NEW YORK JOB DEVELOPMENT AUTHORITY

Combined Financial Statements
and Independent Auditor's Report

March 31, 2008 and 2007

NEW YORK JOB DEVELOPMENT AUTHORITY

Contents

TOSKI, SCHAEFER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
555 INTERNATIONAL DRIVE
WILLIAMSVILLE, NEW YORK 14221
TELEPHONE (716) 634-0700
FAX (716) 634-0764

INDEPENDENT AUDITOR'S REPORT

The Authority Members
New York Job Development Authority:

We have audited the accompanying combined balance sheet of New York Job Development Authority (a component unit of the State of New York) as of March 31, 2008, and the related combined statements of revenue, expenses and changes in net assets and cash flows for the year then ended. These combined financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The combined financial statements of New York Job Development Authority as of March 31, 2007, were audited by other auditors whose report dated June 27, 2007 expressed an unqualified opinion on those statements.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, financial position of New York Job Development Authority as of March 31, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 4, 2008 on our consideration of New York Job Development Authority's internal control over financial reporting and on 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 considered in assessing the results of our audit.

Management's discussion and analysis as presented on pages 3 to 8 is not a required part of the basic combined financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Toski, Schaefer & Co., P.C.

Williamsville, New York
June 4, 2008

NEW YORK JOB DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

March 31, 2008 and 2007

Our discussion and analysis of the New York Job Development Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the year ended March 31, 2008. Please read it in conjunction with the Authority's combined financial statements.

Overview

During the year ended March 31, 2008, the Authority continued its mission of providing loans to New York State businesses to expand facilities, build new plants and acquire machinery and equipment. This program provides financing to encourage the growth of manufacturing and other private sector business enterprises in the State without requiring appropriation of taxpayers' funds.

Since 1995, the Authority has done business as Empire State Development Corporation and has been administratively consolidated with the New York State Urban Development Corporation ("UDC"). The Authority experienced financial difficulties in the mid-1990's. As a result, from 1997 through March 31, 2004 the Authority received from UDC, also doing business as the Empire State Development Corporation, an annual operating transfer to assist in meeting its legal obligations. No assistance was required in the years ended March 31, 2008 and 2007 and no assistance is expected to be required in the next fiscal year.

As a result of the improvements in collections of the reserved loans in the loan portfolio, the absorption of personnel costs by UDC, investment rate increases and the consolidation of the net assets of New York Liberty Development Corporation ("NYLDC"), the Authority has achieved a net asset balance of $49.9 million at March 31, 2008. NYLDC was created in 2002 to provide a vehicle for the State to issue Liberty Bonds in the wake of the terrorist attacks of September 11, 2001.

In October 2003, the Authority caused the creation of Empire State Local Development Corporation ("ESLDC"). ESLDC has state-wide jurisdiction and was created to carry out various economic development initiatives through the use of pass through grants received from outside sources.

Liquidity

The Authority's cash and equivalents and investments totaled approximately $56.0 million and $68.5 million at March 31, 2008 and 2007, respectively. The decrease is primarily due to the transfer of $17.0 million to UDC for payment required in connection with the acquisition of the Farley Building in relation to the development of Moynihan Station.

Approximately 37% of the consolidated net asset balance results from the net fees earned by NYLDC over the last several years.

Cash generated from operations exceeded the Authority's operating requirements for the year ended March 31, 2008 by approximately $4.6 million.

Capitalization

As of March 31, 2008, the Authority had approximately $37.8 million in bonds outstanding. Total debt decreased by approximately $5.3 million through scheduled maturities of bonds of $5.1 million (exclusive of approximately $0.2 million of bond premium amortization).

