

March 10, 2011

Theresa Mazullo
County of Monroe Industrial Development Agency
50 West Main Street, Suite 8100
Rochester, New York 14614

Dear Theresa:

Over the past few years, the landscape upon which industrial development agencies (IDAs) have been operating has continued to change. Increased regulation, for the purpose of transparency, has been created. Specifically, the Authority Budget Office (ABO) of New York State has determined that IDAs should be subject to their oversight as public benefit corporations in NYS.

Specifically, IDAs which are public benefit corporations fall under the Public Authorities Accountability Act's (PAAA) and the Public Authorities Law (PAL).

One of the specific requirements of the PAL is Section 2925, subdivision 6 that indicates:

“Each corporation shall annually prepare and approve an investment report which shall include the investment guidelines, as specified in subdivision three of this section, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the corporation and a list of the total fees, commissions, or other charges paid to each investment banker, broker, dealer, agent, dealer and adviser rendering investment associated services to the corporation since the last investment report. Such investment report may be a part of any other annual report that the corporation is required to make.”

In discussions with the ABO, they have indicated that the annual financial statement audit does not satisfy the requirement above. Furthermore, the requirement extends to not only investments in the conventional sense, but all funds available for deposit in the organization, except for traditional checking and savings type deposits, or trustee directed investments in association with bond issuances. Certificates of deposits would qualify as investments under the regulations.

The complexity of the audit is based primarily on the nature of the organization's investments. Organizations with certificates of deposit or other non-complex investments may be able satisfy the requirements by having an agreed-upon procedures review of its investment policy performed to ensure that the organization is in compliance with said policy.

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Since the Organization does not have investments that meet the criteria as defined above, there is no filing requirement for December 31, 2010.

We can assist you with the requirements of this legislation and provide the reports required to satisfy the objectives, going forward. As necessary, we can perform these concurrently with our annual financial statement audits at an estimated hour basis. Please contact me to discuss the specifics of your needs.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Shepard", written in a cursive style.

By:
Randall R. Shepard

Cc: Judy Seil