

CBTT

Conroy, Boulrice, Telling & Trombley, PC

Certified Public Accountants

*JACK L. CONROY, CPA
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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Essex County Industrial Development Agency, Inc.
Elizabethtown, New York

We have audited the accompanying financial statements of the Essex County Industrial Development Agency, Inc., a not-for-profit organization, for the year ended December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Essex County Industrial Development Agency, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Essex County Industrial Development Agency, Inc. as of December 31, 2006 were audited by other auditors whose report dated March 13, 2007, expressed an unqualified opinion on those 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 Essex County Industrial Development Agency, Inc. as of December 31, 2007, and results of its activities and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2008 on our consideration of the Essex County Industrial Development Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Conroy, Boulrice, Telling and Trombley, P.C.

Plattsburgh, New York
March 7, 2008

ESSEX COUNTY INDUSTRIAL DEVELOPEMENT AGENCY, INC.
Statement of Financial Position

	Year end December 31	
	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets		
Cash	\$ 877,426	\$ 759,976
Account receivable	128,360	92,430
Current portion of notes receivable	<u>181,076</u>	<u>181,394</u>
Total Current Assets	<u>1,186,862</u>	<u>1,033,800</u>
Property, Plant and Equipment, net of accumulated depreciation	<u>5,635,290</u>	<u>4,877,398</u>
Other Assets		
Notes receivable, net of reserve for bad debts, \$58,000 in 2007 and \$54,500 in 2006	<u>665,018</u>	<u>447,122</u>
Total Other Assets	<u>665,018</u>	<u>447,122</u>
Total Assets	<u>\$ 7,487,170</u>	<u>\$ 6,358,320</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 99,809	\$ 1,152
Accrued payroll taxes	<u>3,356</u>	<u>51</u>
Total Current Liabilities	<u>103,165</u>	<u>1,203</u>
Total Liabilities	<u>103,165</u>	<u>1,203</u>
Net Assets		
Unrestricted	1,087,016	1,067,169
Investment in capital assets	5,635,290	4,877,398
Temporarily restricted	<u>661,699</u>	<u>412,550</u>
Total Net Assets	<u>7,384,005</u>	<u>6,357,117</u>
LIABILITIES AND NET ASSETS	<u>\$ 7,487,170</u>	<u>\$ 6,358,320</u>

See accompanying notes to financial statements

ESSEX COUNTY INDUSTRIAL DEVELOPEMENT AGENCY, INC.
Statement of Activities

	Year end December 31	
	<u>2007</u>	<u>2006</u>
SUPPORT:		
County Allocation	\$ 290,000	\$ 290,000
Empire State Development Program Fee	23,000	26,710
HUD Program Fees	9,008	26,980
Industrial Park rents	65,056	56,070
Other Real Estate Income	-	12,300
Revenue Bond fees	66,863	12,500
Industrial Park Administrative fees	-	14,018
Application and administrative fees	6,010	1,525
Other Grants	940,845	125,000
Interest income	46,822	35,418
Debt recoveries	-	60,000
Miscellaneous income	549	-
TOTAL SUPPORT	<u>1,448,153</u>	<u>660,521</u>
EXPENDITURES:		
Program expense	186,017	132,659
Personnel expense	209,776	196,809
Administration expense	25,472	28,892
TOTAL EXPENDITURES	<u>421,265</u>	<u>358,360</u>
OTHER INCOME (EXPENSES):		
Loss on sale of various real estate parcels	-	(117,959)
Change in Net Assets	1,026,888	184,202
Net Assets, beginning of year	<u>6,357,117</u>	<u>6,172,915</u>
Net assets, end of year	<u>\$ 7,384,005</u>	<u>\$ 6,357,117</u>

