

# Cayuga County Development Authority

## FY 2009 Audited Financial Statements as a Component Unit of the Cayuga County IDA

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### **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 FY2009 CCIDA Financial Report, with the CCDC audited as a component unit is presented here and includes:

- FY2009 Audited Financial Statements
- FY2009 Management Discussion & Analysis
- FY2009 Assessment and Report on Internal Controls

# **Cayuga County Industrial Development Agency**

Audited Financial Statements  
For the Year Ending December 31, 2009

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**Audited Financial Statements**

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## INDEPENDENT AUDITORS' REPORT

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

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, 2009. These basic financial statements are the responsibility of the Cayuga County Industrial Development Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of the primary government 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 basic financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cayuga County Industrial Development Agency and its component unit, the Cayuga Development Corporation, as of December 31, 2009, 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 9, 2010 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 or 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.

The Management's Discussion and Analysis 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 inquiries 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.

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 supplementary financial information on pages 11 to 22 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Cayuga County Industrial Development Agency. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

*Cuddy & Ward, LLP*

CUDDY & WARD, LLP  
Certified Public Accountants

Auburn, New York  
June 9, 2010

## CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

### Management's Discussion and Analysis

For the year ended December 31, 2009

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 unity 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, 2009, 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 \$49,601 in 2009 compared to 2008 when expenses exceeded revenues by \$1,424.
- Net assets for the year ended December 31, 2009 amounted to \$1,344,594, compared to \$1,394,195 at December 31, 2008.
- Total revenues of \$88,116 in 2009 increased from total revenues of \$61,573 in 2008.
- Total expenses of \$137,717 increased from total expenses of \$62,997 in 2008, primarily due to legal fees, site development costs, and costs related to Saratoga Cheese Factory.

#### **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 all 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.

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
 Management's Discussion and Analysis  
 For the year ended December 31, 2009

**FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

The Agency's total net assets for fiscal year ended December 31, 2009 decreased by \$49,601. Our analysis below focuses on the net assets (Figure 1) and changes in net assets (Figure 2) of the Agency's activities.

Figure 1

| Condensed Statement of Net Assets     | Total Agency        |                     | Total Dollar Change |
|---------------------------------------|---------------------|---------------------|---------------------|
|                                       | 2008                | 2009                | 2008-2009           |
| <b>Current assets:</b>                |                     |                     |                     |
| Cash                                  | \$ 426,635          | \$ 367,112          | (59,523)            |
| Accounts receivable                   | 1,905               | 1,905               | -                   |
| Grants receivable                     | -                   | 54,322              | 54,322              |
| Restricted cash                       | 58,848              | 58,848              | -                   |
| Notes receivable - due in one year    | 49,163              | 26,693              | (22,470)            |
| Due from other governments            | -                   | -                   | -                   |
| <b>Total current assets</b>           | <b>536,551</b>      | <b>508,880</b>      | <b>(27,671)</b>     |
| <b>Noncurrent assets:</b>             |                     |                     |                     |
| Investment in certificates of deposit | 434,681             | 438,251             | 3,570               |
| Notes receivable - due after one year | 44,310              | 45,647              | 1,337               |
| Deposits                              | -                   | 5,000               | 5,000               |
| Land and building inventory           | 479,839             | 479,839             | -                   |
| <b>Total noncurrent assets</b>        | <b>958,830</b>      | <b>968,737</b>      | <b>9,907</b>        |
| <b>Total assets</b>                   | <b>1,495,381</b>    | <b>1,477,617</b>    | <b>(17,764)</b>     |
| <b>Current liabilities:</b>           |                     |                     |                     |
| Accounts payable                      | -                   | 4,687               | 4,687               |
| Grants payable                        | -                   | 69,488              | 69,488              |
| PILOT payments payable                | 42,338              | -                   | (42,338)            |
| Deferred revenue                      | 58,848              | 58,848              | -                   |
| <b>Total liabilities</b>              | <b>101,186</b>      | <b>133,023</b>      | <b>31,837</b>       |
| Unrestricted net assets               | 1,394,195           | 1,344,594           | (49,601)            |
| <b>Total net assets</b>               | <b>\$ 1,394,195</b> | <b>\$ 1,344,594</b> | <b>(49,601)</b>     |

The decrease in cash is due to the net loss for the year. Expenses exceed revenue by \$49,601 during the year and cash decreased by \$59,523.

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**Management's Discussion and Analysis**  
**For the year ended December 31, 2009**

Our analysis in *Figure 2* considers the operations of the Agency's activities.

Figure 2

| Changes in Net Assets                             | Total Agency      |                    | Total Dollar Change |
|---------------------------------------------------|-------------------|--------------------|---------------------|
|                                                   | 2008              | 2009               | 2008-2009           |
| Operating revenues:                               |                   |                    |                     |
| Fees for services                                 | \$ 24,932         | \$ 2,000           | (22,932)            |
| Rental Fees                                       | 4,334             | 4,463              | 129                 |
| Interest on notes receivable                      | 1,986             | 66                 | (1,920)             |
| Grant revenue                                     | -                 | 69,488             | 69,488              |
| Other                                             | -                 | 1,000              | 1,000               |
| Loss on sale of land and building inventory       | (29)              | -                  | 29                  |
| <b>Total operating revenues</b>                   | <b>31,223</b>     | <b>77,017</b>      | <b>45,794</b>       |
| Operating expenses:                               |                   |                    |                     |
| General operating                                 | 37,928            | 35,647             | (2,281)             |
| Local economic development                        | 22,279            | 29,679             | 7,400               |
| Grant expenses                                    | -                 | 69,488             | 69,488              |
| Property taxes on investment in land and building | 2,790             | 2,903              | 113                 |
| <b>Total operating expenses</b>                   | <b>62,997</b>     | <b>137,717</b>     | <b>74,720</b>       |
| <b>Total operating (loss) income</b>              | <b>(31,774)</b>   | <b>(60,700)</b>    | <b>(28,926)</b>     |
| Non-operating revenues/expenses                   |                   |                    |                     |
| Interest and earnings                             | 25,407            | 9,312              | (16,095)            |
| Gas well leases                                   | 4,943             | 1,787              | (3,156)             |
| <b>Total non-operating income</b>                 | <b>30,350</b>     | <b>11,099</b>      | <b>(19,251)</b>     |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>          | <b>\$ (1,424)</b> | <b>\$ (49,601)</b> | <b>(48,177)</b>     |

Total revenues for the Agency's activities increased by \$45,794. In 2009, the Organization received a pass through grant, which offset the decrease in fees for services. Total expenses for the Agency increased by \$74,671 primarily due to the pass through grant, in addition to significantly higher legal fees. During 2009 the Organization was party to a lawsuit, which was dismissed by the Supreme Court.

**FACTORS BEARING ON THE AGENCY'S FUTURE**

- The Agency does not anticipate any significant changes in revenues or expenses for year ended December 31, 2010.
- There are no known factors that would have an impact on the economic climate of the community in the foreseeable future.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cayuga County Industrial Development Agency, at 160 Genesee Street, 5<sup>th</sup> Floor, Auburn, New York 13021.

