

Ontario County Industrial Development Agency  
Annual Report  
For the Year Ended December 31, 2006

Ontario County Industrial Development Agency  
2006 Annual Report

1. Operations and Accomplishments

Please see the Management Discussion and Analysis section of the annual audit report for management's discussion of accomplishments for the year.

2. Revenues and Expenses and Changes in Net Assets

Please see the attached audit report for this information.

3. Assets and Liabilities

Please see the attached audit report for this information.

4. Bonds and Notes

Please see the attached New York State Office of the State Comptroller's Report for information on bonds for which the Ontario County Industrial Development Agency acted as a conduit.

5. Compensation Schedule

The Ontario County Industrial Development Agency (OCIDA) has no employees. The employees of the Office of Economic Development, County Attorney and Finance Department of Ontario County perform various staff and executive functions for the OCIDA under a Master Agreement between the agency and the County. Michael Manikowski, the Executive Director of the OCIDA, received total compensation from Ontario County of \$100,746 during 2006.

See attached schedule. Master Agreement available upon request.

6. Projects Undertaken During 2006

The following are projects undertaken by the Ontario County Industrial Development Agency during 2006.

<u>Project</u>	<u>Private</u>	<u>Total</u>	<u>Projected</u>	<u>Closing</u>	<u>Inducement</u>
	<u>Investment</u>	<u>Project</u>	<u>New Jobs</u>	<u>Status</u>	
FLCC Housing/Dorm Project	\$17,343,000	\$17,343,000	4	Y	6/26/06
Brite Computers/JS&S Dev.	\$1,050,000	\$1,050,000	20+	Y	7/7/06
Global Communications Sys./MCA Partner/s Omnitech Park -3A (sales tax exemption extended to complete facility for new tenant)	\$3,417,000	\$3,417,000	21N/55R	Y	8/24/06

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7. Real Property Schedule

See attached schedule. Due to the specialized nature of the real property at the airport no attempt at determining a fair market value has been made. The most recent assessed valuation of the airport real property is \$1,125,000.

The Ontario County Industrial Development agency did not dispose of any tangible personal property during 2006.

# Real Property Bulk Load Worksheet

## Version 1.0

In accordance with Public Authorities Law, please provide information on the following:

Any real property of the authority having an estimated fair market value in excess of \$15,000 that the authority either acquired or disposed of during the re

Columns whose names contain "\*" are required and must have values for each record to be loaded.

This worksheet must be saved as type "csv" in order to be uploaded to PARIS. Select "Save As" from the "File" menu above and select "CSV (comma delimited)" as the file type.

Note: Most cells have some level of validation, however, validation in Excel only functions when you actually type data in the cell. It is recommended that you selectively check validati

----- Property Address -----							
* Address Line 1	Address Line 2	* City	State	* Postal Code	Zip +4	Province/Region	* Country "Other"
2450 Brickyard Rd.	SRE Design & Obstruction Study	Canandaigua	NY	14424			USA
2450 Brickyard Rd.	Acq. Land Runway Expansion	Canandaigua	NY	14424			USA
2450 Brickyard Rd.	Runway Ext. RY31	Canandaigua	NY	14424			USA
2450 Brickyard Rd.	Obstruction Removal	Canandaigua	NY	14424			USA
2450 Brickyard Rd.	Land	Canandaigua	NY	14424			USA

Reporting period.

on in rows that you have copied data into.

* Property Description	* Estimated Fair Market Value	* How was FMV determined?	* Transaction Type	If Other, Explain	* Transaction Date
Vacant Lot/Undeveloped Land			Acquisition		01/01/06
Vacant Lot/Undeveloped Land			Acquisition		1/1/2006
Vacant Lot/Undeveloped Land			Acquisition		1/1/2006
Vacant Lot/Undeveloped Land			Acquisition		1/1/2006
Vacant Lot/Undeveloped Land			Acquisition		1/1/2006

Purchase/Sale Price	Lease Data (if applicable)		Lease Period (Months)	Note: Either Organization or Last Name/First Name are required. Entry of both is not permitted	
	Market Rate	Lease Rate		Seller/Purchaser/Tenant Organization	Seller/Purchaser/Tenant Last Name
\$59,375					
\$101,832					
\$89,906					
\$86,930					
\$22,499					

ed. -----Seller/Purchaser/Tenant Address -----

Seller/Purchaser/Tenant First Name	* Address Line 1	Address Line 2	* City	State	* Postal Code	Zip +4	Province/ Region	* Country
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Country Name if  
"Other"

8. Code of Ethics

The following code of ethics was adopted by the Ontario County Industrial Development Agency (OCIDA) on May 30, 2007.

**Code of Ethics**

**Introduction.** Ontario County Industrial Development Agency (OCIDA) was organized to benefit the people of Ontario County by attracting and retaining businesses in the county. Because the OCIDA occupies a position of trust it is important to avoid both actual and potential conflicts of interest that may undermine the credibility of the agency in the eyes of the public that it serves. Questions about what constitutes a conflict of interest are often complex and should be addressed with the agency or transaction counsel as appropriate. Members are urged to err on the side of caution and bring any doubts to the attention of agency counsel.

**Standards of Conduct.** The provisions of General Municipal Law §§ 800 et seq., the Public Authorities Accountability Act of 2005 and the Ontario County Ethics Policy establish the conflicts of interest and ethics standards applicable to members of the OCIDA Board of Directors and OCIDA staff. Pursuant to those standards, no member of the Board or OCIDA staff may have a pecuniary interest in an entity applying for OCIDA benefits and may not benefit from the business of the OCIDA unless such person's interest falls under the provisions of General Municipal Law § 802. In the case of a conflict under General Municipal Law § 802, the Board member or OCIDA staff member shall disclose his or her interest to the OCIDA Board of Directors and shall recuse him or herself from any discussion or voting with regard to that matter. If such recusal results in the loss of quorum, the matter at issue shall be considered at the next meeting at which a quorum of Board members is present, not including the recused member. For any conflict of interest arising under General Municipal Law § 801, recusal of a Board member from consideration or voting on the matter will not cure the conflict of interest. The Agency has adopted the Ontario County Annual Disclosure, Conflict of Interest Statement for the purpose of determining compliance with this policy. Board members, and OCIDA's CEO and CFO are required to complete and sign this statement annually.

