\$ 329,297	\$ 260,170	27%

Figure A-3 Sources of Revenue

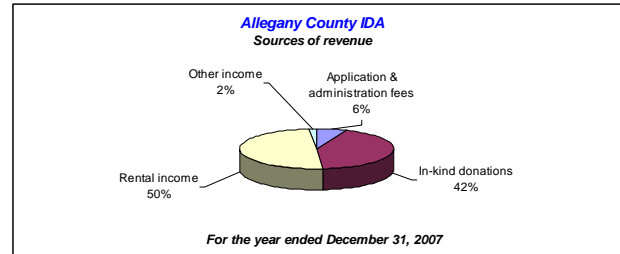


Figure A-4 - Expenses

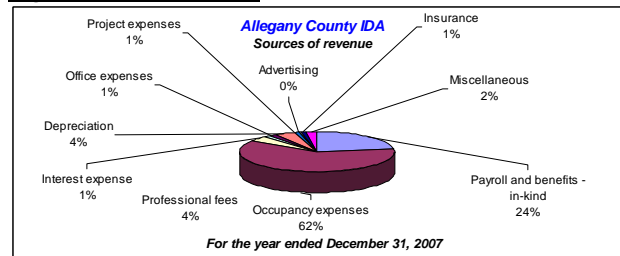


Figure A-2 Statement of Activities

Allegany County Industrial Development Agency			
Statement of Activities (in thousands of Dollars)			
	Total Government-wide		
	2007	2006	% Change
Revenue			
Application & administration fees	\$ 5,750	\$ 6,175	-7%
In-kind donations	38,390	36,577	5%
Rental income	45,225	39,210	15%
Other income	1,408	2,855	-51%
Total revenue	90,773	84,817	7%
Expenses			
Payroll and benefits - in-kind	38,390	36,577	5%
Occupancy expenses	103,229	99,665	4%
Professional fees	6,999	28,123	-75%
Interest expense	2,200	2,456	-10%
Office expenses	2,441	2,528	-3%
Depreciation	7,035	6,478	9%
Project expenses	1,645	3,455	n/a
Advertising	773	970	-20%
Insurance	1,857	1,864	0%
Miscellaneous	3,798	3,294	15%
	168,367	185,410	-9%
Change in net assets	(77,594)	(100,593)	
Pass-through transactions			
Revenue	400,258	384,863	4%
Expenditures	(400,258)	(384,863)	4%
Net pass-through transactions	--	--	
Change in net assets	\$ (77,594)	\$ (100,593)	

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

VI. Capital Asset and Debt Administration

Capital Assets

As depicted in Figure A-7, as of December 31, 2007, the Agency had invested approximately \$68,000 in a broad range of capital assets, including leasehold improvements, vehicles and furniture and equipment. Capital additions made during the year ended December 31, 2007, totaled approximately \$5,000 and consisted primarily of leasehold improvements and renovations to the Crossroads Center.

Long-term Debt

As depicted in Figure A-8, as of December 31, 2007, the Agency had approximately \$185,000 in notes payable, a decrease of approximately 2% as compared with the previous year. This a decrease was primarily the result of the Agency making principal payments on its vehicle loan.

Figure A-5 – Capital Assets

<i>Allegany County Industrial Development Agency</i>			
<i>Capital Assets</i>			
	2007	2006	Change
Leasehold improvements	\$ 66,262	\$ 62,008	7%
Equipment	11,881	11,380	4%
Vehicle	7,045	7,045	n/a
Accumulated depreciation	(17,031)	(9,996)	70%
Capital Assets - net	\$ 68,157	\$ 70,437	-3%

VI. Capital Asset and Debt Administration (Continued)

Figure A-6 – Long-term Debt

<i>County of Allegany Industrial Development Agency</i>			
<i>Long-term debt</i>			
	2007	2006	Change
Notes payable - NYS Urban Dev.	\$ 157,822	\$ 157,822	0%
Notes payable - Short-term	24,091	25,000	-4%
Notes payable - Vehicle	3,524	5,817	-39%
Long-term debt	\$ 185,437	\$ 188,639	-2%