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Statement of Net Assets

December 31, 2009

**ASSETS**

|                                                                           | Primary<br>Government | Cayuga<br>County<br>Development<br>Corporation |
|---------------------------------------------------------------------------|-----------------------|------------------------------------------------|
| <b>Current Assets:</b>                                                    |                       |                                                |
| Cash and cash equivalents - Unrestricted                                  | \$ 367,112            | \$ 16,546                                      |
| Accounts receivable                                                       | 1,905                 | -                                              |
| Restricted cash and cash equivalents                                      | 58,848                | -                                              |
| Grants receivable                                                         | 54,322                | -                                              |
| Notes, mortgages, and capitalized leases receivable in one year           | <u>26,693</u>         | <u>15,091</u>                                  |
| <b>Total Current Assets</b>                                               | <u>508,880</u>        | <u>31,637</u>                                  |
| <b>Noncurrent Assets:</b>                                                 |                       |                                                |
| Investments - Certificate of deposit                                      | 438,251               | -                                              |
| Restricted investments - Certificate of deposit                           | -                     | 149,578                                        |
| Notes, mortgages, and capitalized leases receivable in more than one year | 45,647                | 58,434                                         |
| Deposits                                                                  | 5,000                 | -                                              |
| Land and building inventory                                               | <u>479,839</u>        | <u>-</u>                                       |
| <b>Total Noncurrent Assets</b>                                            | <u>968,737</u>        | <u>208,012</u>                                 |
| <b>Total Assets</b>                                                       | \$ <u>1,477,617</u>   | \$ <u>239,649</u>                              |

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                         |                     |                   |
|-----------------------------------------|---------------------|-------------------|
| Accounts payable                        | \$ 4,687            | \$ -              |
| PILOT payments payable                  | -                   | -                 |
| Grants payable                          | 69,488              | -                 |
| Deferred revenue                        | <u>58,848</u>       | <u>6,525</u>      |
| <b>Total Liabilities</b>                | <u>133,023</u>      | <u>6,525</u>      |
| Restricted net assets                   | -                   | 149,578           |
| Unrestricted net assets                 | <u>1,344,594</u>    | <u>83,546</u>     |
| <b>Total Net Assets</b>                 | <u>1,344,594</u>    | <u>233,124</u>    |
| <b>Total Liabilities and Net Assets</b> | \$ <u>1,477,617</u> | \$ <u>239,649</u> |

See accompanying notes to financial statements and accountants' report

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Year Ended December 31, 2009**

|                                                   | <u>Primary<br/>Government</u> | <u>Cayuga<br/>County<br/>Development<br/>Corporation</u> |
|---------------------------------------------------|-------------------------------|----------------------------------------------------------|
| <b>Operating Revenues:</b>                        |                               |                                                          |
| Fees for services                                 | \$ 2,000                      | \$ -                                                     |
| Rental fees                                       | 4,463                         | -                                                        |
| Interest on loans and leases                      | 66                            | 128                                                      |
| Grant income                                      | 69,488                        | -                                                        |
| Other income                                      | <u>1,000</u>                  | <u>-</u>                                                 |
| <b>Total Operating Revenues</b>                   | <u>77,017</u>                 | <u>128</u>                                               |
| <b>Operating Expenses:</b>                        |                               |                                                          |
| Administration                                    | 10,301                        | 1,608                                                    |
| Legal                                             | 25,346                        | -                                                        |
| Local economic development                        | 29,679                        | -                                                        |
| Property taxes                                    | 2,903                         | -                                                        |
| Grant expenses                                    | <u>69,488</u>                 | <u>-</u>                                                 |
| <b>Total Operating Expenses</b>                   | <u>137,717</u>                | <u>1,608</u>                                             |
| <b>Operating Income (Loss)</b>                    | <u>(60,700)</u>               | <u>(1,480)</u>                                           |
| <b>Nonoperating Revenues (Expenses)</b>           |                               |                                                          |
| Interest and earnings                             | 9,312                         | 2,364                                                    |
| Gas well lease                                    | <u>1,787</u>                  | <u>-</u>                                                 |
| <b>Total Nonoperating Revenues</b>                | <u>11,099</u>                 | <u>2,364</u>                                             |
| <b>Net Increase (Decrease) in Net Assets</b>      | <b>(49,601)</b>               | <b>884</b>                                               |
| <b>Unrestricted Net Assets, January 1, 2009</b>   | <u>1,394,195</u>              | <u>232,240</u>                                           |
| <b>Unrestricted Net Assets, December 31, 2009</b> | <b>\$ <u>1,344,594</u></b>    | <b>\$ <u>233,124</u></b>                                 |

See accompanying notes to financial statements and accountants' report

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Statement of Cash Flows

For the Year Ended December 31, 2009

|                                                                                   | Primary<br>Government    | Cayuga<br>County<br>Development<br>Corporation |
|-----------------------------------------------------------------------------------|--------------------------|------------------------------------------------|
| <b>Cash Flows from Operating Activities:</b>                                      |                          |                                                |
| Cash received from providing services                                             | \$ 1,000                 | \$ -                                           |
| Cash received from rental of property                                             | 4,463                    | -                                              |
| Cash received from interest on loans and leases                                   | 66                       | 128                                            |
| Cash received from payments of notes, mortgages, and capitalized leases           | 21,133                   | 3,125                                          |
| Cash received from grants                                                         | 15,166                   | -                                              |
| Cash received from other income                                                   | 1,000                    | -                                              |
| Sale of land and buildings                                                        | -                        | -                                              |
| Cash payments - contractual expenses                                              | <u>(63,542)</u>          | <u>(1,608)</u>                                 |
| Net Cash Provided by Operating Activities                                         | <u>(20,714)</u>          | <u>1,645</u>                                   |
| <b>Cash Flows from Noncapital Financing Activities:</b>                           |                          |                                                |
| PILOT payments received                                                           | 192,533                  | -                                              |
| PILOT payments paid                                                               | <u>(233,871)</u>         | <u>-</u>                                       |
| Net Cash Provided by Noncapital Financing Activities                              | <u>(41,338)</u>          | <u>-</u>                                       |
| <b>Cash Flows from Capital and Related Financing Activities</b>                   | <u>-</u>                 | <u>-</u>                                       |
| <b>Cash Flows from Investing Activities:</b>                                      |                          |                                                |
| Interest income received                                                          | 9,312                    | 2,364                                          |
| Cash received on gas well leases                                                  | 1,787                    | -                                              |
| Deposits made                                                                     | (5,000)                  | -                                              |
| New loan issued                                                                   | -                        | -                                              |
| Cash (invested) in certificates of deposit                                        | <u>(3,570)</u>           | <u>(2,344)</u>                                 |
| Net Cash Provided (Used) by Investing Activities                                  | <u>2,529</u>             | <u>20</u>                                      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                       | <b>(59,523)</b>          | <b>1,665</b>                                   |
| <b>CASH AND CASH EQUIVALENTS, JANUARY 1, 2009</b>                                 | <b><u>485,483</u></b>    | <b><u>14,881</u></b>                           |
| <b>CASH AND CASH EQUIVALENTS, DECEMBER 31, 2009</b>                               | <b>\$ <u>425,960</u></b> | <b>\$ <u>16,546</u></b>                        |
| <b>Reconciliation of net (loss) to net cash provided by operating activities:</b> |                          |                                                |
| Operating gain (loss)                                                             | \$ (60,700)              | \$ (1,480)                                     |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |                                                |
| Decrease in accounts receivable                                                   | -                        | -                                              |
| Increase in grants receivable                                                     | (54,322)                 | -                                              |
| Decrease in notes, mortgages, and capitalized leases                              | 21,133                   | 3,125                                          |
| Increase in accounts payable                                                      | 4,687                    | -                                              |
| Increase in grants payable                                                        | <u>69,488</u>            | <u>-</u>                                       |
| Net cash Provided by Operating Activities                                         | \$ <u>(19,714)</u>       | \$ <u>1,645</u>                                |

See accompanying notes to financial statements and accountants' report

# CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## Notes to Financial Statements

For the Year Ended December 31, 2009

### NOTE 1

#### Summary of Significant Accounting Policies

The financial statements of the Cayuga County Industrial Agency have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Agency has the option to apply FASB pronouncements issued after that date to its Business-type Activities and has elected to do so. The more significant of the Agency's accounting policies are described below.

