

**CITY OF HORNELL**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
*Basic Financial Statements Required Supplementary  
Information and Supplemental Information for the  
Years Ended March 31, 2007 and 2006  
and Independent Auditors' Reports*

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**  
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**Years Ended March 31, 2007 and 2006**

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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members of City of Hornell  
Industrial Development Agency:

We have audited the accompanying statement of net assets of City of Hornell Industrial Development Agency (the "Agency") as of March 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Agency. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide 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 Agency as of March 31, 2007 and 2006, and the changes in financial position operations and 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 June 21, 2007, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 audits.

The Management's Discussion and Analysis listed in the foregoing Table of Contents 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. This supplementary information is the responsibility of the Agency's management. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplemental information listed in the foregoing table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Drescher & Malecki LLP*

June 21, 2007

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**  
**Management's Discussion and Analysis**  
**For the Years Ended March 31, 2007 and 2006**

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As management of the City of Hornell Industrial Development Agency (the "Agency") we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended March 31, 2007 and 2006. This narrative should be read in conjunction with the Agency's financial statements which follow this section.

**Financial Highlights:**

- ◆ The assets of the Agency exceed its liabilities (*net assets*) at March 31, 2007 and 2006 by \$5,012,832 and \$3,917,625, respectively. Of these amounts, \$917,517 and \$964,462 were *unrestricted net assets*, meaning that these amounts are available for use in furthering the Agency's mission.
- ◆ The Agency's total net assets increased by \$1,095,207 for the fiscal year ended March 31, 2007, as compared to a total net asset decrease of \$118,578 for the fiscal year ended March 31, 2006. The increase in 2007 is attributable to a contribution of capital assets from another entity.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. This report includes the independent auditors' report, management's discussion and analysis, financial statements, notes to financial statements, and other supplemental information.

**Required Financial Statements**—The financial statements are prepared using the accrual basis of accounting. The financial statements include:

- ◆ *Statements of Net Assets*—Presents all assets, liabilities and net assets of the Agency at March 31, 2007 and 2006.
- ◆ *Statements of Activities*—Presents the financial activity for the years ended March 31, 2007 and 2006 and displays how this financial activity changed the Agency's net assets.
- ◆ *Statements of Cash Flows*—Presents the cash provided and used during the 2007 and 2006 fiscal years and how it affects the cash balances at March 31, 2007 and 2006.
- ◆ *Notes to the Financial Statements*—Provide information regarding the Agency and explain in more detail information included in the financial statements.

**Financial Analysis**

The Agency provides administrative assistance and has limited operations. The Agency's net assets may serve over time as a useful indicator of financial position. In the case of the Agency, assets exceeded liabilities by \$5,012,832 and \$3,917,625 at March 31, 2007 and 2006, respectively.

By far the Agency's largest types of assets are its capital assets, which are composed primarily of rental facilities and land being held for development purposes.

A condensed version of the Agency's statement of net assets follows:

	<b>March 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Assets:</b>			
Current assets	\$ 896,299	\$ 848,538	\$ 837,252
Capital assets	6,145,262	5,232,285	4,501,473
Other noncurrent assets	210,644	180,361	165,379
Total assets	<u>7,252,205</u>	<u>6,261,184</u>	<u>5,504,104</u>
<b>Liabilities:</b>			
Current liabilities	457,621	322,671	229,703
Noncurrent liabilities	1,781,752	2,020,888	1,238,198
Total liabilities	<u>2,239,373</u>	<u>2,343,559</u>	<u>1,467,901</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	4,095,315	2,953,163	3,064,293
Unrestricted	917,517	964,462	971,910
Total net assets	<u>\$ 5,012,832</u>	<u>\$ 3,917,625</u>	<u>\$ 4,036,203</u>

Significant changes in the statement of net assets from 2006 to 2007 include:

- ◆ Capital assets increased primarily due to the addition of the South Yards building, and associated land, which were contributions from the Hornell Area Industrial Development Corporation (the "HAIDC"). The increase was slightly offset by the disposal of two properties.
- ◆ Other noncurrent assets increased as a result of a new mortgage receivable established during the year.
- ◆ Noncurrent liabilities decreased as a result of principal payments made on outstanding notes payable.

A useful indicator of the financial status and ability to meet the Agency's current obligation is the current ratio, which is computed as follows:

	<b>March 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Current assets	\$ 896,299	\$ 848,538	\$ 837,252
Current liabilities	457,621	322,671	229,703
Ratio of current assets to current liabilities	1.96	2.63	3.64

The Agency had current ratios of 1.96 and 2.63 at March 31, 2007 and 2006, respectively. Such ratios imply that the Agency has sufficient assets on hand to cover its liabilities that will come due in the coming year.

The Agency's revenue and expense activity produced the change in net assets of \$1,095,207 and \$(118,578) for the fiscal years ended March 31, 2007 and 2006, respectively.

A condensed statement of revenues, expense and changes in net assets follows:

	<b>Year Ended March 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Operating revenues	\$ 990,670	\$ 863,495	\$ 786,026
Operating expenses	1,034,226	904,780	946,873
Net operating loss	(43,556)	(41,285)	(160,847)
Nonoperating revenues (expenses)	1,138,763	(77,293)	243,275
Change in net assets	<u>\$ 1,095,207</u>	<u>\$ (118,578)</u>	<u>\$ 82,428</u>

Significant changes in revenues and expenses from 2006 to 2007 include:

- ◆ Operating revenues in total increased by approximately \$127,200 as a result of increases in rental income and airplane rental income of approximately \$136,500 and \$9,600, respectively. These increases were offset by a decrease in Empire Zone income of approximately \$23,900.
- ◆ Operating expenses increased by approximately \$129,400 in total, with the largest increases noted in airplane and depreciation expenses. The Agency's contribution to the HAIDC also increased by approximately \$74,000 when compared to the prior year.
- ◆ Nonoperating activities resulted in net revenues of \$1,138,763 for the 2007 fiscal year as compared to net expense of \$77,293 for the 2006 fiscal year. The primary factor contributing to this was a contribution of capital assets from the HAIDC.

Another important factor in the consideration of the fiscal condition is the Agency's cash position and annual cash flows. A condensed version of the Agency's statement of cash flows follows:

	<b>Year Ended March 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Cash flows from:			
Operating activities	\$ 207,374	\$ 264,857	\$ 136,029
Noncapital financing activities	104,517	(244,351)	29,532
Capital and related financing activities	(325,311)	(219,233)	2,823
Investing activities	<u>22,442</u>	<u>12,761</u>	<u>5,316</u>
Net change in cash and cash equivalents	<u>\$ 9,022</u>	<u>\$ (185,966)</u>	<u>\$ 173,700</u>

## Capital Assets and Debt Administration

**Capital Assets**—The Agency's investment in capital (net of accumulated depreciation) as of March 31, 2007 and 2006, amounted to \$6,145,262 and \$5,232,285, respectively. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

A summary of the Agency's capital assets net of accumulated depreciation is presented below:

	March 31,		
	2007	2006	2005
Land	\$ 433,930	\$ 448,056	\$ 704,556
Buildings and improvements	5,689,423	4,748,557	4,091,699
Machinery and equipment	21,909	35,672	49,694
Total	<u>\$ 6,145,262</u>	<u>\$ 5,232,285</u>	<u>\$ 4,845,949</u>

Significant capital asset events during the year ended March 31, 2007 include:

- ◆ The Agency received the completed assets of the HAIDC's South Yards Project which included a building and land. This transfer of assets was recognized as a contribution from the HAIDC in the amount of \$1,302,312.
- ◆ The All Systems building was converted into a parking lot and subsequently leased to Alstom.
- ◆ The building at 18 North Main Street was leased to Xylon, L.L.C. which resulted in the removal of the building and roof improvements from the Agency's records.

