

TOWN OF BETHLEHEM
INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN
OF BETHLEHEM

FINANCIAL STATEMENTS

DECEMBER 31, 2007

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Board of Directors
Town of Bethlehem Industrial
Development Agency, a Component
Unit of the Town of Bethlehem
Bethlehem, New York

Independent Auditors' Report

We have audited the accompanying summary statements of net assets, and revenues, expenses and change in net assets of the Town of Bethlehem Industrial Development Agency, a Component Unit of the Town of Bethlehem (the Agency) (a public benefit corporation), as of and for the year ended December 31, 2007, which comprise the Agency's basic financial statements as listed in the table of contents. 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.

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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2008 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 4 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ted Becker & Charananta CPAs P.C.

Albany, New York
March 14, 2008

Frank S. Venezia
Chairman

Sam Messina
Vice Chairman

Robert B. Ward
Secretary

Joanne Cunningham
Assistant Secretary

Pamela Clark Robbins
Treasurer

Joseph P. Richardson
Member

Brian T. Stenson
Member

AGENCY OF BETHLEHEM

Albany County - New York

INDUSTRIAL DEVELOPMENT AGENCY

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George E. Leveille
*Executive Director and
Chief Executive Officer*

Judith E. Kehoe
Chief Financial Officer

Thomas P. Connolly Esq.
*Assistant Executive Director,
Assistant Secretary and
Agency Counsel*

Town of Bethlehem Industrial Development Agency Management's Discussion and Analysis For the Year Ended December 31, 2007

The following discussion and analysis of the Town of Bethlehem Industrial Development Agency's (the "Agency") financial performance provides an overview of the Agency's financial activities for the year ended December 31, 2007. This document should be read in conjunction with the Agency's financial statements.

Financial Highlights

Policy Establishing a Minimum Net Asset Level

During 2007, the Agency adopted a policy setting a minimum level for net assets. The policy is designed to provide an appropriate level of assets to cover the Agency's operating costs, given the sometimes multiple year cycle between project transactions and the related earning of revenue. The policy defines a minimum reasonable balance at three times the annual base budget, currently equal to \$180,000. If the fund balance is projected to fall below this threshold, the Agency must adopt a plan to restore the minimum net asset position within a twelve-month period.

Summary of Conduit Bonds

The following table presents a summary of conduit bond issuances, which are more fully described within the footnotes to the financial statement:

Project	Balance 12/31/06	Issued in 2007	Paid in 2007	Balance 12/31/07
Selkirk Cogen	255,396,150	0	39,440,647	215,955,503
American Housing Foundation	6,905,000	0	140,000	6,765,000
467 Delaware Avenue LLC	10,900,000	0	210,000	10,690,000
YMCA	7,000,000	0	217,104	6,782,896
Total	280,201,150	0	40,007,751	240,193,399

Rail Assistance Program Grant

In 2006 the Agency was awarded a Rail Assistance Program Grant from the New York State Department of Transportation (DOT). The award is for a maximum of \$1,300,000, and is to provide funding to construct a sidetrack to the Selkirk Ventures' site within the Town of Bethlehem. The award monies are received after the eligible expenses are disbursed; however, in recognition of the Agency's pass-through role, Selkirk Ventures will provide both escrow monies and an unconditional guaranty for payment of any construction services incurred for this project. As of December 31, 2007, the escrow amount is \$30,000, and is included within deferred revenue. Eligible costs of \$42,666 were incurred during 2007, and a corresponding revenue amount has been recognized. The Agency has a receivable from DOT in the amount of \$16,253 as of December 31, 2007.

Service Agreement

The Agency entered into a 2007 Service Agreement with the Town of Bethlehem (the "Town"), in recognition of the services provided by Town staff in furtherance of the mutual goals held by the Town and the Agency, and given that the Agency has the financial ability to fund a portion of the costs devoted to these efforts, primarily from the Town's Department of Economic Development and Planning. The 2007 agreement provided for a payment of \$200,000.

The Agency approved the 2008 agreement at the November 28, 2007 meeting, which provides for a maximum contribution of \$200,000 in 2008. However, the 2008 budget does not provide funding for this amount, as it would cause the net assets to fall below the minimum threshold as set by the Agency's policy on net assets. In the event unanticipated revenues are received in 2008, the Agency may consider a budget modification to provide for at least a partial payment towards the maximum approved amount of \$200,000.

Interest Income

The interest earnings for 2007 were \$14,328, about \$5,300 less than the 2006 earnings of \$19,649. The decrease is primarily attributed to a decline in the balances available for investment over this time period. Although the interest rate at the end of the year is considerably lower than the start of the year, the average rate earned on the Agency's funds was higher in 2007 than 2006 (4.69% and 4.53%, respectively).

Change in Net Assets

The following chart summarizes the change in net assets:

	2007	2006
Net Assets as of Beginning of Year	406,406	565,784
Revenue	144,117	103,814
Expenditures	301,920	263,192
Net Assets as of End of Year	248,603	406,406

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances for all those having an interest, and should be considered along with the annual audit report, including the related footnotes. Questions concerning any of the information provided in this report may be addressed to Judith E. Kehoe, CPA, Chief Financial Officer, or Frank Venezia, CPA, Chairman, at 445 Delaware Avenue, Delmar, NY 12054.