VII. Factors Bearing on the Agency's Future

At the time these financial statements were prepared and audited, the Agency was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Development of Exit 30 on Interstate 86 at New York State Route 19. A 500 acre project for warehouse/distribution and hospitality/lodging that is projected to have \$50 million in investment and create several hundred new jobs which could generate substantial revenue streams.
- The Noble Allegany Windpark, LLC, a \$225 million project in the northeast corner of the County will provide the Agency with professional fees of approximately \$2.25 million.
- The acquisition, expansion and County financial support for the Crossroads Conference Center.
- The Tracewell Facility in Cuba was purchased by the Seneca Nation in the Spring of 2008. All debt, including the NYS Urban Development grant, was repaid in full.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Page 6

VIII. Contacting the Agency's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the Agency and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Attention: Mr. John Foels, Director
Allegany County Industrial Development Agency
6087 State Route 19N
Belmont, New York 14813

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET ASSETS

Page 7

<i>As of December 31,</i>	2007	2006
Assets		
Current		
Cash	\$ 106,092	\$ 34,185
Accounts receivable	--	500
Total current assets	<u>106,092</u>	<u>34,685</u>
Property and equipment, net	<u>68,157</u>	<u>70,437</u>
Other assets		
Notes receivable	154,826	154,826
Security deposits	222	222
Total other assets	<u>155,048</u>	<u>155,048</u>
Total assets	<u>\$ 329,297</u>	<u>\$ 260,170</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 29,810	\$ 26,790
Rent payable	159,409	96,037
Deferred revenue/advances	1,800	--
Due to Allegany County - PILOT reimbursement	62,040	59,653
Due to other governments - PILOT reimbursement	78,050	--
Accrued interest expense	2,053	759
Short-term notes payable	24,091	25,000
Notes payable - current portion	41,977	26,525
Total current liabilities	<u>399,230</u>	<u>234,764</u>
Long-term liabilities		
Notes payable - long-term portion	<u>119,369</u>	<u>137,114</u>
Total liabilities	<u>518,599</u>	<u>371,878</u>
Net assets		
Accumulated deficit	(189,302)	(111,708)
Total net assets (accumulated deficit)	<u>(189,302)</u>	<u>(111,708)</u>
Total liabilities and net assets	<u>\$ 329,297</u>	<u>\$ 260,170</u>

See accompanying independent auditors' report and notes to the financial statements.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF ACTIVITIES

<i>For the years ended December 31,</i>	2007	2006
Support and revenue		
Fees	\$ 5,750	\$ 6,175
Rental income	45,225	39,210
In-kind donations	38,390	36,577
Other income	1,408	2,855
Total support and revenue	90,773	84,817
Expenses		
Payroll and benefits - in-kind	38,390	36,577
Occupancy expenses	103,229	99,665
Legal and professional	6,999	28,123
Interest expense	2,200	2,456
Office expenses	2,441	2,528
Depreciation	7,035	6,478
Project expenses	1,645	3,455
Advertising	773	970
Insurance	1,857	1,864
Miscellaneous	3,798	3,294
Total expenses	168,367	185,410
Decrease in unrestricted net assets before pass-through transactions	(77,594)	(100,593)
Pass-through transactions		
Revenue	400,258	384,863
Expenditures	(400,258)	(384,863)
Net pass-through transactions	--	--
Decrease in unrestricted net assets	(77,594)	(100,593)
Net assets at beginning of year	(111,708)	(11,115)
Net assets at end of year	\$ (189,302)	\$ (111,708)

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS

Page 9

<i>For the years ended December 31,</i>	2007	2006
Net Cash from operating activities		
Reconciliation of decrease in unrestricted net assets to net cash provided by (used in) operating activities:		
Decrease in unrestricted net assets	\$ (77,594)	\$ (100,593)
Adjustments for items not affecting cash flows:		
Depreciation	7,035	6,478
Change in assets and liabilities		
Accounts receivable	500	--
Accounts payable	3,020	18,728
Deferred revenue/advances	1,800	--
Rent payable	63,372	56,526
Due to Allegany County (PILOT Reimbursements)	2,387	2,294
Due to other governments (PILOT Reimbursements)	78,050	
Accrued interest	1,294	214
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	79,864	(16,353)
Net cash from investing activities		
Collections on notes receivable	--	8,725
Property and equipment purchases	(4,755)	(26,809)
	<hr/>	<hr/>
Net cash used in investing activities	(4,755)	(18,084)
Net cash from financing activities		
Repayment of short-term debt, net	(909)	--
Proceeds from long-term debt	--	7,005
Repayment of long-term debt	(2,293)	(8,150)
	<hr/>	<hr/>
Net cash used in financing activities	(3,202)	(1,145)
Change in cash	71,907	(35,582)
Cash, beginning balance	34,185	69,767
	<hr/>	<hr/>
Cash, ending balance	\$ 106,092	\$ 34,185
	<hr/> <hr/>	<hr/> <hr/>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 2,200	\$ 2,456
	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditors' report and notes to the financial statements.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Page 10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Allegany County Industrial Development Agency was created in 1973 by the Allegany County Board of Legislators under the provisions of the 1973 Laws of New York State for the purpose of encouraging economic growth in Allegany County. The Agency is exempt from federal, state, and local income taxes. The Agency, although established by the Allegany County Board of Legislators, is a separate legal entity and operates independently of Allegany County, however, it is considered to be a component unit of the County.