#### A. Financial Reporting Entity

The Cayuga County Industrial Development Agency is a public benefit corporation organized in May 1970 under the provisions of New York State general municipal law Article 18-A. The Agency was created to promote economic welfare, recreation opportunities and prosperity for the inhabitants of Cayuga County. Cayuga County provides economic support and appoints the members of the Agency, consequently, the Agency is part of the Cayuga County reporting entity.

The financial reporting entity consists of (a) the primary government which is the Cayuga County Industrial Development Agency, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete".

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is included as a discretely presented component unit.

#### 1. Cayuga County Development Corporation

During 2004, the Agency organized a local development corporation to accept funds from the liquidation of the Industrial Development Foundation of Auburn and Cayuga County, New York. The purpose of the corporation is to provide low interest loans to local businesses. The corporation is a separate legal entity, whose sole member is the Agency, which appoints the Corporation's Board.

#### B. Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting.

#### C. Cash and Cash Equivalents

The Agency considers all highly liquid investments having an original maturity of three months or less to be cash equivalents.

#### D. Investments

Investments are stated at cost, which approximates market value.

#### E. Notes, Mortgages, Capitalized Leases, and Allowances for Uncollectible Accounts

These receivables include notes, mortgages and capitalized leases issued to businesses which are approved by resolution of the Agency. Receivables are deemed uncollectible when the Agency institutes foreclosure procedures. Capitalized leases are shown at present value and interest is recorded as revenue.

## CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

For the Year Ended December 31, 2009

### F. Operating Revenue

Operating revenues of the Agency consist of administrative fees, interest notes, mortgages, and capitalized leases, and rental on real property owned by the Agency for purposes of economic development. Investment earnings are reported as non-operating income.

### G. Land and Building Inventory

The Agency has acquired real property for the purpose of selling or leasing the assets to further economic development in Cayuga County. Improvements made by the Agency have been added to the cost basis of the inventory. Because these assets are held as inventory, no provision for depreciation has been made.

### H. Deferred Revenue

The Agency was the lead agency for a water project funded by the County of Cayuga. Such grants received are shown as revenues when earned, which is when expenses are incurred. Funds remaining are reported as deferred revenue.

### I. Equity Classifications

#### Statement of Net Assets

- Restricted Net Assets

Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Assets

Consists of all other net assets that do not meet the definition of "restricted."

#### NOTE 2

##### Basis of Accounting/Measurement Focus

All funds are accounted for on an "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Material revenues accrued include administrative fees and interest on notes, mortgages, and capitalized leases. Expenses are recorded when the liability is incurred.

#### NOTE 3

##### Deposits and 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 in within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State of its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Total bank balances of the primary government of \$882,706 at December 31, 2009 are covered by FDIC insurance up to \$629,182 with the remaining \$253,524 collateralized with securities held by the Agency's financial institution pledged in the name of Cayuga County Industrial Agency. The carrying value of deposits at December 31, 2009 totaled \$864,211. Included in these balances is a 6 month certificate of deposit in the amount of \$438,251 at an interest rate of .1%. Restricted cash of \$58,848 consists of grant funds that have been deferred.

Total bank balances of the component unit of \$166,130 at December 31, 2009 are covered by FDIC insurance. The carrying value of deposits at December 31, 2009 totaled \$166,130. Included in the balance is a six month certificate of deposit in the amount of \$149,578 at an interest rate of .1%. These funds are restricted for the purpose of economic development loans.

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
Notes to Financial Statements  
For the Year Ended December 31, 2009

NOTE 4

Notes Receivable

A. Primary Government

The following notes receivable are recorded at December 31, 2009:

| <u>Description</u>   | <u>Issued</u> | <u>Maturity</u> | <u>Interest Rate</u> | <u>Balance at</u><br><u>12/31/2009</u> |
|----------------------|---------------|-----------------|----------------------|----------------------------------------|
| Note secured by land | 1997          | 2011            | 2.00%                | \$ 65,816                              |
| Note secured by land | 2005          | 2008            | 5.00%                | <u>6,524</u>                           |
|                      |               |                 | Net Outstanding \$   | <u>72,340</u>                          |

Repayments on the note receivable are scheduled as follows:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2010        | \$ 26,692        |
| 2011        | 23,274           |
| 2011        | <u>22,374</u>    |
| Total       | <u>\$ 72,340</u> |

B. Component Unit

The Corporation issued a \$67,000 note to Vacuum Logistics in 2008. Principal and interest payments are deferred the first 18 months of the term. Deferred interest of \$6,525 was added to the principal of the note. The following notes receivable are recorded at December 31, 2009:

| <u>Description</u>                                                            | <u>Issued</u> | <u>Maturity</u> | <u>Interest Rate</u> | <u>Balance at</u><br><u>12/31/2008</u> |
|-------------------------------------------------------------------------------|---------------|-----------------|----------------------|----------------------------------------|
| Note secured by interest in intellectual property, equipment and other assets | 2008          | 2014            | 6.50%                | \$ <u>73,525</u>                       |
|                                                                               |               |                 | Net Outstanding \$   | <u>73,525</u>                          |

Repayments on the note receivable are scheduled as follows:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2010        | \$ 15,091        |
| 2011        | 13,875           |
| 2012        | 14,804           |
| 2013        | 15,795           |
| 2014        | <u>13,960</u>    |
| Total       | <u>\$ 73,525</u> |

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Notes to Financial Statements

For the Year Ended December 31, 2009

**NOTE 5**      PILOT Payments Receivable/Payable

The agency acts as an agent in collecting Payment In Lieu Of Tax (PILOT) Payments from participating companies and remitting them to local governmental entities. The Agency report PILOT Payments Receivable for amounts due from companies and PILOT Payments Payable for amounts to be remitted to local government entities at year end.

**NOTE 6**      Land and Building Inventory

Activity in land and building inventory during the year ended December 31, 2008 is as follows:

| <u>12/31/2008</u> | <u>Additions</u> | <u>Sales</u> | <u>12/31/2009</u> |
|-------------------|------------------|--------------|-------------------|
| 479,839           | -                | -            | 479,839           |

**NOTE 7**      Restricted Net Assets – Component Unit

Amounts reported in restricted net assets are funds remaining from a Housing and Urban Development grant and are restricted for economic development loans.

**NOTE 8**      Related Party Transactions

The Agency paid the County of Cayuga \$8,000 for certain administrative services and use of County property during 2009.

**NOTE 9**      Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property that is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State.