Investment Ratings

As of March 31, 2008, the Authority's outstanding debt had the following ratings from the two major rating agencies:

	Ratings	
Issue	FITCH	S&P
Special Purpose Fixed Rate Bonds Series '04 A	AA-	AA
Special Purpose Fixed Rate Bonds Series '04 B	AA-	AA

A summary of the Authority's financial information as of March 31, 2008 and 2007 and for the years then ended is as follows:

Summary of Balance Sheets

		2008	2007
		(In thousands)	
Assets			
Cash and equivalents, cash restricted and temporary investments	$	55,954	68,503
Loans receivables, net		49,480	53,655
Financing leases, net		15,492	17,086
Other receivable		17,000	-
Other assets		1,393	1,695
Total assets	$	139,319	140,939
Liabilities and Net Assets			
Liabilities:			
Special purpose bonds		37,750	43,015
Due to New York State Urban Development Corporation		33,292	32,395
Deferred grant revenue		18,104	21,504
Accounts payable and accrued expenses		246	121
Allowance for estimated losses on loan guarantees		-	50
Other liabilities		3	-
Total liabilities		89,395	97,085
Net assets - restricted		49,924	43,854
Total liabilities and net assets	$	139,319	140,939

Summary of Statements of Revenue, Expenses and Changes in Net Assets	2008	2007
	(In thousands)	
Operating revenue:		
Loan interest	$ 5,485	5,916
Grant income	4,116	13,736
Bond and note fee income	2,740	668
Other revenue	332	116
Total operating revenue	12,673	20,436
Operating expenses:		
Interest, principally bonds	2,075	2,661
Provision for loss on loans receivable, loan guarantees and financing lease	-	1,133
Amortization of deferred financing costs	105	105
Credit and remarketing fees	152	166
General and administrative	190	279
Grant expenses	4,116	15,236
NYLDC operating expenses	1,250	325
Total operating expenses	7,888	19,905
Operating income	4,785	531
Nonoperating revenue	2,118	2,364
Nonoperating expenses	(833)	(801)
Excess of revenue over expenses	6,070	2,094
Net assets - restricted at beginning of year	43,854	41,760
Net assets - restricted at end of year	$ 49,924	43,854

Excess of Revenue over Expenses

The excess of revenue over expenses for the year ended March 31, 2008 amounted to $6.1 million compared with $2.1 million for the previous year, primarily due to the receipt of a non-recurring fee earned in fiscal 2008 on the sale of Liberty Bonds.

Revenue

Operating revenue approximated $12.7 million in the current fiscal year compared to $20.4 million in fiscal year ended March 31, 2007.

Grant income for ESLDC decreased by $9.6 million as it funded fewer projects than were funded in the previous fiscal year. Funding comes from the Port Authority and is immediately expensed. There is no effect on net income. Loan interest decreased slightly as the variable rate loans saw their rates continue to decrease.

Bond and note fee income earned by NYLDC increased by $2.1 million primarily due to the fact that in the fiscal year ended March 31, 2008, there was a non-recurring $2.5 million fee earned on the sale of Liberty Bonds for the new Goldman Sachs headquarters in lower Manhattan.

Other revenue increased by approximately $0.2 million primarily due to $0.3 million recovery of provision on loan losses in the fiscal year ended March 31, 2008.

Nonoperating revenue decreased by $0.2 million in the fiscal year ended March 31, 2008 as investment income decreased slightly due to a decline in short term interest rates throughout the year.

Operating Expenses

Operating expenses for the fiscal year ended March 31, 2008 were $7.9 million compared with $19.9 million in the fiscal year ended March 31, 2007. This is primarily due to the fact that grant expenses for ESLDC decreased by $11.1 million as fewer projects were funded than in the previous fiscal year. The expense represents immediate disbursement of funds received from the Port Authority and because ESLDC is merely a pass through, there is no effect on net income.

Interest on bonds decreased by $0.6 million due to the maturity of certain bonds.

The provision on loans receivable and loan guarantee losses during the fiscal year ended March 31, 2008 decreased by $1.1 million from the fiscal year ended March 31, 2007 due to the improvement in collection of loans.

Related bond expenses deceased by $0.01 million.

General and administrative expenses decreased by $0.09 million as less money was spent on loan servicing and collection efforts.

NYLDC operating expense of $1.3 million represents a payment to New York City of their portion of fees earned for issuance of Liberty Bonds.