Basis of Accounting

The financial statements of the *Allegany County Industrial Development Agency* have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donated Services

Amounts have been reflected in the statements for the estimated value of donated services.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those results.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 7 and 10 years.

Tax Lease Program

The Agency maintains tax lease and PILOT (payment in lieu of tax) programs. These programs are offered to companies who acquire, construct or substantially renovate facilities suitable for manufacturing, warehousing, research and development and other industrial purposes. Under the tax lease program, title to the property is conveyed to the Agency through the term of the lease agreement. Transfer of title removes the property from the tax rolls and the project assumes a tax-exempt nature, abating real property taxes, sales tax and mortgage taxes. A lease is written between the company as lessee and the *Allegany County Industrial Development Agency* as lessor, which specifies that the company will retain operational control of the project. At the end of the lease term, title to the assets is returned to the company. The Agency does not record assets acquired under the lease program since the Agency's primary function is to provide state and local tax benefits to the lessee. The Agency receives lease administrative fees from the lessee for providing the service.

Both the PILOT and tax lease programs are governed by New York State statute. The Agency has the local authority to offer real property tax abatement as an inducement for industrial development projects. The Agency can affix the tax abatement discount at a rate necessary to satisfactorily complete a project. Under special circumstances defined by NYS statute, the Agency has the authority to also provide real property tax abatement to both commercial and/or retail projects located within areas designated to be of high distress. The Agency's current standard PILOT program is a real property tax abatement of an average of 50% of the total tax liability over a period not to exceed ten years. The PILOT agreement is the instrument by which the discounted tax payments to be made are structured. All taxing jurisdictions receive payments in the same proportion as if the entire tax amount were paid. A PILOT agreement and tax lease can run concurrently, but are not required to be used together. It is possible to structure a PILOT without an accompanying tax lease agreement.

The Agency's PILOT program generated \$400,258 and \$384,863 for the years ended December 31, 2007 and 2006, respectively for local municipalities.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Industrial Development Revenue Bonds and Civic Facility Bonds

Industrial development revenue bonds issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. Civic facility bonds issued by the Agency include facilities owned or operated by New York State Not-for-Profit Corporations. The industrial development revenue and civic facility bonds are not obligations of the Agency, County, or State. The Agency does not record the assets or liabilities resulting from bond issuance in its financial statements since its primary function is to arrange the financing between the borrowing companies and the bondholders and funds arising from the issuance are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administrative fees from the borrowing companies. Such administrative fee income is recognized immediately upon receipt after issuance of the bonds. There were no industrial development revenue and civic facility bonds issued by the Agency during 2007.

NOTE 2 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following as of December 31:

	<u>2007</u>	<u>2006</u>
Leasehold improvements	\$ 66,262	\$ 62,008
Furniture and equipment	11,881	11,380
Vehicle	7,045	7,045
	<u>85,188</u>	<u>80,433</u>
Less: accumulated depreciation	<u>(17,031)</u>	<u>(9,996)</u>
	<u>\$ 68,157</u>	<u>\$ 70,437</u>

Depreciation expense for the years December 31, 2007 and 2006 totaled \$7,035 and \$6,478, respectively.

NOTE 3 - SHORT-TERM NOTE PAYABLE

The Agency was indebted on a short-term note payable with a bank during 2007 and 2006. The amount outstanding on the note as of December 31, 2007 and 2006 totaled \$24,091 and \$25,000, respectively. The note carries an interest rate of 8.25% (9.25% at December 31, 2006) and was due on April 30, 2008. The note is secured by substantially all assets of the Agency.