See accompanying notes to financial statements

ESSEX COUNTY INDUSTRIAL DEVELOPEMENT AGENCY, INC.
Statement of Cash Flows

	Year end December 31	
	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITES		
Change in net assets	\$ 1,026,888	\$ 184,202
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	36,033	31,647
Reserve for bad debts	3,500	(60,000)
Accounts receivable	(35,930)	(92,430)
Prepaid expenses	-	660
Notes receivable	318	72,342
Increase (decrease) in:		
Accrued liabilities and payables	<u>101,962</u>	<u>(3,986)</u>
Net cash (used) provided by operating activities	1,132,771	132,435
CASH FLOWS FROM INVESTING ACTIVITES		
Building purchase and refurbishing	-	(291,167)
Purchase of site improvements and equipment	(793,925)	(44,250)
Sale and disposal of land	<u>-</u>	<u>203,197</u>
Net cash used in investing activities	(793,925)	(132,220)
CASH FLOWS FROM FINANCING ACTIVITES		
Repayment of principal, notes receivable	278,604	51,229
Loans issued	<u>(500,000)</u>	<u>-</u>
Net cash from financing activities	(221,396)	51,229
Net increase (decrease) in cash	117,450	51,444
Cash at beginning of year	<u>759,976</u>	<u>708,532</u>
Cash at end of year	<u>\$ 877,426</u>	<u>\$ 759,976</u>

See accompanying notes to financial statements

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, INC.

Notes to Financial Statements

December 31, 2007

Note 1: ORGANIZATION

The Essex County Industrial Development Agency, Inc. (the Agency) is a public benefit corporation created by the New York State Legislature. The Essex County Board of Supervisors appoints the members to the Agency's Board of Directors. The Agency is empowered by law to issue tax-exempt bonds to finance qualified industrial firms. It also may purchase, develop, manage, sell and lease real property, including land and buildings, for the purpose of creating jobs and serving the public welfare generally. The real property used for such public purpose is exempt from property tax by law. The Agency can also loan funds and administer those loans to businesses to promote economic development.

In accordance with the contract, dated March 7, 1996, between Essex County Industrial Development Agency, Inc. and the County of Essex, it was agreed that each would be separate and independent entities of government effective January 1, 1982. According to the terms of the same contract the Industrial Development Agency was charged with the administration of the business of the Essex County Development Corporation.

As of January 1, 2006, it is the intent to dissolve the Essex County Empire Development Zone Corporation and merge it with the Essex County Industrial Development Agency, Inc. The administration of the Empire Development Zones within Essex County, New York will then be through the Agency servicing existing certified businesses and administering the recertification of Empire Development Zone designated areas. The Agency will be responsible to provide a zone coordinator to service the Empire Development Zone within Essex County, New York.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Agency have been prepared on the accrual basis of accounting.

The Agency follows the Statement of Financial Accounting Standards (SFAS) 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and required that resources be classified for accounting and reporting purposes into three net asset categories according to grant imposed restrictions.

Under the provisions of SFAS No. 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grant imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

- **Unrestricted net assets** include net assets that are not subject to grant or Board imposed stipulations.
- **Temporarily restricted net assets** include net assets subject to grant or Board imposed stipulations that may or will lapse either by actions of the Agency and/or the passage of time.
- **Permanently restricted net assets** include net assets subject to grant imposed restrictions with the intent that the Agency maintains the net assets permanently. Generally, the grantors of these assets permit the Agency to use all of the income earned or realized on related investments for general or specific purposes.

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, INC.

Notes to Financial Statements

December 31, 2007

Note 2: CONTINUED

Revenues and Expenses

Revenues are reported as increase in unrestricted net assets unless use of the related assets is limited by grant-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Cash and Cash Equivalents

The Agency considers cash and any appropriate investment with the initial maturity date of three months or less to be cash and cash equivalents. Funds are segregated in separate accounts as requested by granting agencies.

Donated Services

The Agency has not received any donated services or goods. Thus, none has been reflected in the financial statements. On occasion it receives facilities and the policy on this is described below.

Plant

Land, buildings, furniture and equipment are recorded at cost and include expenditures for new facilities and improvements that substantially increase the useful lives of existing buildings and equipment. Expenditures in the nature of normal repairs and maintenance are accounted for as expenses in the statement of activities of unrestricted net assets. Depreciation of building and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation is recognized on general operating assets and industrial projects with current earnings. Assets in excess of \$1,000 are capitalized.

