

Management's Discussion and Analysis

Introduction

Our discussion and analysis of Ulster County Industrial Development Agency's financial performance provides an overview of the agency's financial activities for the fiscal year ended December 31, 2009. Please read it in conjunction with the agency's financial statement that follows this discussion and analysis. Ulster County Industrial Development Agency is a New York State authorized agency operating on behalf of the County of Ulster, New York, therefore this discussion and analysis included only the business-type activities of the agency.

Financial Highlights

The Agency's net assets have decreased by \$100,551 (or 19.2%) as a result of operations in 2009.

In 2009, operating revenue increased by \$71,832 from 2008 (or 228.8%).

In 2009, operating expenses increased by \$8,817 from 2008 (or 4.5%).

Agency Highlights

The agency closed three new projects during the year ended December 31, 2009, restructured one project, and did administrative work on two other issues, generating \$101,223 in administrative fees. The County of Ulster should benefit by the increase of 94 new jobs in addition to the 263 jobs these projects already provide in Ulster County. In addition, these projects should provide 60 construction jobs.

Using This Annual Report

Since the Agency conducts only business-type activities, this annual report consists of only the Statement of Net Assets, Statement of Revenues, Expenses and Changes of Net Assets and the Statement of Cash Flows, which provide information about the activities of the Agency only.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statements report the Agency's net assets and changes in them. One way to measure the Agency's financial position is to look at the net assets – the difference between assets and liabilities.

Condensed Comparative Financial Statements and Analysis

The Agency's net assets at the end of the 2009 were \$430,745 a decrease of \$93,554 from \$524,299 in 2008.

Our analysis below focuses on net assets (Table 1) and the changes in net assets (Table 2).

Table 1 – Net Assets

2009 2008

Current Assets \$430,745 \$524,299

Current Liabilities \$7,497 \$500

Unrestricted Net Assets \$423,248 \$523,799

Total Net Assets \$423,248 \$523,799

Current Assets: Cash totals in at the end 2009 were \$423,248 versus \$523,838 at the end of 2008. The decrease in cash was a direct consequence of funding the operating deficit. Prepaid expenses at the end of 2009 totaled \$461 versus \$461 at the end of 2008.

Current Liabilities

This year there were outstanding payables of \$7,497 compared to last year's \$500. The increase is due to a new tax assessed on IDA's by New York State.

Table 2 – Changes in Net Assets

2009 2008

Revenue

Application Fees \$2,000 \$1,000

Administration Fees \$101,223 \$30,391

Interest & Investment Income \$2,441 \$10,990

Total Revenues \$105,664 \$42,381

Expenses

Operating Expenses \$206,215 \$197,398

Non-Operating Expenses \$0 \$0

Total Expenses \$206,215 \$197,398

Change in Net Assets (\$100,551) (\$155,017)

The Agency's revenues in 2009 were \$105,664 versus \$42,381 in 2008. Expenses in 2009 were \$206,215 versus \$197,398 in 2008. The revenue increase in 2009 from 2008 was created by having three new projects close this year, while none had closed last year. The expense increase in 2009 from 2008 was predominantly caused by an increase in legal and tax expenses substantially offset by a

decrease in grant expenses.

Economic Factors and Next Year's Budget

One of the most important questions asked about the Agency's finances is, "Are the financials transparent and accurate". The financial records are a matter of public record under the Freedom of Information Law and are therefore transparent. In addition, the Agency's new website provides extensive access into the agency's budget, board of directors, and policies.

The main economic factor considered when creating the 2010 budget was to budget revenue conservatively based on projects already in the pipeline and to keep expenses standard with 2009 levels.

Contacting UCIDA Financial Administrator

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Industrial Development Agency, 5 Development Court, Kingston, NY, 12401.