NOTE 4 - NOTES RECEIVABLE/PAYABLE

During the year ended December 31, 1996, the Agency received a loan from the New York State Urban Development Corporation in the amount of \$300,000. In turn, the Agency loaned the entire \$300,000 to Tracewell Electronics (formerly Acme Electric Corporation). Tracewell Electronics pays the Agency \$1,380 monthly including interest at 1%. The Agency then pays the New York State Urban Development Corporation under the same terms. The outstanding balance on the note receivable as of December 31, 2007 and 2006 was \$154,826. The outstanding balance on the note payable as of December 31, 2007 and 2006 was \$157,822 and interest expense paid during the year ended December 31, 2006 was approximately \$2,100. There were no payments made during 2007. Tracewell Electronics closed its operations in Allegany County during 2006 while maintaining operations in Columbus, Ohio. As described in Note 10, the Corporation sold its Allegany County manufacturing facility during 2008 at which time the balance on the notes receivable and notes payable were satisfied.

During the year ended December 31, 2006, the Agency obtained a loan from First Citizens National Bank in the amount of \$7,005 related to the purchase of a vehicle. The loan calls for thirty-six monthly payments in the amount of \$220 including interest at 7.75% with final payment due on May 10, 2009. The outstanding balance on the loan as of December 31, 2007 and 2006 was \$3,524 and \$5,817, respectively. Interest expense paid during the years ended December 31, 2007 and 2006 was \$355 and 371, respectively.

Current maturities of long-term debt existing at December 31, 2007 are as follows:

	<u>New York State Urban Development Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 39,520	\$ 3,250
2009	15,444	1,112
2010	15,599	957
2011	15,756	801
2012	15,914	642
2013-2016	<u>55,589</u>	<u>978</u>
Total	<u>\$ 157,822</u>	<u>\$ 7,740</u>

	<u>First Citizens Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2008	2,457	187
2009	<u>1,067</u>	<u>20</u>
Total	<u>\$ 3,524</u>	<u>\$ 207</u>

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 5 - OPERATING LEASES

The Agency leases an office complex, the Crossroads Center, from the Willard J. Houghton Foundation and, in turn, subleases the office space to various tenants. The Agency leases the building under an operating lease with no expiration date. For the years ended December 31, 2007 and 2006 lease expense amounted to \$63,372 and \$61,977, respectively. As of December 31, 2007 and 2006, the Agency had a balance due to the Foundation for unpaid monthly rent in the amounts of \$159,409 and \$96,037, respectively.

As described in Note 10, the Agency purchased the office complex during 2008 at which time the outstanding rental payments were forgiven.

The Agency subleases office space under various operating leases expiring in 2007 through 2009. The leases are cancelable with a stipulation that the tenant provides sixty days notice.

NOTE 6 - PASS-THROUGH TRANSACTIONS

The Agency's responsibility regarding these transactions is to pass-through funds received to the primary recipients. Pass-through transactions are recorded as income or liabilities when received and expenses and reduction of liabilities when paid. The Agency has received and disbursed the following funds resulting from this pass-through activity during the years ended December 31, 2007 and 2006.

<u>Pass-through transactions</u>	<u>Receipts</u>	<u>Disbursements</u>
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December 31, 2007

PILOT payments collected from businesses and remitted to local governments.	\$ 400,258	\$ 400,258
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December 31, 2006

PILOT payments collected from businesses and remitted to local governments.	\$ 384,863	\$ 384,863
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NOTE 7 - DONATED SERVICES

The employees of the Allegany County provide administrative, accounting and other support services for the Agency. The value of donated services included in these financial statements as revenue and corresponding expenses for the years ended December 31, 2007 and 2006 totaled approximately \$38,390 and \$36,577, respectively.

NOTE 8 - MEMBER ITEMS

The Agency has received notice that it has been awarded New York State Senate member item awards in the amounts of \$50,000 and \$25,000 for certain construction projects and economic development initiatives. As of the date of this audit, neither amount has been received by the Agency and therefore was not recognized as revenue during the current or prior years.

NOTE 9 - ACCUMULATED DEFICIT AND MANAGEMENT'S PLANS

As indicated in past audits from 2001 until the present, it has been noted that the Agency has had very modest revenues while aggressively undertaking various programs to focus the County of Allegany in a positive direction for corporate growth and quality of life.

The expansion of the Friendship Empire Zone into over ten additional communities has allowed many expanding corporate projects greater incentive packages than would be available through the IDA.