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 the reported amounts of assets and liabilities and applicable disclosures at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates of the Corporation and other revenues from nonexempt sources.

Note 3: NOTES RECEIVABLE

Notes receivables are recognized at the current outstanding balance. Funds collectible within twelve months are identified as the current portion of the notes receivable. Funds collectible in more than twelve months are identified as other assets.

The allowance for Doubtful Accounts is evaluated annually and adjusted accordingly. The Agency seeks every means of collection of its notes.

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, INC.
Notes to Financial Statements
December 31, 2007

Note 4: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and related accumulated depreciation are as follows:

INDUSTRIAL PROJECTS	<u>2007</u>	<u>2006</u>
Chesterfield Industrial Park	\$ 3,575,749	\$ 3,565,830
Essex Industrial Park Ticonderoga Land		
Ausable Forks Hydro Project:		
Land	733	733
Willsboro:		
Land	99,900	73,900
Railroad	619,920	619,920
	<u>4,296,302</u>	<u>4,260,383</u>
Less: Accumulated Depreciation	619,920	619,920
	<u>619,920</u>	<u>619,920</u>
Total	<u>\$ 3,676,382</u>	<u>\$ 3,640,463</u>
 Moriah Project		
Land	\$ 97,000	\$ 97,000
Building	867,614	867,614
Site development	864,863	106,857
Operating Assests of the Agency		
Building	261,497	261,497
Furniture and Fixtures	25,055	25,055
Training Equipment	127,781	127,781
Office equipment	32,166	32,166
	<u>2,275,976</u>	<u>1,517,970</u>
Less: Accumulated Depreciation	317,068	281,035
	<u>317,068</u>	<u>281,035</u>
Total	<u>\$ 1,958,908</u>	<u>\$ 1,236,935</u>

Note 5: RAILROAD PROPERTY

The Agency received a railroad from NL Chemicals, Inc., (the "Company") with the stipulation that they would lease it back to the Company for a five year period with the option by the Agency to renew the lease for an additional five years. The lease has been extended for an additional five years, expiring in August 2004. The Company agreed to pay the Agency \$1.00 a year for rental and to make a payment in lieu of taxes to the two appropriate municipalities and school districts in which the 21 mile railroad operates. The Agency's portion of the railroad has been recorded on the books at \$619,920, which represents the fair market value at the time of the purchase on August 9, 1989 by the Company.

Although the lease has expired, the agency still owns the railroad property as of December 31, 2007.

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, INC.

Notes to Financial Statements

December 31, 2007

Note 6: GRANTS INCOME

The Agency received a mixture of government and private business grants during the fiscal year ended December 31, 2007. Grants received were as follows:

New loan funds:	
Governor's Office of Small Cities	\$400,000
Chesterfield Commerce Park:	
Willsboro Development Corporation	26,000
Moriah Business Park Infrastructure:	
US Department of Commerce (EDA)	286,485
National Grid	80,000
Hudson Headwaters Health Network	100,000
New York State Legislative Grant	<u>18,360</u>
Total	<u>\$484,845</u>
Moriah Business Park Infrastructure:	
National Grid	<u>30,000</u>
Total Grants Income	<u>\$940,845</u>

Note 7: LEASE COMMITMENTS

The Agency entered into a lease agreement with Kathleen E. Hall for office space in Elizabethtown, New York. The lease agreement began on January 1, 1995 and ends on December 31, 2005. The lease was extended to June 30, 2006. Lease expense was \$9,950 for the year ended December 31, 2005 and \$4,250 for the year ended December 31, 2006. The lease terminated when the Agency moved into its purchased and refurbished building in Elizabethtown, New York on July 1, 2006.