Annual Report(PAL \$ 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
Status: CERTIFIED

Governance Information (Authority-Related)

Question	Response	URL (if applicable)
1. Has the authority prepared its annual report on operations and accomplishments for the reporting period as required by section 2800 of PAL?	Yes	bethlehemida.com
2. As required by section 2800(9) of PAL, did the authority prepare an assessment of the effectiveness of its internal controls?	Yes	bethlehemida.com
3. Has the lead audit partner for the independent audit firm changed in the last five years in accordance with section 2800(4) of PAL?	Yes	N/A
4. Does the independent auditor provide non-audit services to the authority?	No	N/A
5. Does the authority have an organization chart?	Yes	bethlehemida.com
6. Are any authority staff also employed by another government agency?	Yes	Town of Bethlehem



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency
 Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
 Status: CERTIFIED

Governance Information (Board-Related)

Question	Response	URL
1. Has the Board established a Governance Committee in accordance with Section 2824(7) of PAL?	Yes	N/A
2. Has the Board established an Audit Committee in accordance with Section 2824(4) of PAL?	Yes	N/A
3. Provide a URL link where a list of Board committees can be found (including the name of the committee and the date established):		bethlehemida.com
4. Does the majority of the Board meet the independence requirements of Section 2825(2) of PAL?	Yes	N/A
5. Provide a URL link to the minutes of the Board and committee meetings held during the covered fiscal year		bethlehemida.com
6. Has the Board adopted a statement of Board duties and responsibilities?	Yes	bethlehemida.com
7. Has the Board adopted bylaws and made them available to Board members and staff?	Yes	bethlehemida.com
8. Has the Board adopted a code of ethics for Board members and staff?	Yes	N/A
9. Does the Board review and monitor the authority's implementation of financial and management controls?	Yes	N/A
10. Does the Board execute direct oversight of the CEO and management in accordance with Section 2824(1) of PAL?	Yes	N/A
11. Is there a separation of the Board and CEO/Senior Management positions in accordance with Section 2824(3) of PAL?	Yes	N/A
12. Has the Board adopted policies for the following in accordance with Section 2824(1) of PAL? Salary and Compensation Time and Attendance Whistleblower Protection Defense and Indemnification of Board Members	Yes Yes Yes Yes	N/A N/A N/A N/A
13. Has the Board adopted a policy prohibiting the extension of credit to Board members and staff in accordance with Section 2824(5) of PAL?	Yes	N/A
14. Are the authority's Board members, officers, and staff required to submit financial disclosure forms in accordance with Section 2825(3) of PAL?	Yes	N/A



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency

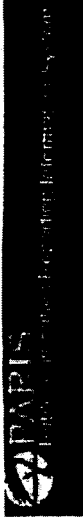
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008

Status: CERTIFIED

Employee Listing

Name	Title	Group	Department / Subsidiary	Union Name	Bargaining Unit	Full Time/ Part Time	Exempt Indicator	Annualised Salary (\$)	Bonus Amount (\$)	Overtime Amount (\$)	Total Compensation (\$)	Holds Another Paid or local government position?
Connolly, Thomas	Agency Counsel	Professional				Hourly	Yes	28,840			28,840	No



Benefit Information

During the fiscal year, did the authority continue to pay for any of the above mentioned benefits for

No

Board Members

Name	Title	Severance Package	Payment for Unused Leave	Club Membership	Use of Corporate Credit Cards	Personal Loans	Auto Transportation	Housing Allowance	Spousal / Dependent Life Insurance	Tuition Assistance	Multi-Year Employment	None of These Benefits	Other
Ward, Robert B	Board of Directors											X	
Robbins, Pamela C	Board of Directors											X	
Messina, Sam	Board of Directors											X	
Stenson, Brian T	Board of Directors											X	
Cunningham, Joanne	Board of Directors											X	
Richardson, Joseph P	Board of Directors											X	
Venezia, Frank S	Board of Directors											X	

Employees

Name	Title	Severance Package	Payment for Unused Leave	Club Membership	Use of Corporate Credit Cards	Personal Loans	Auto Transportation	Housing Allowance	Spousal / Dependent Life Insurance	Tuition Assistance	Multi-Year Employment	None of These Benefits	Other
No Data has been entered by the Authority for this section in PARIS													



Annual Report (PAL § 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
Status: CERTIFIED

Subsidiary/Affiliate Verification

Is the list of subsidiaries, as assembled by the Office of the State Comptroller, correct?

Yes

Name of Subsidiary/Affiliate	Status	Requested Changes
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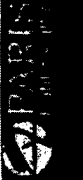
Subsidiary/Affiliate Creation

Name of Subsidiary/Affiliate	Establishment Date	Entity Purpose
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Subsidiary/Affiliate Termination

Name of Subsidiary/Affiliate	Termination Date	Termination Reason	Proof Termination
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No Data has been entered by the Authority for this section in PARIS



Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

Assets

Current Assets

Cash and cash equivalents	\$8,650
Investments	\$228,900
Receivables, net	\$32,771
Other assets	\$0
Total Current Assets	\$270,321

Non Current Assets

Restricted cash and investments	\$17,995
Long-term receivables, net	\$0
Other assets	\$0

Capital Assets

Land and other nondepreciable property	\$0
Buildings and equipment	\$0
Infrastructure	\$0
Accumulated depreciation	\$0
Net Capital Assets	\$0

Total Noncurrent Assets

Total Assets	\$288,316
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Annual Report (PAL S 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
Status: CERTIFIED

Summary Financial Information

<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable	\$9,048
Pension contribution payable	\$0
Other post-employment benefits	\$0
Accrued liabilities	\$665
Deferred revenues	\$30,000
Bonds and notes payable	\$0
Other long-term obligations due within one year	\$0
Total Current Liabilities	\$39,713
<u>Noncurrent Liabilities</u>	
Pension contribution payable	\$0
Other post-employment benefits	\$0
Bonds and notes payable	\$0
Other long-term obligations	\$0
Total Noncurrent Liabilities	\$0
Total Liabilities	\$39,713
<u>Net Asset (Deficit)</u>	
<u>Net Asset</u>	
Invested in capital assets, net of related debt	\$0
Restricted	\$0
Unrestricted	\$248,603
Total Net Assets	\$248,603