Management believes the next year provides exceptional opportunities for deficit elimination and future financial stability well into the next decade for the following primary reasons:

1. Noble Allegany Windpark, LLC – A 65 wind tower project in the Towns of Centerville and Rushford is projected at \$225 million which will have full IDA participation. This will yield \$2.25 million in Agency fees over the next few years. This income will ultimately eliminate the Agency's deficit and provide momentum into the future.
2. Crossroads Commerce Center – With the encouragement of the Allegany County Board of Legislators, the IDA had a considerable undertaking in 2004 with the management and creation of the Crossroads Commerce & Conference Center at the intersection of NYS Route 19 and Interstate 86. The 12,500-foot facility is now fully occupied providing a positive cash flow from tenants and meetings.

The next phase in the Agency's plan is the purchase and expansion of this Facility to include other necessary offices that need to be centrally located for the population of the County. Allegany County will provide the IDA with the necessary annual capital to finance and maintain this expanded facility. As described in Note 10, commercial bank financing was arranged and the Facility was purchased during 2008.

The combination of these two significant items, in conjunction with the expansion of existing industry and the projected rapid growth at the Crossroads, are anticipated to provide a firm basis for future financial stability.

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Page 13

NOTE 10 – SUBSEQUENT EVENTS

On April 18, 2008, Tracewell Electronics Inc.'s manufacturing facility located in Allegany was sold to a third-party. Proceeds from the sale were utilized to satisfy the outstanding note receivable with the Agency and, in turn, the promissory note owed to the New York State Urban Development Corporation (UDC). A letter was received from the UDC on July 23, 2008 stating the Agency had no further obligations to the UDC.

In August, 2008, the Agency entered into a Mortgage Term Loan with Community Bank, NA. The mortgage provided proceeds totaling \$450,000 for the purchase of (\$400,000) and improvements to (\$50,000) the Crossroads Commerce Center located at 6087 State Route 19N, Belmont, NY. The borrowings will be repaid at a fixed interest rate of 6.00%, with a five-year rate review. The term loan is to be repaid over fifteen years. As a result of improvements made by the Agency to the property, the rent outstanding at the time of purchase was forgiven.

SUPPLEMENTAL INFORMATION

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF TAX-EXEMPT BONDS AND SALE-LEASEBACK TRANSACTIONS

As of December 31, 2007

	Employees	Original Amount	Outstanding Principal	Date of Issuance	Date of Maturity	Interest Rate
Tax-exempt bonds						
Houghton College	300	\$ 14,685,000	12,730,000	1998	2024	4.5% - 5.25%
Houghton College	300	9,995,000	9,060,000	2004	2029	Variable
Alfred University	715	23,035,000	14,905,000	1998	2028	4.25% - 5.25%
Cuba Memorial Hospital	190	3,000,000	2,790,000	2004	2014	8.00%; 7.25% after 11/1/2009
Atlantic Richfield	--	7,000,000	7,000,000	2003	2037	Variable
Sale-lease back transactions						
R, G & E	n/a	n/a	15,000,000	1993	2018	n/a



**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 President and
Members of the Board of Directors
Allegany County Industrial Development Agency
Belmont, New York**

We have audited the financial statements of *Allegany County Industrial Development Agency* as of and for the year ended December 31, 2007, which collectively comprise *Allegany County Industrial Development Agency's* basic financial statements and have issued our report thereon dated September 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered *Allegany County Industrial Development Agency's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified four deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as described as items II.A.2007-1, II.A.2007-2, II.A.2007-3 and II.A.2007-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Allegany County Industrial Development Agency's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items II.B.2007-5, II.B.2007-6 and II.B.2007-7.

We noted certain matters that we have reported to management of *Allegany County Industrial Development Agency* in a separate letter dated September 22, 2008.

Allegany County Industrial Development Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit *Allegany County Industrial Development Agency's* responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Board of Directors, management 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. However, this report is a matter of public record and its distribution is not limited.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 22, 2008**

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Page 17

I. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the financial statements of *Allegany County Industrial Development Agency*.
2. Four significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards". These conditions are reported as material weaknesses.
3. There were three instances of noncompliance material to the financial statements of *Allegany County Industrial Development Agency* reported in the 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".

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended December 31, 2007

2007-1 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Condition and criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the Agency to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording assets and liabilities on the accrual basis of accounting. In addition, a draft of the financial statements was prepared by the auditors.