The Authority's financial position remains strong. No assistance has been received from UDC since fiscal year ended March 31, 2004. New loan activity for the fiscal year ended March 31, 2008 has increased slightly over the previous fiscal year to approximately $5.1 million. In addition, there are approximately $5.0 million in loans approved but not closed. In the coming fiscal year, management does not foresee any events that would have a significant negative effect on the financial position of the Authority.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the New York Job Development Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Chief Financial Officer, New York Job Development Authority d/b/a Empire State Development Corporation, 633 Third Avenue, New York, New York 10017.

FINANCIAL STATEMENTS

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Balance Sheets
March 31, 2008 and 2007

Assets	2008	2007
Cash and equivalents	$ 1,572,745	1,634,688
Cash - restricted	107,170	106,102
Temporary investments in marketable securities	54,273,814	66,762,089
Accrued interest receivable	378,684	400,514
Loans receivable, net of allowance of $9,174,000 in 2008 and $9,436,000 in 2007	49,479,925	53,654,617
Financing leases, net of allowance of $929,917 in 2008 and $931,917 in 2007	15,492,215	17,085,830
Other receivable	17,000,000	-
Deferred financing costs, net of accumulated amortization of $1,158,400 in 2008 and $867,600 in 2007	1,004,017	1,294,790
Prepaid insurance	10,134	-
Total assets	$ 139,318,704	140,938,630

Liabilities and Net Assets		
Liabilities:		
Special purpose bonds	37,749,936	43,014,920
Due to New York State Urban Development Corporation	33,291,941	32,394,613
Deferred grant revenue	18,103,618	21,503,660
Accounts payable and accrued expenses	246,320	121,137
Allowance for estimated losses on loan guarantees	-	50,000
Other liabilities	2,732	-
Total liabilities	89,394,547	97,084,330
Net assets - restricted	49,924,157	43,854,300
Commitments and contingencies (notes 12 and 13)		
Total liabilities and net assets	$ 139,318,704	140,938,630

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Revenue, Expenses and Changes in Net Assets
Years ended March 31, 2008 and 2007

	2008	2007
Operating revenue:		
Loan interest	$ 5,485,224	5,916,022
Grant income	4,115,833	13,735,753
Bond and note fee income	2,740,040	667,956
Other revenue	332,718	116,295
Total operating revenue	12,673,815	20,436,026
Operating expenses:		
Interest, principally bonds	2,075,344	2,661,184
Provision for loss on loans receivable, loan guarantees and financing lease	-	1,132,908
Amortization of deferred financing costs	105,323	105,323
Credit and remarketing fees	152,350	166,208
General and administrative	190,269	278,717
Grant expenses	4,115,833	15,235,753
NYLDC operating expenses	1,250,220	325,202
Total operating expenses	7,889,339	19,905,295
Operating income	4,784,476	530,731
Nonoperating revenue (expenses):		
Investment income, including change in fair value	2,117,969	2,364,523
Interest - New York State Urban Development Corporation	(832,588)	(800,767)
Nonoperating revenue, net	1,285,381	1,563,756
Excess of revenue over expenses	6,069,857	2,094,487
Net assets - restricted at beginning of year	43,854,300	41,759,813
Net assets - restricted at end of year	$ 49,924,157	43,854,300

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Cash Flows
Years ended March 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from interest on loans and financing leases	$ 5,232,045	5,668,460
Cash received from grants	4,115,833	13,735,753
Cash received from bond and related fees	2,750,040	667,956
Other operating cash receipts	10,882	116,295
Interest paid on bonds payable	(1,955,908)	(2,161,381)
Cash paid for related bond expenses	(155,349)	(194,741)
Cash paid for general and administrative expenses	(46,451)	6,701
Cash paid for grants	(4,115,833)	(15,235,753)
Cash paid for NYLDC operating expenses	(1,250,220)	(325,202)
Net cash provided by operating activities	4,585,039	2,278,088
Cash flows from noncapital financing activities:		
Special purpose bond retirements	(5,060,000)	(5,900,000)
Proceeds from issuance of commercial paper	-	44,533,079
Payments on commercial paper	-	(60,000,000)
Payments by ESLDC for capital project	(17,000,000)	-
Net cash used in noncapital financing activities	(22,060,000)	(21,366,921)
Cash flows from investing activities:		
Proceeds from sale of temporary investments in marketable securities	236,485,438	999,991,705
Purchase of temporary investments in marketable securities	(224,146,858)	(993,421,150)
Interest on investments	2,982,387	2,557,989
Loan disbursements	(5,146,000)	(1,640,000)
Principal collected on loans receivable	9,694,010	9,575,148
Principal collected on financing leases	1,757,142	1,890,459
Due to New York State Urban Development Corporation	2,732	-
Reduction of Port Authority appropriation for grant disbursements	(4,215,833)	-
Net cash provided by investing activities	17,413,018	18,954,151
Net decrease in cash and equivalents	(61,943)	(134,682)
Cash and equivalents at beginning of year	1,634,688	1,769,370
Cash and equivalents at end of year	$ 1,572,745	1,634,688

