

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008, 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 exceeded revenue by \$1,424 in 2008 compared to 2007 when expenses exceeded revenues by \$477.
- Net assets for the year ended December 31, 2008 amounted to \$1,394,195, compared to \$1,395,619 at December 31, 2007.
- Total revenues of \$61,573 in 2008 decreased from total revenues of \$64,087 in 2007.
- Total expenses of \$62,997 in 2008 decreased by 2% from total expenses of \$64,564 in 2007, primarily due to the costs incurred for updating the web page.

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
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's total net assets for fiscal year ended December 31, 2008 decreased by \$(1,424). 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
	2007	2008	Change
			2007 - 2008
<i>Current assets:</i>			
<i>Cash</i>	\$ 299,490	\$ 426,635	\$ 127,145
<i>Accounts receivable</i>	2,000	1,905	(95)
<i>PILOT payments receivable</i>	242,956	-0-	(242,956)
<i>Restricted cash</i>	58,848	58,848	-0-
<i>Notes receivable-due in one year</i>	28,029	49,163	21,134
<i>Due from other governments</i>	39,560	-0-	(39,560)
Total current assets	670,883	536,551	(134,332)
<i>Noncurrent assets:</i>			
<i>Investment in certificates of deposit</i>	420,885	434,681	13,796
<i>Notes receivable-due after one year</i>	65,816	44,310	(21,506)
<i>Land and building inventory</i>	539,839	479,839	(60,000)
Total noncurrent assets	1,026,540	958,830	(67,710)
Total assets	1,697,423	1,495,381	(202,042)
<i>Current liabilities:</i>			
<i>PILOT payments payable</i>	242,956	42,338	(200,618)
<i>Deferred revenue</i>	58,848	58,848	-0-
Total liabilities	301,804	101,186	(200,618)
<i>Unrestricted net assets</i>	1,395,619	1,394,195	(1,424)
Total net assets	\$ 1,395,619	\$ 1,394,195	\$ (1,424)

The increase in cash is due to a timing difference in the payment of PILOT payments to other governments, the payment of amounts due to Cayuga County, the repayment of notes receivable, as well as the sale of the McGarr property. The Agency acts as an agent in the collection and remittance of PILOTS to other local governments and records a receivable for PILOTS not yet received and a payable for amounts not yet remitted.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Figure 2

Changes in Net Assets	Business-type Activities and Total Agency		Total Dollar Change
	2007	2008	2007 - 2008
<i>Operating revenues:</i>			
<i>Fees for services</i>	\$ 3,000	\$ 24,932	\$ 21,932
<i>Rental fees</i>	5,863	4,334	(1,529)
<i>Interest on notes receivable</i>	2,580	1,986	(594)
<i>Grant revenue</i>	21,207	-0-	(21,207)
<i>Other</i>	2,625	-0-	(2,625)
<i>(Loss) on sale of land and building inventory</i>	-0-	(29)	(29)
Total operating revenues	35,275	31,223	(4,052)
<i>Operating expenses:</i>			
<i>General operating</i>	31,424	37,928	6,504
<i>Local economic development</i>	8,728	22,279	13,551
<i>Grant expenses</i>	21,207	-0-	(21,207)
<i>Property taxes on investment in land and building</i>	3,205	2,790	(415)
Total operating expenses	64,564	62,997	(1,567)
Total operating (loss) income	(29,289)	(31,774)	(2,485)
<i>Nonoperating revenues/expenses:</i>			
<i>Interest and earnings</i>	26,000	25,407	(593)
<i>Gas well leases</i>	2,812	4,943	2,131
Total non-operating income	28,812	30,350	1,538
INCREASE (DECREASE) IN NET ASSETS	\$ (477)	\$ (1,424)	\$ (947)

Total revenues for the Agency's activities decreased by \$2,514. In 2008, fees for services were up due to new projects, which offset the pass-through grant in 2007. Total expenses for the Agency decreased by \$1,567 primarily due to expenses associated with a New York State grant in 2007, but offset by higher administrative and local economic development expenses. Administrative expenses included over \$5,000 for design of the website and logo. Local economic development expenses included over \$9,000 for a site survey in Aurelius.

FACTORS BEARING ON THE AGENCY'S FUTURE

- The Agency does not anticipate any significant changes in revenues or expenses for the year ended December 31, 2009.
- 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 St., 5th Floor, Auburn, New York 13021.