

**CAYUGA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Auburn, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2008**

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

FOR THE YEAR ENDED DECEMBER 31, 2008

Independent Auditor's Report	1-1a
Required Supplementary Information:	
Management's Discussion and Analysis	2-2b
Basic Financial Statements:	
Statement of Net Assets	3
Statement of Revenues, Expenses, and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
Report Required Under Government Auditing Standards:	
Supplementary Information:	
Statement of Indebtedness.....	11
Schedule of Supplemental Information (Bonds/Notes or Straight Lease)	12-21
Request for Inactive Projects.....	22
Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24

John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
Thomas K. Van Derzee, C.P.A.
Debbie Conley Jordan, C.P.A.
Patrick S. Jordan, C.P.A.
Duane R. Shoen, C.P.A.
Lesley L. Horner, C.P.A.
D. Leslie Spurgin, C.P.A.



Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cayuga County Industrial Development Agency
Ithaca, New York

We have audited the accompanying financial statements of the Cayuga County Industrial Development Agency, a component unit of the County of Cayuga, and its component unit, the Cayuga County Development Corporation, as of and for the year ended December 31, 2008. 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 basic 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 basic 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 County Development Corporation, as of December 31, 2008, 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 April 23, 2009 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.

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

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 purposes of additional analysis and is not a required part of the basic financial statements of the Cayuga County Industrial Development Agency. The supplementary 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.

Cinchi, Dickelgren, Little, Mickelson & Co., LLP

April 23, 2009
Ithaca, New York

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 Change
	2007	2008	2007 - 2008
<i>Current assets:</i>			
Cash	\$ 299,490	\$ 426,635	\$ 127,145
Accounts receivable	2,000	1,905	(95)
PILOT payments receivable	242,956	-0-	(242,956)
Restricted cash	58,848	58,848	-0-
Notes receivable-due in one year	28,029	49,163	21,134
Due from other governments	39,560	-0-	(39,560)
Total current assets	670,883	536,551	(134,332)
<i>Noncurrent assets:</i>			
Investment in certificates of deposit	420,885	434,681	13,796
Notes receivable-due after one year	65,816	44,310	(21,506)
Land and building inventory	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>			
PILOT payments payable	242,956	42,338	(200,618)
Deferred revenue	58,848	58,848	-0-
Total liabilities	301,804	101,186	(200,618)
Unrestricted net assets	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.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

<u>ASSETS</u>	Primary Government	Cayuga County Development Corporation
Current Assets:		
Cash and cash equivalents - Unrestricted	\$ 426,635	\$ 14,881
Accounts receivable	1,905	-0-
Restricted cash and cash equivalents	58,848	-0-
Notes, mortgages, and capitalized leases receivable in one year	<u>49,163</u>	<u>5,212</u>
Total Current Assets	<u>536,551</u>	<u>20,093</u>
Noncurrent Assets:		
Investments - Certificate of deposit	434,681	-0-
Restricted investments - Certificate of deposit	-0-	147,234
Notes, mortgages, and capitalized leases receivable in more than one year	44,310	71,438
Land and building inventory	<u>479,839</u>	<u>-0-</u>
Total Noncurrent Assets	<u>958,830</u>	<u>218,672</u>
Total Assets	<u>\$ 1,495,381</u>	<u>\$ 238,765</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
PILOT payments payable	\$ 42,338	\$ -0-
Deferred revenue	<u>58,848</u>	<u>6,525</u>
Total Liabilities	101,186	6,525
Restricted net assets		147,234
Unrestricted net assets	<u>1,394,195</u>	<u>85,006</u>
Total Net Assets	<u>1,394,195</u>	<u>232,240</u>
Total Liabilities and Net Assets	<u>\$ 1,495,381</u>	<u>\$ 238,765</u>

See Independent Auditor's Report and Notes to Financial Statements

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Primary Government	Cayuga County Development Corporation
Operating Revenues:		
Fees for services	\$ 24,932	\$ -0-
Rental fees	4,334	-0-
(Loss) gain on sale of land and buildings	(29)	-0-
Interest on loans and leases	1,986	249
Total Operating Revenues	<u>31,223</u>	<u>249</u>
Operating Expenses:		
Administration	15,548	600
Legal	13,068	-0-
Local economic development	22,279	-0-
Property taxes	2,790	-0-
Other operating	9,312	-0-
Total Operating Expenses	<u>62,997</u>	<u>600</u>
Operating Income (Loss)	<u>(31,774)</u>	<u>(351)</u>
Nonoperating Revenues (Expenses):		
Interest and earnings	25,407	6,031
Gas well lease	4,943	-0-
Total Nonoperating Revenues	<u>30,350</u>	<u>6,031</u>
Net Decrease/Increase in Net Assets	(1,424)	5,680
Unrestricted Net Assets, January 1, 2008	<u>1,395,619</u>	<u>226,560</u>
Unrestricted Net Assets, December 31, 2008	<u>\$ 1,394,195</u>	<u>\$ 232,240</u>

