

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the years ended December 31, 2014 and 2013

This section of Upper Mohawk Valley Memorial Auditorium Authority's (the Authority) financial statements presents management's overview and analysis of the Authority's financial performance for the years ended December 31, 2014 and 2013. This section should be read in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

The change in net position for 2014 was \$2,705,119. It was \$2,871,096 for 2013.

The change from the prior year was due to grant funding from the New York State Urban Development Corporation, DBA Empire State Development, New York State Assembly, Dormitory Authority of New York State and Oneida County. The PILOT payment was the same as 2013. In total, expenses were consistent with 2013. See footnote 8 for information on the change in management contracts.

In 2014, there were 89 events with attendance totaling 160,877. In 2014, major improvements and renovations included a new parking lot on the north side of the building, build-out of club suite and bar, purchase of event flooring, purchase of new staging, LED lighting improvements and the start of the facade renovation.

In 2013, there were major improvement and renovation projects that included new locker rooms, concession stands, a broadcast booth, kitchen equipment, a state of the art scoreboard, a new sound system and wireless internet system. The Authority continued design work on the façade project and planed an additional parking lot.

Future operating results depends upon how much success the Authority has in attracting events to use the facility. In addition to these activities the Authority is expected to continue to need operating subsidies from the Mohawk Valley Water Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Activities presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will result in cash flows in future periods.

The financial statements can be found on pages 7 to 9 of this report. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within these financial statements. The notes to the financial statements can be found on pages 10 to 18 of this report.

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FINANCIAL ANALYSIS

This section summarizes information and data as related to the Statements of Net Position as of December 31, 2014 and 2013, and the Statements of Activities for those years then ended.

Statements of Net Position

Table I reports all of the assets and liabilities of the Authority and is presented on the accrual basis. Total net position increased \$2,705,119 from the prior year due to the operating gain for the year ending December 31, 2014. See the Financial Highlights section for some of the details relating to this gain.

Table I
Net Position

	2014	2013
Current assets	\$ 4,820,475	\$ 917,023
Capital and other assets	<u>7,579,708</u>	<u>4,940,387</u>
Total Assets	<u>\$ 12,400,183</u>	<u>\$ 5,857,410</u>
Current liabilities	\$ 3,570,553	\$ 159,469
Long-term liabilities	<u>601,358</u>	<u>174,789</u>
Total Liabilities	<u>\$ 4,171,911</u>	<u>\$ 334,258</u>
Total Net Position	<u>\$ 8,228,272</u>	<u>\$ 5,523,152</u>

Statements of Activities

Table 2 summarizes the revenue and operating expenses of the Authority and is also presented on the accrual basis. Revenues for 2014 decreased \$386,366 from 2013. Operating expenses for 2014 decreased \$220,390 from 2013. These changes are more fully described in the Financial Highlights section.

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Statements of Activities – continued

Table 2
Changes in Net Position

	2014	2013
Revenues		
Oneida County PILOT payments	\$ 665,504	\$ 665,500
Grant income	2,716,522	3,000,000
Event income	1,980	104,030
Concessions income	-	47,250
Ice rentals	-	83,923
Other income	90,000	726
Interest income	4,018	1,401
Capitalization fund income	130,384	91,944
	<u>\$ 3,608,408</u>	<u>\$ 3,994,774</u>
 Operating Expenses		
Operations	\$ 665,395	\$ 908,710
Interest	22,622	8,746
Depreciation	214,710	205,661
Amortization	561	561
	<u>\$ 903,288</u>	<u>\$ 1,123,678</u>
 Changes in net position	 <u><u>\$ 2,705,120</u></u>	 <u><u>\$ 2,871,096</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

This section includes a description of significant capital assets and long-term debt activity during the year.

Capital Assets

The Authority owns property and equipment located in the City of Utica. The following schedule shows the investment in these properties:

Property and Equipment:	Cost
Building and improvements	\$ 6,583,519
Equipment	<u>2,347,914</u>
Total	8,931,433
Accumulated depreciation	<u>1,355,088</u>
Property and equipment, net	<u><u>\$ 7,576,345</u></u>

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Long-Term Debt

The Authority has long-term debt associated with this property. Details of these debt instruments are more fully described in the footnotes to the financial statements.

ECONOMIC FACTORS AND FUTURE OUTLOOK

Major Shows

The Upper Mohawk Valley Memorial Auditorium Authority expects to continue hosting many annual shows, including The Harlem Globetrotters, WWE Wrestling, Monster Trucks, and The Shrine Circus, as well as athletic competitions and other events. In 2013, professional hockey returned with the Utica Comets of the American Hockey League. In 2014, there were 89 events with attendance totaling 160,877. In 2013, there were a total of 55 events with attendance totaling 126,489.

Major Planned Capital Expenditures

The Authority is working to repair and upgrade the façade on the building. Improvements are planned for club box seating and additional amenities for patrons.

PILOT Payment Amount

The Auditorium PILOT payment is paid in monthly installments from the Mohawk Valley Water Authority. The payment totaled \$665,504 and \$665,500 in 2014 and 2013, respectively. This amount will be \$665,500 each year through 2016. From 2017 through 2021, the PILOT will increase by 10% to \$732,050 to be paid each year.

Other Factors

Interest income for 2014 increased \$2,616 from 2013. The Auditorium had increased balances due to receiving grant funds and borrowing for cash flow needs in 2014. Stable interest rates are expected in 2015 resulting in less interest income.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information and other information.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. As of December 31, 2014, assets exceed liabilities by \$8,228,272.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for all those who have an interest in this Authority's finances. Questions concerning any of the information presented in this report, or requests for additional financial information, should be addressed to the Upper Mohawk Valley Memorial Auditorium Authority, 400 Oriskany Street West, Utica, New York 13502.