(Continued)

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Cash Flows, Continued

	2008	2007
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 4,784,476	530,731
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for loss (recovery of provision) on loans	(311,835)	
receivable, loan guarantees and financing leases	(311,837)	1,132,908
Operating expenses paid by UDC	164,741	289,080
Rebate liability adjustment	-	(4,476)
Amortization - deferred financing costs	290,773	290,773
Amortization - bonds payable and commercial paper note discounts	-	541,021
Amortization - deferred loan income	(111,483)	(156,817)
Amortization - deferred lease premiums	(163,526)	(159,515)
Amortization - bond premium	(204,984)	(210,832)
Change in:		
Accrued interest receivable	21,830	69,825
Prepaid insurance	(10,134)	-
Accounts payable and accrued expenses	125,183	(44,610)
Net cash provided by operating activities	$ 4,585,039	2,278,088

See accompanying notes to combined financial statements.

Note 1 - Corporate Background and Activities

(a) General

New York Job Development Authority (the "Authority" or "JDA"), doing business as the Empire State Development Corporation ("ESDC"), is a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Authority's main function is assisting private sector business expansion and job creation throughout the State. As a public benefit corporation, the Authority is tax exempt. The Authority is a component unit of the State and, as such, its financial statements are included in the State's general purpose financial statements.

(b) Activities

The principal activities of the Authority are providing business and industrial loans, described in the Authority's enabling legislation as "Special Purpose Loans," and the guarantee of loans made by banking organizations (as defined in the enabling legislation), described as "Special Purpose Loan Guarantees." All such loans and loan guarantees are made to businesses with operations in the State, and are provided for acquisition of real estate or machinery and equipment. The Authority generally requires security for loans and loan guarantees with the underlying assets and other available collateral.

The Authority finances these activities through the issuance of State guaranteed bonds and notes (the "Bonds") limited by the Constitution of the State and applicable legislation to an aggregate principal amount of $900,000,000 outstanding at any time. To date, enabling legislation allows an aggregate principal amount of $750,000,000 to be outstanding at any time.

The guarantee of the Bonds by the State is authorized by the New York Job Development Authority Act, as amended by Section 1813 of Title 8 Article 8 of the Public Authorities Law and Section 8 Article X of the Constitution of New York State. Under these provisions, if the Authority fails to pay, when due, the principal or interest on the Bonds or if sued by any holder of the Bonds, the State Comptroller must set apart from the first revenues thereafter received from any source, applicable to the General Fund of the State, a sum sufficient to pay such principal and interest, and shall so apply the monies thus set apart. Effectively, the State is subrogated to the rights of the bondholders. The net assets of the fund are considered restricted.

The Authority has the power to create local development corporations under Section 1804 of the New York Public Authorities Law and Section 1411 of the New York Not-for-Profit Corporation Law. The Authority has created two Local Development Corporations, the New York Liberty Development Corporation (the "NYLDC") and the Empire State Local Development Corporation (the "ESLDC").

JDA substantially controls the operations of NYLDC and ESLDC. Under Government Accounting Standard Board No. 39 - "The Financial Reporting Entity," NYLDC and ESLDC are considered blended component units of the Authority, and their assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting

The Authority follows enterprise fund reporting, accordingly, the accompanying combined financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Authority complies with all applicable pronouncements of the Governmental Accounting Standards Board ("GASB") as well as with authoritative pronouncements applicable to non-governmental entities (e.g. Financial Accounting Standards Board Statements) that do not conflict with GASB pronouncements.