See Independent Auditor's Report and Notes to Financial Statements

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Primary Government	Cayuga County Development Corporation
Cash Flows from Operating Activities:		
Cash received from providing services	\$ 25,027	\$ -0-
Cash received from rental of property	4,334	-0-
Cash received from interest on loans and leases	1,986	249
Cash received from payment of notes, mortgages, and capitalized leases	372	2,500
Sale of land and buildings	59,971	-0-
Cash payments - Contractual expenses	<u>(62,997)</u>	<u>(600)</u>
Net Cash Provided by Operating Activities	<u>28,693</u>	<u>2,149</u>
Cash Flows from Noncapital Financing Activities:		
PILOT payments received	326,076	-0-
PILOT payments paid	(283,738)	-0-
Payment received from Cayuga County	<u>39,560</u>	<u>-0-</u>
Net Cash Provided by Noncapital Financing Activities	81,898	-0-
Cash Flows from Capital and Related Financing Activities	<u>-0-</u>	<u>-0-</u>
Cash Flows from Investing Activities:		
Interest income received	25,407	6,031
Cash received on gas well leases	4,943	-0-
New loan issued	-0-	(67,000)
Cash (invested) in certificates of deposit	<u>(13,796)</u>	<u>(5,469)</u>
Net Cash Provided (Used) by Investing Activities	<u>16,554</u>	<u>(66,438)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	127,145	(64,289)
Cash and Cash Equivalents, January 1, 2008	<u>358,338</u>	<u>79,170</u>
Cash and Cash Equivalents, December 31, 2008	<u>\$ 485,483</u>	<u>\$ 14,881</u>
Reconciliation of net (loss) to net cash provided by operating activities:		
Operating gain (loss)	\$ (31,774)	\$ (351)
Adjustments to reconcile net income to net cash provided by operating activities:		
Cost basis of land and buildings sold	60,000	-0-
Decrease in accounts receivable	95	-0-
Decrease in notes, mortgages, and capitalized leases	<u>372</u>	<u>2,500</u>
Net Cash Provided by Operating Activities	<u>\$ 28,693</u>	<u>\$ 2,149</u>

See Independent Auditor's Report and Notes to Financial Statements

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Cayuga County Industrial Development 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 as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

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.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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.

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 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.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Total bank balances of the primary government of \$952,801 at December 31, 2008 are covered by FDIC insurance up to \$647,945 with the remaining \$304,856 collateralized with securities held by the Agency's financial institution pledged in the name of Cayuga County Industrial Development Agency. The carrying value of deposits at December 31, 2008 totaled \$920,164. Included in these balances is a 184 day certificate of deposit in the amount of \$434,681 at an interest rate of 1.45%. Restricted cash of \$58,848 consists of grant funds that have been deferred.

Total bank balances of the component unit of \$162,115 at December 31, 2008 are covered by FDIC insurance up to \$114,881 with the remaining \$47,234 collateralized with securities held by the Agency's financial institution pledged in the name of Cayuga County Industrial Development Agency. The carrying value of deposits at December 31, 2008 totaled \$162,115. Included in the balance is a six month certificate of deposit in the amount of \$147,234, at an interest rate of 2.38%. These funds are restricted for the purpose of economic development loans.