Board members and OCIDA staff shall exercise their best judgment for the benefit of the agency and shall refrain from being influenced by personal considerations in the performance of their duties. To this end, Board members and OCIDA staff shall not deal preferentially with suppliers and others where personal gains accrue to the board member or staff.

**Gifts.** No Board member or OCIDA staff member shall directly or indirectly, solicit any gift or accept or receive any gift having a value of twenty five dollars (\$25.00) or more, whether in the form of money, services, loan, travel, entertainment, hospitality, thing or promise, or any other form from any person or entity doing business or applying for benefits from the OCIDA, or under the circumstances in which it could be reasonably be inferred that the gift was intended to influence him or her, or could reasonably be expected to influence him or her in the performance of his or her official duties or intended as a reward for any official action on his or her part.

**Confidential Information.** No Board member or OCIDA staff member shall disclose confidential information acquired by him or her in the course of his or her duties associated with the OCIDA, except as needed to carry out the business of the OCIDA, or use such information to further his or her personal interest or that of any family member.

**Penalties.** In addition to any penalty contained in any other provision of law, any person who shall knowingly and intentionally violate any of the provisions of this code may be fined, suspended or removed from office or employment, as the case may be in the manner provided by law.

*Other helpful documents:*

Ontario County Policy on Conflict of Interest  
Business Laws, Inc. Checklist for Preparing a Code of Legal and Ethical Conduct  
Public Authority Accountability Act  
New York General Municipal Law §§ 801-805

9. Assessment of the effectiveness of the Agency's internal control structure and procedures.

The financial statements of Ontario County Industrial Development Agency (OCIDA) for the year ended December 31, 2006 are the responsibility of management. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Financial information contained elsewhere in this annual report is consistent with the financial statements.

OCIDA has established an internal control structure. The objectives of an internal control structure are to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization and recording of transactions, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management and the independent auditors.

OCIDA's financial statements have been audited by Ray Wager, CPA, independent auditors. Management has made available to Ray Wager, CPA all the financial records and related data of OCIDA as well as providing access to all the minutes of the meetings of the Board of OCIDA. The role of the auditor is to provide an independent review of management's responsibility to present fairly in the financial statements the financial position, changes in its financial position and cash flows in accordance with accounting principles generally accepted in the United States of America.

The independent audit included a review of the internal control structure, tests of accounting records, and other procedures which the independent auditors considered necessary in order to express an opinion on the fairness of the presentation of the financial statements.

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Additional Attachments

- Management Letter issued by Ray Wager, CPA for the year ended December 31, 2006.

CERTIFICATION

We, the undersigned, certify that to the best of our knowledge and belief the attached 2006 Annual Report (report) of Ontario County Industrial Development Agency is accurate, correct and does not contain any untrue statement of material fact; that the report does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which the statements are made; and that the report fairly presents, in all material respects, the financial condition and results of operations of the authority as of, and for, the periods presented in the financial statements.

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Michael J. Manikowski  
Executive Director

Date

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Mary M. Gates  
Manager of Economic Development Finance

Date

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2006 and 2005**

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**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

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Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA

Thomas J. Lauffer, CPA

Thomas C. Zuber, CPA

**INDEPENDENT AUDITORS' REPORT**

To the Board Members  
Ontario County Industrial Development Agency, New York

We have audited the statement of net assets of the Ontario County Industrial Development Agency, as of December 31, 2006 and 2005, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. 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, 2005 financial statements and, in our report dated February 7, 2006, upon which we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Ontario County Industrial Development Agency as of December 31, 2006 and 2005, and the results of its operations, and its cash flows for the years 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 April 19, 2007 on our consideration of the Ontario County Industrial Development Agency, New York's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information as listed in the foregoing table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Agency's management. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and do not express an opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Agency taken as a whole. The accompanying supplemental schedules as listed in the foregoing table of contents are not a required part of the basic financial statements. These schedules are the responsibility of the management of the Agency. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Raymond F. Wager, CPA, P.C.*

April 19, 2007

## **Ontario County Industrial Development Agency**

### **Management's Discussion and Analysis (MD&A)**

**December 31, 2006**

#### **Introduction**

Our discussion and analysis of the Ontario County Industrial Development Agency (OCIDA), New York's financial performance provides an overview of the Agency's financial activities for the year ended December 31, 2006. It should be read in conjunction with the basic financial statements to enhance understanding of the Agency's financial performance, which immediately follows this section.

#### **Financial Highlights**

- The OCIDA obtained \$350,346 in FAA funding throughout the year for Airport development and expansion.
- During 2006 the OCIDA closed on the New York State Wine and Culinary Center project and the Finger Lakes Community College housing/dorm project resulting in approximately \$240,000 of the \$274,000 project administration fees.

#### **Summary Information**

- In 1969, New York State adopted the Industrial Development Agency Act. The Act defines Industrial Development Agencies (IDAs) and sets forth their organization and powers. IDAs are independent public benefit corporations. They are created to promote, develop, encourage and assist industrial, manufacturing, warehousing, commercial, research and recreation facilities to advance job opportunities, health, and economic welfare of the people of the State of New York. Each IDA is a non-profit government at the request of one or more municipalities.