The Authority's financial statements are presented consistent with enterprises whose principal activities are considered a financing enterprise.

(b) 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 amounts reported in the combined financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

(c) Cash and Equivalents

Cash and equivalents include cash deposits with banks and highly liquid temporary investments with original or remaining maturities of 90 days or less.

(d) Investment Securities

Investment securities consist of temporary investment of available cash and debt service reserve funds in marketable securities. Investment securities are reported at fair value in the combined balance sheets, and investment income, including changes in fair value, is reported as nonoperating revenue in the combined statements of revenue, expenses and changes in net assets.

The fair value of investment securities, which include United States government and Federal agency obligations, commercial paper, and repurchase agreements, is generally based on quoted market prices. Interest earning investment contracts, including time deposits and repurchase agreements with maturities of one year or less, are reported at amortized cost. Investment income also includes realized gains and losses from disposition of investments on a specific identification basis. Collateral for these investments is held in the Authority's name by financial institutions as custodians. Investment securities that are not required by bond indentures to be held by independent trustees are maintained and held by the New York State Department of Taxation and Finance.

Note 2 - Summary of Significant Accounting Policies, Continued

(e) Loans and Financing Leases Receivable

Loans and financing leases are generally reported at their principal amounts outstanding, net of allowances for possible credit losses. The Authority lends funds for the acquisition of land and buildings which are generally repayable over 15 to 20 years. Loans to fund machinery and equipment are generally repayable over 7 to 10 years. Generally, all loans represent second mortgages or other subordinated positions. Interest revenue on loans and financing leases is credited to interest income based on loan principal amounts outstanding at appropriate interest rates. Interest is not accrued on loans which are delinquent three or more months and which management considers uncollectible. In addition, the Authority provides financing leases for property previously acquired in foreclosure. Financing leases generally require repayment over periods ranging from one to 20 years.

(f) Allowance for Possible Credit Losses and Estimated Loan Guarantee Losses

The allowance for possible credit losses provides for risks of losses inherent in the credit extension process. The Authority maintains this allowance on a specific and general basis at levels considered adequate to meet present and future losses on loans and financing leases. Estimates of loan guarantee losses are based on similar analyses. This evaluation encompasses business and economic conditions, the character, quality and performance of the portfolios, availability of collateral and the risks inherent in these loans. Accordingly, these estimates could change in the near term.

(g) Foreclosed Properties

The Authority may hold title to properties acquired in satisfaction of loans, including in-substance foreclosures. Such amounts, if any, are carried at the lower of cost or estimated fair market value.

(h) Deferred Financing Costs

Financing costs and bond issuance premiums/discounts are deferred and amortized on a straight line basis, which approximates the effective yield method, over the period of the related debt. Loan origination and commitment fees and certain incremental direct loan costs are deferred and amortized over the estimated remaining lives of the related loans using the straight line basis, which approximates the effective yield method.

(i) Grant Revenue and Expense

ESLDC administers certain grant funds from various sources. These grants are awarded for specifically designated projects and are distributed directly to the projects. ESLDC records revenue upon disbursement of the grants to grantees. Grant advances not disbursed to grantees are recorded as deferred revenue.

NYLDC recognizes grant expense upon the disbursement of grants to grantees.

Note 3 - Local Development Corporations

(a) New York Liberty Development Corporation

In August 2002, at the request of the Governor, the Authority caused the creation of New York State Liberty Development Corporation ("NYLDC"). NYLDC was created as a conduit for the issuance of New York Liberty Bonds ("Liberty Bonds") in the maximum amount of $4 billion. Bond proceeds are used to finance private projects primarily in the New York Liberty Zone located in lower Manhattan. NYLDC receives fees in connection with each bond or note issuance. In certain instances, the bond issuance fees earned are shared with other entities and recorded as expenses when incurred. The summarized balance sheets of NYLDC as of March 31, 2008 and 2007 is as follows:

	2008	2007
Cash and equivalents	$ 776,935	915,344
Temporary investments in marketable securities	17,600,115	15,149,430
Net assets	$ 18,377,050	16,064,774

The summarized statements of revenue and expenses of NYLDC for the years ended March 31, 2008 and 2007 is as follows:

	2008	2007
Bonds and note fee income	$ 2,750,040	667,956
Investment income	812,456	820,219
NYLDC operating expenses	(1,250,220)	(325,202)
Grant expenses	-	(1,500,000)
Excess (deficiency) of revenue over expenses	$ 2,312,276	(337,027)

NYLDC did not issue Liberty bonds and notes during the year ended March 31, 2008. During the year ended March 31, 2007, NYLDC issued Liberty Bonds in the aggregate amount of $52.0 million, and Federally taxable notes in the aggregate amount of $5.0 million, on behalf and for the benefit of National Sports Attractions, LLC.

Since inception, NYLDC has issued an aggregate of $2.09 billion of bonds and notes on behalf of project owners. The bonds and notes are not the obligation of NYLDC, the Authority, or the State. Repayment of the bonds and notes is the obligation of respective project owners.

Note 3 - Local Development Corporations, Continued

(b) Empire State Local Development Corporation

In October 2003, the Authority caused the creation of Empire State Local Development Corporation ("ESLDC"). ESLDC has state-wide jurisdiction and was created to carry out various economic development initiatives through the use of pass through grants received from outside sources. The summarized balance sheets of ESLDC as of March 31, 2008 and 2007 is as follows:

		2008	2007
Cash and equivalents	$	446,443	342,010
Temporary investments in marketable securities		9,357,175	29,961,650
Due from (to) New York State Urban Development Corporation		8,300,000	(8,800,000)
Deferred grant revenue		(18,103,618)	(21,503,660)
Net assets	$	-	-

The deferred grant revenue represents grant funds received that have not been disbursed to the grantee. During the year ended March 31, 2008, ESLDC transferred $17 million to UDC for payment required in connection with the acquisition of the Farley Building in relation to the development of Moynihan Station. At March 31, 2008 and 2007, ESLDC held funds related to UDC grants amounting to $8.7 million and $8.8 million, respectively. The summarized statements of revenue and expenses of ESLDC for the years ended March 31, 2008 and 2007 is as follows:

		2008	2007
Grant revenue	$	4,115,833	13,735,753
Grant expenses		(4,115,833)	(13,735,753)
Excess of revenue over expenses	$	-	-

Note 4 - Liquidity and Restructuring

In October 1996, UDC completed a refunding of its outstanding general purpose bonds. UDC is required to utilize the savings generated from this refunding as provided in Section 103 of Chapter 309 of the Laws of 1996 (the "Act") to pay the lawfully incurred debts and obligations of JDA. UDC is directed to the extent of the net savings, as defined in the Act, to make such payments on behalf of the State of New York as provided in the Act. There were no payments to JDA from UDC during the years ended March 31, 2008 and 2007. It is not anticipated that JDA will require any funds from UDC during the year ending March 31, 2009.

Note 5 - Cash and Equivalents

Time and demand deposits are secured by collateral held by a bank or trust company depository as custodian. Securities are either delivered or registered by book entry in the Authority's name with bond trustees or custodian banks. At March 31, 2008 and 2007, cash held in demand and custodial deposits, as well as investments in various time deposits, were collateralized by each depository, generally with obligations of the United States, its agencies or New York State obligations as follows:

	2008		2007	
	Carrying amount	Bank balance	Carrying amount	Bank balance
Insured	$ 175,957	196,375	200,000	200,000
Uninsured - collateral held by custodian in Authority's name	1,396,788	1,396,788	1,434,688	1,453,231
	$ 1,572,745	1,593,163	1,634,688	1,653,231

Note 6 - Temporary and Debt Service Reserve Fund Investments

Authorization for investments is governed by written internal investment guidelines, statutes, State guidelines and bond resolutions. Permitted investments include:

- Obligations of the United States Treasury, agencies and instrumentalities;
- Direct obligations of the State of New York, its political subdivisions, and public authorities;
- Collateralized investments, which are fully secured as to principal by U.S. Treasury securities and obligations of the U.S. Government, with financial institutions which meet specified criteria;
- Repurchase agreements with financial institutions doing business in the State of New York which are listed as primary government securities dealers by New York's Federal Reserve Bank and which are collateralized by U.S. Government securities; and
- Commercial paper issued by domestic banks, corporations and financial companies rated "A-1" or better by Standard & Poor's Corporation or "P-1" by Moody's Investors Services, Inc.