The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, because its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as financial agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such Administrative fee income is recognized immediately upon issuance of bonds and notes.

**NOTE 10**      Commitments and Contingencies

General

The Agency is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; error and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 11**      Subsequent Events

Management has evaluated subsequent events through June 9, 2010, the date on which the financial statements were available to be issued.

Annual Report for Cayuga Industrial Development Agency  
Fiscal Year Ending 12/31/2009

Run Date: 07/09/2010  
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                                  |                              |                                       |                         |                   |                                     |
| Conduit Debt                             | 0.00                         | 2,450,000.00                          | 0.00                    | 140,000.00        | 2,350,000.00                        |
| Conduit Debt - Pilot Increment Financing |                              |                                       |                         |                   |                                     |

**IDA Projects**

**General Project Information**

Project Code: 0502 99 01A  
 Project Type: Straight Lease  
 Project Name: Auburn Metal Processing  
 Project part of another No  
 Phase or multi phase:  
 Original Project Code:  
 Project Purpose Category: Manufacturing  
 Total Project Amount: \$3,500,000.00  
 Benefited Project Amount: \$3,500,000.00  
 Bond/Note Amount:  
 Annual Lease Payment: \$0  
 Federal Tax Status of Bonds:  
 Not For Profit: NO  
 Date Project Approved: 09/22/1998  
 IDA Took Title or Leasehold Yes  
 Interest in the Property:  
 Date IDA Took Title 10/01/1998  
 or Leasehold Interest:  
 Year Financial Assistance is 2019  
 Planned to End:  
 Notes: Manufacturing

**Location of Project**

Address Line1: 279 North Street  
 Address Line2:  
 City: AUBURN  
 State: NY  
 Zip - Plus4: 13021  
 Province Region:  
 Country: USA

**Applicant Information**

Applicant Name: NFR  
 Address Line1: 611 Cochran Road  
 Address Line2:  
 City: SOLON  
 State: OH  
 Zip - Plus4: 44139  
 Province Region:  
 Country: USA

**Project Tax Exemptions & PILOT Payment Information**

State Sales Tax Exemption: \$0  
 Local Sales Tax Exemption: \$0  
 County Real Property Tax Exemption: \$4,050  
 Local Property Tax Exemption: \$478  
 School Property Tax Exemption: \$12,463  
 Mortgage Recording Tax Exemption: \$0  
 Total Exemptions: \$17,011.00  
 Total Exemptions Net of RPTL Section 485-b:  
 PILOT Payment Information  
 Actual Payment Me Payment Due Per Agre  
 County PILOTS: \$3,048  
 Local PILOTS: \$2,209  
 School District PILOTS: \$9,312  
 Total PILOTS: \$14,569  
 Net Exemptions: \$2,442

**Project Employment Information**

# of FTEs before IDA Status: 0  
 Original Estimate of Jobs to be created: 16  
 Average estimated annual salary of jobs to be created, (at current market rates):  
 Annualized salary Range of jobs to be created:  
 Original Estimate of Jobs to be Retained:  
 Estimated average annual salary of jobs to be retained, (at current market rates):  
 Current # of FTEs: 26  
 # of FTE Construction Jobs during fiscal year: 0  
 Net Employment Change: 26

**Project Status**

Current Year Is Last Year for reporting: NO  
 There is no outstanding debt for this project: NO  
 IDA does not hold title to the property: NO  
 The project receives no tax exemptions: NO

**Annual Report for Cayuga Industrial Development Agency**  
Fiscal Year Ending 12/31/2009

Run Date: 07/09/2010  
Status: CERTIFIED

**IDA Projects**

**General Project Information**

Project Code: 0520 03 04A  
Project Type: Straight Lease  
Project Name: Bass Pro

Project part of another No  
Phase or multi phase:  
Original Project Code:  
Project Purposes Category: Other Categories

Total Project Amount: \$14,233,250.00  
Benefited Project Amount: \$14,233,250.00  
Bond/Note Amount:  
Annual Lease Payment: \$0  
Federal Tax Status of Bonds:  
Not For Profit: No  
Date Project Approved: 01/01/2003  
IDA Took Title or Leasehold Yes  
Interest in the Property:  
Date IDA Took Title 01/01/2003  
or Leasehold Interest:  
Year Financial Assistance Is: 2018  
Planned to End:  
Notes: Retail Trade (Tourism Destination Retail)

**Location of Project**

Address Line1: 1579 Clark Street Road  
Address Line2:  
City: AUBURN  
State: NY  
Zip - Plus4: 13021  
Province Region:  
Country: USA

**Applicant Information**

Applicant Name: Finger Lakes Mall  
Address Line1: 124 Johnson Ferry Rd  
Address Line2:  
City: ATLANTA  
State: GA  
Zip - Plus4: 30328  
Province Region:  
Country: USA

**Project Tax Exemptions & PILOT Payment Information**

State Sales Tax Exemption: \$0  
Local Sales Tax Exemption: \$0  
County Real Property Tax Exemption: \$39,832  
Local Property Tax Exemption: \$4,165  
School Property Tax Exemption: \$82,202  
Mortgage Recording Tax Exemption: \$0  
Total Exemptions: \$126,199.00  
Total Exemptions Net of RPTL Section 485-b: \$0.00

**PILOT Payment Information**

|                                   | Actual Payment Mts | Payment Due Per Agree |
|-----------------------------------|--------------------|-----------------------|
| County PILOTS: \$34,209           |                    | \$34,209              |
| Local PILOTS: \$6,037             |                    | \$6,037               |
| School District PILOTS: \$109,388 |                    | \$109,388             |
| Total PILOTS: \$149,634           |                    | \$149,634             |
| Net Exemptions: -\$21,435         |                    |                       |

**Project Employment Information**

# of FTEs before IDA Status: 0  
Original Estimate of Jobs to be created: 65  
Average estimated annual salary of jobs to be created, (at current market rates): 0  
Annualized salary Range of jobs to be created: 0 To: 0  
Original Estimate of Jobs to be Retained: 0  
Estimated average annual salary of jobs to be retained, (at current market rates): 0  
Current # of FTEs: 175  
# of FTE Construction Jobs during fiscal year: 0  
Net Employment Change: 175

**Project Status**

Current Year Is Last Year for reporting: No  
There is no outstanding debt for this project: No  
IDA does not hold title to the property: No  
The project receives no tax exemptions: No

**IDA Projects**

General Project Information

Project Code: 0502 96 01A  
Project Type: Straight Lease  
Project Name: D&W Diesel Project 1

Project part of another No  
Phase or multi phase:  
Original Project Code:  
Project Purpose Category: Manufacturing

Total Project Amount: \$3,152,000.00  
Benefited Project Amount: \$3,152,000.00  
Bond/Note Amount:

Annual Lease Payment: \$0  
Federal Tax Status of Bonds:  
Not For Profit: No

Date Project Approved: 09/21/1995  
IDA Took Title or Leasehold: Yes

Interest in the Property:  
Date IDA Took Title: 12/28/1995  
or Leasehold Interest:  
Year Financial Assistance is Planned to End: 2021

Notes: Manufacturing: NOTE This is part of a 2phase CCIDA project: D&W 1 and D&W 2 completed sequentially. The total number of jobs before CCIDA project is 1

Location of Project

Address Line1: D&W Diesel Inc  
Address Line2: NYS Route 5E20  
City: AUBURN  
State: NY  
Zip - Plus4: 13021  
Province Region:  
Country: USA

