

Cayuga County Industrial Development Agency

Audited Financial Statements
For the Year Ending December 31, 2010

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, 2010. 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. The prior year summarized comparative information has been derived from Cayuga County Industrial Development Agency's December 31, 2009 financial statements and, in our report dated June 3, 2010, we expressed an unqualified opinion on those financial statements.

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, 2010, 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 March 23, 2011 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 15 to 27 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
March 23, 2011

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis

For the year ended December 31, 2010

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, 2010, 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 \$73,751 in 2010 compared to 2009 when expenses exceeded revenues by \$49,601.
- Net assets for the year ended December 31, 2010 amounted to \$1,329,691, compared to \$1,344,594 at December 31, 2009.
- Total revenues of \$139,017 in 2010 increased from total revenues of \$88,116 in 2009.
- Total expenses of \$212,768 increased from total expenses of \$137,717 in 2009, primarily due to a contract with Cayuga Economic Development Agency, and expenses 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, 2010

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's total net assets for fiscal year ended December 31, 2010 decreased by \$73,751. 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
	2009	2010	2009-2010
Current assets:			
Cash	\$ 367,112	\$ 346,373	\$ (20,739)
Accounts receivable	1,905	-	(1,905)
Grants receivable	54,322	-	(54,322)
Restricted cash	58,848	-	(58,848)
Notes receivable - due in one year	26,693	23,273	(3,420)
Due from other governments	-	-	-
Total current assets	508,880	369,646	(139,234)
Noncurrent assets:			
Investment in certificates of deposit	438,251	439,832	1,581
Notes receivable - due after one year	45,647	22,374	(23,273)
Deposits	5,000	-	(5,000)
Land and building inventory	479,839	548,944	69,105
Total noncurrent assets	968,737	1,011,150	42,413
Total assets	1,477,617	1,380,796	(96,821)
Current liabilities:			
Accounts payable	4,687	50,000	45,313
Grants payable	69,488	1,105	(68,383)
PILOT payments payable	-	-	-
Deferred revenue	58,848	-	(58,848)
Total liabilities	133,023	51,105	(81,918)
Unrestricted net assets	1,344,594	1,329,691	(14,903)
Total net assets	\$ 1,344,594	\$ 1,329,691	\$ (14,903)

The decrease in cash is due to the net loss for the year. Expenses exceed revenue by \$73,751 during the year and cash decreased by \$20,739. The remaining difference is due to the increase in accounts payable of \$45,313.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis
For the year ended December 31, 2010

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

Figure 2

Changes in Net Assets	Total Agency		Total Dollar Change
	2009	2010	2009-2010
Operating revenues:			
Fees for services	\$ 2,000	\$ 19,301	\$ 17,301
Rental Fees	4,463	2,231	(2,232)
Interest on notes receivable	66	1,525	1,459
Grant revenue	69,488	106,694	37,206
Other	1,000	1,430	430
Loss on sale of land and building inventory	-	-	-
Total operating revenues	77,017	131,181	54,164
Operating expenses:			
General operating	35,647	29,505	(6,142)
Local economic development	29,679	72,563	42,884
Grant expenses	69,488	106,694	37,206
Property taxes on investment in land and building	2,903	4,006	1,103
Total operating expenses	137,717	212,768	75,051
Total operating (loss) income	(60,700)	(81,587)	(20,887)
Non-operating revenues/expenses			
Interest and earnings	9,312	6,108	(3,204)
Gas well leases	1,787	1,728	(59)
Total non-operating income	11,099	7,836	(3,263)
INCREASE (DECREASE) IN NET ASSETS	\$ (49,601)	\$ (73,751)	\$ (24,150)

Total revenues for the Agency's activities increased by \$54,164. In 2010, the Organization received a pass through grant, which is the primary reason for the increase in revenue. In addition, the Organization negotiated a new PILOT arrangement, increasing fees for services. Total expenses for the Agency increased by \$75,051 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, 2011.
- 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.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statement of Net Assets