Note 4 - Notes Receivable

A. Primary Government

The following notes receivable are recorded at December 31, 2008:

<u>Description</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 12/31/08</u>
Note secured by land	1997	2011	2.0%	\$ 86,900
Note secured by land	2005	2008	5.0%	<u>6,573</u>
Net Outstanding				<u>\$ 93,473</u>

Repayments on the note receivable are scheduled as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 49,163
2010	21,936
2011	<u>22,374</u>
Total	<u>\$ 93,473</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 principal of \$6,525 was added to the principal of the note. The following notes receivable are recorded at December 31, 2008:

<u>Description</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 12/31/08</u>
Note	2000	2009	75% of prime	\$ 3,125
Note secured by interest in intellectual property, equipment and other assets	2008	2014	6.5%	<u>73,525</u>
Net Outstanding				<u>\$ 76,650</u>

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Repayments on the note receivable are scheduled as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 5,212
2010	13,004
2011	13,875
2012	14,804
2013	15,795
2014	<u>13,960</u>
Total	<u>\$ 76,650</u>

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, 2008 is as follows:

<u>Balance at 12/31/07</u>	<u>Additions</u>	<u>Sales</u>	<u>Balance at 12/31/08</u>
\$ <u>539,839</u>	\$ <u>-0-</u>	\$ <u>(60,000)</u>	\$ <u>479,839</u>

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 2008.

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 fiscal 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.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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; errors 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.

The Agency is involved in a lawsuit seeking damages of \$150,000 for an alleged breach of contract to sell certain real property. At this time, the merit of the suit cannot be effectively evaluated. The Agency intends to vigorously defend the claim.

Project Code 0520 03 04A

Please Specify: Bond Project Lease Project

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

Name of Project:
BASS PRO

Project Owner and Address:
FINGER LAKES MALL
124 JOHNSON FERRY RD
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 X 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 \$ 0	County \$ 39,832	0	\$ 126,199	\$ 126,199
Local: \$ 0	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	\$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

Project Code 0520 03 04B

Please Specify: Bond Project Lease Project

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

Name of Project:
KINNEY DRUGS

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

Project Purpose (see instructions): 5
Federal Tax Status: Taxable Tax Exempt

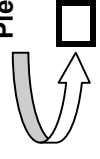
Total Project/Lease Amount \$ 1,310,000

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: \$ 0	County \$ 14,102	0	\$ 51,205	\$ 51,205
Local: \$ 0	Local(sum of city/town/village): \$ 12,270			
	School: \$ 24,833			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 1,955	\$ 1,702	\$ 3,444	\$ 7,101	

Full-Time Equivalent (FTE) Jobs and Salaries 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	61	
\$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

Project Code 0502 03 02A

Please Specify: Bond Project Lease Project

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

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

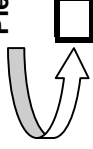
Total Project/Lease Amount \$ 5,243,600

Benefited Project Amt \$ 5,243,600

Bond/Note Amount \$ 5,243,600

Non-Profit? Y N X 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: \$ 0	County \$ 38,207	\$ 0	\$ 123,122	\$ 123,122
Local: \$ 0	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)
\$ 0	\$ 0	\$ 0	\$ 0	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
66	38	66	97	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:

EMPIRE ZONE

See Independent Auditor's Report

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

Name of Project:
D & W DIESEL, INC.

Project Owner and Address:
D & W DIESEL, INC.
AUBURN, NY 13021

Project Purpose (see instructions): 9 Tax Exempt
 Federal Tax Status: Taxable Total Project/Lease Amount \$ 3,152,000
 Benefited Project Amt \$ 3,152,000 Bond/Note Amount \$ 0

Non-Profit? Y N X New tax revenues if no exemptions granted \$ 746 

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: \$ 0	County \$ 2,511	0	\$ 7,946	\$ 7,946
Local: \$ 0	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)
\$ 2,642	\$ 2,642	1,916	\$ 7,200	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	142	0
\$3,113,850	\$3,631,850	\$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

Project Code 0502 06 01A

Please Specify: Bond Project Lease Project

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

Name of Project:
D & W DIESEL, INC.

Project Owner and Address:
D & W DIESEL, INC.
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 X New tax revenues if no exemptions granted \$ 28,943 

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: \$ 0	County \$ 9,871	0	\$ 31,275	\$ 31,275
Local: \$ 0	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)
\$ 736	\$ 77	1,519	\$ 2,332	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	142	0
\$3,113,850	\$3,631,850	\$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

Project Code 0502 98 01A

Please Specify: Bond Project Lease Project

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

Name of Project:
AUBURN METAL PROCESSING

Project Owner and Address:
NFR
611 COCHRAN ROAD
SOLON, OH 44139

Project Purpose (see instructions): 9

Federal Tax Status: Taxable Tax Exempt

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

Benefited Project Amt \$ 3,500,000

Bond/Note Amount \$ 0

Non-Profit? Y N X 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: \$ 0	County \$ 4,050	0	\$ 17,011	\$ 17,011
Local: \$ 0	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)
\$ 2,208	\$ 3,049	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	16	0	26	
\$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