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
Status: CERTIFIED

Summary Financial Information

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

<u>Operating Revenues</u>	
Charges for services	\$87,123
Rental & financing income	\$0
Other operating revenues	\$0
Total Operating Revenue	\$87,123
<u>Operating Expenses</u>	
Salaries and wages	\$28,941
Other employee benefits	\$4,842
Professional services contracts	\$211,333
Supplies and materials	\$1,391
Depreciation & amortization	\$0
Other operating expenses	\$12,747
Total Operating Expenses	\$259,254
Operating Income (Loss)	(\$172,131)
<u>Nonoperating Revenues</u>	
Investment earnings	\$14,328
State subsidies/grants	\$0
Federal subsidies/grants	\$42,666
Municipal subsidies/grants	\$0
Public authority subsidies	\$0
Other nonoperating revenues	\$0
Total Nonoperating Revenue	\$56,994



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency

Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
Status: CERTIFIED

Summary Financial Information

Nonoperating Expenses

Interest and other financing charges	\$0
Subsidies to other public authorities	\$0
Grants and donations	\$0
Other nonoperating expenses	\$42,666
Total Nonoperating Expenses	\$42,666
Income (Loss) Before Contributions	(\$157,803)
Capital Contributions	\$0
Change in net assets	(\$157,803)
Net assets (deficit) beginning of year	\$406,406
Other net assets changes	\$0
Net assets (deficit) at end of year	\$248,603



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency

Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008

Status: CERTIFIED

Current Debt

Question	Response
1. Did the Authority have any outstanding debt, including conduit debt, at any point during the reporting period?	Yes
2. If yes, has the Authority issued any debt during the reporting period?	No

New Debt Issuances List by Type of Debt and Program

No Data has been entered by the Authority for this section in PARIS



Annual Report (PAL S 2800) for Bethlehem Industrial Development Agency
 Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
 Status: CERTIFIED

Schedule of Authority Debt

Type of Debt	Statutory Authorization	Outstanding Start of Fiscal year	New Debt Issuances	Debt Retired	Outstanding End of Fiscal Year
State Obligation					
State Guaranteed					
State Supported					
State Contingent Obligation					
State Moral Obligation					
Other State Funded					
Authority Obligation					
General Obligation					
Revenue					
Other Non-State Funded					
Conduit Debt	\$0.00	\$280,201,150.00	\$0.00	\$40,007,751.00	\$240,193,399.00



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
Status: CERTIFIED

Real Property Acquisition/Disposal List

No Data has been entered by the Authority for this section in PARIS



Annual Report (PAL S 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
Status: CERTIFIED

Personal Property

No Data has been entered by the Authority for this section in PARIS



Annual Report(PAL S 2800) for Bethlehem Industrial Development Agency

Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008

Status: CERTIFIED

Property Documents

Question	Response	URL (if applicable)
1. In accordance with Section 2896(3) of PAL, the authority is required to prepare a report at least annually of all real property of the authority. Has this report been prepared?	No	
2. Has the authority prepared policies, procedures, or guidelines regarding the use, awarding, monitoring, and reporting of contracts for the acquisition and disposal of property?	Yes	bethlehemida.com
3. In accordance with Section 2896(1) of PAL, has the authority named a contracting officer who shall be responsible for the authority's compliance with and enforcement of such guidelines?	Yes	



Annual Report(PAL S 2800) for Bethlehem Industrial Development Agency
 Fiscal Year Ending 12/31/2007

IDA Projects 1.

Project Code: 01039401A
 Project Type Code: Bonds/Notes Issuance
 Project Name: Selkirk Cogen
 Address Line1: 24 Power Park Drive
 Address Line2:

City: SELKIRK
 State: NY
 Plus4:

Province Region:
 Country: USA

Project Purpose/Notes: Power Generation
 Project Purposes Code: Other Categories

Total Project Amount: \$392,000,000
 Benefitted Project Amount: \$207,000,000
 Bond Note Amount: \$392,000,000

Lease Amount:

Federal Tax Status: Taxable
 Not For Profit: No

State Sales Tax Exemption: \$0
 Local Sales Tax Exemption: \$201,004

County Real Property Tax Exemption: \$275,223
 Local Property Tax Exemption: \$318,825

School Property Tax Exemption: \$1,785,005
 Mortgage Recording Tax Exemption: \$0

Total Exemptions: \$2,580,057
 Total Exemptions Net of RPTL Section 485-b: \$2,580,057

County PILOT: \$0

Local PILOT: \$1,725,113
 School District PILOTS: \$2,340,000

Total PILOTS: \$4,065,113
 Net Exemptions: -\$1,485,056

Date Project Approved: 05/01/1994
 Date IDA Took Title: 05/01/1994

of FTEs before IDA Status: 27
 Original Estimate of Jobs to be created: 8

Average Estimated Salary of Jobs to be created: 76000
 Original Estimate of Jobs to be Retained: 27

Average estimated salary of jobs to be retained: 76000
 Current Fte Employees: 34

of FTE Construction Jobs during fiscal year: 0
 Current Year Is Last Year for reporting: N

There is no outstanding debt for this project: N
 IDA does not hold title to the property: N

The project receives no tax exemptions: N



Annual Report (PAL \$ 2800) for Bathlehem Industrial Development Agency
 Fiscal Year Ending 12/31/2007

Run Date: 03/20/2008
 Status: CERTIFIED

IDA Projects 2.