IDAs carry out their mandate by creating projects that offer financial incentives to attract, retain and expand businesses within their jurisdiction. To achieve these goals, an IDA can buy, sell and lease property and issue debt. Businesses wishing to obtain financial assistance typically apply to an IDA. The assistance granted to these businesses generally includes the issuance of a low interest Industrial Development Revenue Bond, and exemptions from real property tax, mortgage recording tax, and sales and use tax. The bonds issued are not obligations of the municipality or the State. As part of the transaction, the IDA generally takes title to the project's real property. In doing so, the IDA is not required to pay taxes or assessments on any property it acquires or that is under its jurisdiction, control, or supervision. Usually, this benefit is, in effect, passed through to the assisted business. A portion of the local real property tax exemption is usually recaptured in the form of payments in lieu of taxes (PILOTS). The assisted business typically agrees to make PILOTS, which generally are significantly less than the real property taxes which are abated.

In many cases, the financing of an IDA-sponsored project takes the form of a lease-purchase agreement with the business. The IDA sells its bonds and uses the proceeds to acquire or construct the project for the business. Upon completion, the project is leased to the business for a term equal to the term of the IDAs bond issue. The annual payments from the business are then set at an amount sufficient to pay the annual principal and interest on the IDA bonds. Since IDAs are considered governmental agencies, property acquired by them or under their control has tax-exempt status. The business usually has the option to purchase the project for a nominal fee at the end of the financing term.

IDAs may also provide financial assistance through "straight-lease" transactions. Under such arrangements, the IDA generally would take title to property of a project occupant, thereby entitling the property to tax exemptions, with no additional financial assistance provided through the proceeds of the IDA bonds.

The Board of an IDA, consisting of between three and seven members, is generally appointed by the governing body of its sponsoring municipality. IDA decisions affect the school districts and other local governments in the area in which the IDA operates. The IDA tax exemption policies are often a concern of these taxing jurisdictions, particularly school districts. The major taxing jurisdictions which are affected by IDA decisions may not be represented in the IDA membership and, therefore, may have little input into IDA decisions which affect their tax bases and revenue streams. Accordingly, provisions of the General Municipal Law require each IDA to establish a uniform tax exemption policy with input from affected tax jurisdictions and to provide guidelines for claiming real property tax, mortgage recording tax, and sales tax exemptions. The IDA must also establish a procedure for deviation from its uniform tax exemption policy and provide written notification of the reasons for the deviation to affected taxing jurisdictions.

In 1993, legislation was passed altering the powers of IDAs. The main focus of the legislation addressed the issue of making IDAs more accountable by requiring them to:

- Submit written payment in lieu of tax agreements, including payment allocation, to taxing jurisdictions;
- File real property tax exemptions with county chief executive officers and school districts;
- Submit data on outstanding projects annually to the New York State Comptroller's Office;
- Hold a public hearing for all projects in excess of \$100,000; and
- Adhere to the same conflict of interest code of ethics as municipalities.

## Financial Statements

The OCIDA is a public benefit corporation functioning under legislation passed by the State of New York; its volunteer Board members are appointed by the Ontario County Board of Supervisors. The OCIDA functions much like a municipality with competitive bidding laws, prevailing wage rates and financial safeguards required.

Financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles put forth by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid.

## Net Assets

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>	<u>Total Variance</u>
Current Assets	\$ 991,285	\$ 978,770	\$ 12,515
Non-Current Assets	76,749	76,749	-
Capital Assets	<u>5,534,404</u>	<u>5,540,839</u>	<u>(6,435)</u>
<b>Total Assets</b>	<b>\$ 6,602,438</b>	<b>\$ 6,596,358</b>	<b>\$ 6,080</b>
<u>LIABILITIES</u>			
Current Liabilities	<u>\$ 430,406</u>	<u>\$ 407,981</u>	<u>\$ 22,425</u>
<b>Total Liabilities</b>	<b>\$ 430,406</b>	<b>\$ 407,981</b>	<b>\$ 22,425</b>
<u>NET ASSETS</u>			
Investments in Capital Assets, Net of Related Debt	\$ 5,534,404	\$ 5,540,839	\$ (6,435)
Unrestricted Net Assets-Airport	(231,207)	(222,560)	(8,647)
Unrestricted Net Assets-Operating	<u>868,835</u>	<u>870,098</u>	<u>(1,263)</u>
<b>Total Net Assets</b>	<b>\$ 6,172,032</b>	<b>\$ 6,188,377</b>	<b>\$ (16,345)</b>

The net assets includes the value of the Agency's investment in infrastructure, and funds for ongoing repairs/replacement and/or additions to this infrastructure.

The Agency's net assets consist of three components. The largest component, investment in capital assets, net of related debt totaled \$5,534,404 (90%) of the total net assets. Investment in capital assets, net of related debt consists primarily of the land, buildings and machinery and equipment, which are not considered to be highly liquid. The unrestricted net assets total \$868,835, which represents the monies available for the ongoing operations of the Agency.

The OCIDA contracted for planning and engineering work done for possible further land acquisition and improvements to the airport with the assistance of FAA and NYS DOT grants.

**Summary of Operations and Changes in Net Assets**

	Operating Fund	Airport Fund	2006 Total	2005 Total	Total Variance
Operating Revenues	\$ 275,017	\$ 15,433	\$ 290,450	\$ 206,618	\$ 83,832
Operating Expenses	276,986	392,600	669,586	489,950	179,636
<b>Operating Income (Loss)</b>	<b>\$ (1,969)</b>	<b>\$ (377,167)</b>	<b>\$ (379,136)</b>	<b>\$ (283,332)</b>	<b>\$ (95,804)</b>
Non-Operating Revenues (Expenses)	9,127	1,118	10,245	358,369	(348,124)
<b>Income (Loss) Before Other Changes in Net Assets</b>	<b>\$ 7,158</b>	<b>\$ (376,049)</b>	<b>\$ (368,891)</b>	<b>\$ 75,037</b>	<b>\$ (443,928)</b>
Transfer to Airport Fund	(8,421)	-	(8,421)	(7,127)	(1,294)
Contributed Capital-Federal, State & Local	-	360,967	360,967	281,654	79,313
<b>Change in Net Assets</b>	<b>\$ (1,263)</b>	<b>\$ (15,082)</b>	<b>\$ (16,345)</b>	<b>\$ 349,564</b>	<b>\$ (365,909)</b>

**Operating Revenues**

The Agency's operating revenues are \$290,450.