Effect: In May 2006, the American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 112, entitled Communicating Internal Control Related Matters in an Audit. This new standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Auditors' Recommendations: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the Agency should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the drafted financial statements.

Agency's Response: The Agency has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit. The Agency will continue to review and approve similar information in future years. Further, the Agency believes it has a thorough understanding of these financial statements and the ability to make informed judgments on those financial statements. Lastly, the Agency considers such assistance provided by the auditors to be the most cost effective in preparing such information.

Year ended December 31, 2006

A similar finding was reported in the prior year as finding 2007-1.

2007-2 Segregation of Duties

Conditions and Criteria: We noted that one individual is primarily responsible for opening the mail (cash receipts), maintaining the general ledger (including recording cash receipts and cash disbursements), depositing cash and reconciling cash. We also noted that formal bank reconciliations are not being prepared on a monthly basis. Lastly, it is our understanding that the personnel of the Agency are not currently bonded.

Effect: A fundamental element of an effective internal control system is the proper segregation of duties. Proper segregation of duties provides for a system of checks and balances and entails assigning responsibilities of authorizing and recording transactions among different people in the Organization. In addition, the Agency runs the risk of loss in the event of misappropriated or mishandled funds because no personnel are currently bonded.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Page 18

II. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

A. INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

Year ended December 31, 2007 (continued)

2007-2 Segregation of Duties (continued)

Auditor's recommendation: We recommend that the Agency assign bank reconciliations to be prepared by a person independent of the individual responsible for the cash receipts and disbursements functions. After bank reconciliations are prepared, someone should be designated to then review the bank reconciliation and compare the balance to the cash accounts in the general ledger. If such division is not possible, we would suggest that the Executive Director or a member from the Board of Directors review bank reconciliations on a monthly basis. We would also recommend someone independent of the general ledger function, open all mail and maintain a daily cash receipts log. A person independent of the cash receipts function should be responsible for reconciling items recorded in this log as compared with that posted to the general ledger and deposited in the bank. This will enhance the segregation of duties in the cash receipts area. Lastly, because of the lack of certain segregation of duties, we recommend that those individuals who are responsible for handling financial transactions are appropriately covered by a fidelity bond.

Agency's Response: The Agency's Treasurer, David Crowley, is now responsible for bank reconciliations on a monthly basis. We have also addressed the segregation of duties in the cash receipts area by dividing tasks between staff members. As our staff is made up entirely of County employees, all are currently covered by the County's fidelity bond.

Year ended December 31, 2006

A similar finding was reported in the prior year as finding 2007-2.

2007-3 Purchasing

Condition and criteria: During the audit, we noticed that the Agency currently is lacking controls over approval of purchases of goods and services. In addition, because the Agency did not prepare an operating budget for the fiscal year ended December 31, 2007, there were no guidelines or stipulations on expenditure levels as authorized by the Board of Directors.

Effect: In the event purchases are made prior to approval, the Agency could incur expenditures that were not authorized by the Board of Directors or management. Also, expenditures may be incurred which do not coincide with Board and management's' expectations or philosophy in providing economic development to the County.

Auditors' Recommendations: An effective internal control system is necessary in the purchasing of goods and services to provide better control over expenditures. The Agency should develop an operating budget prior to the start of each fiscal year which is approved by the Board of Directors. Once approved, the Agency should continually monitor expenditures in comparison with the budget. During instances when purchases may exceed budgeted line items, management should seek Board approval to make appropriate budget transfers. Lastly, documentation should exist to substantiate that all purchases were first authorized by a member of management or the Board of Directors.

Agency's Response: The Agency is in the process of adopting a budget for the year ended December 31, 2008, which will be posted on the New York State site. Almost all our current expenses are monthly utilities. All expenses are authorized by the Board at the Agency's monthly meetings.

Year ended December 31, 2006

A similar finding was reported in the prior year as finding 2007-3.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

II. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

A. INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

Year ended December 31, 2007 (continued)

2007-4 Financial Reporting

Conditions and Criteria: During the year, the Agency did not maintain a detailed general ledger or trial balance. Rather, monthly receipts and disbursements are maintained by the Agency in a checkbook and inserted manually into a monthly treasurer's report. We should mention, however, that a trial balance and general ledger were prepared by the Agency for the year ended December 31, 2007 and 2006 in preparation for the audit. In addition, we noted that the Treasurer's report does not include beginning and ending cash balances, which would verify that monthly receipt and disbursement transactions are accurately reported. Lastly, we noted that the Agency does not currently prepare an operating budget prior the commencement of the fiscal year.