Project Code: 01039901A
 Project Type Code: Bonds/Notes Issuance
 Project Name: American Housing Foundation
 Address Line1: 790 Route 9W
 Address Line2:
 City: GLENMONT
 State: NY
 Plus4:
 Province Region:
 Country: USA
 Project Purpose/Notes: Lowerincome Senior Housing
 Project Purposes Code: Finance, Insurance and Real Estate
 Total Project Amount: \$9,030,000
 Benefitted Project Amount: \$6,530,000
 Bond Note Amount: \$6,905,000
 Lease Amount:
 Federal Tax Status: Tax Exempt
 Not For Profit: Yes
 State Sales Tax Exemption: \$0
 Local Sales Tax Exemption: \$0
 County Real Property Tax Exemption: \$0
 Local Property Tax Exemption: \$5,507
 School Property Tax Exemption: \$0
 Mortgage Recording Tax Exemption: \$0
 Total Exemptions: \$5,507
 Total Exemptions Net of RPTL Section 485-b: \$5,507
 County PILOT: \$0
 Local PILOT: \$16,769
 School District PILOTS: \$0
 Total PILOTS: \$16,769
 Net Exemptions: -\$11,262
 Date Project Approved: 06/28/1999
 Date IDA Took Title: 06/30/1999
 # of FTEs before IDA Status: 0
 Original Estimate of Jobs to be created: 4
 Average Estimated Salary of jobs to be created: 21250
 Original Estimate of Jobs to be Retained: 0
 Average estimated salary of jobs to be retained: 0
 Current Fte Employees: 3
 # of FTE Construction Jobs during fiscal year: 0
 Current Year Is Last Year for reporting: N
 There is no outstanding debt for this project: N
 IDA does not hold title to the property: N
 The project receives no tax exemptions: N



IDA Projects 3.

Project Code: 01030301A
 Project Type Code: Bonds/Notes Issuance
 Project Name: 467 Delaware Avenue LLC
 Address Line1: 467 Delaware Avenue
 Address Line2:
 City: DELMAR
 State: NY
 Plus4:
 Province Region:
 Country: USA
 Project Purpose/Notes: Assisted Living Facility
 Project Purpose Code: Finance, Insurance and Real Estate
 Total Project Amount: \$12,440,000
 Benefitted Project Amount: \$11,100,000
 Bond Note Amount: \$11,100,000
 Lease Amount:
 Federal Tax Status: Tax Exempt
 Not For Profit: NO
 State Sales Tax Exemption: \$0
 Local Sales Tax Exemption: \$0
 County Real Property Tax Exemption: \$14,786
 Local Property Tax Exemption: \$18,397
 School Property Tax Exemption: \$99,769
 Mortgage Recording Tax Exemption: \$0
 Total Exemptions: \$132,952
 Exemptions Net of RPTL Section 485-b: \$92,254
 County PILOT: \$10,014
 Local PILOT: \$15,732
 School District PILOTS: \$67,571
 Total PILOTS: \$93,317
 Net Exemptions: \$39,635
 Date Project Approved: 10/03/2002
 Date IDA Took Title: 09/11/2003
 # of FTEs before IDA Status: 0
 Original Estimate of Jobs to be created: 31
 Average Estimated Salary of jobs to be created: 23304
 Original Estimate of Jobs to be Retained: 0
 Average estimated salary of jobs to be retained: 0
 Current Fte Employees: 53
 # of FTE Construction Jobs during fiscal year: 0
 Current Year Is Last Year for reporting: N
 There is no outstanding debt for this project: N
 IDA does not hold title to the property: N
 The project receives no tax exemptions: N



Annual Report(PAL \$ 2800) for Bethlehem Industrial Development Agency
Fiscal Year Ending 12/31/2007

IDA Projects 4.

Project Code: 01030401A
Project Type Code: Bonds/Notes Issuance
Project Name: YMCA of the Capital District
Address Line1: 900 Delaware Avenue
Address Line2:

City: DELMAR
State: NY
Plus4:

Province Region:

Country: USA

Project Purpose/Notes: Bethlehem Area YMCA
Project Purpose Code: Civic Facility

Total Project Amount: \$8,400,000
Benefitted Project Amount: \$7,000,000
Bond Note Amount: \$7,000,000

Lease Amount:

Federal Tax Status: Tax Exempt

Not For Profit: Yes

State Sales Tax Exemption: \$0

Local Sales Tax Exemption: \$0

County Real Property Tax Exemption: \$0

Local Property Tax Exemption: \$0

School Property Tax Exemption: \$0

Mortgage Recording Tax Exemptions: \$0

Total Exemptions: \$0

Total Exemptions Net of RPTL Section 485-b: \$0

County PILOT: \$0

Local PILOT: \$0

School District PILOTS: \$0

Total PILOTS: \$0

Net Exemptions: \$0

Date Project Approved: 07/26/2004

Date IDA Took Title: 06/16/2005

of FTEs before IDA Status: 0

Average Estimated Salary of jobs to be created: 150

Original Estimate of jobs to be created: 23880

Original Estimate of jobs to be Retained: 0

Average estimated salary of jobs to be retained: 0

Current Fte Employees: 49

of FTE Construction Jobs during fiscal year: 0

Current Year Is Last Year for reporting: N

There is no outstanding debt for this project: N

IDA does not hold title to the property: N

The project receives no tax exemptions: N



1000 Capital Blvd., Suite 400, Little Rock, AR 72205

Annual Report(PAL \$ 2800) for Bethlehem Industrial Development Agency

Run Date: 03/20/2008

Fiscal Year Ending 12/31/2007

Status: CERTIFIED

IDA Projects 5.