December 31, 2010

ASSETS

	Primary Government	Cayuga County Development Corporation
Current Assets:		
Cash and cash equivalents - Unrestricted	\$ 346,373	\$ 16,060
Notes, mortgages and capitalized leases receivable in one year	<u>23,273</u>	<u>15,091</u>
Total Current Assets	<u>369,646</u>	<u>31,151</u>
Noncurrent Assets:		
Investments - Certificate of deposit	439,832	-
Restricted investments - Certificate of deposit	-	150,121
Notes, mortgages and capitalized leases receivable in more than one year	22,374	58,434
Deposits	-	-
Land and building inventory	<u>548,944</u>	<u>-</u>
Total Noncurrent Assets	<u>1,011,150</u>	<u>208,555</u>
Total Assets	\$ <u>1,380,796</u>	\$ <u>239,706</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 50,000	\$ -
Grants payable	1,105	-
Deferred revenue	<u>-</u>	<u>6,525</u>
Total Liabilities	<u>51,105</u>	<u>6,525</u>
Net Assets		
Restricted net assets	-	150,121
Unrestricted net assets	<u>1,329,691</u>	<u>83,060</u>
Total Net Assets	<u>1,329,691</u>	<u>233,181</u>
Total Liabilities and Net Assets	\$ <u>1,380,796</u>	\$ <u>239,706</u>

See accompanying notes to financial statements and accountants' report

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statement of Net Assets

December 31, 2009

ASSETS

	Primary Government	Cayuga County Development Corporation
Current Assets:		
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>
Total Current Assets	<u>508,880</u>	<u>31,637</u>
Noncurrent Assets:		
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>
Total Noncurrent Assets	<u>968,737</u>	<u>208,012</u>
Total Assets	\$ <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>
Total Liabilities	<u>133,023</u>	<u>6,525</u>
NET ASSETS		
Restricted net assets	-	149,578
Unrestricted net assets	<u>1,344,594</u>	<u>83,546</u>
Total Net Assets	<u>1,344,594</u>	<u>233,124</u>
Total Liabilities and Net Assets	\$ <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, 2010

	<u>Primary Government</u>	<u>Cayuga County Development Corporation</u>
Operating Revenues:		
Fees for services	\$ 19,301	\$ -
Rental fees	2,231	-
Interest on loans and leases	1,525	-
Grant income	106,694	-
Other income	<u>1,430</u>	<u>-</u>
Total Operating Revenues	<u>131,181</u>	<u>-</u>
Operating Expenses:		
Administration	24,743	-
Legal	4,762	509
Local economic development	72,563	-
Property taxes	4,006	-
Grant expenses	<u>106,694</u>	<u>-</u>
Total Operating Expenses	<u>212,768</u>	<u>509</u>
Operating Income (Loss)	<u>(81,587)</u>	<u>(509)</u>
Nonoperating Revenues (Expenses)		
Interest and earnings	6,108	566
Gas well lease	<u>1,728</u>	<u>-</u>
Total Nonoperating Revenues	<u>7,836</u>	<u>566</u>
Net Increase (Decrease) in Net Assets	(73,751)	57
Unrestricted Net Assets, January 1, 2010	1,344,594	233,124
Prior period adjustment	<u>58,848</u>	<u>-</u>
Unrestricted Net Assets, December 31, 2010	\$ <u>1,329,691</u>	\$ <u>233,181</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 Government</u>	<u>Cayuga County Development Corporation</u>
Operating Revenues:		
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>
 Total Operating Revenues	 <u>77,017</u>	 <u>128</u>
Operating Expenses:		
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>
 Total Operating Expenses	 <u>137,717</u>	 <u>1,608</u>
 Operating Income (Loss)	 <u>(60,700)</u>	 <u>(1,480)</u>
Nonoperating Revenues (Expenses)		
Interest and earnings	9,312	2,364
Gas well lease	<u>1,787</u>	<u>-</u>
 Total Nonoperating Revenues	 <u>11,099</u>	 <u>2,364</u>
 Net Increase (Decrease) in Net Assets	 (49,601)	884
Unrestricted Net Assets, January 1, 2009	<u>1,394,195</u>	<u>232,240</u>
Unrestricted Net Assets, December 31, 2009	\$ <u>1,344,594</u>	\$ <u>233,124</u>

