

Cayuga County Development Authority

FY 2011 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 FY2011 Management Discussion & Analysis, with the CCDC audited as a component unit is presented herein.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Including Component Unit Cayuga County Development Corporation, Inc.

Management's Discussion and Analysis
For the year ended December 31, 2011

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, 2011, 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 \$53,138 in 2011 compared to 2010 when expenses exceeded revenues by \$73,751.
- Net assets for the year ended December 31, 2011 amounted to \$1,299,528, compared to \$1,329,691 at December 31, 2010.
- Total revenues of \$450,626 in 2011 increased from total revenues of \$139,017 in 2010.
- Total expenses of \$503,764 increased from total expenses of \$212,768 in 2010, primarily due to a pass through grant 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.

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FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's total net assets for the fiscal year ended December 31, 2011 decreased by \$53,138. 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
	2010	2011	2010-2011
Current assets:			
Cash	\$ 346,373	\$ 391,566	\$ 45,193
Accounts receivable	-	127,644	127,644
Grants receivable	-	-	-
Restricted cash	-	-	-
Notes receivable - due in one year	23,273	-	(23,273)
Due from other governments	-	-	-
Total current assets	369,646	519,210	149,564
Noncurrent assets:			
Investment in certificates of deposit	439,832	340,654	(99,178)
Notes receivable - due after one year	22,374	-	(22,374)
Deposits	-	-	-
Land and building inventory	548,944	672,114	123,170
Total noncurrent assets	1,011,150	1,012,768	1,618
Total assets	1,380,796	1,531,978	151,182
Current liabilities:			
Accounts payable	50,000	103,701	53,701
Grants payable	1,105	1,105	-
PILOT payments payable	-	127,644	127,644
Deferred revenue	-	-	-
Total liabilities	51,105	232,450	181,345
Unrestricted net assets	1,329,691	1,299,528	(30,163)
Total net assets	\$ 1,329,691	\$ 1,299,528	\$ (30,163)

The decrease in cash is due to the net loss for the year and transferring cash to investments. Expenses exceed revenue by \$53,138 during the year and investments increased by \$188,448. The remaining difference is due to the increase in accounts payable of \$53,701.

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

Figure 2

Changes in Net Assets	Total Agency		Total Dollar Change
	2010	2011	2010-2011
Operating revenues:			
Fees for services	\$ 19,301	\$ 41,947	\$ 22,646
Rental Fees	2,231	2,750	519
Interest on notes receivable	1,525	461	(1,064)
Grant revenue	106,694	400,000	293,306
Other	1,430	50	(1,380)
Loss on sale of land and building inventory	-	-	-
Total operating revenues	131,181	445,208	314,027
Operating expenses:			
General operating	29,505	41,365	11,860
Local economic development	72,563	55,838	(16,725)
Grant expenses	106,694	400,000	293,306
Property taxes on investment in land and building	4,006	6,561	2,555
Total operating expenses	212,768	503,764	290,996
Total operating (loss) income	(81,587)	(58,556)	23,031
Non-operating revenues/expenses			
Interest and earnings	6,108	3,522	(2,586)
Gas well leases	1,728	1,896	168
Total non-operating income	7,836	5,418	(2,418)
INCREASE (DECREASE) IN NET ASSETS	\$ (73,751)	\$ (53,138)	\$ 20,613

Total revenues for the Agency's activities increased by \$314,027. In 2011, the Organization received a pass through grant, which is the primary reason for the increase in revenue. In addition, the Organization negotiated a new agreement, increasing fees for services. Total expenses for the Agency increased by \$290,996 primarily due to the pass through grant, in addition to a new agreement with the Cayuga Economic Development Agency.

FACTORS BEARING ON THE AGENCY'S FUTURE

- The Agency does not anticipate any significant changes in revenues or expenses for year ended December 31, 2012.
- 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, 5th Floor, Auburn, New York 13021.