**Debt**—At March 31, 2007, the Agency had total debt outstanding of \$2,049,947 as compared to \$2,279,122 at March 31, 2006. There was no new debt issued during the year ended March 31, 2007, while during the year ended March 31, 2006, the Agency entered into two new loans amounting to \$1,041,000. All scheduled payments were made during each fiscal year.

Additional information on the Agency's debt can be found in the notes to the financial statements.

## Economic Factors

The Agency's basic purpose is to assist business growth and expansion in the City of Hornell. The Agency does not rely on any form of taxpayer or other public support. The business and economic climate in the City have been relatively steady over the past two years.

## Contacting the Agency

This financial report is designed to provide a general overview of the Agency's finances for interested individuals. Questions regarding this report or requests for additional information should be directed to the City of Hornell Industrial Development Agency, 40 Main Street, Hornell, New York 14843



**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**  
**Statements of Net Assets**  
**March 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 550,964	\$ 541,942
Accounts receivable	101,075	3,893
Due from HAIDC	175,834	244,351
Notes receivable		
Special project grants and loans	47,251	47,251
Mortgages receivable	21,175	11,101
Total current assets	<u>896,299</u>	<u>848,538</u>
Noncurrent assets:		
Special project grants and loans	70,877	118,128
Mortgages receivable	139,767	62,233
Capital assets:		
Land	433,930	448,056
Buildings and improvements	8,999,675	7,817,953
Machinery and equipment	369,756	369,756
Less accumulated depreciation	<u>(3,658,099)</u>	<u>(3,403,480)</u>
Total capital assets, net of depreciation	<u>6,145,262</u>	<u>5,232,285</u>
Total noncurrent assets	<u>6,355,906</u>	<u>5,412,646</u>
Total assets	<u>7,252,205</u>	<u>6,261,184</u>
<b>LIABILITIES</b>		
Current liabilities:		
Notes payable	268,195	258,234
Accounts payable—trade	43,289	25,041
Accounts payable—PILOTs	92,820	39,396
Accrued liabilities	53,317	-
Total current liabilities	<u>457,621</u>	<u>322,671</u>
Noncurrent liabilities:		
Notes payable	<u>1,781,752</u>	<u>2,020,888</u>
Total liabilities	<u>2,239,373</u>	<u>2,343,559</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	4,095,315	2,953,163
Unrestricted	917,517	964,462
Total net assets	<u>\$ 5,012,832</u>	<u>\$ 3,917,625</u>

The notes to the financial statements are an integral part of this statement.

# CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY

## Statements of Activities Years Ended March 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Rental income	\$ 846,065	\$ 709,560
Airplane rental income	54,500	44,920
Empire Zone income	45,105	69,015
Administrative income	40,000	40,000
Miscellaneous	5,000	-
Total operating revenues	<u>990,670</u>	<u>863,495</u>
Operating expenses:		
Salaries and benefits	130,152	140,417
Repairs and maintenance	19,090	25,404
Auto expenses	8,074	7,353
Insurance—general and medical	64,694	61,617
Executive Director's life insurance	56,815	55,160
Legal and accounting	23,528	15,949
Dues and subscriptions	6,003	4,175
Equipment rental	3,884	7,839
Rent	8,400	8,400
Utilities	11,367	13,890
Telephone	7,451	8,637
Airplane expense	100,438	62,753
Depreciation	263,480	240,309
Office supplies	7,445	5,216
Postage	4,746	5,032
Outside services	284	67
Travel and entertainment	11,031	9,850
Empire Zone expense	90,503	76,388
Miscellaneous	13,628	7,991
REDEC grant	-	20,000
Bad debt expense	3,468	3,333
Contribution to HAIDC	199,745	125,000
Total operating expenses	<u>1,034,226</u>	<u>904,780</u>
Operating loss	<u>(43,556)</u>	<u>(41,285)</u>
Nonoperating revenues (expenses):		
Contributions from HAIDC	1,338,312	-
Interest income	22,442	12,761
Net (loss) gain on disposal of property and equipment	(90,285)	5,033
Interest on debt	(131,706)	(95,087)
Total nonoperating revenues (expenses)	<u>1,138,763</u>	<u>(77,293)</u>
Change in net assets	1,095,207	(118,578)
Total net assets—beginning	<u>3,917,625</u>	<u>4,036,203</u>
Total net assets—ending	<u>\$ 5,012,832</u>	<u>\$ 3,917,625</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**  
**Statements of Cash Flows**  
**Years Ended March 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from providing services	\$ 848,131	\$ 808,884
Receipts from other operating activities	5,000	86,728
Payments for contractuals expenses	(462,107)	(435,178)
Payments for personal services and benefits	(183,650)	(195,577)
Net cash provided by operating activities	<u>207,374</u>	<u>264,857</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Loan repayments from (loan to) HAIDC	<u>104,517</u>	<u>(244,351)</u>
Net cash provided by (used in) noncapital financing activities	<u>104,517</u>	<u>(244,351)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	-	(1,159,774)
Proceeds from the sale of capital assets	35,570	193,686
Proceeds from the issuance of debt	-	1,041,000
Principal paid on debt	(229,175)	(199,058)
Interest paid on debt	(131,706)	(95,087)
Net cash (used in) capital and related financing activities	<u>(325,311)</u>	<u>(219,233)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<u>22,442</u>	<u>12,761</u>
Net increase (decrease) in cash and cash equivalents	9,022	(185,966)
Cash and cash equivalents—beginning	541,942	727,908
Cash and cash equivalents—ending	<u>\$ 550,964</u>	<u>\$ 541,942</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (43,556)	\$ (41,285)
Adjustments for items not affecting cash flows:		
Depreciation	263,480	240,309
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(97,182)	44,963
(Increase) in notes receivable	(40,357)	(12,846)
Increase in accounts payable	71,672	33,716
Increase in accrued liabilities	53,317	-
Total adjustments	<u>250,930</u>	<u>306,142</u>
Net cash provided by operating activities	<u>\$ 207,374</u>	<u>\$ 264,857</u>

The notes to the financial statements are and integral part of this statement.

# CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY

## Notes to Financial Statements Years Ended March 31, 2007 and 2006

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Nature of Operations

The City of Hornell Industrial Development Agency (the "Agency") is a public benefit corporation and was created in 1974 under Title I Article 18-A of New York State General Municipal Law for the purpose of encouraging financially sound companies to locate and expand in the City of Hornell, New York (the "City"). The Agency is exempt from Federal income taxes and New York State franchise taxes.

#### B. Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies are:

***Industrial Development Revenue Bond and Note Transactions***—Industrial development revenue bonds and notes issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Agency, the City or the State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising there from are controlled by trustees or banks acting as fiscal agents. The Agency receives bond administrative fees from the borrowing companies for providing the service. Such administrative fee income is recognized immediately upon issuance of the bonds and notes.

***IDB TYPE Lease Transactions***—The Agency has established a lease program to provide state and local tax benefits to companies developing industrial properties. Under this program, the Agency receives title to properties under development and leases the property to the previous titleholder (lessee). Title to those properties is transferred to the lessee at the end of the maximum tax benefit period or at any time during the lease period at the option of the lessee. The Agency does not record assets acquired under the lease program since the Agency's primary function is to provide state and local benefits to the lessee. The Agency receives lease administrative fees from the lessee for providing this service. Such administrative fee income is recognized at lease inception or ratably over the term of the lease depending on the agreement terms between the lessee and the Agency.

***Investments***—The Agency's investment policies are governed by state statutes. In addition, the Agency has its own written investment policy. The Agency reports no investments at March 31, 2007 and 2006; however, it is the Agency's policy to state investments at fair value, when applicable.

***Grant Accounting***—Pass-through grants are recorded as receivables and deferred revenue upon award; revenues are recognized as the Agency meets performance requirements of the grants.

***Rental Property***—The Agency has developed various properties which it leases under operating leases to companies establishing or expanding new business activities in the Hornell area. The property is recorded at cost, which includes all costs incurred during the development stage, net of accumulated depreciation.

Depreciation is computed on the straight-line method over the estimated lives of the assets. The Agency acquired a Piper Navajo airplane in 1987 for use by the Hornell business community.

The plane is owned by the Agency and leased to and operated by Sterling Airways, Inc. The Agency receives monthly rental income based upon number of hours flown.

***Property and Equipment***—Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the following estimated useful lives of the assets:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30
Machinery and equipment	5 - 7

***Statement of Cash Flows***—For purposes of the statement of cash flows, the Agency considers cash and cash equivalents to be all cash accounts and short-term investments purchased with a maturity of three months or less.

#### **C. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### **D. Future Impacts of Accounting Pronouncements**

The Agency has not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (“GASB”) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the year ending March 31, 2009; GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the year ending March 31, 2010; GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, effective for the year ending March 31, 2008; GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for the year ending March 31, 2009; and GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, effective for the year ending March 31, 2009. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 43, 45, 48, 49, and 50 will have on its financial position and results of operations when such statements are adopted.

## **2. CASH AND CASH EQUIVALENTS**

Collateral is required for demand deposits and certificates of deposits for 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.

The Agency’s cash and cash equivalents at March 31, 2007 and 2006 are carried at fair value, and presented on the following page.

	March 31, 2007		March 31, 2006	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 300,000	\$ 300,000	\$ 323,530	\$ 323,517
Uninsured:				
Collateral held pledging bank's agent in the Agency's name	236,267	232,772	220,729	218,425
Uninsured, uncollateralized	18,206	18,192	-	-
Total deposits	<u>\$ 554,473</u>	<u>\$ 550,964</u>	<u>\$ 544,259</u>	<u>\$ 541,942</u>

***Custodial credit risk – deposits***—Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At March 31, 2007, \$18,206 of the Agency's bank balance of \$554,473 was exposed to custodial credit risk because it was neither insured nor collateralized. At March 31, 2006, the Agency's deposits were FDIC insured or collateralized.

### 3. RECEIVABLES

**A. Accounts receivable**—Accounts receivable at March 31, 2007 and 2006 is as follows:

	2007	2006
Rental payments	\$ 24,716	\$ -
Payments in lieu of taxes, to be remitted to taxing authorities	74,145	-
Miscellaneous	2,214	3,893
Total	<u>\$ 101,075</u>	<u>\$ 3,893</u>

**B. Notes receivable**—Represents special project grants and mortgages and is comprised of the following at March 31, 2007 and 2006:

	2007	2006
Note receivable from Alstom. Receivable relating to an Industrial Access Project due over a five year period with final payment due September 3, 2008. Interest is not included on this note.	\$ 118,128	\$ 165,379
Mortgage receivable from Gene Boccia in the amount of \$51,800 at 6.5% to be paid over five years. Mortgage is for the property located at 130 Main St.	40,379	49,589
Mortgage receivable from Leon Babcock in the amount of \$24,500 at 6.0% to be paid over nine years. Mortgage is for the property located at 103-113 Main st.	21,854	23,745
Mortgage receivable from Xlyon, L.L.C. in the amount of \$100,000 at 5.0% to be paid over 10 years. Mortgage is for the property located at 18 North Main Street.	98,709	-
Total notes receivable	279,070	238,713
Less current portion	(68,426)	(58,352)
Non-current portion	<u>\$ 210,644</u>	<u>\$ 180,361</u>

#### 4. PROPERTY AND EQUIPMENT—NET

Property and equipment consisted of the following at March 31, 2007 and 2006:

	2007	2006
Land	\$ 433,930	\$ 448,056
Buildings and improvements	8,999,675	7,817,953
Machinery and equipment	<u>369,756</u>	<u>369,756</u>
Total	9,803,361	8,635,765
Less accumulated depreciation	<u>(3,658,099)</u>	<u>(3,403,480)</u>
Property and equipment—net	<u>\$ 6,145,262</u>	<u>\$ 5,232,285</u>

Depreciation expense recorded for the fiscal years ended March 31, 2007 and 2006 was \$263,480 and \$240,309, respectively.

#### 5. LONG-TERM DEBT

Long-term debt at March 31, 2007 and 2006 is as follows:

	2007	2006
Industrial Access Project loan payable to the NYSDOT. The loan is payable in annual installments, with the final payment due on September 3, 2008. No interest is included on this note.	\$ 118,128	\$ 165,379
REDEC rural development grant payable to REDEC. The loan is payable in annual installments of \$4,000 with no interest included. Payments conclude in the year 2010.	12,000	16,000
Steuben Trust Company loan payable in monthly installments of \$9,814 (with interest only due in the first year), including interest at 7.70%, due August 2021. Collateralized by rental property.	1,025,000	1,025,000
Steuben Trust Company loan payable in monthly installments of \$7,410, including interest at 6.5%, due February 2013. Collateralized by rental property.	433,132	496,170
Steuben Trust Company loan payable in monthly installments of \$12,762 including interest at 7.75%, due November 2010. Collateralized by rental property.	<u>461,687</u>	<u>576,573</u>
Total long-term debt	2,049,947	2,279,122
Less current portion	<u>(268,195)</u>	<u>(258,234)</u>
Non-current portion	<u>\$ 1,781,752</u>	<u>\$ 2,020,888</u>

Remaining planned principal and interest payments are as follows at March 31, 2007:

<u>Fiscal Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 268,195	\$ 135,619
2009	308,386	119,053
2010	255,349	101,214
2011	218,170	82,560
2012	135,928	70,816
2013 - 2017	422,055	244,617
2017 - 2022	441,864	81,215
Total	<u>\$ 2,049,947</u>	<u>\$ 835,094</u>

## 6. RELATED ENTITY

The Hornell Area Industrial Development Corporation (the "HAIDC") is a nonprofit corporation created to assist companies to establish themselves and prosper in the Hornell area. The HAIDC is considered a related entity since its members are also members of the Agency. HAIDC members have complete independent responsibility and accountability for their fiscal matters, therefore, the HAIDC functions and activities are not included in the Agency's financial statements.