Project Code 0502 95 01A

Please Specify: Bond Project Lease Project

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

Name of Project:
FINGERLAKES RAILROAD

Project Owner and Address:
FINGERLAKES RAILROAD
P. O. 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 X 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: \$ 0	County \$ 48,240	\$ 0	\$ 163,693	\$ 163,693
Local: \$ 0	Local(sum of city/town/village): \$ 16,632			
	School: \$ 98,821			

Payments in Lieu of Taxes (PILOTS)

County	Local(sum of city/town/village)	School	Total PILOTS	Code (see instructions)
\$ 9,063	\$ 9,063	\$ 9,064	\$ 27,190	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	48	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

Project Code 0502 97 02A

Please Specify: Bond Project Lease Project

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

Name of Project: OWENS-BROCKWAY CONTAINER, INC.

Project Owner and Address:
 NHW AUBURN, LLC
 OWENS ILLINOIS
 ONE SEAGATE
 TOLEDO, OH 43640

Project Purpose (see instructions): 8 WAREHOUSE
 Federal Tax Status: Taxable Tax Exempt Total Project/Lease Amount \$ 3,600,000

Non-Profit? Y N X 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 \$ 0	County \$ 22,330	0	\$ 71,961	\$ 71,961
Local: \$ 0	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)
\$ 16,192	\$ 11,264	\$ 42,944	\$ 70,400	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
\$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

Project Code 0502 08 02A

Please Specify: Bond Project Lease Project

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

Name of Project:
UPSCO

Project Owner and Address:
TMB HOLDING, 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

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: \$ 59,966	County \$ 1,488		\$ 125,333	\$ 125,333
Local: \$ 59,966	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)
0	\$ 0	0	\$ 0	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	\$-0-	\$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

Project Code 0502 08 01A

Please Specify: Bond Project Lease Project

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

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

Non-Profit? Y N X 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: \$ 15,239	County \$ 8,238	0	\$ 60,221	\$ 60,221
Local: \$ 15,239	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)
\$ 0	\$ 0	0	\$ 0	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	10
\$925,000	\$125,000	\$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

Request for Inactive Projects

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

Project Name	Project Code	Reported Project Amount	Date of Expiration	Comments
N/A				

John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
Thomas K. Van Derzee, C.P.A.
Debbie Conley Jordan, C.P.A.
Patrick S. Jordan, C.P.A.
Duane R. Shoen, C.P.A.
Lesley L. Horner, C.P.A.
D. Leslie Spurgin, C.P.A.



Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

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

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

We have audited the accompanying financial statements of the Cayuga County Industrial Development Agency, a component unit of the County of Cayuga and the Cayuga Development Corporation, a discretely presented component unit, as of and for the year ended December 31, 2008, and have issued our report thereon dated April 23, 2009. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be control deficiencies, significant deficiencies or material weaknesses.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented. 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. We consider the item noted below to be a material weaknesses.

PRIOR YEAR AUDIT FINDING RESOLVED

06-1 Material Audit Adjustments

Condition:

During the 2006 audit, it was necessary to propose material audit adjustments to record transactions and produce financial statements in accordance with generally accepted accounting principles (GAAP).

Cause/Effect:

During the year, there was an abrupt turnover in accounting personnel, which precluded adequate training of the new Treasurer. Additionally, new accounting software was implemented without proper set up. This resulted in numerous coding errors.

- 23 -

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Recommendation:

We recommended assistance be provided to properly set up the accounting software. We further recommended training be provided to the new Treasurer to allow her to effectively perform the necessary accounting functions. Due to the late completion of the 2006 audit, the Agency decided not to record activity into the accounting software until 2008. As a result, the accounting records for 2007 consisted of the checkbook register and manual cash receipts and cash disbursements listings.

Status:

During our current year audit, we noted no material audit material adjustments were necessary to record transactions and produce financial statements in accordance with generally accepted accounting principles (GAAP).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cayuga County Industrial Development Agency's basic 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Cayuga County Industrial Development Agency in a separate letter dated April 23, 2009.

This report is intended solely for the information and use of management, the Board of Directors, the County of Cayuga, and New York State and is not intended to be and should not be used by anyone other than these specified parties.

Cinchi, Dittubagno, Little, Mickelson & Co., LLP

April 23, 2009
Ithaca, New York