The Agency also earns fee income from the issuance of industrial revenue bonds. Fee income is recorded as revenue when the financing closes.

The Agency also receives various federal and state grants for the development and expansion of the Ontario County airport.

**Operating Expenses**

The Agency's operating expenses are \$669,586.

In general, the expenditures for the IDA's operation consist of administration and depreciation. Administrative expenditures consist primarily of legal, accounting, and consulting expenditures associated with the daily activities.

The Agency depreciation expenses relate to the airport operations.

## Capital Assets

At December 31, 2006, the Agency had \$5,534,404, net of accumulated depreciation invested in a broad range of capital assets, including land and airport runway and lighting. The capital assets, net of accumulated depreciation, is reflected below:

	<u>2006</u>	<u>2005</u>
Land	\$ 1,382,780	\$ 1,360,281
Airport Runway and Lighting	<u>4,151,624</u>	<u>4,180,558</u>
<b>Total</b>	<b><u>\$ 5,534,404</u></b>	<b><u>\$ 5,540,839</u></b>

More detailed information about the Agency's capital assets is presented in the notes to the financial statements.

## Long-Term Debt

The Agency has no long term debt as of the balance sheet date.

## Future Factors

In early 2007, OCIDA closed on the MCA Group/Global Communications Systems project resulting in \$29,000 in project administration fees. In addition, the OCIDA has granted preliminary inducements for four other projects and have two more large projects scheduled for presentations at the April meeting.

## Requests for Information

This financial report is designed to provide a general overview of the Ontario County Industrial Development Agency's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. Michael J. Manikowski, Director  
Ontario County Industrial Development Agency  
20 Ontario Street  
Canandaigua, New York 14424

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**Statement of Net Assets**

**December 31, 2006**

**(With comparative totals for 2005)**

<b><u>ASSETS:</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b><u>Current Assets -</u></b>		
Cash and cash equivalents	\$ 524,188	\$ 363,232
Cash in escrow	-	185,000
Due from other funds	331,006	292,138
Due from state and federal governments	81,272	18,015
Accounts receivable (net)	41,443	98,221
Prepaid expense	-	10,000
Due from related party	13,376	12,164
<b>Total Current Assets</b>	<b>\$ 991,285</b>	<b>\$ 978,770</b>
<b><u>Noncurrent Assets -</u></b>		
Investment in joint venture	\$ 76,749	\$ 76,749
<b>Total Noncurrent Assets</b>	<b>\$ 76,749</b>	<b>\$ 76,749</b>
<b><u>Capital Assets -</u></b>		
Land	\$ 1,382,780	\$ 1,360,281
Runway and lighting	6,991,535	6,653,330
Accumulated depreciation	(2,839,911)	(2,472,772)
<b>Total Capital Assets</b>	<b>\$ 5,534,404</b>	<b>\$ 5,540,839</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,602,438</b>	<b>\$ 6,596,358</b>
<b><u>LIABILITIES AND NET ASSETS:</u></b>		
<b><u>Current Liabilities -</u></b>		
Accounts payable and accrued liabilities	\$ 75,880	\$ 90,643
Deferred revenue	23,520	25,200
Due to other funds	331,006	292,138
<b>Total Current Liabilities</b>	<b>\$ 430,406</b>	<b>\$ 407,981</b>
<b><u>Net Assets -</u></b>		
Investments in capital assets, net of related debt	\$ 5,534,404	\$ 5,540,839
Unrestricted net assets - Airport	(231,207)	(222,560)
Unrestricted net assets - Operating	868,835	870,098
<b>Total Net Assets</b>	<b>\$ 6,172,032</b>	<b>\$ 6,188,377</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,602,438</b>	<b>\$ 6,596,358</b>

(The accompanying notes are an integral part of the financial statements)

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**Statement of Revenues, Expenses and Changes in Net Assets**

**For Year Ended December 31, 2006**

**(With comparative totals for 2005)**

<b><u>OPERATING REVENUES:</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Fees	\$ 290,450	\$ 206,618
<b>TOTAL OPERATING REVENUES</b>	<b><u>\$ 290,450</u></b>	<b><u>\$ 206,618</u></b>
<b><u>OPERATING EXPENSES:</u></b>		
Administration	\$ 302,447	\$ 143,590
Depreciation	367,139	346,360
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 669,586</u></b>	<b><u>\$ 489,950</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>\$ (379,136)</u></b>	<b><u>\$ (283,332)</u></b>
<b><u>NONOPERATING REVENUES:</u></b>		
Grants from County	\$ -	\$ 350,000
Interest and dividends	9,033	6,725
Unrealized net gain (loss) on investment in joint venture	1,212	1,644
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>\$ 10,245</u></b>	<b><u>\$ 358,369</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$ (368,891)</u></b>	<b><u>\$ 75,037</u></b>
<b><u>CONTRIBUTED CAPITAL:</u></b>		
Transfer to airport fund	\$ (8,421)	\$ (7,127)
Contributed capital - federal, state & local	360,967	281,654
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b><u>\$ (16,345)</u></b>	<b><u>\$ 349,564</u></b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>6,188,377</u></b>	<b><u>5,838,813</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u><u>\$ 6,172,032</u></u></b>	<b><u><u>\$ 6,188,377</u></u></b>

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
PROPRIETY FUND TYPE - ENTERPRISE FUND**