Applicant Information

Applicant Name: D&W Diesel Inc  
Address Line1: 1503 Clark Street Road  
Address Line2:  
City: AUBURN  
State: NY  
Zip - Plus4: 13021  
Province Region:  
Country: USA

Project Tax Exemptions & PILOT Payment Information

State Sales Tax Exemption: \$0  
Local Sales Tax Exemption: \$0  
County Real Property Tax Exemption: \$2,511  
Local Property Tax Exemption: \$253  
School Property Tax Exemption: \$5,182  
Mortgage Recording Tax Exemption: \$0  
Total Exemptions: \$7,946.00  
Total Exemptions Net of RPTL Section 485-b: \$0.00

PILOT Payment Information

|                                 | Actual Payment Ms | Payment Due Per Agree |
|---------------------------------|-------------------|-----------------------|
| County PILOTS: \$2,101          |                   | \$2,101               |
| Local PILOTS: \$2,899           |                   | \$2,899               |
| School District PILOTS: \$2,899 |                   | \$2,899               |
| Total PILOTS: \$7,899           |                   | \$7,899               |
| Net Exemptions: \$47            |                   |                       |

Project Employment Information

# of FTEs before IDA Status: 98  
Original Estimate of jobs to be created: 20  
Average estimated annual salary of jobs to be created (at current market rates): 0  
Annualized salary range of jobs to be created: 0 To: 0  
Original Estimate of jobs to be Retained: 98  
Estimated average annual salary of jobs to be retained (at current market rates): 0  
Current # of FTEs: 142  
# of FTEs Construction Jobs during fiscal year: 0  
Net Employment Change: 44

Project Status

Current Year Is Last Year for reporting: No  
There is no outstanding debt for this project: No  
IDA does not hold title to the property: No  
The project receives no tax exemptions: No

**IDA Projects**

**General Project Information**

Project Code: 0502 06 01A  
Project Type: Bonds/Notes Issuance  
Project Name: D&W Diesel #2

Project part of another: Yes  
Phase or multi phase:  
Original Project Code: 0502 96 01A  
Project Purpose Category: Manufacturing

Total Project Amount: \$652,000.00  
Benefited Project Amount: \$652,000.00  
Bond/Note Amount: \$0.00

Annual Lease Payment:  
Federal Tax Status of Bonds: Taxable  
Not For Profit: No

Date Project Approved: 08/16/2005  
IDA Took Title or Leasehold: Yes  
Interest in the Property:  
Date IDA Took Title: 01/01/2006  
or Leasehold Interest:  
Year Financial Assistance is Planned to End: 2021

Notes: Manufacturing Facility Expansion. NOTR  
This is part of a 2phase CCIDA project:  
D&W 1 and D&W 2 completed sequentially.  
The total number of jobs before CCIDA pr

**Location of Project**

Address Line1: D&W Diesel Inc  
Address Line2: NYS Route 5620  
City: AUBURN  
State: NY  
Zip - Plus4: 13021  
Province Region:  
Country: USA

**Applicant Information**

Applicant Name: D&W Diesel Inc  
Address Line1: 1503 Clark Street Road  
Address Line2:  
City: AUBURN  
State: NY  
Zip - Plus4: 13021  
Province Region:  
Country: USA

**Project Tax Exemptions & PILOT Payment Information**

State Sales Tax Exemption: \$0  
Local Sales Tax Exemption: \$0  
County Real Property Tax Exemption: \$9,871  
Local Property Tax Exemption: \$1,032  
School Property Tax Exemption: \$20,372  
Mortgage Recording Tax Exemption: \$0  
Total Exemptions: \$31,275.00  
Total Exemptions Net of RPTL Section 485-b: \$0.00

**PILOT Payment Information**

| Actual Payment Ms               | Payment Due Per Agre |
|---------------------------------|----------------------|
| County PILOTS: \$1,107          | \$1,107              |
| Local PILOTS: \$112             | \$112                |
| School District PILOTS: \$2,278 | \$2,278              |
| Total PILOTS: \$3,497           | \$3,497              |
| Net Exemptions: \$27,778        |                      |

**Project Employment Information**

# of FTBS before IDA Status: 98  
Original Estimate of Jobs to be created: 20  
Average estimated annual salary of jobs to be created (at current market rates): 3,361,850 To: 0  
Annualized salary Range of jobs to be Retained: 98  
Estimated average annual salary of jobs to be retained (at current market rates): 3,113,950  
Current # of FTBS: 142  
# of FTB Construction Jobs during fiscal year: 0  
Net Employment Change: 44

**Project Status**

Current Year Is Last Year for reporting: No  
There is no outstanding debt for this project: No  
IDA does not hold title to the property: No  
The project receives no tax exemptions: No

**IDA Projects**

General Project Information

Project Code: 0502 95 01A  
Project Type: Straight Lease  
Project Name: Finger Lakes Rail Road

Project part of another No  
Phase or multi phase:  
Original Project Code:  
Project Purpose Category: Transportation, Communication, Electric,

Total Project Amount: \$4,999,000.00  
Benefited Project Amount: \$4,999,000.00  
Bond/Note Amount:

Annual Lease Payment: \$0  
Federal Tax Status of Bonds:  
Not For Profit: No

Date Project Approved: 01/01/1995  
IDA Took Title or Leasehold Yes

Interest in the Property:  
Date IDA Took Title 01/01/1995  
or Leasehold Interest:  
Year Financial Assistance is 2007  
Planned to End:

Notes: Rail Transportation Project (Freight)

Location of Project

Address Line1: Finger Lakes Railroad  
Address Line2: PO Box 1099  
City: GENEVA  
State: NY  
Zip - Plus4: 14456  
Province Region:  
Country: USA

Applicant Information

Applicant Name: Finger Lakes Railroad  
Address Line1: PO Box 1099  
Address Line2:  
City: GENEVA  
State: NY  
Zip - Plus4: 14456  
Province Region:  
Country: USA

Project Tax Exemptions & PILOT Payment Information

State Sales Tax Exemption: \$0  
Local Sales Tax Exemption: \$0  
County Real Property Tax Exemption: \$48,240  
Local Property Tax Exemption: \$16,632  
School Property Tax Exemption: \$98,821  
Mortgage Recording Tax Exemption: \$0  
Total Exemptions: \$163,693.00  
Total Exemptions Net of RPTL Section 485-b: \$0.00

PILOT Payment Information

| Actual Payment Me               | Payment Due Per Agre |
|---------------------------------|----------------------|
| County PILOTS: \$9,322          | \$9,322              |
| Local PILOTS: \$9,322           | \$9,322              |
| School District PILOTS: \$9,322 | \$9,322              |
| Total PILOTS: \$27,966          | \$27,966             |
| Net Exemptions: \$135,727       |                      |

Project Employment Information

# of FTES before IDA Status: 0  
Original Estimate of Jobs to be created: 10  
Average estimated annual salary of jobs to be created: (at current market rates): 0  
Annualized salary range of jobs to be created: 0  
Original Estimate of Jobs to be Retained: 0  
Estimated average annual salary of jobs to be retained: (at current market rates): 0  
Current # of FTES: 48  
# of FTB Construction Jobs during fiscal year: 0  
Net Employment Change: 48