Note 8: MORIAH BUSINESS PARK

The Industrial Development Agency received grants to construct a building in the Town of Moriah for the purposes of industrial development without an objective of creating jobs. The project involved the construction of a one-story 22,000 sq. ft. high bay manufacturing and distribution facility, access road, utility connection and parking for 18 trailers and 14 cars. The building was built on land owned by the Agency totaling 30 acres, which was purchased for the purposes of this project. The Agency is currently renting the building to commercial tenants. During the fiscal year ended December 31, 2007, the Agency received multiple grants to improve the infrastructure of The Moriah Business Park. Three phase power, fiber optics, highspeed internet access, water and sewer lines, grading, paving, and site preparation was installed and/or completed during the 2007 fiscal year. Additionally, The Town of Moriah built a new building for a Town health center at the park. Four building sites remain.

Note 9: CHESTERFIELD COMMERCE PARK PROJECT

The Agency is involved in a joint development project with the Town of Chesterfield. As project leader, the Agency received a grant of \$3,000,000 from the United States Department of Commerce for improvements to the water treatment plant and infrastructure to the proposed industrial park in the Town of Chesterfield. The Agency has disbursed its grant funds which are reflected in the assets but not being depreciated totaling \$3,565,830. The Town of Chesterfield has an obligation to match the Federal grant in improvements paid through the town. The final requisition had been submitted for the project as of December 31, 2004 and collected in the fiscal year ended December 31, 2005. Once complete, the assets are to

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, INC.

Notes to Financial Statements

December 31, 2007

Note 9: CHESTERFIELD COMMERCE PARK PROJECT Cont'd

transfer to the Town of Chesterfield. During the fiscal year ended December 31, 2007 the Agency received an additional six acres in The Chesterfield Commerce Park from The Willsboro Development Corporation. The Agency has also contracted to the surveying and mapping of the Chesterfield Commerce Park.

Note 10: CASH BALANCES

The Essex County Industrial Development Agency, Inc. maintains cash accounts at various banks. The FDIC for up to \$100,000 insures cash accounts at banks, but the agency has implemented a collateral bond agreement with its principal bank so its funds are not at risk

Note 11: PENSION BENEFIT PLAN

The Agency participates in the New York State employees Retirement Plan. The Agency is billed its annual contribution to the plan based on the compensation paid its employees; it is a defined contribution plan. The pension expense was \$16,377 for the fiscal year ended December 31, 2007 and \$14,833 for the fiscal year ended December 31, 2006.

Note 12: CONTINGENCIES

The U.S. Department of Housing and Urban Development (HUD) gave Essex County a grant of \$291,500 for the development of the Ticonderoga Commerce Park. The Agency was the grant administrator of the grant and the creator of the Park. The Statutory objectives of the Grant were that 41 new jobs be created with 51 percent of the positions being made available to persons of low or moderate income.

On December 31, 2001, HUD received the Performance Assessment Report (PAR) for the grant. At the time, the job creation objective was not being met. After further review, HUD issued a letter dated December 31, 2002, that the prospective buyer of the building would meet the jobs creation objective of one job per \$25,000 of grant money or 12 jobs. HUD has reserved the right to review the project on a future date to ensure that the job creation objective continues to be met. The building was sold during the fiscal year ended December 31, 2005 but a contingency may still exist.

Note 13: COMMITMENTS

As of December 31, 2007 the Agency has made loan commitments to businesses with the objective of stimulating economic growth and development. There were no loan commitments as of December 31, 2006.

As of December 31, 2007, the agency has available \$102,515 to spend in additional infrastructure improvements to the Moriah Business Park from the US Department of Commerce Economic Development Administration grant. At the end of the fiscal year, the agency has no contractual commitments for the expenditure of these funds. The agency must expend funds appropriately first to receive the grant award monies.

ESSEX COUNTY INDUSTRIAL DEVELOPEMENT AGENCY, INC.
Schedule of Functional Expenses