**Statement of Cash Flows**

**For Year Ended December 31, 2006**

**(With comparative totals for 2005)**

<b><u>Cash Flows From Operating Activities:</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Cash received from providing services	\$ 281,079	\$ 116,412
Cash payments contractual expenses	(307,210)	(77,963)
<b>Net Cash Provided (Used ) by Operating Activities</b>	<b>\$ (26,131)</b>	<b>\$ 38,449</b>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>		
Purchases of capital assets	\$ (360,704)	\$ (289,627)
Airport transfer-local portion	(8,421)	(7,127)
Contributions for capital assets	360,967	281,654
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>\$ (8,158)</b>	<b>\$ (15,100)</b>
<b><u>Cash Flows From Investing Activities:</u></b>		
Grant from County	\$ -	\$ 350,000
Interest Income	9,033	6,725
Unrealized net gain (loss) on investment in joint venture	1,212	1,644
<b>Net Cash Provided (Used) By Investment Activities</b>	<b>\$ 10,245</b>	<b>\$ 358,369</b>
<b>Net Increase (Decrease) in Cash</b>	<b>\$ (24,044)</b>	<b>\$ 381,718</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>548,232</b>	<b>166,514</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 524,188</b>	<b>\$ 548,232</b>
<b><u>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</u></b>		
<b>Change in net assets</b>	<b>\$ (379,136)</b>	<b>\$ (283,332)</b>
<b><u>Adjustments to reconcile Change in Net Assets to Net Cash Provided/(Used) from Operations:</u></b>		
Depreciation	\$ 367,139	\$ 346,360
Change in assets and liabilities -		
Due from/to state and federal government	(63,257)	(4,811)
Accounts receivable	56,778	(82,071)
Due from/to related party	(1,212)	(1,644)
Accounts payable	(41,916)	35,627
Accrued liabilities	27,153	40,000

# ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**(Note 1) Summary of Significant Accounting Policies:**

The financial statements of the Ontario County Industrial Development Agency (OCIDA) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. The Reporting Entity**

The OCIDA, which was established in 1972, is governed by Article 18-A, *New York State Industrial Development Agency Act* of the New York State General Municipal Law and other general laws of the State of New York and various local laws. Member of the OCIDA are appointed by the Ontario County Board of Supervisors, however, the Board of Supervisors exercises no oversight responsibility for management of the OCIDA or accountability for fiscal matters. Accordingly, the OCIDA is not included as a component unit within the County's basic financial statements.

The OCIDA was established to promote and assist with the economic development of Ontario County, New York.

All governmental activities and functions performed for the OCIDA are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The *Uniform System of Accounts for Industrial Development Agencies* published by the New York State Office of the State Comptroller prescribes for the use of a single fund type to record all financial transactions of the Agency. The OCIDA has opted to report its activity within a proprietary fund type as follows:

The Basic Financial Statements are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Fixed assets and long-term liabilities related to these activities are recorded within the fund.

The OCIDA applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. The OCIDA utilizes the following proprietary fund type:

**(Note 1) (Continued)**

The Basic Financial Statements are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and /or net income is necessary for management accountability. The OCIDA enterprise funds include the following:

**Airport Fund** - contains all activity related to the development and operation of an airport.

**Operating Fund** - contains all activity not required to be accounted for in the Airport Fund.

**C. Comparative Information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

**D. Investments**

Investments are stated at market value.

**E. Cash and Cash Equivalents**

Cash and cash equivalents are comprised of certain highly liquid instruments with a maturity of less than one year.

**F. Cash in Escrow**

Cash in escrow represents amounts held by a third party on the Authority's behalf pending the completion of a lease.

**G. Capital Assets – Proprietary Funds**

Capital assets acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. Depreciation is computed using the straight line method over the estimated useful life of the assets.

**H. Net Assets**

**Investment in Capital Assets, Net of Related Debt** - Capital assets purchased with available funds and grants.

**Unrestricted Net Assets - Airport** - Represents grants and fees received by the Agency for the development and operation of the Airport and the available funds for the operation of the Airport.

**Unrestricted Net Assets - Operating** - Represents monies available for the future operations of the Agency.

(Note 2) **Detail Notes on All Funds and Account Groups:**

A. **Assets**

1. **Cash**

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. While the Agency does not have a specific policy for custodial credit risk, New York State statutes govern the Agency's investment policies, as discussed previously in these notes.

The Agency's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

	<b><u>2006</u></b>	<b><u>2005</u></b>
Uncollateralized	\$ -	\$ -
Collateralized with securities held by the pledging financial institution	206,806	284,708
<b>Total</b>	<b><u>\$ 206,806</u></b>	<b><u>\$ 284,708</u></b>

2. **Receivables**

a. **Due from State and Federal Governments**

The balance of State and Federal Aid receivables are stated at net realizable value and at year end is comprised of the following:

	<b><u>2006</u></b>	<b><u>2005</u></b>
FAA and NYS DOT	\$ 81,272	\$ 18,015
<b>Total</b>	<b><u>\$ 81,272</u></b>	<b><u>\$ 18,015</u></b>

Management deems the amount to be fully collectible.

b. **Accounts Receivable**

The balance of accounts receivable is stated at net realizable value and at year end is comprised of the following:

	<b><u>2006</u></b>	<b><u>2005</u></b>
Airport Operations	\$ 24,204	\$ 9,740
Project Administration Fees	23,312	88,274
Interest	867	1,833
Allowance	(6,940)	(1,626)
<b>Total</b>	<b><u>\$ 41,443</u></b>	<b><u>\$ 98,221</u></b>

Management deems the total net amount to be fully collectible.

c. **Due From Related Party**

The balance of \$13,376 and \$12,164, for the years 2006 and 2005 respectively, is due from the Geneva Industrial Park which was established June 1, 1989 by the OCIDA, City of Geneva, Geneva City IDA and Geneva Growth, Inc.