Project Status

Current Year Is Last Year for reporting: No  
There is no outstanding debt for this project: No  
IDA does not hold title to the property: No  
The project receives no tax exemptions: No

**IDA Projects**

General Project Information

Project Code: 0502 03 02A  
 Project Type: Straight Lease  
 Project Name: Johnston Paper (May & May Associates)  
 Project part of another No  
 phase or multi phase:  
 Original Project Code:  
 Project Purpose Category: Services  
 Total Project Amount: \$5,243,600.00  
 Benefited Project Amount: \$5,243,600.00  
 Bond/Note Amount:  
 Annual Lease Payment: \$0  
 Federal Tax Status of Bonds:  
 Not For Profit: No  
 Date Project Approved: 07/10/2003  
 IDA Took Title or Leasehold: Yes  
 Interest in the Property:  
 Date IDA Took Title: 11/18/2003  
 or Leasehold Interest:  
 Year Financial Assistance In: 2024  
 Planned to End:  
 Notes: Warehousing and Distribution / Services  
 Facility

Location of Project

Address Line1: May & May Associates  
 Address Line2: 5 Green Links Turn  
 City: AUBURN  
 State: NY  
 Zip - Plus4: 13021  
 Province Region:  
 Country: USA

Applicant Information

Applicant Name: Johnston Paper Co, Inc  
 Address Line1: 21 Allen Street  
 Address Line2:  
 City: AUBURN  
 State: NY  
 Zip - Plus4: 13021  
 Province Region:  
 Country: USA

Project Tax Exemptions & PILOT Payment Information

State Sales Tax Exemption: \$0  
 Local Sales Tax Exemption: \$0  
 County Real Property Tax Exemption: \$98,207  
 Local Property Tax Exemption: \$4,500  
 School Property Tax Exemption: \$80,415  
 Mortgage Recording Tax Exemption: \$0  
 Total Exemptions: \$123,122.00  
 Total Exemptions Net of RPTL Section 485-b: \$0.00

PILOT Payment Information

| Actual Payment Ms           | Payment Due Per Agree |
|-----------------------------|-----------------------|
| County PILOTS: \$0          | \$0                   |
| Local PILOTS: \$0           | \$0                   |
| School District PILOTS: \$0 | \$0                   |
| Total PILOTS: \$0           | \$0                   |
| Net Exemptions: \$123,122   |                       |

Project Employment Information

# of PTEs Before IDA Status: 0  
 Original Estimate of jobs to be created: 40  
 Average estimated annual salary of jobs to be created: (at current market rates): 0  
 Annualized salary range of jobs to be created: 0  
 Original Estimate of jobs to be Retained: 0  
 Estimated average annual salary of jobs to be retained: (at current market rates): 0  
 Current # of PTEs: 97  
 # of PTE Construction Jobs during fiscal year: 0  
 Net Employment Change: 97

Project Status

Current Year Is Last Year for reporting: No  
 There is no outstanding debt for this project: No  
 IDA does not hold title to the property: No  
 The project receives no tax exemptions: No

**IDA Projects**

**General Project Information**

Project Code: 0520 03 04B  
Project Type: Straight Lease  
Project Name: Kinney Drugs (Clearmart Inc.)

Project part of another phase or multi phase: No  
Original Project Code:  
Project Purposes Category: Other Categories

Total Project Amount: \$1,310,000.00  
Benefited Project Amount: \$1,310,000.00  
Bond/Note Amount:  
Annual Lease Payment: \$0  
Federal Tax Status of Bonds: Not For Profit: No

Date Project Approved: 08/17/2004  
IDA Took Title or Leasehold: Yes  
Interest in the Property: Date IDA Took Title: 08/28/2004  
or Leasehold Interest:  
Year Financial Assistance is Planned to End: 2015  
Notes: (Code 5) Retail Trade

**Location of Project**

Address Line1: Clearmart Inc.  
Address Line2: 1108 Madden Lane  
City: CORTLAND  
State: NY  
Zip - Plus4: 13045  
Province Region:  
Country: USA

**Applicant Information**

Applicant Name: Kinney Drugs Inc  
Address Line1: 29 East Main Street  
Address Line2:  
City: GOVERNOR  
State: NY  
Zip - Plus4: 13642  
Province Region:  
Country: USA

**Project Tax Exemptions & PILOT Payment Information**

State Sales Tax Exemption: \$0  
Local Sales Tax Exemption: \$0  
County Real Property Tax Exemption: \$14,102  
Local Property Tax Exemption: \$12,270  
School Property Tax Exemption: \$24,833  
Mortgage Recording Tax Exemption: \$0  
Total Exemptions: \$51,205.00  
Total Exemptions Net of RPTL Section 485-b: \$0.00

**PILOT Payment Information**

| Actual Payment Me               | Payment Due Per Agree |
|---------------------------------|-----------------------|
| County PILOTS: \$4,101          | \$4,101               |
| Local PILOTS: \$1,698           | \$1,698               |
| School District PILOTS: \$5,167 | \$5,167               |
| Total PILOTS: \$10,966          | \$10,966              |
| Net Exemptions: \$40,239        |                       |

**Project Employment Information**

# of FTEs before IDA Status: 0  
Original Estimate of Jobs to be created: 28  
Average estimated annual salary of jobs to be created (at current market rates): 430,000 To: 0  
Annualized salary Range of jobs to be created: 0  
Original Estimate of Jobs to be Retained: 0  
Estimated average annual salary of jobs to be retained (at current market rates): 0  
Current # of FTEs: 61  
# of FTB Construction Jobs during fiscal year: 0  
Net Employment Change: 61

**Project Status**

Current Year Is last Year for reporting: No  
There is no outstanding debt for this project: No  
IDA does not hold title to the property: No  
The project receives no tax exemptions: No

**IDA Projects**

General Project Information

Project Code: 0502 97 02A  
 Project Type: Straight Lease  
 Project Name: Owens-Brockway Container Inc  
 Project part of another No  
 Phase or multi phase:  
 Original Project Code:  
 Project Purpose Category: Other Categories  
 Total Project Amount: \$3,600,000.00  
 Benefited Project Amount: \$3,600,000.00  
 Bond/Note Amount:  
 Annual Lease Payment: \$0  
 Federal Tax Status of Bonds:  
 Not For Profit: No  
 Date Project Approved: 01/01/1997  
 IDA Took Title or Leasehold Yes  
 Interest in the Property:  
 Date IDA Took Title: 01/01/1997  
 or Leasehold Interest:  
 Year Financial Assistance Is Planned to End: 2008  
 Notes: Manufacturing / Warehousing for OI

Location of Project

Address Line1: 2801 E. Bayard St  
 Address Line2:  
 City: SENECA FALLS  
 State: NY  
 Zip - Plus4: 13148  
 Province Region:  
 Country: USA

Applicant Information

Applicant Name: NHW Auburn LLC / OI  
 Address Line1: One Seagate  
 Address Line2:  
 City: TOLSONO  
 State: OH  
 Zip - Plus4: 43604  
 Province Region:  
 Country: USA

Project Tax Exemptions & PILOT Payment Information

State Sales Tax Exemption: \$0  
 Local Sales Tax Exemption: \$0  
 County Real Property Tax Exemption: \$22,330  
 Local Property Tax Exemption: \$2,633  
 School Property Tax Exemption: \$46,998  
 Mortgage Recording Tax Exemption: \$0  
 Total Exemptions: \$71,961.00  
 Total Exemptions Net of RPTL Section 485-b: \$0.00