Project Code: 01039903A
Project Type Code: Straight Lease
Project Name: Slingerlands I LaSalle Medical Office LLC
Address Line1: 1240 New Scotland Road
Address Line2:
City: SLINGERLANDS
State: NY
Plus4:
Province Region:
Country: USA
Project Purpose/Notes: Medical Office Building
Project Purposes Code: Civic Facility
Total Project Amount: \$5,170,000
Benefitted Project Amount: \$5,000,000
Bond Note Amount:
Lease Amount: \$1
Federal Tax Status: Taxable
Not For Profit: No
State Sales Tax Exemption: \$0
Local Sales Tax Exemption: \$0
County Real Property Tax Exemption: \$14,586
Local Property Tax Exemption: \$20,312
School Property Tax Exemption: \$98,418
Mortgage Recording Tax Exemption: \$0
Total Exemptions: \$133,316
Total Exemptions Net of RPTL Section 485-b: \$114,107
County PILOT: \$11,825
Local PILOT: \$18,770
School District PILOTS: \$83,513
Total PILOTS: \$114,108
Net Exemptions: \$19,208
Date Project Approved: 09/20/1999
Date IDA Took Title: 12/17/1999
of FTEs before IDA Status: 0
Original Estimate of Jobs to be created: 200
Average Estimated Salary of Jobs to be created: 56000
Original Estimate of Jobs to be Retained: 0
Average estimated salary of Jobs to be retained: 0
Current Fte Employees: 108
of FTE Construction Jobs during fiscal year: 0
Current Year Is Last Year for reporting: N
There is no outstanding debt for this project: N
IDA does not hold title to the property: N
The project receives no tax exemptions: N

Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency
 Fiscal Year Ending 12/31/2007

IDA Projects

6.

Project Code: 01030402A
 Project Type Code: Straight Lease
 Project Name: Slingerlands II LaSalle Medical Office LLC
 Address Line1: 1220 New Scotland Road
 Address Line2:
 City: SLINGERLANDS
 State: NY
 Plus4:
 Province Region:
 Country: USA
 Project Purpose/Notes: Medical Office Building
 Project Purpose Code: Civic Facility
 Total Project Amount: \$6,751,000
 Benefitted Project Amount: \$5,900,000
 Bond Note Amount:
 Lease Amount: \$1
 Federal Tax Status: Taxable
 Not For Profit: No
 State Sales Tax Exemption: \$8,514
 Local Sales Tax Exemption: \$8,514
 County Real Property Tax Exemption: \$16,016
 Local Property Tax Exemption: \$20,533
 School Property Tax Exemption: \$108,068
 Mortgage Recording Tax Exemption: \$0
 Total Exemptions: \$161,645
 Total Exemptions Net of RPTL Section 485-b: \$105,902
 County PILOT: \$8,711
 Local PILOT: \$16,453
 School District PILOTS: \$63,709
 Total PILOTS: \$88,873
 Net Exemptions: \$72,772
 Date Project Approved: 11/19/2004
 Date IDA Took Title: 02/16/2005
 # of FTEs before IDA Status: 0
 Original Estimate of Jobs to be created: 82
 Average Estimated Salary of jobs to be created: 60000
 Original Estimate of Jobs to be Retained: 0
 Average estimated salary of jobs to be retained: 0
 Current Fte Employees: 99
 # of FTE Construction Jobs during fiscal year: 0
 Current Year Is Last Year for reporting: N
 There is no outstanding debt for this project: N
 IDA does not hold title to the property: N
 The project receives no tax exemptions: N



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency

Run Date: 03/20/2008

Fiscal Year Ending 12/31/2007

Status: CERTIFIED

7. IDA Projects

Project Code: 01030101A
 Project Type Code: Straight Lease
 Project Name: Pittsfield News
 Address Line1: 41 Hamilton Lane
 Address Line2:
 City: GLENNMONT
 State: NY
 Plus4:
 Province Region:
 Country: USA
 Project Purpose/Notes: Distribution Facility
 Project Purposes Code: Finance, Insurance and Real Estate

Total Project Amount: \$2,000,000

Benefitted Project Amount: \$900,000

Bond Note Amount:

Lease Amount: \$1

Federal Tax Status: Taxable

Not For Profit: NO

State Sales Tax Exemption: \$0

Local Sales Tax Exemption: \$0

County Real Property Tax Exemption: \$5,075

Local Property Tax Exemption: \$4,305

School Property Tax Exemption: \$19,298

Mortgage Recording Tax Exemption: \$0

Total Exemptions: \$28,678

Total Exemptions Net of RPTL Section 485-b: \$22,864

County PILOT: \$2,152

Local PILOT: \$3,188

School District PILOTS: \$15,315

Total PILOTS: \$20,655

Net Exemptions: \$8,023

Date Project Approved: 12/05/2000

Date IDA Took Title: 12/01/2002

of FTEs before IDA Status: 0

Original Estimate of Jobs to be created: 30

Average Estimated Salary of jobs to be created: 36000

Original Estimate of Jobs to be Retained: 0

Average estimated salary of jobs to be retained: 0

Current Fte Employees: 27

of FTE Construction Jobs during fiscal year: 0

Current Year Is Last Year for reporting: N

There is no outstanding debt for this project: N

IDA does not hold title to the property: N

The project receives no tax exemptions: N



Annual Report (PAL \$ 2800) for Bethlehem Industrial Development Agency

Run Date: 03/20/2008

Fiscal Year Ending 12/31/2007

Status: CERTIFIED

IDA Projects 8.

