

# Cayuga County Industrial Development Agency FY 2012 AUDIT

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## MANAGEMENT DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis  
For the year ended December 31, 2012

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

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

#### **FINANCIAL HIGHLIGHTS**

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

#### **Overview of the Basic Financial Statements**

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

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

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

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

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

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

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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, 2012 decreased by \$315,377. 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
	2011	2012	2011-2012
Current assets:			
Cash	\$ 391,566	\$ 166,707	\$ (224,859)
PILOT payments receivable	127,644	24,020	(103,624)
Other receivables	-	7,418	7,418
Restricted cash	-	-	-
Notes receivable - due in one year	-	-	-
Due from other governments	-	-	-
<b>Total current assets</b>	<b>519,210</b>	<b>198,145</b>	<b>(321,065)</b>
Noncurrent assets:			
Investment in certificates of deposit	340,654	90,776	(249,878)
Notes receivable - due after one year	-	-	-
Deposits	-	-	-
Land and building inventory	672,114	753,051	80,937
<b>Total noncurrent assets</b>	<b>1,012,768</b>	<b>843,827</b>	<b>(168,941)</b>
<b>Total assets</b>	<b>1,531,978</b>	<b>1,041,972</b>	<b>(490,006)</b>
Current liabilities:			
Accounts payable	103,701	4,801	(98,900)
Grants payable	1,105	-	(1,105)
PILOT payments payable	127,644	24,020	(103,624)
Deferred revenue	-	29,000	29,000
<b>Total liabilities</b>	<b>232,450</b>	<b>57,821</b>	<b>(174,629)</b>
Unrestricted net assets	1,299,528	984,151	(315,377)
<b>Total net assets</b>	<b>\$ 1,299,528</b>	<b>\$ 984,151</b>	<b>\$ (315,377)</b>

The decrease in cash is due to the net loss for the year and transferring cash to investments. Expenses exceed revenue by \$315,377 during the year and investments decreased by \$249,878. The remaining difference is due to the decrease in accounts payable of \$98,900.

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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
	2011	2012	2011-2012
Operating revenues:			
Fees for services	\$ 41,947	\$ 5,321	\$ (36,626)
Rental Fees	2,750	4,400	1,650
Interest on notes receivable	461	-	(461)
Grant revenue	400,000	-	(400,000)
Other	50	1,142	1,092
Loss on sale of land and building inventory	-	-	-
<b>Total operating revenues</b>	<b>445,208</b>	<b>10,863</b>	<b>(434,345)</b>
Operating expenses:			
General operating	41,365	32,192	(9,173)
Local economic development	55,838	289,386	233,548
Grant expenses	400,000	-	(400,000)
Property taxes on investment in land and building	6,561	7,432	871
<b>Total operating expenses</b>	<b>503,764</b>	<b>329,010</b>	<b>(174,754)</b>
<b>Total operating (loss) income</b>	<b>(58,556)</b>	<b>(318,147)</b>	<b>(259,591)</b>
Non-operating revenues/expenses			
Interest and earnings	3,522	1,768	(1,754)
Gas well leases	1,896	1,002	(894)
<b>Total non-operating income</b>	<b>5,418</b>	<b>2,770</b>	<b>(2,648)</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (53,138)</b>	<b>\$ (315,377)</b>	<b>\$ (262,239)</b>

Total revenues for the Agency's activities decreased by \$434,345. In 2011, the Organization received a pass through grant, which is the primary reason for the decrease in revenue. Total expenses for the Agency decreased by \$174,754, primarily due to the pass through grant, in addition to gifting a roadway to the County of Cayuga, in the Industrial Park development.

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

- The Agency does not anticipate any significant changes in revenues or expenses for year ended December 31, 2013.
- 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.