(Note 2) (Continued)

3. Capital Assets

The following is a summary of capital assets for the OCIDA at December 31, 2006:

<u>Nondepreciable Assets</u>	<u>Balance @ 1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance @ 12/31/2006</u>
Land	\$ 1,360,281	\$ 22,499	\$ -	\$ 1,382,780
<b>Total Nondepreciable Assets</b>	<b>\$ 1,360,281</b>	<b>\$ 22,499</b>	<b>\$ -</b>	<b>\$ 1,382,780</b>
<u>Depreciable Assets</u>				
Airport Runway and Lighting	\$ 6,653,330	\$ 338,205	\$ -	\$ 6,991,535
<b>Total Depreciable Assets</b>	<b>\$ 6,653,330</b>	<b>\$ 338,205</b>	<b>\$ -</b>	<b>\$ 6,991,535</b>
<u>Accumulated Depreciation</u>				
Airport Runway and Lighting	\$ (2,472,772)	\$ (367,139)	\$ -	\$ (2,839,911)
<b>Total Accumulated Depreciation</b>	<b>\$ (2,472,772)</b>	<b>\$ (367,139)</b>	<b>\$ -</b>	<b>\$ (2,839,911)</b>
<b>Total Capital Assets</b>	<b>\$ 5,540,839</b>	<b>\$ (6,435)</b>	<b>\$ -</b>	<b>\$ 5,534,404</b>

The airport runway and lighting is depreciated by the OCIDA using the straight line method with an estimated useful life of 20 years.

B. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2006 and 2005, respectively were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>2006</u>	<u>2005</u>
Operating Fund	Airport Fund	\$ 331,006	\$ 292,138

(Note 3) Investment in Joint Venture:

The OCIDA maintains two separate investments in land held for resale through joint venture agreements with other local groups. All acquisition and holding costs relating to these investments have been capitalized.

(Note 4) Contributed Capital:

Contributed capital represents assets received through federal, state and local grants. The following is a summary of contributed capital:

	<u>2006</u>	<u>2005</u>
Contributed sources - federal	\$ 343,509	\$ 267,408
Contributed sources - state	9,037	7,118
Contributed sources - local	8,421	7,128
<b>Total</b>	<b>\$ 360,967</b>	<b>\$ 281,654</b>

**(Note 5) Industrial Revenue Bonds:**

Bonds authorized by the OCIDA and issued through various lending institutions are designated as special obligations of the OCIDA and are payable solely from the revenues and other assets pledged as collateral against the bonds. While in most instances the OCIDA is the holder of legal title to properties acquired with industrial revenue bond financing until such point in time as the construction of property improvements has been completed or satisfaction of the obligation has been effected in full, the OCIDA does not act as a guarantor in the event of default. Accordingly, recourse on the part of the lending institution against the OCIDA is limited to collateralized properties and revenues as specified in the body of the applicable financing agreement. Additionally, in each of these financing arrangements, the OCIDA has assigned all rights to receive certain revenues derived with respect to the facilities it has financed to the holders of the industrial revenue bonds. As a consequence, the OCIDA does not reflect such bonds or related properties on these financial statements. The assumption of legal title by the OCIDA is accomplished through sale-lease back arrangements and installment sales. Since the OCIDA's inception, it has effected forty-two (42) bond issuances and sixty-seven (67) real estate transfer transactions.

**(Note 6) Airport Activity:**

On July 1, 1995, the OCIDA began operation of the Ontario County Airport. The airport construction has been funded with State and Federal grants as well as sources within the local community.

The OCIDA on August 12, 1995, entered into two agreements to further facilitate the operation and development of the airport as follows:

**A. Fixed Base Operation Commercial Aviation Agreement**

Effective December 31, 2002, the OCIDA executed an assignment, assumption and estoppel agreement assigning all rights and responsibilities as fixed based operator (FBO) to Canandaigua Air Center, LLC. Currently, the FBO and the OCIDA are operating under a month to month agreement.

**B. Lease Agreement – Ontario County Airport Management Co., LLC**

On August 12, 1995, the Ontario County Industrial Development Agency (the lessor) entered into an agreement with Ontario County Airport Management Co., LLC (the lessee) to lease land on which the Ontario County Airport is constructed. The term of the agreement is 49 years with an option to renew. The lessee has agreed to a fixed monthly fee along with a percentage of gross revenues earned as more fully described within the lease agreement. Effective December 31, 2002, the OCIDA executed an assignment, assumption and estoppel agreement assigned all rights and responsibilities under the lease to Canandaigua Air Center, LLC.

**C. Lease Agreement – Paul Yarnall**

In August 1996, the Ontario County Industrial Development Agency (the lessor) entered into an agreement with Paul Yarnall (the lessee) to lease land on which the Ontario County Airport is constructed. This lease was created as part of the agreement between the Agency and Paul Yarnall for the purchase of certain land around the County Airport.

The lease is a forty-nine (49) year lease which expires on August 20, 2045.

**(Note 6) (Continued)**

**D. Lease Agreement – Canandaigua Aircraft, LLC**

On August 25, 2001, the Ontario County Industrial Development Agency (the lessor) entered into an agreement with Canandaigua Aircraft, LLC (the lessee) to lease land on which, the lessee would construct a private hanger facility including certain land improvements, (paved taxiway and gravel access road).. The term of the agreement is 20 years. At the expiration of the lease, the land and land improvements become the property of the Agency without any additional payment to the lessee. As stated in the agreement, the cost of land improvements born by the lessee are given in exchange for the rental payments over the term of the lease. The Agency has recorded this lease transaction by capitalizing the value of land improvements estimated at \$33,600 and recorded the corresponding deferred revenue, recognizing 1/20 of this amount as rental income over the term of the agreement. As of December 31, 2006 the remaining deferred revenue to be amortized totaled \$23,520.

**E. Lease Agreement – BAC Services, LLC**

In January 2006, the Ontario County Industrial Development Agency (the lessor) entered into an agreement with BAC Services, LLC (the Lessee) to lease land and a building. Under the lease the lessee will make certain improvements to the building. The lease expires January 2007 and contains five automatic one year renewals.