Note 6 - Temporary and Debt Service Reserve Fund Investments, Continued

Temporary and debt service reserve fund investments at March 31, 2008 and 2007 consist of the following:

	2008		2007	
	Cost	Market value	Cost	Market value
U.S. Government and Federal Agency obligations	$ 51,973,576	52,580,061	64,121,281	64,746,089
Commercial paper	1,693,753	1,693,753	1,012,000	1,012,000
Repurchase agreements	-	-	1,004,000	1,004,000
	$ 53,667,329	54,273,814	66,137,281	66,762,089

Note 7 - Financing Leases Receivable

Minimum lease payments to be received under financing lease agreements for each of the next five years and thereafter as of March 31, 2008 were as follows:

2009	$ 2,388,880
2010	2,323,239
2011	2,320,593
2012	2,306,196
2013	2,048,082
Thereafter	12,169,922
	23,556,912
Less:	
Portion attributable to interest	(7,134,780)
Allowance for possible credit losses	(929,917)
Total	$ 15,492,215

Note 8 - Allowances for Possible Credit Losses and Estimated Loan Guarantee Losses

The estimated allowances for possible credit and loan guarantee losses are based primarily on a continuing evaluation of the portfolios, and of current economic conditions and such other factors which management believes require consideration in estimating future risks. Additions to the allowances are made by charges to expense. Reductions of the allowances are reported as other revenue. A summary of loan loss allowance activity for year ended March 31, 2008, with comparative totals for the year ended March 31, 2007, is as follows (in thousands):

Note 8 - Allowances for Possible Credit Losses and Estimated Loan Guarantee Losses, Continued

	Allowances for losses on				
		Financing	Loan	Totals	
	Loans	leases	guarantees	2008	2007
Beginning balances	$ 9,436	932	50	10,418	11,177
Net provisions (reductions)	(262)	(2)	(50)	(314)	1,133
Write-offs	-	-	-	-	(1,892)
Ending balances	$ 9,174	930	-	10,104	10,418

Note 9 - Special Purpose Bonds Payable

The principal amount of special purpose bonds outstanding as of March 31, 2008 and 2007 is as follows (in thousands):

	2008	2007	Coupon rate percentage	Maturity date
Fixed rate special purpose bonds:				
2004 Series A	$ 21,915	26,975	3.00 - 5.00	2009 - 2013
2004 Series B	15,435	15,435	5.06 - 5.41	2014 - 2018
	37,350	42,410		
Add unamortized bond premium	400	605		
Total	$ 37,750	43,015		

The maturities of special purpose bonds outstanding (in thousands) as of March 31, 2008 are as follows:

	Principal	Interest	Total
2009	$ 4,880	1,743	6,623
2010	4,725	1,557	6,282
2011	4,525	1,384	5,909
2012	4,280	1,172	5,452
2013	3,505	976	4,481
	$ 21,915	6,832	28,747

Note 9 - Special Purpose Bonds Payable, Continued

Aggregate principal maturities subsequent to 2013 are approximately $15.4 million. The Authority has the option, in some cases, to retire bonds prior to maturity as stipulated in the respective debt agreements. Each series of bonds is issued pursuant to a separate trust indenture.

Certain bond issues give the bondholder the option of electing early redemption. The Authority has entered into letters and lines of credit arrangements with financial institutions to provide liquidity in the event of the inability to remarket the variable rate tax exempt bonds.

During the year ended March 31, 2007, the Authority paid off commercial paper issued during the year and had no commercial paper outstanding at March 31, 2008 and 2007. The Authority has entered into a revolving letter of credit agreement with financial institutions to support commercial paper notes issued in order to facilitate their sale. The letter of credit was left in place in case commercial paper notes are issued in the future, and at March 31, 2008 the total amount of unused letters of credit was $35 million.