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 Government	Cayuga County Development Corporation
Cash Flows from Operating Activities:		
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	-
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>
Cash Flows from Noncapital Financing Activities:		
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>
Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
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>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(59,523)	1,665
CASH AND CASH EQUIVALENTS, JANUARY 1, 2009	<u>485,483</u>	<u>14,881</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2009	\$ <u>425,960</u>	\$ <u>16,546</u>
Reconciliation of net (loss) to net cash provided by operating activities:		
Operating gain (loss)	\$ (60,700)	\$ (1,480)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
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, 2010

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, 2010

F. Operating Revenue

Operating revenues of the Agency consist of administrative fees, interest on 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 or 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 \$765,017 at December 31, 2010 are covered by FDIC insurance up to the limits, with the remaining amounts 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, 2010 totaled \$786,205. Included in these balances is a 6 month certificate of deposit in the amount of \$439,832 at an interest rate of .32%.

Total bank balances of the component unit of \$166,181 at December 31, 2010 are covered by FDIC insurance. The carrying value of deposits at December 31, 2010 totaled \$166,181. Included in the balance is a six month certificate of deposit in the amount of \$150,121 at an interest rate of .32%. 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, 2010

NOTE 4

Notes Receivable

A. Primary Government

The following notes receivable are recorded at December 31, 2010:

Primary Government

<u>Description</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance at</u> <u>12/31/2010</u>
Note secured by land	1997	2011	2.00%	\$ 44,309
Note secured by land	2005	2008	5.00%	<u>1,338</u>
Net Outstanding \$				<u>45,647</u>

Repayments on the note receivable are scheduled as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 23,273
2012	<u>22,374</u>
Total	<u>\$ 45,647</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, 2010:

Component Unit

<u>Description</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance at</u> <u>12/31/2010</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>
2011	\$ 15,091
2012	13,875
2013	14,804
2014	15,795
2015	<u>13,960</u>
Total	<u>\$ 73,525</u>

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

For the Year Ended December 31, 2010

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 reports 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, 2010 is as follows:

Land and Building Inventory

Balance at 12/31/2009	Additions	Sales	Balance at 12/31/2010
479,839	69,105	-	548,944

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 \$10,000 for certain administrative services and use of County property during 2010.

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 Prior Period Adjustment

During the year, the Organization adjusted for deferred revenue that was earned in the prior year. The resulting adjustment was a decrease in deferred revenue and an increase in fund balance in the amount of \$58,848.

NOTE 12 Subsequent Events

Management has evaluated subsequent events through March 23, 2011, the date on which the financial statements were available to be issued.

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF INDEBTEDNESS
DECEMBER 31, 2010**

[illegible]

TOTAL OTHER DEBT

\$ 2,630,000	\$ -	\$ 140,000	\$ -	\$ 2,490,000
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See Independent Auditor's Report

****Please list any projects that have expired or are no longer active. Please remit this form with the IDA report.**

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 98 01A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:
AUBURN METAL PROCESSING

Project Owner and Address:

NFR
611 COCHRAN ROAD
OLON, OH 44139

Project Purpose (see instructions): 9

Federal Tax Status: Taxable ☒ Tax Exempt ☐

Benefited Project Amt \$ 3,500,000

Non-Profit? Y ☐ N ☒

Total Project/Lease Amount \$ 3,500,000

Bond/Note Amount \$ 0

New Tax Revenues if no exemptions granted \$ 2,442

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 4,050	\$ -	\$ 17,011	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 478			
	School:			
	\$ 12,483			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 3,048	\$ 2,209	\$ 9,312	\$ 14,569	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	0	0	20	0
\$ -	\$ -	\$ -		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 93 04A