	<u>2007</u>	<u>2006</u>
PROGRAM EXPENSE:		
HUD Program expenses	\$ 7,529	\$ 7,372
Industrial Park expenses	39,003	26,797
Legal fees and notices	13,325	12,300
Marketing and advertising	60,836	33,494
Depreciation expense	36,033	31,647
Insurance	5,779	4,294
Telephone	6,071	6,520
Travel	4,404	4,169
Conferences and workshops	5,129	4,834
Dues and subscriptions	1,908	1,232
Fiber optic grant	2,500	-
Bad debt expense	3,500	-
Total Program Expense	<u>\$ 186,017</u>	<u>\$ 132,659</u>
PERSONNEL EXPENSE		
Salaries	\$ 162,584	\$ 150,822
Payroll tax expense	13,084	13,245
Health Insurance	17,731	17,909
Retirement	16,377	14,833
Total Personnel Expense	<u>\$ 209,776</u>	<u>\$ 196,809</u>
ADMINISTRATIVE EXPENSE		
Office expense and supplies	\$ 4,744	\$ 4,828
Rent and occupancy	6,414	8,150
Postage and printing	2,182	2,471
Accounting	6,214	7,668
Equipment leases and maintenance	4,322	3,578
Miscellaneous	203	1,150
Board expenses	370	145
Business meetings	1,023	902
Total Administrative Expense	<u>\$ 25,472</u>	<u>\$ 28,892</u>

ESSEX COUNTY INDUSTRIAL DEVELOPEMENT AGENCY, INC.
 Schedule of Industrial Parks Revenues and Expenses
 Year end December 31

	<u>2007</u>					<u>2006</u>
	<u>Total</u>	<u>Moriah</u>	<u>Ticonderoga</u>	<u>Willsboro</u>	<u>Chesterfield</u>	<u>Total</u>
Rental Income	\$ 65,056	65,056				56,070
Expenses:						
Maintenance	13,927	13,927				1,553
Landscaping	6,520	2,405	2,515		1,600	5,037
Real estate taxes	1,180	236		944		3,440
Insurance	14,060	12,770		1,140	150	13,127
Utilities	3,266	3,205		61		2,640
Legal services and fees	50				50	1,000
Total Expenses	<u>39,003</u>	<u>32,543</u>	<u>2,515</u>	<u>2,145</u>	<u>1,800</u>	<u>26,797</u>
Net Rental Income (Loss) Before Depreciation	26,053	32,513	(2,515)	(2,145)	(1,800)	29,273
Depreciation expense	<u>29,136</u>	<u>29,136</u>				<u>21,477</u>
Net Rental Income (Loss)	<u>\$ (3,083)</u>	<u>3,377</u>	<u>(2,515)</u>	<u>(2,145)</u>	<u>(1,800)</u>	<u>7,796</u>

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

To the Board of Directors of
Essex County Industrial Development Agency, Inc.

Compliance

We have audited the compliance of Essex County Industrial Development Agency, Inc. (a not-for-profit organization) with the types of compliance requirements described in the "US Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement*" that are applicable to each of its major federal programs for the year ended December 31, 2007. Essex County Industrial Development Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Essex County Industrial Development Agency, Inc.'s management. Our responsibility is to express an opinion on Essex County Industrial Development Agency, Inc.'s compliance based on our audit.

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

In our opinion Essex County Industrial Development Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Essex County Industrial Development Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Essex County Industrial Development Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expression an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Essex County Industrial Development Agency, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Essex County Industrial Development Agency, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass through entities and is not intended to be and should not be used by any one other than these specified parties.

Conroy, Boulrice, Telling and Trombley, P.C.

Plattsburgh, New York
March 7, 2008

**ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2007**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
· Material weakness(es) identified?	_____ yes	<u> X </u> no
· Significant Deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
· Material weakness(es) identified?	_____ yes	<u> X </u> no
· Significant Deficiency(ies) identified not considered to be a material weakness?	_____ yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ yes	<u> X </u> no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.219	Community Development Microenterprise Grant
11.300	Economic Development Administration

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000	
Auditee qualified as low-risk Auditee?	<u> X </u> yes	_____ no

ESSEX COUNTY INDUSTRIAL DEVELOPEMENT AGENCY, INC.
Schedule of Federal Expenditures

		Year ended December 31
	CFDA	<u>2007</u> Amount
Governors Office of Small Cities-Community Block Development Microenterprise Grant	14.219	\$ 400,000
US Department of Commerce Economic Development Administration	11.300	<u>286,485</u>
Total Federal Expenditures		<u>\$ 686,485</u>

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Essex County Industrial Development Agency, Inc. and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.