PILOT Payment Information

| Actual Payment MA           | Payment Due Per Agree |
|-----------------------------|-----------------------|
| County PILOTS: \$0          | \$0                   |
| Local PILOTS: \$0           | \$0                   |
| School District PILOTS: \$0 | \$0                   |
| Total PILOTS: \$0           | \$0                   |
| Net Exemptions: \$71,961    |                       |

Project Employment Information

# of FTEs before IDA Status: 0  
 Original Estimate of Jobs to be created: 0  
 Average estimated annual salary of jobs to be created: (at current market rates): 0  
 Annualized salary Range of jobs to be created: 0  
 Original Estimate of jobs to be Retained: 0  
 Estimated average annual salary of jobs to be retained: (at current market rates): 0  
 Current # of FTEs: 0  
 # of FTE Construction Jobs during fiscal year: 0  
 Net Employment Change: 0

Project Status

Current Year Is Last Year for reporting: No  
 There is no outstanding debt for this project: No  
 IDA does not hold title to the property: No  
 The project receives no tax exemptions: No

**IDA Projects**

General Project Information

Project Code: 05020801A  
Project Type: Straight Lease  
Project Name: Sterling Renaissance Festival

Project part of another No  
Phase or multi phase:  
Original Project Code:  
Project Purpose Category: Other Categories

Total Project Amount: \$1,300,000.00  
Benefited Project Amount: \$1,300,000.00

Bond/Note Amount: \$0  
Federal Tax Status of Bonds: Not For Profit: No

Date Project Approved: 02/01/2008  
IDA Took Title or Leasehold: Yes

Interest in the Property: Date IDA Took Title: 02/01/2008  
Or Leasehold Interest: Year Financial Assistance is Planned to End: 2019

Notes: Renovation

Location of Project

Address Line1: 1585 Farden Road  
Address Line2:  
City: STERLING  
State: NY  
Zip - Plus4: 13156  
Province Region:  
Country: USA

Applicant Information

Applicant Name: Ontario Realty, Inc  
Address Line1: 2 Mayflower Circle  
Address Line2:  
City: OSMBOC  
State: NY  
Zip - Plus4: 13126  
Province Region:  
Country: USA

Project Tax Exemptions & PILOT Payment Information

State Sales Tax Exemption: \$0  
Local Sales Tax Exemption: \$0  
County Real Property Tax Exemption: \$8,238  
Local Property Tax Exemption: \$7,167  
School Property Tax Exemption: \$14,338  
Mortgage Recording Tax Exemption: \$0  
Total Exemptions: \$29,743.00  
Total Exemptions Net of RPTL Section 485-b: \$0.00

PILOT Payment Information

|                                  | Actual Payment M\$ | Payment Due Per Agree |
|----------------------------------|--------------------|-----------------------|
| County PILOTS: \$4,321           |                    | \$4,321               |
| Local PILOTS: \$1,313            |                    | \$1,313               |
| School District PILOTS: \$11,614 |                    | \$11,614              |
| Total PILOTS: \$17,248           |                    | \$17,248              |
| Net Exemptions: \$12,495         |                    |                       |

Project Employment Information

# of FTEs before IDA Status: 300  
Original Estimate of Jobs to be created: 300  
Average estimated annual salary of jobs to be created (at current market rates): 125,000  
Annualized salary range of jobs to be created: 75,000 to 125,000  
Original Estimate of jobs to be Retained: 300  
Estimated average annual salary of jobs to be retained (at current market rates): 925,000  
Current # of FTEs: 354  
# of FTE Construction Jobs during fiscal year: 0  
Net Employment Change: 54

Project Status

Current Year Is Last Year for reporting: No  
There is no outstanding debt for this project: No  
IDA does not hold title to the property: No  
The project receives no tax exemptions: No

**IDA Projects**

General Project Information

Project Code: 05020802A  
 Project Type: Straight Lease  
 Project Name: UPSCO Manufacturing & Distributing Co  
 Project part of another Inc  
 phase or multi phase: No  
 Original Project Code:  
 Project Purpose Category: Manufacturing

Total Project Amount: \$2,131,600.00  
 Benefited Project Amount: \$2,131,600.00  
 Bond/Note Amount:  
 Annual Lease Payment: \$0  
 Federal Tax Status of Bonds:  
 Not For Profit: No  
 Date Project Approved: 07/01/2008  
 IDA Took Title or Leasehold Interest in the Property: Yes  
 Date IDA Took Title: 07/01/2008  
 or Leasehold Interest:  
 Year Financial Assistance is Planned to End: 2019  
 Notes: Renovation

Location of Project

Address Line1: PO Box 431  
 Address Line2: 23 Central Street  
 City: MORAVIA  
 State: NY  
 Zip - Plus4: 13118  
 Province Region:  
 Country: USA

Applicant Information

Applicant Name: TWS Holding, LLC  
 Address Line1: 23 Central Street  
 Address Line2: PO Box 431  
 City: MORAVIA  
 State: NY  
 Zip - Plus4: 13118  
 Province Region:  
 Country: USA

Project Tax Exemptions & PILOT Payment Information

State Sales Tax Exemption: \$0  
 Local Sales Tax Exemption: \$0  
 County Real Property Tax Exemption: \$1,488  
 Local Property Tax Exemption: \$1,294  
 School Property Tax Exemption: \$2,620  
 Mortgage Recording Tax Exemption: \$0  
 Total Exemptions: \$5,402.00  
 Total Exemptions Net of RPTL Section 485-b: \$0.00

PILOT Payment Information

|                             | Actual Payment Ms | Payment Due Per Agree |
|-----------------------------|-------------------|-----------------------|
| County PILOTS: \$0          |                   | \$0                   |
| Local PILOTS: \$0           |                   | \$0                   |
| School District PILOTS: \$0 |                   | \$0                   |
| Total PILOTS: \$0           |                   | \$0                   |
| Net Exemptions: \$5,402     |                   |                       |

Project Employment Information

# of FTEs before IDA Status: 50  
 Original Estimate of jobs to be created: 0  
 Average estimated annual salary of jobs to be created: (at current market rates): 0  
 Annualized salary Range of jobs to be created: 1,330,000 To: 1,375,000  
 Original Estimate of jobs to be Retained: 50  
 Estimated average annual salary of jobs to be retained: (at current market rates): 1,330,000  
 Current # of FTEs: 50  
 # of FTE Construction Jobs during fiscal year: 0  
 Net Employment Change: 0

Project Status

Current Year Is Last Year for reporting: No  
 There is no outstanding debt for this project: No  
 IDA does not hold title to the property: No  
 The project receives no tax exemptions: No

Annual Report for Cayuga Industrial Development Agency  
Fiscal Year Ending 12/31/2009

Run Date: 07/09/2010  
Status: CREDITED

IDA Projects Summary Information:

| Total Number of Projects | Total Exemptions | Total PILOT Paid | Net Exemptions | Net Employment Change |
|--------------------------|------------------|------------------|----------------|-----------------------|
| 10                       | \$627,557.0      | \$231,779.0      | \$395,778      | 549                   |