Please Specify: Bond Project ☒ Lease Project ☐

Name of Project:
BASS PRO

Project Owner and Address:
FINGER LAKES MALL
124 JOHNSON FERRY ROAD
ATLANTA, GA 30328

Project Purpose (see instructions): 5

Federal Tax Status: Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 14,233,250

Benefited Project Amt \$ 14,233,250

Bond/Note Amount \$ 14,233,250

Non-Profit? Y ☐ N ☒

New Tax Revenues if no exemptions granted \$ (23,435)

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 39,832	\$ -	\$ 52,199	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 4,165			
	School:			
	\$ 82,202			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 34,209	\$ 6,037	\$ 109,388	\$ 149,634	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	65	0	175	0
\$ -	\$ -	\$ -		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 96 01A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:
D & W DIESEL, INC.

Project Owner and Address:
D & W DIESEL, INC.
1503 CLARK STREET ROAD
AUBURN, NY 13021

Project Purpose (see instructions): 9

Federal Tax Status: Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 3,152,000

Benefited Project Amt \$ 3,152,000

Bond/Note Amount \$ 0

Non-Profit? Y ☐ N ☒

New Tax Revenues if no exemptions granted \$ 746

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 2,511	\$ -	\$ 7,946.00	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 253			
	School:			
	\$ 5,182			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 2,101	\$ 3,200	\$ 3,199	\$ 8,500	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
98	20	98	158	0
\$ -	\$ -	\$ -		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 06 01A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:
D & W DIESEL, INC.

Project Owner and Address:
D & W DIESEL, INC.
1503 CLARK STREET ROAD
AUBURN, NY 13021

Project Purpose (see instructions): 9

Federal Tax Status: Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 652,000

Benefited Project Amt \$ 652,000

Bond/Note Amount \$ 0

Non-Profit? Y ☐ N ☒

New Tax Revenues if no exemptions granted \$ 28,943

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 9,871	\$ -	\$ 31,275	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 1,032			
	School:			
	\$ 20,372			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 1,727	\$ -	\$ 2,707	\$ 4,434	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
98	20	98	158	0
\$ 3,361,850	\$ -	\$ 3,113,850		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 95 01A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:

FINGERLAKES RAILROAD

Project Owner and Address:

FINGER LAKES RAILROAD

PO BOX 1099

GENEVA, NY 14456

Project Purpose (see instructions):

7

Federal Tax Status:

Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 4,999,000

Benefited Project Amt \$ 4,999,000

Bond/Note Amount \$ 0

Non-Profit? Y ☐ N ☒

New Tax Revenues if no exemptions granted \$ 136,503

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$	\$ 48,240	\$ -	\$ 163,693	\$ -
Local:	Local (sum of city/town/village):			
\$	\$ 16,632			
School:	School:			
\$	\$ 98,821			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 9,322	\$ 9,322	\$ 7,727	\$ 26,371	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	10	0	52	0
\$ -	\$ -	\$ -		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 03 02A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:
JOHNSTON PAPER

Project Owner and Address:
MAY AND MAY ASSOCIATES
5 GREEN LINKS TURN
AUBURN, NY 13021

Project Purpose (see instructions): 9

Federal Tax Status: Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 5,243,600

Benefitted Project Amt \$ 5,243,600

Bond/Note Amount \$ 5,243,600

Non-Profit? Y ☐ N ☒

New Tax Revenues if no exemptions granted \$ 123,122

Please check box if applicable:


☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 38,207	\$ -	\$ 123,122	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 4,500			
	School:			
	\$ 80,415			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ -	\$ -	\$ -	\$ -	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	40	0	105	0
\$ -	\$ -	\$ -		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 03 04B

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:
KINNEY DRUGS

Project Owner and Address:
CLEAR MART INC.
1108 MADDEN LANE
CORTLAND, NY 13405

Project Purpose (see instructions): 5

Federal Tax Status: Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 1,310,000