Project Code: 01030201A
 Project Type Code: Straight Lease
 Project Name: Selkirk Ventures LLC
 Address Line1: 158 West Yard Road
 Address Line2:
 City: FEURA BUSH
 State: NY
 Plus4:
 Province Region:
 Country: USA
 Project Purpose/Notes: Building Owner, for tenant engaged in manufacturing
 Project Purpose Code: Finance, Insurance and Real Estate
 Total Project Amount: \$7,510,000
 Benefitted Project Amount: \$7,510,000
 Bond Note Amount:
 Lease Amount: \$1
 Federal Tax Status: Taxable
 Not For Profit: No
 State Sales Tax Exemption: \$0
 Local Sales Tax Exemption: \$0
 County Real Property Tax Exemption: \$27,170
 Local Property Tax Exemption: \$31,474
 School Property Tax Exemption: \$176,214
 Mortgage Recording Tax Exemption: \$0
 Total Exemptions: \$234,858
 Exemptions Net of RPTL Section 485-b: \$174,297
 County PILOT: \$8,406
 Local PILOT: \$20,994
 School District PILOTS: \$64,457
 Total PILOTS: \$93,857
 Net Exemptions: \$141,001
 Date Project Approved: 03/22/2002
 Date IDA Took Title: 05/14/2002
 # of FTEs before IDA Status: 0
 Original Estimate of Jobs to be created: 300
 Average Estimated Salary of Jobs to be created: 22000
 Original Estimate of Jobs to be Retained: 0
 Average estimated salary of jobs to be retained: 0
 Current Fte Employees: 10
 # of FTE Construction Jobs during fiscal year: 0
 Current Year Is Last Year for reporting: N
 There is no outstanding debt for this project: N
 IDA does not hold title to the property: N
 The project receives no tax exemptions: N



IDA Projects 9.

Project Code: 01030203A
 Project Type Code: Straight Lease
 Project Name: PSEG Power NY Inc.
 Address Line1: 380 River Road
 Address Line2:
 City: GLENMONT
 State: NY
 Plus4:

Province Region:
 Country: USA
 Project Purpose/Notes: Power Generation
 Project Purposes Code: Other Categories
 Total Project Amount: \$400,000,000
 Benefitted Project Amount: \$400,000,000

Bond Note Amount:
 Lease Amount: \$1
 Federal Tax Status: Taxable
 Not For Profit: No
 State Sales Tax Exemption: \$41,122
 Local Sales Tax Exemption: \$41,122
 County Real Property Tax Exemption: \$285,996
 Local Property Tax Exemption: \$275,081
 School Property Tax Exemption: \$1,929,770
 Mortgage Recording Tax Exemption: \$0

Total Exemptions: \$2,573,091
 Total Exemptions Net of RPTL Section 485-b: \$1,991,618
 County PILOT: \$323,298
 Local PILOT: \$295,914
 School District PILOTS: \$2,476,849
 Total PILOTS: \$3,096,061
 Net Exemptions: -\$522,970
 Date Project Approved: 04/26/2001
 Date IDA Took Title: 02/05/2002

of FTEs before IDA Status: 64
 Original Estimate of Jobs to be created: 28
 Average Estimated Salary of jobs to be created: 100890
 Original Estimate of Jobs to be Retained: 64
 Average estimated salary of jobs to be Retained: 100890

Current Fte Employees: 60
 # of FTE Construction Jobs during fiscal year: 0
 Current Year Is Last Year for reporting: N
 There is no outstanding debt for this project: N
 IDA does not hold title to the property: N
 The project receives no tax exemptions: N

**Town of Bethlehem Industrial Development Agency, a Component Unit of the Town of Bethlehem
Statement of Cash Flows for the Fiscal Year Ended December 31, 2007**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:	
Cash Received from Providing Services	73,454
Cash Payments Contractual Expenses	(220,671)
Cash Payments Personal Services & Benefits	(33,665)
Net Cash Used by Operating Activities	<u>(180,882)</u>

**Cash Flows from Non-Capital and Financing Activities:
Net Cash Provided by Non-Capital and Financing Activities**

	<u>0</u>
--	----------

Cash Flows from Capital and Related Financing Activities:

Capital Contributed by Developers	12,005
Payments to Contractors	(38,418)
Capital Grants Received from Other Governments	26,413
Net Cash Provided by Capital and Related Financing Activities	<u>0</u>

Cash Flows from Investing Activities:

Interest Income	14,328
Net Cash Provided by Investing Activities	<u>14,328</u>

**Net Decrease in Cash and Cash Equivalents
Cash and Cash Equivalents at Beginning of Year
Cash and Cash Equivalents at End of Year**

	(166,554)
	404,104
	<u>237,550</u>

Reconciliation of Operating Income to Net Cash

Operating Loss	<u>(172,131)</u>
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**Adjustments to Reconcile Operating Loss to Net Cash Used by Operations:
Increase/Decrease in Assets Other than Cash and Cash Equivalents
Increase/Decrease in Liabilities Other than Cash and Cash Equivalents
Total Adjustments**

	(13,669)
	4,918
	<u>(8,751)</u>

Net Cash Used by Operating Activities

	<u>(180,882)</u>
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TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
(SEE INDEPENDENT AUDITORS' REPORT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

The Town of Bethlehem Industrial Development Agency (the Agency) is a public benefit corporation created in 1980 by the Town Board of the Town of Bethlehem, New York under the provisions of Chapter 1030 of the 1969 Laws of New York State, for the purpose of encouraging economic growth in the Town of Bethlehem. The Agency is exempt from Federal, State, and Local income taxes. The Agency, although established by the Town Board of the Town of Bethlehem, is a separate entity and operates independently of the Town of Bethlehem. The Agency is considered to be a component of the Town of Bethlehem since the Town of Bethlehem appoints the Agency's Board of Directors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Town of the Bethlehem Industrial Development Agency is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The Agency has elected not to follow subsequent private-sector guidance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenues and Expenses

Revenues and expenses are recorded on the accrual basis.