Effect: The effect of not maintaining a detailed general ledger and trial balance is that the Agency does not have the ability to monitor total revenue and expenditures throughout the year, along with its financial position. The effect of not preparing a budget is that the Agency does not have a mechanism in place to monitor revenue and expenditures in comparison with expectations.

Auditors' Recommendation: We believe it is extremely important for the Agency to maintain a detailed general ledger and trial balance. We also recommend that budgeted information be entered into the Agency's general ledger software, so that actual revenue and expenditures can be compared against the budget on a regular basis. As part of this process, the Agency should investigate whether the general ledger software has the ability to generate a Treasurer's report electronically, which may provide efficiency gains.

Agency's Response: The Agency has purchased the appropriate software program and intend to implement in the future.

Year ended December 31, 2006

A similar finding was reported in prior year as finding 2007-4.

B. COMPLIANCE

Year ended December 31, 2007

2007-5 Filing of Annual Financial Report

Conditions and criteria: The Agency failed to file its annual financial report within the time period as mandated by The State Comptroller's Office for the years ended December 31, 2007 and 2006.

Effect: The Agency violated New York State Municipal Law, which requires the annual financial report to be submitted to the State within ninety days subsequent to the close of the government's fiscal year -end.

Auditors' Recommendation: The Agency should take the appropriate measures to ensure that internal records are closed within a timely period subsequent to the end of the fiscal year, which will give the Agency appropriate time to properly complete the New York State Annual Financial Report. Furthermore, as part of this process, we recommend that the Agency prepare its annual financial statements to allow for the timely completion of its external audit to be concluded in a timely fashion.

Agency's Response: The Agency apologies for the delay and will engage our auditors for the year ended December 31, 2008 in a timely manner so that reports can be completed within the guidelines established by New York State.

Year ended December 31, 2006

A similar finding was reported in prior year as finding 2007-5.

**ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Page 20

II. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

B. COMPLIANCE (CONTINUED)

Year ended December 31, 2007

2007-6 Reimbursement of Payment-In-Lieu Of Taxes (PILOT) Payments

Conditions and criteria: The Agency acts as a pass-through intermediary for a Payment in Lieu of Taxes (PILOT) arrangement established with a Corporation who holds real property located within Allegany County. During the year, the Agency received biannual payments of \$200,000 from the Corporation but failed to pass through these amounts to the participating municipalities in a timely manner. Approximately 48 days lapsed from the date of each receipt until payment to one municipality, with approximately 200 days lapsing for the second and third municipality. PILOT payments in the amount of \$200,000 were received by the Agency in each of the months of January and June 2007.

Effect: The Agency is utilizing funds that are required to be passed through to participating municipalities to support its operations during certain times of the year.

Auditors' Recommendation: The Agency should take steps to ensure that funds received from the PILOT agreements are immediately paid to the participating municipalities.

Agency's Response: The County is aware of our prior situation and is developing revenue streams to alleviate this issue as the Agency's fees increase dramatically through completed projects.

Year ended December 31, 2006

A similar finding was reported in prior year as finding 2007-6.

Year ended December 31, 2007

2007-7 Public Authority Accountability Act

Conditions and criteria: On June 24, 2005, the New York Senate and New York State Assembly passed the Public Authorities Accountability Act of 2005 with the purpose of, among other things, improving efficiency, openness and accountability of the state's public authorities, including industrial development agencies. The initiatives of the Act were required to be implemented during the year ended December 31, 2006. During the current year, the Agency implemented many of the initiatives under the Act including Board of Director training and the establishment of various policies, however, certain requirements are continued to be worked on such as the preparation of the budget and reporting financial information on the Agency's website.

Effect: The Agency did not fully comply with the Public Authority Accountability Act of 2005.

Auditors' Recommendation: The Agency should thoroughly review the requirements under the Act and determine those initiatives that are not currently in place. A timeline should be developed by the Agency which outlines the anticipated dates of implementation.

Agency's Response: The Agency has received Public Authorities Accountability Training with George W. Cregg, Jr. of Hodgson Russ, LLP. In addition, the Agency adopted all necessary policies as determined by Hodgson Russ, LLP. The Agency will review the remaining initiatives under the Act.

Year ended December 31, 2006

A similar finding was reported in prior year as finding 2007-7.