During the years ended March 31, 2007 and 2006, the Agency contributed \$199,745 and \$125,000, respectively, to the HAIDC. The 2007 contribution consisted of \$40,000 for participation in the façade improvement program and \$159,745 in contributions to the South Yards Project. The 2006 contribution consisted of \$100,000 for participation in the façade improvement program and \$25,000 to assist with cash flow.

During the year ended March 31, 2007, the HAIDC contributed \$1,338,312 to the Agency. This contribution consisted of a transfer of the completed South Yards Project assets in the amount of \$1,302,312, and \$36,000 payment for administrative services.

At March 31, 2007 and 2006, the Agency had amounts due to the HAIDC of \$15,017 and \$15,150, respectively. These amounts are reimbursement for certain travel expenses and recorded with accounts payable.

At March 31, 2007 and 2006, the Agency had an amount due from the HAIDC of \$175,834 and \$244,351, respectively, which consisted of a temporary loan made to assist with cash flow requirements for the South Yards Project.



## 7. LEASES

The Agency leases certain of its real property and improvements thereon under non-cancelable operating leases through 2020. Future minimum lease amounts to be received under these leases over the next five years are as follows:

<u>Fiscal Year Ending March 31,</u>	
2008	\$ 1,663,416
2009	1,708,799
2010	1,741,014
2011	1,770,987
2012	1,820,591
Total	<u>\$ 8,704,807</u>

Additionally, during the year ended March 31, 2007 the Agency entered into operating lease agreements as lessee in order to secure the use of certain machinery and equipment. Expenses for the year ended March 31, 2007 for these leases amounted to \$3,977, and the remaining future payments are as follows:

<u>Fiscal Year Ending March 31,</u>	
2008	\$ 12,048
2009	12,048
2010	10,001
2011	3,860
2012	1,930
Total	<u>\$ 39,887</u>

The Agency also leases its office space from the City of Hornell Chamber of Commerce on a year-to-year operating lease. Rent expense was \$8,400 for both of the years ended March 31, 2007 and 2006.

## 8. COMMITMENTS AND CONTINGENCIES

Grants received by the Agency require the fulfillment of certain conditions as set forth in the various grant agreements. Failure to fulfill them could result in the forfeiture of the grants. Although the possibility exists of this occurring, management deems this likelihood to be remote.

## 9. INDUSTRIAL ACCESS PROJECT GRANT

During fiscal year 2002, the Agency was awarded a grant for industrial access improvements around the train depot and Alstom Power facilities. The award to the Agency was for \$1,000,000 of which 60% is a grant and 40% is a loan which is to be repaid with in five years of the completion of the project as determined by the New York State Department of Transportation ("NYSDOT"). In fiscal year 2002, the Agency received \$561,105 of which 40% (\$224,442) was reflected as notes payable (to NYSDOT) and a corresponding notes receivable (from Alstom Power). At March 31, 2007 and 2006, both the note payable and note receivable balances amounted to \$118,128 and \$165,379, respectively.

\* \* \* \* \*

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of City of Hornell  
Industrial Development Agency:

We have audited the financial statements of City of Hornell Industrial Development Agency (the "Agency") as of and for the years ended March 31, 2007 and 2006, and have issued our report thereon dated June 21, 2007. 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 the 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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we considered to be a significant deficiency.

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 or detected by the entity's internal control. We consider the deficiency described in the following paragraph to be a significant deficiency in internal control over financial reporting.

*Significant Adjusting Journal Entries*—During our audit we made several adjusting journal entries which changed the amounts recorded and reported in the financial statements.

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 entity's internal control.

Our consideration of the 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. However, we do not believe that the significant deficiency described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 matters that we reported to management of the Agency in a separate letter dated June 21, 2007.

This report is intended solely for the information and use of members of the Agency, its management, the New York State Office of the State Comptroller and the New York State Authority Budget Office and is not intended to be and should not be used by anyone other than these specified parties.

Drescher & Malecki LLP

June 21, 2007

## **SUPPLEMENTAL INFORMATION**

Presented as supplemental information is the Annual Financial Report in the format as prescribed by the Office of the State Comptroller of the State of New York.

INDUSTRIAL DEVELOPMENT AGENCY  
ANNUAL FINANCIAL REPORT

\_\_\_\_ Please check here if the name, address, and/or telephone number is different from last year.

FOR City of Hornell Industrial Development Agency  
(name of Industrial Development Agency)

City of Hornell  
(name of sponsoring municipality)

FOR THE FISCAL YEAR ENDED March 31, 2007

General Municipal Law, Section 859 (1):

(b) Within ninety days following the close of its fiscal year, each agency or authority shall prepare a financial statement for that fiscal year in such form as may be prescribed by the State Comptroller. Such statement shall be audited within such ninety day period by an independent certified public accountant....

(c) Within thirty days after completion, a copy of the audited financial statement shall be transmitted to the Commissioner of the Department of Economic Development, the State Comptroller and the governing body of the municipality for whose benefit the agency was created.

OFFICE OF THE STATE COMPTROLLER  
LOCAL GOVERNMENT SERVICES AND  
ECONOMIC DEVELOPMENT  
DATA MANAGEMENT UNIT 12-8-C  
110 STATE STREET  
ALBANY, NEW YORK 12236-0001

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**ENTERPRISE FUND \* BALANCE SHEET \* AS OF** March 31, 2007

<b>ASSETS</b>	<b>EDP CODE</b>	<b>LIABILITIES AND NET ASSETS</b>	<b>EDP CODE</b>
Cash	ED100S	Accounts Payable	ED200S
Investments	ED105S	Accrued Liabilities	ED205S
Other Receivables (Net)	ED115S	Retained Percentages	ED210S
State and Federal Aid Receivables	ED120S	Notes Payable	ED215S
Due From Other Funds	ED125S	Other Liabilities	ED220S
Due From Other Governments	ED130S	Due to Other Funds	ED225S
Inventories	ED135S	Due to Other Governments	ED230S
Prepaid Expenses	ED140S	Bond and Long Term Liabilities	ED240S
Restricted Assets	ED145S	Deferred Revenues	ED245S
Fixed Assets (Net)	ED150S		
		<b>Total Liabilities</b>	<b>\$2,239,373</b>
		<b>Net Assets</b>	
		Invested in Capital Assets, Net of	
		Related Debt	ED301S
		Restricted	ED306S
		Unrestricted	ED311S
		Net Assets	
<b>TOTAL ASSETS</b>	<b>\$7,252,205</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$7,252,205</b>

The Notes to the Financial Statements are an integral part of this statement.