**(Note 7) State and Federal Aid:**

The OCIDA receives State and Federal funding for its airport construction costs. This funding is based upon periodic submission of cost reports detailing reimbursable expenditures made in compliance with laws and regulations.

Amounts received and receivable relating to the airport construction are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the OCIDA has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the OCIDA administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

**(Note 8) Related Party Transactions:**

- A.** From time to time, sale-leaseback or bond agreements have been entered into with companies that have an affiliation with an OCIDA Board Member. Board members involved would declare their affiliation and disqualify themselves from any vote. The specific terms of such agreements may be obtained from the OCIDA upon request.
- B.** During October 2000, the Ag Food & Technology Park Corporation was formed to relieve and reduce unemployment, promote and provide additional and maximum employment, better maintain job opportunities, lessen the burden of government, and act in the public interest. According to the Ag Food & Technology Park Corporation bylaws the composition of membership shall be the Manager of the City of Geneva, New York, the Executive Director of the Ontario County Industrial Development Agency, and the Director of the New York State Agricultural Experiment Station, ex officio. During the year, the Agency contributed \$10,000 for operating expenditures to the corporation.

**(Note 9)      Subsequent Event:**

**A.      Litigation**

As of the balance sheet date there is no pending litigation against the Agency.

**B.      Master Agreement with Ontario County**

Effective January 1, 2007, the OCIDA executed an agreement that in 2007 the OCIDA will reimburse Ontario County for costs incurred relating to professional and administrative services and rental of office space. A copy of the agreement can be obtained from the Ontario County Board of Supervisors Office.

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**Combining Schedule of Net Assets**

**December 31, 2006**

<b><u>ASSETS:</u></b>	<b><u>Operating Fund</u></b>	<b><u>Airport Fund</u></b>	<b><u>Total</u></b>
<b><u>Current Assets -</u></b>			
Cash and cash equivalents	\$ 432,386	\$ 91,802	\$ 524,188
Due from other funds	331,006	-	331,006
Due from state and federal governments	-	81,272	81,272
Accounts receivable (net)	24,179	17,264	41,443
Due from related party	13,376	-	13,376
<b>Total Current Assets</b>	<b>\$ 800,947</b>	<b>\$ 190,338</b>	<b>\$ 991,285</b>
<b><u>Noncurrent Assets -</u></b>			
Investment in joint venture	\$ 76,749	\$ -	\$ 76,749
<b>Total Noncurrent Assets</b>	<b>\$ 76,749</b>	<b>\$ -</b>	<b>\$ 76,749</b>
<b><u>Capital Assets -</u></b>			
Land	\$ -	\$ 1,382,780	\$ 1,382,780
Runway and lighting	-	6,991,535	6,991,535
Accumulated depreciation	-	(2,839,911)	(2,839,911)
<b>Total Capital Assets</b>	<b>\$ -</b>	<b>\$ 5,534,404</b>	<b>\$ 5,534,404</b>
<b>TOTAL ASSETS</b>	<b>\$ 877,696</b>	<b>\$ 5,724,742</b>	<b>\$ 6,602,438</b>
 <b><u>LIABILITIES AND NET ASSETS:</u></b>			
<b><u>Current Liabilities -</u></b>			
Accounts payable and accrued liabilities	\$ 8,861	\$ 67,019	\$ 75,880
Deferred revenue	-	23,520	23,520
Due to other funds	-	331,006	331,006
<b>Total Current Liabilities</b>	<b>\$ 8,861</b>	<b>\$ 421,545</b>	<b>\$ 430,406</b>
<b><u>Net Assets -</u></b>			
Investments in capital assets, net of related debt	\$ -	\$ 5,534,404	\$ 5,534,404
Unrestricted assets - Airport	-	(231,207)	(231,207)
Unrestricted assets - Operating	868,835	-	868,835
<b>Total Net Assets</b>	<b>\$ 868,835</b>	<b>\$ 5,303,197</b>	<b>\$ 6,172,032</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 877,696</b>	<b>\$ 5,724,742</b>	<b>\$ 6,602,438</b>

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**Combining Schedule of Revenues, Expenses and Changes in Net Assets**

**For Year Ended December 31, 2006**

	<b>Operating Fund</b>	<b>Airport Fund</b>	<b>Total</b>
<b><u>OPERATING REVENUES:</u></b>			
Fees	\$ 275,017	\$ 15,433	\$ 290,450
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 275,017</b>	<b>\$ 15,433</b>	<b>\$ 290,450</b>
<b><u>OPERATING EXPENSES:</u></b>			
Administration	\$ 276,986	\$ 25,461	\$ 302,447
Depreciation	-	367,139	367,139
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 276,986</b>	<b>\$ 392,600</b>	<b>\$ 669,586</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (1,969)</b>	<b>\$ (377,167)</b>	<b>\$ (379,136)</b>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Interest and dividends	\$ 7,915	\$ 1,118	\$ 9,033
Unrealized net gain (loss) on investment in joint venture	1,212	-	1,212
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>\$ 9,127</b>	<b>\$ 1,118</b>	<b>\$ 10,245</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 7,158</b>	<b>\$ (376,049)</b>	<b>\$ (368,891)</b>
<b><u>CONTRIBUTED CAPITAL:</u></b>			
Transferred to airport fund	(8,421)	-	(8,421)
Contributed capital - federal, state & local	-	360,967	360,967
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (1,263)</b>	<b>\$ (15,082)</b>	<b>\$ (16,345)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>870,098</b>	<b>5,318,279</b>	<b>6,188,377</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 868,835</b>	<b>\$ 5,303,197</b>	<b>\$ 6,172,032</b>

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
PROPRIETY FUND TYPE - ENTERPRISE FUND**

