

Cayuga County Development Corporation

FY 2012 Audited Financial Statements as a Component Unit of the Cayuga County IDA

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Cayuga County Development Corporation (CCDC) annually conducts a financial audit as a component unit of the Cayuga County Industrial Development Agency (or the “CCIDA”). This CCIDA Annual Independent Financial Audit looks closely at the finance, internal controls and investments of the CCDC as a component unit of the CCIDA and reports its findings in the CCIDA financial audit report.

The FY2012 Management Discussion & Analysis, with the CCDC audited as a component unit is presented herein.

CUDDY & WARD, LLP

Certified Public Accountants

110 GENESEE STREET – SUITE 230

AUBURN, NEW YORK 13021

PHONE 315-253-8424 FAX 315-253-8458

www.cuddyandwardcpa.com

PAUL L. CUDDY, CPA

RICHARD D. WARD, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cayuga County Industrial Development Agency
Auburn, New York

Report on the Financial Statements

We have audited the accompanying statement of financial position of the Cayuga County Industrial Development Agency, and its component unit, the Cayuga County Development Corporation, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cayuga County Industrial Development Agency and its component unit, the Cayuga Development Corporation, as of December 31, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cayuga County Industrial Development Agency's basic financial statements. The Schedule of Supplemental Information (Bonds/Notes or Straight Lease) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Supplemental Information (Bonds/Notes or Straight Lease) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2013 on our consideration of the Cayuga County Industrial Development Agency's internal control over financial reporting and 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* in considering Cayuga County Industrial Development Agency's internal control over financial reporting and compliance.

Respectfully submitted,



CUDDY & WARD, LLP
Certified Public Accountants

Auburn, New York
January 18, 2013

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Including Component Unit Cayuga County Development Corporation, Inc.
Management's Discussion and Analysis
For the year ended December 31, 2012

The Cayuga County Industrial Development Agency was created in 1970 to encourage economic welfare, recreation opportunities and prosperity for the inhabitants of Cayuga County. The Cayuga County Industrial Development Agency is a component unit of the County of Cayuga.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Agency's financial position as of December 31, 2012, and the results of its operations for the year then ended. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

FINANCIAL HIGHLIGHTS

- Total expenses exceed revenue by \$315,377 in 2012 compared to 2011 when expenses exceeded revenues by \$53,138.
- Net assets for the year ended December 31, 2012 amounted to \$984,151, compared to \$1,299,528 at December 31, 2011.
- Total revenues of \$13,663 in 2012 decreased from total revenues of \$450,626 in 2011.
- Total expenses of \$329,010 decreased from total expenses of \$503,764 in 2011, primarily due to a pass through grant related to Saratoga Cheese Factory. In 2012, the agency gifted a roadway to the County of Cayuga.

Overview of the Basic Financial Statements

The financial statements of the Cayuga County Industrial Development Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, a Statement of Cash Flows and accompanying notes. These statements provide information on the financial position of the Agency and the financial activity and results of its operations during the year. A description of these statements follows:

The **Statement of Net Assets** presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the financial position of the Agency is improving or deteriorating.

The **Statement of Revenues, Expenses and Changes in Net Assets** presents information showing the change in the Agency's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include items that will result in cash received or disbursed in future fiscal periods.

The **Statement of Cash Flows** provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, non-capital financing, capital financing and investing activities.

The Agency includes the Cayuga County Development Corporation, a separate legal entity, as a discretely presented component unit because the Agency is financially accountable for it.