**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED March 31, 2007**

	<u>EDP CODE</u>	<u>AMOUNT</u>
<u>Operating Revenues</u>		
Charges for Services	ED515S	\$ 144,605
Rental Income	ED ____ S	846,065
<b>Total Operating Revenues</b>		<b>\$ 990,670</b>
<u>Operating Expenses</u>		
Personal Services	ED625.1S	130,152
Contractual Expenses	ED625.4S	583,779
Employee Benefits	ED625.8S	56,815
Depreciation	ED603.4S	263,480
<b>Total Operating Expenses</b>		<b>\$ 1,034,226</b>
<b>Operating Income (Loss)</b>		<b>\$ (43,556)</b>
<u>Non-Operating Revenues (Expenses)</u>		
Revenues:		
Use of Money and Property	ED525S	\$ 22,442
Sale of Property and Compensation for Loss	ED530S	
Contributions	ED ____ S	1,338,312
Expenses: (Specify)		
Loss on disposal of assets	ED ____ S	(90,285)
Interest on debt	ED ____ S	(131,706)
<b>Net Non-Operating Revenue (Expense)</b>		<b>\$ 1,138,763</b>
<b>Income (Loss) Before Transfers and Taxes</b>		<b>\$ 1,095,207</b>
Operating Transfers In	ED555S	
Operating Transfers Out	ED655.9S	
Real Property Taxes	ED ____ 4S	
<b>Net Income (Loss)</b>		<b>\$ 1,095,207</b>
<b>Net Assets - Beginning of Year</b>	ED400S	<b>\$ 3,917,625</b>
Adjustments: (Specify)		
	ED ____ S	
	ED ____ S	
<b>Net Assets - End of Year</b>	ED405S	<b>\$ 5,012,832</b>



**STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED March 31, 2007**  
**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>EDP CODE</u>	<u>AMOUNT</u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Providing Services	ED7111S	\$848,131
Cash Payments Contractual Expenses	ED7112S	(462,107)
Cash Payments Personal Services & Benefits	ED7113S	(183,650)
Other Operating Revenues	ED7114S	5,000
<b>Net Cash Provided (Used) by Operating Activities</b>	ED7119S	<b>\$207,374</b>
<b>Cash Flows from Non-Capital and Financing Activities:</b>		
Real Property Taxes	ED7121S	\$
Operating Grants Received	ED7122S	
<del>Interest Expenses (Non-Capital)</del>	<del>ED7123S</del>	<del>104,517</del>
<del>Proceeds of Debt (Non-Capital)</del>	<del>ED7124S</del>	
<del>Payment of Debt (Non-Capital)</del>	<del>ED7125S</del>	
<del>Interest Expenses (Non-Capital)</del>	<del>ED7126S</del>	
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	ED7129S	<b>\$104,517</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds of Debt (Capital)	ED7131S	\$
Principal Payments Debt (Capital)	ED7132S	(229,175)
Interest Expenses (Capital)	ED7133S	(131,706)
Capital Contributed by Developers	ED7134S	
Capital Contributed by Other Funds	ED7135S	
Payments to Contractors	ED7136S	
Capital Grants Received from Other Governments	ED7137S	
Proceeds from Sale of Assets	ED7138S	35,570
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	ED7139S	<b>\$(325,311)</b>

**STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED March 31, 2007**  
**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Continued)**

	<u>EDP CODE</u>	<u>AMOUNT</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	ED7151S	\$
Sale of Investments	ED7152S	
Interest Income	ED7153S	22,442
<b>Net Cash Provided (Used) by Investing Activities</b>	ED7159S	\$ 22,442
 Net Increase (Decrease) in Cash and Cash Equivalents	ED7161S	\$ 9,022
Cash and Cash Equivalents at Beginning of Year	ED7171S	541,942
Cash and Cash Equivalents at End of Year	ED7179S	550,964
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>		
Operating Income (Loss)	ED7181S	\$ (43,556)
 <b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) from Operations:</b>		
Depreciation	ED7182S	\$ 263,480
Increase/Decrease in Assets Other than Cash and Cash Equivalents	ED7183S	(137,539)
Increase/Decrease in Liabilities Other than Cash and Cash Equivalents	ED7184S	124,989
Other Reconciling Items:		
	ED7185S	
	ED7185S	
	ED7185S	
	ED7185S	
<b>Total Adjustments</b>	ED7188S	\$ 250,930
<b>Net Cash Provided (Used) by Operating Activities</b>	ED7189S	\$ 207,374

NOTES TO FINANCIAL STATEMENTS  
Summary of Significant Accounting Policies

Note 1: Basis of Accounting

Refer to notes to the Agency's  
audited financial statements.

## STATEMENT OF INDEBTEDNESS

List Separately by Date of Issue	EDP CODE	Month and Year*	At Issuance	Interest Rate If Variable, Applicable Range	Outstanding Beginning of Fiscal Year	Do Not Include Renewals Here Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Final Maturity Date
Capital Notes:	2P1865	T	/		1	3	5	7	
Other Debt (specify):		/	/						
		/	/						
Bond Anticipation Notes:		/	/						
		/	/						
		/	/						
<b>Total Bond Anticipation Notes</b>	2P1866						**		
**BANS Redeemed from Bond Proceeds	2P1888								
Bonds (List by Purpose)		/	/						
		/	/						
		/	/						
		/	/						
		/	/						
<b>Total Bonds</b>	2P1867								
Authority Loans	2P1869	/	/						
<b>TOTAL OF ALL INDEBTEDNESS</b>									

Please note callable features of bond issues and any reserve funds available to pay debt (include also in the Notes to Financial Statements)

\*ON NEW ISSUES, PLEASE INSERT NEW ISSUE DATE: ON RENEWAL, PLEASE INSERT LATEST RENEWAL DATE. PLEASE INSERT 4 DIGITS. I.E. APRIL 2003 WOULD BE 04/03.