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
(SEE INDEPENDENT AUDITORS' REPORT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of cash held in savings, checking, and money market accounts. The Agency considers all investment instruments purchased with maturity of three months or less to be cash equivalents.

Income Taxes

The financial statements do not provide a tax liability for the Agency. The Agency is exempt from federal, state, and local taxes.

Plant, Property, and Equipment

Plant, property, and equipment acquired through the Agency's conduit financing are recorded as assets on the books of the project entities, along with the associated debt.

The Agency has a capitalization policy for additions of fixed assets with a minimum cost of \$1,000 and a useful life of more than one year. There were no fixed assets at December 31, 2007.

Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency, Town of Bethlehem, or New York State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives an administration fee from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds, notes, and upon closing of straight lease transactions. At December 31, 2007, the outstanding balance of bonds was \$240,193,399.

In addition to the administrative fees received upon closing, the Agency also is eligible to receive supplemental fees from PSEG Power New York, Inc., assuming certain energy production levels are exceeded. The calculations are made quarterly, commencing August 2005, which was the month following the date commercial operations began (July 18, 2005). The Charges for Services revenue includes \$36,398 in Energy Reimbursement Payments. Accounts receivable include \$16,518 due from PSEG as of December 31, 2007.

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
(SEE INDEPENDENT AUDITORS' REPORT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State of New York. The Chief Financial Officer is authorized to use demand accounts and certificates of deposit. Cash and money market investments reflected on the balance sheet were entirely covered by FDIC insurance or secured by collateral held by a third party agent. Cash and money market investments at December 31, 2007 totaled \$237,550.

Net Assets

During 2007, the Agency adopted a policy setting a minimum level for net assets. The policy is designed to provide an appropriate level of assets to cover the Agency's operating costs, given the sometimes multiple year cycle between project transactions. The policy defines a minimum reasonable balance at three times the annual base budget, currently equal to \$180,000. If the fund balance is projected to fall below this threshold, the Agency must adopt a plan to restore the minimum net asset position within a twelve-month period.

2. RAIL ASSISTANCE PROGRAM GRANT AWARD

In 2006, the Agency was awarded a Rail Assistance Program Grant from the New York State Department of Transportation (DOT). The award is for a maximum of \$1,300,000, and is to provide funding to construct a sidetrack to the Selkirk Ventures' site within the Town of Bethlehem. The award monies are received after the eligible expenses are disbursed; however, in recognition of the Agency's pass-through role, Selkirk Ventures will provide both escrow monies and an unconditional guaranty for payment of any construction services incurred for this project. As of December 31, 2007, the escrow amount is \$30,000, and is included within deferred revenue. Eligible costs of \$42,666 were incurred during 2007, and a corresponding revenue amount has been recognized. The Agency has a receivable from DOT in the amount of \$16,253 as of December 31, 2007.

3. RELATED PARTY TRANSACTIONS

The Chief Executive Officer and the Chief Financial Officer are employees of the Town of Bethlehem. The two positions are not members of the Agency Board.

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE TOWN OF BETHLEHEM
(SEE INDEPENDENT AUDITORS' REPORT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

4. FRINGE BENEFITS

Fringe benefits include pension contributions of \$2,565 to the New York State and Local Employees' Retirement System for the benefit of the Agency's counsel. The system provides various plans and options, some of which require employee contributions.

5. UNRESTRICTED NET ASSETS

Unrestricted net assets include the following components as of December 31, 2007:

Reserved for encumbrances: Rail Grant Professional Services	\$ 68,206
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Although an encumbrance exists due to the contract for services with the engineering firm performing the design work associated with this project, it should be noted that all grant costs are funded by DOT. Accordingly, the Agency's net assets will not be impaired by this expenditure when incurred.

Reserved for encumbrances: routine Agency operations	2,874
Unrestricted net assets, not reserved for encumbrances	<u>177,523</u>

Total Unrestricted Net Assets	<u>\$248,603</u>
--------------------------------------	-------------------------

6. COMMITMENTS AND CONTINGENCIES

Service Agreement

The Agency entered into a 2007 Service Agreement with the Town of Bethlehem (the "Town"), in recognition of the services provided by Town staff in furtherance of the mutual goals held by the Town and the Agency, and given that the Agency has the financial ability to fund a portion of the costs devoted to these efforts, primarily from the Department of Economic Development and Planning. The 2007 agreement provided for a payment of \$200,000. The Agency approved the 2008 agreement at their November 28, 2007 meeting, which provides for a maximum contribution of \$200,000 in 2008. However, the 2008 budget does not provide funding for this amount, as it would cause the net assets to fall below the minimum threshold as set by the Agency's policy on net assets. In the event unanticipated revenues are received in 2008, the Agency may consider a budget modification to provide for at least a partial payment towards the maximum approved amount of \$200,000.