**Combining Schedule of Cash Flows**

**For Year Ended December 31, 2006**

	<b>Operating Fund</b>	<b>Airport Fund</b>	<b>Total</b>
<b><u>Cash Flows From Operating Activities:</u></b>			
Cash received from providing services	\$ 300,865	\$ (19,786)	\$ 281,079
Cash payments contractual expenses	(332,909)	25,699	(307,210)
<b>Net Cash Provided (Used ) by Operating Activities</b>	<b>\$ (32,044)</b>	<b>\$ 5,913</b>	<b>\$ (26,131)</b>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Purchases of capital assets	\$ -	\$ (360,704)	\$ (360,704)
Airport transfer-local portion	(8,421)	-	(8,421)
Contributions for capital assets	-	360,967	360,967
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>\$ (8,421)</b>	<b>\$ 263</b>	<b>\$ (8,158)</b>
<b><u>Cash Flows From Investing Activities:</u></b>			
Interest Income	\$ 7,916	\$ 1,117	\$ 9,033
Unrealized net gain (loss) on investment in joint venture	1,212	-	1,212
<b>Net Cash Provided (Used) By Investment Activities</b>	<b>\$ 9,128</b>	<b>\$ 1,117</b>	<b>\$ 10,245</b>
<b>Net Increase (Decrease) in Cash</b>	<b>\$ (31,337)</b>	<b>\$ 7,293</b>	<b>\$ (24,044)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>463,723</b>	<b>84,509</b>	<b>548,232</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 432,386</b>	<b>\$ 91,802</b>	<b>\$ 524,188</b>
<b><u>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</u></b>			
Change in net assets	\$ (1,969)	\$ (377,167)	\$ (379,136)
<b><u>Adjustments to reconcile Change in Net Assets to Net Cash Provided/(Used) from Operations:</u></b>			
Depreciation	\$ -	\$ 367,139	\$ 367,139
Change in assets and liabilities -			
Due from/to other funds	(38,868)	38,868	-
Due from/to state and federal government	-	(63,257)	(63,257)
Accounts receivable	65,928	(9,150)	56,778
Due from/to related party	(1,212)	-	(1,212)
Accounts payable	(26,121)	(15,795)	(41,916)
Accrued liabilities	(39,802)	66,955	27,153

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

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Thomas J. Lauffer, CPA

Thomas C. Zuber, CPA

Members of  
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and  
New York State Society of  
Certified Public Accountants

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

To the Board Members  
Ontario County Industrial Development Agency, New York

We have audited the financial statements of the Ontario County Industrial Development Agency, New York as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 19, 2007. 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 the Ontario County Industrial Development Agency, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 Agency'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.

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 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to the management of the Ontario County Industrial Development Agency, New York in a separate letter dated April 19, 2007.

This report is intended solely for the information and use of the Board of Directors, management, 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.

*Raymond F. Wager CPA, P.C.*

April 19, 2007

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**MANAGEMENT LETTER**

**For Year Ended December 31, 2006**

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

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Thomas J. Lauffer, CPA

Thomas C. Zuber, CPA

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

April 19, 2007

To the Executive Board  
Ontario County Industrial Development Agency, New York

In planning and performing our audit of the financial statements of the Ontario County Industrial Development Agency as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Ontario County Industrial Development Agency's internal control over financial reporting (internal control) 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 Ontario County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ontario County Industrial Development Agency's internal control.

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

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 Ontario County Industrial Development Agency'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 Ontario County Industrial Development Agency's financial statements that is more than inconsequential will not be prevented or detected by the Ontario County Industrial Development Agency's internal control.

We noted the following control deficiency in internal control:

## **Control Deficiency:**

### **Internal Control and Compliance –**

- A. The compliance environment for Industrial Development Agencies in New York State is becoming more complex. With the advent of the Public Authority Accountability Act and other legislation, reporting and monitoring requirements have increased substantially. These additional requirements tax already limited staff and resources.

Due to the increased requirements by regulatory agencies, and the need for continued safeguarding of assets, we suggest that the Administration prepare a detailed summary of current staff procedures to be reviewed by the Board in an effort to provide maximum segregation of duties and internal control procedures and ensure appropriate staffing levels.

- B. For improved record keeping and to facilitate monthly reporting to the Board, we recommend the Agency consider further separating the Agency and Airport Funds on the QuickBook accounting system.

## **Other Items:**

The following items are not considered to be control deficiencies, however, we consider them other items which we would like to communicate to you as follows:

### **Allowance for Uncollectible Debt –**

In 2005, an allowance for uncollectible debt in the amount of \$1,626 was established in the Airport Fund. This allowance was increased to \$6,940 in the 2006 fiscal year.

We recommend the Agency make every effort to continue to bill and collect on all receivables when they become due and update the Board of the status of these items.

### **Recent Legislation –**

The Agency should continue their efforts to monitor compliance with the Public Authorities Accountability Act in the following areas:

- Formal training of Board members
- Separation of oversight and executive functions
- Guidelines governing the independence of Board members
- The organization and structure of the Board and its committees
- Establishment of audit/governance committees
- Establish a code of conduct

### **Financial Overview of the Airport Fund –**

Current liabilities exceed current assets by \$231,207 resulting in an unrestricted net asset balance of (\$231,207) at December 31, 2006.

We recommend the Agency continue to closely monitor the equity position of the Airport Fund and make the decisions to improve the overall financial situation.

**(Other Items) (Continued)**

**State Comptroller Review –**

The New York State Comptroller's Office has recently issued a compliance review to the Agency.

We recommend the Agency continue their efforts to implement the necessary corrective action.

**Related Party Transactions –**

Management has informed us of information they obtained at a recent training session which would suggest the need to perform additional review and documentation of related party transactions with which we concur.

**Prior Year Recommendations:**

For those transactions tested, we noted no instances where inducement fees were adjusted.

This communication is intended solely for the information and use of management, the Executive Board, audit committees, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

*Raymond F. Wagon, CPA, PC*

April 19, 2007