Note 10 - Due to New York State Urban Development Corporation

New York State Urban Development Corporation ("UDC") provides all of the management and operational oversight for the Authority. At March 31, 2008 and 2007, amounts due to UDC are primarily attributable to costs, including all payroll and related costs, allocated to or paid by UDC on behalf of the Authority for various general and administrative expenses. These costs, plus interest, approximated $997,000 and $1,090,000 during the years ended March 31, 2008 and 2007, respectively. The balance due at March 31, 2008 and 2007, excluding grant funds held by the Authority amounted to $24,591,941 and $23,594,613, respectively. The interest rate used is the annualized average weighted yield earned by UDC on its investment portfolio. The interest portion of the accumulated liability covers the last thirteen fiscal years and amounts to approximately $6,446,000 at March 31, 2008. Also, included in the total amount due to UDC is $8.7 million and $8.8 million at March 31, 2008 and 2007, respectively, related to grant funds held by the Authority for UDC related grants for which there is no interest calculated.

Note 11 - Other Receivable

During the year ended March 31, 2008, ESLDC transferred $17 million to UDC for payment required in connection with the acquisition of the Farley Building in relation to the development of Moynihan Station.

Note 12 - Commitments

Special Purpose Fund loans approved by the Authority, but not yet closed, approximated $5.0 million at March 31, 2008.

Note 13 - Contingencies

Contingencies at March 31, 2008 and 2007 consist of the following:

(a) Loan Guarantees

Under Section 1804 of the Act, the Special Purpose Fund is permitted to make loan guarantees to banking organizations to assist in financing the costs of real estate projects and acquisition of machinery and equipment. Loan guarantees of $3,000 and $700,000 were outstanding at March 31, 2008 and 2007, respectively.

(b) Litigation

The Authority has been named as a defendant in legal actions arising from the operation of various economic development initiatives. In addition, defendants in mortgage loan foreclosure proceedings initiated by the Authority have asserted defenses and counter claims for damages. The Authority believes that the ultimate outcome of such litigation will not have a material adverse effect on its financial condition.

Note 14 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 49 - "Accounting for Pollution Remediation Obligations," established standards for accounting and financial reporting for pollution remediation obligations, which are obligations to address the potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. The requirements of the Statement are effective for periods beginning after December 15, 2007, which is the fiscal year beginning April 1, 2008 for the Authority. This statement is not expected to have a material effect on future financial statements of the Authority.

GASB Statement No. 50 - "Pension Disclosures, an amendment of GASB Statement Nos. 25 and 27," more closely aligns the financial reporting for pensions with those for other postemployment benefits and enhances information disclosed in the notes to the financial statements or presented as required supplementary information by employers that provide pension benefits. This statement amends GASB Statement No. 25 - "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 27 - "Accounting for Pensions by State and Local Governmental Employers," to conform with requirements of GASB Statement No. 43 - "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" and No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement is not expected to have a material effect on future financial statements of the Authority.

GASB Statement No. 51 - "Accounting and Financial Reporting for Intangible Assets," establishes accounting and financial reporting requirements for intangible assets in an effort to reduce inconsistencies in accounting and financial reporting of intangible assets. This statement is not expected to have a material effect on future financial statements of the Authority.

TOSKI, SCHAEFER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
555 INTERNATIONAL DRIVE
WILLIAMSVILLE, NEW YORK 14221

TELEPHONE (716) 634-0700
FAX (716) 634-0764

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE, INCLUDING COMPLIANCE WITH INVESTMENT GUIDELINES, AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Authority Members
New York Job Development Authority:

We have audited the combined financial statements of New York Job Development Authority (the "Authority") as of and for the year ended March 31, 2008, and have issued our report thereon dated June 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Investment Guidelines for Public Authorities issued by the New York State Office of the State Comptroller.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority'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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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.

Our consideration of internal control over financial reporting was for the limited purpose described above 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 that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Toski, Schaefer & Co. P.C.

Williamsville, New York
June 4, 2008