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENT OF INDEBTEDNESS**

Year Ended March 31, 2007

List Separately by Date of Issue	EDP Code	Month & Year	Interest Rate		Outstanding Beginning of Year	Do Not Include Renewals		Outstanding End of Year	Final Maturity Date
			At Issuance	If Variable, Applicable Range		Issued	Paid		
		T			1	3	5	7	
<b>Capital Notes:</b>	2P1865								
<b>Other Debt (Specify):</b>									
NYSDOT - IAP Loan			0.00%		165,379	0	47,251	118,128	9/3/2008
REDEC Loan			0.00%		16,000	0	4,000	12,000	12/2010
Steuben Trust Loan			6.50%		496,170	0	63,038	433,132	2/2013
Steuben Trust Loan			7.75%		576,573	0	114,886	461,687	11/2010
Steuben Trust Loan			7.70%		1,025,000	0	0	1,025,000	8/2021
Total Bond Anticipation Notes	2P1866	-----	-----	-----					-----
**BANS Redeemed from Bond Proceeds	2P1888	-----	-----	-----	-----	-----		-----	-----
<b>Bonds (List by Purpose)</b>									
		12/1986							
		11/2000							
Total Bonds (see Note 1 below)	2P1867	-----	-----	-----	0	0	0	0	-----
<b>Authority Loans</b>	2P1869								
<b>TOTAL OF ALL INDEBTEDNESS</b>		-----	-----	-----	2,279,122	0	229,175	2,049,947	-----

Not applicable

**MATURITY SCHEDULE  
BONDS ISSUED DURING THE YEAR**

PURPOSE OF ISSUE	EDP CODE								
For State Comptroller Use Only	-----								
TOTAL PRINCIPAL	2P3CE								
DATE OF ISSUE*	2P3PR								
INTEREST RATE (In Decimals)	2P3DT	/ /	/ /	/ /	/ /	/ /	/ /	/ /	/ /
DATE OF FINAL MATURITY*	2P3PC								
	2P3DM	/ /	/ /	/ /	/ /	/ /	/ /	/ /	/ /
2002	2P302								
2003	2P303								
2004	2P304								
2005	2P305								
2006	2P306								
2007	2P307								
2008	2P308								
2009	2P309								
2010	2P310								
2011	2P311								
2012	2P312								
2013	2P313								
2014	2P314								
2015	2P315								
2016	2P316								
Amount of Principal Redeemed in or to be Redeemed in Fiscal Year Ending in									
Continue on Reverse Side									

\*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03  
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

Not applicable

MATURITY SCHEDULE  
BONDS ISSUED DURING THE YEAR

	EDP CODE					
Amount of Principal Redeemed in or to be Redeemed in Fiscal Year Ending in	2017	2P317				
	2018	2P318				
	2019	2P319				
	2020	2P320				
	2021	2P321				
	2022	2P322				
	2023	2P323				
	2024	2P324				
	2025	2P325				
	2026	2P326				
	2027	2P327				
	2028	2P328				
	2029	2P329				
	2030	2P330				
	2031	2P331				
	2032	2P332				
	2033	2P333				
	2034	2P334				
	2035	2P335				
	2036	2P336				
Continue on Next Page						

\*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03

NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

Not applicable

MATURITY SCHEDULE  
BONDS ISSUED DURING THE YEAR

	EDP CODE					
2037	2P337					
2038	2P338					
2039	2P339					
2040	2P340					
2041	2P341					
2042	2P342					
2043	2P343					
2044	2P344					
2045	2P345					
2046	2P346					
2047	2P347					
2048	2P348					
2049	2P349					
2050	2P350					
2051	2P351					
2052	2P352					
2053	2P353					
2054	2P354					
2055	2P355					
Total	-----					

Amount of Principal Redeemed  
in or to be Redeemed in  
Fiscal Year Ending in

\*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03  
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.



## INSTRUCTIONS FOR COMPLETING SCHEDULE OF SUPPLEMENTAL BOND/NOTE AND LEASE INFORMATION FOR INDUSTRIAL DEVELOPMENT AGENCIES AND AUTHORITIES

The Supplemental Information follows the Maturity Schedule and is required to be completed for each project begun in 1990 and thereafter for which debt was issued, outstanding or retired during the fiscal year or any straight lease agreement which was entered into since 1990 and thereafter and is outstanding. (Photocopy additional sheets if needed).

1. On the Schedule of Supplemental Information, the name of the project, the name of the project owner, and the project owner's address must be completed for all projects begun in 1990 and thereafter. This information should be current and reflect any changes since the project was undertaken. The project code must be established and reported for all projects started in 1998 and thereafter. Refer to separate instructions for coding structure for IDA project identification numbers. This code should also be used to identify the project in reporting project activity to other state agencies or departments.
2. The project purpose code should be taken from the list on the top of pages 11 and 12 of the annual report forms. The definitions for the codes follows these instructions.
3. Total Project Amount is the cost of the entire project.
4. Benefitted Project Amount is Total Project Amount less any project costs that will not result in an IDA-derived benefit. For example, items included within the project amount that are not sales taxable (e.g. service, such as legal, architectural, engineering) or do not result in an increase in the real property assessment.
5. Bond or Note Amount is the original principal amount of bond or note issued.
6. Show the federal tax status of each bond or note using the codes on top of page 11.
7. Not-for-Profit Organization status of project occupant should be indicated by putting a "yes" in the not-for-profit column.
8. New Tax Revenue If No Exemptions Granted refers to the amount of tax revenues a project would generate if the project did not receive any tax exemptions.
9. Method of Financial Assistance Other Than Tax Exemptions or other economic benefits can be detailed on another page if necessary.
10. Tax exemptions refer to the total dollar amount of exemptions received during the year for which the report is being completed. For real property tax exemptions, please indicate the total amount of taxes for which the project would have been liable if the IDA was not involved. Do not deduct amounts paid pursuant to any payment in lieu of taxes (PILOT) agreements. Real property tax exemptions must be shown for all projects including those to which PILOTS are made.
11. Total Real Property Tax Exemptions Net of RPTL section 485-b Exemptions is the amount of real property tax exemptions the project received as a result of IDA status, i.e., deduct from the IDA exemption the amount of any real property tax exemptions the project would have received, irrespective of IDA involvement.
12. Each project where a PILOT is made must be listed on pages 11b and 12b.  
-- code 1 (all local units); -- code 2 (selected local units)
13. FTE Jobs Created and Retained-report the number of full time equivalent jobs.

### PROJECT PURPOSE CODE DEFINITIONS

**Services:** This category includes establishments primarily engaged in producing a wide variety of services for individuals, business and government establishments and other organizations. Hotels and other lodging places, recreational services, health, legal, engineering, and other professional services; educational institutions, membership organizations, and other miscellaneous services, are included.

**Construction:** This category includes establishments primarily engaged in construction. Three broad types of construction activity are covered: (1) building construction by general contractors or by operative builders; (2) heavy construction other than building by general contractors and special trade contractors; and (3) construction activity by other special trade contractors.

**Agriculture, Forestry and Fishing:** This category includes establishments primarily engaged in agricultural production, forestry, commercial fishing, hunting and trapping and related services.

**Wholesale Trade:** This category includes establishments or places of business primarily engaged in selling merchandise to retailers; to industrial, commercial, institutional, farm, construction contractors, or professional business users; or to other wholesalers; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

**Retail Trade:** This category includes establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods. In general, retail establishments are classified by kind of business according to the principal lines of commodities sold (groceries, hardware, etc.), or the usual trade designation (drug store, cigar store, etc.). Some of the important characteristics of retail trade establishments are: the establishment is usually a place of business and is engaged in activities to attract the general public to buy; the establishment buys or receives merchandise as well as sells; the establishment may process its products, but such processing is incidental or subordinate to selling; the establishment is considered as retail in the trade; and the establishment sells to customers for personal or household use.