Land Purchase Option

The Agency entered into an Option Agreement to purchase land adjacent to existing Town-owned property by the Hudson River. The option specified a purchase price of \$300,000, and expired July 1, 2007. The Agency could extend the option through July 1, 2008 if desired; however, opted to terminate the agreement.

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of
Financial Statements Performed In Accordance With
*Government Auditing Standards***

Board of Directors
Town of Bethlehem Industrial
Development Agency, a Component
Unit of the Town of Bethlehem

We have audited the summary statements of net assets, and revenues, expenses and changes in net assets of the Town of Bethlehem Industrial Development Agency, a Component Unit of the Town of Bethlehem (the Agency), as of and for the year ended December 31, 2007, which comprise the Agency's basic financial statements and have issued our report thereon dated March 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are reported to management of the Agency, in a separate letter dated March 14, 2008.

This report is intended solely for the information and use of management, the Board of Directors, and the State of New York Office of the State Comptroller, and is not intended to be and should not be used by anyone other than these specified parties.

Teal Becker & Charanmittal PAs P.C.

Albany, New York
March 14, 2008

TEAL
BECKER
& CHIARAMONTE



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Kathleen F. O'Neil, CPA
Christine A. Oliver, CPA
Pasquale M. Scisci, CPA
John R. Teevan, Jr., CPA
Kevin B. Tully, CPA

March 14, 2008

Board of Directors
Town of Bethlehem Industrial
Development Agency, a Component
Unit of the Town of Bethlehem
445 Delaware Avenue
Delmar, NY 12054

In planning and performing our audit of the financial statements of the Town of Bethlehem Industrial Development Agency, a Component Unit of the Town of Bethlehem (the Agency) for the year ended December 31, 2007, we considered the Agency's internal control structure to plan our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control or compliance with laws, regulations, contracts, and grants.

However, during our audit we noted the following matters for your consideration. This letter does not affect our report dated March 14, 2008, on the financial statements of the Agency.

Cash Accounts

The Agency records its cash activity through several bank accounts. Some of these bank accounts have had the same account balance for at least one year. We suggest that any unnecessary bank accounts be closed. This will only enhance the internal controls on the Agency.


Prior Year Audit Comments

It was recommended in the prior year audit that the Agency present Management's Discussion and Analysis that accounting principles generally accepted in the United States of America determine is necessary to supplement, although not required to be a part of, the basic financial statements. This supplemental information was included in the 2007 financial statements.

We wish to thank the staff of the Comptroller's office for their assistance during our audit.

Very truly yours,

TEAL, BECKER & CHIARAMONTE, CPAs, P.C.


Katharine K. Doran, CPA

02913/mgt ltr

Frank S. Venezia
Chairman

Sam Messina
Vice Chairman

Robert B. Ward
Secretary

Joanne Cunningham
Assistant Secretary

Pamela Clark Robbins
Treasurer

Joseph P. Richardson
Member

Brian T. Stenson
Member

TOWN OF BETHLEHEM
Albany County - New York
INDUSTRIAL DEVELOPMENT AGENCY

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George E. Leveille
*Executive Director and
Chief Executive Officer*

Judith E. Kehoe
Chief Financial Officer

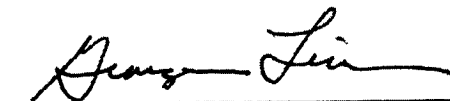
Thomas P. Connolly Esq.
*Assistant Executive Director,
Assistant Secretary and
Agency Counsel*

Response to 2007 Management Letter: Corrective Action Plan

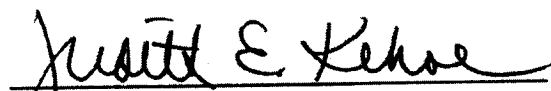
The Town of Bethlehem Industrial Development Agency (Agency) is in receipt of the management letter issued by the independent auditing firm of Teal, Becker & Chiaramonte, CPA's, PC, dated March 14, 2008. The letter recommended that the Agency consider closing several smaller bank accounts that are no longer necessary.

The Agency concurs with the suggestion, and plans to close the accounts within 30 days.

A copy of this response will be provided to the Town of Bethlehem Town Board Members, as the oversight entity for the Agency, and to the Office of the State Comptroller.



George Leveille
Executive Director and
Chief Executive Officer



Judith E. Kehoe
Chief Financial Officer

Dated: March 27, 2008

TEAL
BECKER
& CHIARAMONTE



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Kevin B. Tully, CPA

April 18, 2007

To The Board of Directors
Town of Bethlehem Industrial
Development Agency
Bethlehem, New York

We have audited the financial statements of the governmental activities and the business-type activities of the Town of Bethlehem Industrial Development Agency for the year ended December 31, 2006, and have issued our report thereon dated April 18, 2007. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted In The United States
Of America And Government Auditing Standards**

As stated in our engagement letter dated February 2, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Town of Bethlehem Industrial Development Agency. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Bethlehem Industrial Development Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.



Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town of Bethlehem Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006. We noted no transactions entered into by the Town of Bethlehem Industrial Development Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no sensitive estimates affecting the financial statements which we are required to disclose separately.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Town of Bethlehem Industrial Development Agency's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, no adjustments were proposed, whether recorded or unrecorded by the Town of Bethlehem Industrial Development Agency, either individually or in the aggregate, indicate matters that could have a significant effect on the Town of Bethlehem Industrial Development Agency's financial reporting process.

Town of Bethlehem Industrial
Development Agency
April 18, 2007
Page Three

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior To Retention Of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Bethlehem Industrial Development Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Directors and management of the Town of Bethlehem Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

TEAL, BECKER & CHIARAMONTE, CPAs, P.C.

Teal Becker & Chiaramonte CPAs P.C.