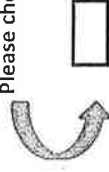
Benefited Project Amt \$ 1,310,000

Bond/Note Amount \$ 1,310,000

Non-Profit? Y ☐ N ☒

New Tax Revenues if no exemptions granted \$ 44,104

Please check box if applicable:



Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 14,102	\$ -	\$ 51,205	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 12,270			
School:	School:			
\$ -	\$ 24,833			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 5,476	\$ 2,326	\$ 6,328	\$ 14,130	

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	28	0	28	0
\$ 430,000	\$ -	\$ -		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 97 02A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:

OWENS-BROCKWAY CONTAINER, INC.

Project Owner and Address:

NHW AUBURN, LLC

ONE SEAGATE

TOLEDO, OH 43640

Project Purpose (see instructions):

8

Federal Tax Status:

Taxable ☒ Tax Exempt ☐

Benefited Project Amt \$ 3,600,000

Total Project/Lease Amount \$ 3,600,000

Bond/Note Amount \$ 0

Non-Profit? Y ☐ N ☒

New Tax Revenues if no exemptions granted \$ 1,561

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 22,330	\$ -	\$ 71,961	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 2,633			
	School:			
	\$ 46,998			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ -	\$ -	\$ -	\$ -	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	0	0	0	0
\$ -	\$ -	\$ -		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 08 01A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:

STERLING RENAISSANCE FESTIVAL

Project Owner and Address:

ONTARIO REALTY, INC.
2 MAYFLOWER CIRCLE
OSWEGO, NY 13126

Project Purpose (see instructions): 8

Federal Tax Status:

Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 1,300,000

Benefitted Project Amt \$ 1,300,000

Bond/Note Amount \$ 0

New Tax Revenues if no exemptions granted \$ 60,221

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$ -	\$ 8,238	\$ -	\$ 29,743	\$ -
Local:	Local (sum of city/town/village):			
\$ -	\$ 7,167			
	School:			
	\$ 14,338			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 5,649	\$ -	\$ 11,909	\$ 17,558	9

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
300	300	300	354	0
\$ 125,000	\$ 75,000	\$ 925,000		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

Schedule of Supplemental Information (Bonds/Notes or Straight Leases)

Project Code: 0502 08 02A

Please Specify: Bond Project ☐ Lease Project ☒

Name of Project:
UPSCO

Project Owner and Address:

TMB HOLDINGS, LLC.
23 CENTRAL STREET
MORAVIA, NY 13118

Project Purpose (see instructions): 9

Federal Tax Status:

Taxable ☒ Tax Exempt ☐

Total Project/Lease Amount \$ 2,131,600

Benefited Project Amt \$ 2,131,600

Bond/Note Amount \$ 0

Non-Profit? Y ☐ N ☒ X ☐

New Tax Revenues if no exemptions granted \$ 125,333

Please check box if applicable:

☐

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State:	County:			
\$	\$ 1,488	\$ -	\$ 5,402	\$ -
Local:	Local (sum of city/town/village):			
\$	\$ 1,294			
	School:			
	\$ 2,620			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$	\$ -	\$ -	\$ -	8

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees and Salaries at Project Location Prior to IDA Status	Original Estimate of Jobs and Salaries to be Created	Original Estimate of Jobs and Salaries to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
50	0	50	50	0
\$	\$ 1,330,000	\$ 1,330,000		

Straight Lease: Identify method of financial assistance utilized by project, other than exemptions claimed by project. Identify by amount and type:

See Independent Auditor's Report

CUDDY & WARD, LLP

Certified Public Accountants

110 GENESEE STREET – SUITE 230

AUBURN, NEW YORK 13021

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PAUL L. CUDDY, CPA

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, 2010, and have issued our report thereon dated March 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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 Company'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 Company'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 March 23, 2011

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
March 23, 2011