**Finance, Insurance and Real Estate:** This category includes establishments operating primarily in the fields of finance, insurance and real estate. Finance includes depository institutions, non-depository credit institutions, holding (but not predominantly operating) companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, and insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate.

**Transportation, Communications, Electric, Gas and Sanitary Services:** This category includes establishments providing, to the general public or to other business enterprises, passenger and freight transportation, communications services, or electricity, gas, steam, water or sanitary services.

#### Other Categories:

- Exempt Facility
- Local furnishing of electric energy or gas
- Water and sewage facilities
- Docks, wharves and public transit
- Exempt sports facility
- Pollution control
- Solid waste and resource recovery
- Civic Facility-- Facility owned or occupied by a nonprofit organization

**Manufacturing:** The manufacturing category includes establishments engaged in the mechanical or chemical transformation of materials or substances into new products. These establishments are usually described as plants, factories, or mills and characteristically use power drive machines and materials handling equipment. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure nor other fixed improvement. Also included is the blending of materials, such as lubricating oils, plastic resins, or liquors.

SCHEDULE OF SUPPLEMENTAL INFORMATION									
BONDS/NOTES									
Project Purpose Codes							Federal Tax Status		
1. Services	2. Construction	3. Agriculture, Forestry, Fishing	4. Wholesale Trade	5. Retail trade	6. Finance, Insurance and Real Estate	7. Transportation, Communication, Electric, Gas and Sanitary Services	8. Other (Specify)	9. Manufacturing	1. Taxable 2. Tax Exempt
No.	Project Code	Name of Project Project Owner and Address	Purpose	Total Project Amount	Benefitted Project Amount	Bond/Note Amount	Federal Tax Status	Not for Profit	New Tax Revenues If No Exemptions Granted
1	4602 86 01A	Crowley Foods, Inc. Hurlbut Street Hornell, NY 14843	9	\$6,200,000	\$6,200,000	\$6,200,000	1	No	\$0
2	4602 00 01A	Alstom Transportation, Inc. 1 Horton Street Hornell, NY 14843	9	\$6,600,000	\$6,600,000	\$6,600,000	1	No	\$94,302
3	4602 02 01A	Transportation Transit Associates 1 William K. Jackson Lane Hornell, NY 14843	9	\$3,350,000	\$3,350,000	\$2,500,000	1	No	\$0
4	4602 98 01A	Willow Ridge 131 Hornell Street Hornell, NY 14843	1	\$750,000	\$750,000	\$750,000	1	Yes	\$0
5	4602 06 02A	Tri-Keenan Tileworks, Inc. Shawmut Park Hornell, NY 14843	9	\$1,025,000	\$1,025,000	\$1,025,000	1	No	\$5,600
6									
7									
8									

SCHEDULE OF SUPPLEMENTAL INFORMATION  
BONDS/NOTES

Refer to page 10 of this report for instructions.

**TAX EXEMPTIONS**

No.	Sales Tax		Real Property Tax		Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Section 485-b Exemptions
	State	Local	County	Local			
1	0	0	18,726	25,651	0	79,795	79,795
2	47,151	47,151	36,697	140,247	0	339,853	339,853
3	0	0	23,200	31,780	0	98,860	98,860
4	0	0	10,440	14,301	0	44,487	44,487
5	2,800	2,800	17,400	23,835	0	79,745	79,745
6							
7							
8							

**SCHEDULE OF SUPPLEMENTAL INFORMATION**  
**BONDS/NOTES**

Refer to Page 10 of this report for instructions.

\* For appropriate Code, indicate 1 or 2:  
1 = PILOT payments made to all eligible local government participants  
2 = PILOT payments made to selected local government participants

PAYMENTS IN LIEU OF TAXES (PILOTS)						
No.	Project Code	County	Local	School	Total	*Code
1	4602 86 01A	18,726	25,651	35,418	79,795	1
2	4602 00 01A	36,697	140,247	68,607	245,551	1
3	4602 02 01A	23,200	31,780	43,880	98,860	1
4	4602 98 01A	10,440	14,301	19,746	44,487	1
5	4602 06 02A	17,400	23,835	32,910	74,145	1
6						
7						
8						

**SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS/NOTES**  
**FTE Jobs Created and Retained**

No.	# of FTE Employees At Project Location Before IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of Current FTE Employees	# of FTE Construction Jobs Created During Fiscal Year
1	104	0	104	110	0
2	0	500	0	1,120	0
3	0	100	100	85	0
4	2	11	2	18	0
5	0	40	0	16	0
6					
7					
8					

**SCHEDULE OF SUPPLEMENTAL INFORMATION  
STRAIGHT LEASES**

Project Purpose Codes								* Total exemption (page 12a) less total PILOTS (page 12b)
1. Services		4. Wholesale Trade		7. Transportation, Communication, Electric Gas and Sanitary Services				Refer to Page 10 of this report for instructions
2. Construction		5. Retail Trade		8. Other (Specify)				
3. Agriculture, Forestry Fishing		6. Finance, Insurance and Real Estate		9. Manufacturing				
No.	Project Code	Name of Project Project Owner and Address	Purpose	Total Amount of Lease	Not for Profit	New Tax Revenues If No Exemptions Granted *	Method of Financial Assistance Utilized by Project Other than Tax Exemptions Claimed by Project (Identify amount and type)	
1	4602 94 01A	Excel / New Plan Realty (WalMart) 159 Dwight Park Circle, Suite 204 Syracuse, NY 13209	5	2,153,652	No	\$150,421	None	
2	4602 06 01A	Orion (Ekert Drug) 4125 Freedom Way Weirton, WV 26062	5	\$3,213,135	No	\$0	None	
3	4602 06 03A	Maple City Retail (Sears) 1000 Route 36, Walmart Plaza Hornell, NY 14843	5	470,000	No	\$7,786	None	
4								
5								
6								
7								
8								

SCHEDULE OF SUPPLEMENTAL INFORMATION  
STRAIGHT LEASES

Refer to page 10 of this report for instructions.

EXEMPTIONS									
No.	<u>Sales Tax Exemptions</u>		<u>Real Property Tax Exemptions</u> Represents the total amount of taxes the project would have paid if the IDA were not involved.			Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Section 485-b Exemptions	
	State	Local	County	Local	School				
1.	0	0	96,462	132,136	182,446	0	411,044	411,044	
2	0	0	24,360	33,369	46,074	0	103,803	103,803	
3	0	0	4,060	5,562	7,679	0	17,301	17,301	
4									
5									
6									
7									
8									

SCHEDULE OF SUPPLEMENTAL INFORMATION  
STRAIGHT LEASES

Refer to Page 10 of this report for instructions.

\* For appropriate Code, indicate 1 or 2:  
**1** = PILOT payments made to all eligible local government participants.  
**2** = PILOT payments made to selected local government participants.