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RICHARD D. WARD, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Cayuga County Industrial Development Agency as of and for the year ended December 31, 2009, and have issued our report thereon dated June 9, 2010. The report on the basic financial statements was adverse, as the Village of Weedsport elected not to apply GASB 34. We conducted our audit in accordance with auditing standards applicable to financial audits contained in 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 Cayuga County Industrial Development Agency'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 Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A deficiency in internal controls 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 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 entity'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 Cayuga County Industrial Development 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 other matters that we reported to management of Cayuga County Industrial Development Agency in a separate letter dated June 9, 2010

This report is intended solely for the information and use of the audit committee, Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Cuddy & Ward, LLP*

CUDDY & WARD, LLP  
Certified Public Accountants

Auburn, New York  
June 9, 2010

## CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis  
For the year ended December 31, 2009

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 unity 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, 2009, 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 \$49,601 in 2009 compared to 2008 when expenses exceeded revenues by \$1,424.
- Net assets for the year ended December 31, 2009 amounted to \$1,344,594, compared to \$1,394,195 at December 31, 2008.
- Total revenues of \$88,116 in 2009 increased from total revenues of \$61,573 in 2008.
- Total expenses of \$137,717 increased from total expenses of \$62,997 in 2008, primarily due to legal fees, site development costs, and costs related to Saratoga Cheese Factory.

### 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 all 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.

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Management's Discussion and Analysis

For the year ended December 31, 2009

**FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

The Agency's total net assets for fiscal year ended December 31, 2009 decreased by \$49,601. Our analysis below focuses on the net assets (Figure 1) and changes in net assets (Figure 2) of the Agency's activities.

Figure 1

| Condensed Statement of Net Assets     | Total Agency        |                     | Total Dollar Change |
|---------------------------------------|---------------------|---------------------|---------------------|
|                                       | 2008                | 2009                | 2008-2009           |
| <b>Current assets:</b>                |                     |                     |                     |
| Cash                                  | \$ 426,635          | \$ 367,112          | (59,523)            |
| Accounts receivable                   | 1,905               | 1,905               | -                   |
| Grants receivable                     | -                   | 54,322              | 54,322              |
| Restricted cash                       | 58,848              | 58,848              | -                   |
| Notes receivable - due in one year    | 49,163              | 26,693              | (22,470)            |
| Due from other governments            | -                   | -                   | -                   |
| <b>Total current assets</b>           | <b>536,551</b>      | <b>508,880</b>      | <b>(27,671)</b>     |
| <b>Noncurrent assets:</b>             |                     |                     |                     |
| Investment in certificates of deposit | 434,681             | 438,251             | 3,570               |
| Notes receivable - due after one year | 44,310              | 45,647              | 1,337               |
| Deposits                              | -                   | 5,000               | 5,000               |
| Land and building inventory           | 479,839             | 479,839             | -                   |
| <b>Total noncurrent assets</b>        | <b>958,830</b>      | <b>968,737</b>      | <b>9,907</b>        |
| <b>Total assets</b>                   | <b>1,495,381</b>    | <b>1,477,617</b>    | <b>(17,764)</b>     |
| <b>Current liabilities:</b>           |                     |                     |                     |
| Accounts payable                      | -                   | 4,687               | 4,687               |
| Grants payable                        | -                   | 69,488              | 69,488              |
| PILOT payments payable                | 42,338              | -                   | (42,338)            |
| Deferred revenue                      | 58,848              | 58,848              | -                   |
| <b>Total liabilities</b>              | <b>101,186</b>      | <b>133,023</b>      | <b>31,837</b>       |
| <b>Unrestricted net assets</b>        | <b>1,394,195</b>    | <b>1,344,594</b>    | <b>(49,601)</b>     |
| <b>Total net assets</b>               | <b>\$ 1,394,195</b> | <b>\$ 1,344,594</b> | <b>(49,601)</b>     |

The decrease in cash is due to the net loss for the year. Expenses exceed revenue by \$49,601 during the year and cash decreased by \$59,523.

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Management's Discussion and Analysis

For the year ended December 31, 2009

Our analysis in *Figure 2* considers the operations of the Agency's activities.

Figure 2

| Changes in Net Assets                             | Total Agency      |                    | Total Dollar Change |
|---------------------------------------------------|-------------------|--------------------|---------------------|
|                                                   | 2008              | 2009               | 2008-2009           |
| <b>Operating revenues:</b>                        |                   |                    |                     |
| Fees for services                                 | \$ 24,932         | \$ 2,000           | (22,932)            |
| Rental Fees                                       | 4,334             | 4,463              | 129                 |
| Interest on notes receivable                      | 1,986             | 66                 | (1,920)             |
| Grant revenue                                     | -                 | 69,488             | 69,488              |
| Other                                             | -                 | 1,000              | 1,000               |
| Loss on sale of land and building inventory       | (29)              | -                  | 29                  |
| <b>Total operating revenues</b>                   | <b>31,223</b>     | <b>77,017</b>      | <b>45,794</b>       |
| <b>Operating expenses:</b>                        |                   |                    |                     |
| General operating                                 | 37,928            | 35,647             | (2,281)             |
| Local economic development                        | 22,279            | 29,679             | 7,400               |
| Grant expenses                                    | -                 | 69,488             | 69,488              |
| Property taxes on investment in land and building | 2,790             | 2,903              | 113                 |
| <b>Total operating expenses</b>                   | <b>62,997</b>     | <b>137,717</b>     | <b>74,720</b>       |
| <b>Total operating (loss) income</b>              | <b>(31,774)</b>   | <b>(60,700)</b>    | <b>(28,926)</b>     |
| <b>Non-operating revenues/expenses</b>            |                   |                    |                     |
| Interest and earnings                             | 25,407            | 9,312              | (16,095)            |
| Gas well leases                                   | 4,943             | 1,787              | (3,156)             |
| <b>Total non-operating income</b>                 | <b>30,350</b>     | <b>11,099</b>      | <b>(19,251)</b>     |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>          | <b>\$ (1,424)</b> | <b>\$ (49,601)</b> | <b>(48,177)</b>     |

Total revenues for the Agency's activities increased by \$45,794. In 2009, the Organization received a pass through grant, which offset the decrease in fees for services. Total expenses for the Agency increased by \$74,671 primarily due to the pass through grant, in addition to significantly higher legal fees. During 2009 the Organization was party to a lawsuit, which was dismissed by the Supreme Court.

**FACTORS BEARING ON THE AGENCY'S FUTURE**

- The Agency does not anticipate any significant changes in revenues or expenses for year ended December 31, 2010.
- There are no known factors that would have an impact on the economic climate of the community in the foreseeable future.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cayuga County Industrial Development Agency, at 160 Genesee Street, 5<sup>th</sup> Floor, Auburn, New York 13021.

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## INDEPENDENT AUDITORS' REPORT

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

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, 2009. These basic financial statements are the responsibility of the Cayuga County Industrial Development Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of the primary government 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 basic financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cayuga County Industrial Development Agency and its component unit, the Cayuga Development Corporation, as of December 31, 2009, 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 9, 2010 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 or 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.

The Management's Discussion and Analysis 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 inquiries 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.

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 supplementary financial information on pages 11 to 22 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Cayuga County Industrial Development Agency. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

*Cuddy + Ward, LLP*

CUDDY & WARD, LLP  
Certified Public Accountants

Auburn, New York  
June 9, 2010