PAYMENTS IN LIEU OF TAXES (PILOTS)						
No.	Project Code	County	Local	School	Total	*Code
1.	4602 94 01A	31,275	172,011	57,337	260,623	1
2	4602 06 01A	24,360	33,369	46,074	103,803	1
3	4602 06 03A	2,233	3,059	4,223	9,515	1
4						
5						
6						
7						
8						



**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASES**  
**Full Time Equivalent (FTE) Jobs Created and Retained**

No.	# of FTE Employees at Project Location Before IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of Current FTE Employees	# of FTE Construction Jobs Created During Fiscal Year
1	0	240	0	390	0
2	13	7	13	11	0
3	5	2	5	9	0
4					
5					
6					
7					
8					

Enterprise Fund	\$ 550,964
TOTAL ALL FUNDS	\$ 550,964 *

[illegible]

NOTE: Bank certification forms are not required to be filed with this report. However, the Office of the State Comptroller may confirm bank balances directly with the bank.

# CERTIFICATE OF CHIEF FISCAL OFFICER

I, Wanda White, CERTIFY THAT I AM THE CHIEF FISCAL OFFICER OF THE  
City of Hornell Industrial Development Agency AND THAT THIS REPORT TO THE BEST OF MY  
KNOWLEDGE, INFORMATION, AND BELIEF, IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL TRANSACTIONS AND FISCAL  
CONDITION FOR THE FISCAL YEAR ENDED March 31, 2007.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

TITLE Chief Financial Officer and Treasurer

## OFFICIAL ADDRESS:

40 Main Street

Hornell, New York 14843

## OFFICE TELEPHONE NO.

(607)-324-0310

## PLEASE PRINT ADDITIONAL INFORMATION BELOW

CHIEF EXECUTIVE OFFICER (CEO): James W. Griffin

TITLE: Executive Director

## OFFICIAL ADDRESS:

40 Main Street

Hornell, New York 14843

## PLEASE MAIL REPORT TO:

OFFICE OF THE STATE COMPTROLLER  
LOCAL GOVERNMENT SERVICES AND ECONOMIC  
DEVELOPMENT

DATA MANAGEMENT UNIT 12-8-C  
110 STATE STREET  
ALBANY, NEW YORK 12236

## OFFICE TELEPHONE NO.

(607)-324-0310

IF YOU HAVE ANY QUESTIONS RELATING TO THIS  
REPORT, PLEASE CALL: (518) 408-2941

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**  
**Real Property Listing**  
**March 31, 2007**

- 1. Real property list**—§2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At March 31, 2007, the Agency owned the following real property:

Section/Block/Lot Identification #	Municipality	Property Location and Description	Recorded Value
136.03-01-001.001	City of Hornell, NY	State Route 36 – Walmart Plaza vacant land	\$ -
136.03-01-001.002	City of Hornell, NY	State Route 36 – Walmart Plaza vacant land	-
136.03-01-001.004	City of Hornell, NY	State Route 36 – Walmart Plaza	-
136.03-01-001.005	City of Hornell, NY	State Route 36 – Walmart Plaza vacant land	-
136.03-01-001.006	City of Hornell, NY	State Route 36 – Walmart Plaza	-
136.03-01-001.010	City of Hornell, NY	State Route 36 – Walmart Plaza pond area	-
136.17-01-001.200	City of Hornell, NY	Shawmut Drive – vacant land	16,000
151.05-02-001.300	City of Hornell, NY	Shawmut Drive – vacant land	-
151.05-02-002.100	City of Hornell, NY	Shawmut Drive – vacant land	-
151.05-02-002.200	City of Hornell, NY	Shawmut Drive – Trikeenan	-
151.05-02-007.000	City of Hornell, NY	Shawmut Drive – Alstom	-
151.05-02-009.000	City of Hornell, NY	Shawmut Drive – Alstom	-
151.10-01-001.200	City of Hornell, NY	Shawmut Drive – Alstom	-
151.10-01-044.000	City of Hornell, NY	195-203 Seneca St. – Alstom	-
151.10-01-048.000	City of Hornell, NY	185 Seneca St. – Alstom	-
151.10-01-067.000	City of Hornell, NY	Fulton Street – vacant land	-
151.15-01-001.000	City of Hornell, NY	Fulton Street – vacant land	4,500
151.15-01-093.000	City of Hornell, NY	Washington St. – vacant land	-
151.71-03-036.000	City of Hornell, NY	103-113 Main St – Erieline Antiques	-
166.06-07-045.001	City of Hornell, NY	111 Loder St. – Alstom	-
166.06.07-044-111	City of Hornell, NY	Transit Drive –Rechichi parking lot	-
166.11-01-014.100	City of Hornell, NY	Park Drive – parking lot	-
166.11-01-015.000	City of Hornell, NY	Transit Drive – Alstom	-
166.33-01-012.100	City of Hornell, NY	Transit Drive – Alstom	-
166.33-01-012.200	City of Hornell, NY	Transit Drive – Alstom	-
166.00-03-09.000	City of Hornell, NY	South Yards – Ice House Rd.	360,874
107.14-01- 016.000	Town of Hornellsville, NY	Hurlbut St. – Crowley Foods	-
107.19-01-072.000	Town of Hornellsville, NY	Hurlbut St. – Crowley Foods	-
107.19-01-006.000	Town of Hornellsville, NY	Hurlbut St. – Crowley Foods	-
107.19-01-005.000	Town of Hornellsville, NY	Hurlbut St. – Crowley Foods	-
107.19-01-007.000	Town of Hornellsville, NY	Hurlbut St. – Crowley Foods	-
107.19-01-70.000	Town of Hornellsville, NY	Shawmut Drive – vacant land	-
121.00-01-025.000	Town of Hornellsville, NY	Old railroad bed – Crowley Foods	-
121.00-01-046.200	Town of Hornellsville, NY	Pump station – Crowley Foods	-
122.00-01-27-111	Town of Hornellsville, NY	Ellis Farm – 51.4 acres of vacant land	49,056
136.00-01-64.000	Town of Hornellsville, NY	CR66 railroad bed – Crowley Foods	-
151.05-01-63.000	Town of Hornellsville, NY	Shawmut Drive – vacant land	1,000
151.05-01-64.400	Town of Hornellsville, NY	Shawmut Drive – vacant land	2,500
151.05-01-64.500	Town of Hornellsville, NY	Shawmut Drive – vacant land	-
Total recorded value			<u>\$ 433,930</u>

- 2. Real property acquisitions**—During the year ended March 31, 2007, the Agency acquired the following real property:

<u>Section/Block/Lot Identification #</u>	<u>Date Acquired</u>	<u>Property Location and Description</u>	<u>Recorded Value</u>
166.00-03-09.000	1/1/2007	South Yards—Ice House Road	\$ 160,874

- 3. Real property dispositions**—The following real property was disposed of by the Agency during the year ended March 31, 2007:

<u>Section/Block/Lot Identification #</u>	<u>Date Disposed</u>	<u>Property Location and Description</u>	<u>Disposal Method</u>
151.13-01-061.000	7/1/2006	18 North Main Street	Capital lease to Xylon, L.L.C.