

**CITY OF HORNELL  
INDUSTRIAL DEVELOPMENT AGENCY**

**NEW YORK**

**BASIC FINANCIAL STATEMENTS**

**For Years Ended December 31, 2024 and 2023**



BUSINESS  
ADVISORS  
AND CPAS

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BUSINESS  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
City of Hornell Industrial Development Agency

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the City of Hornell Industrial Development Agency as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise City of Hornell Industrial Development Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of City of Hornell Industrial Development Agency as of December 31, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Hornell Industrial Development Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

City of Hornell Industrial Development Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Hornell Industrial Development Agency's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Hornell Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Hornell Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of Agency's proportionate share of the net pension liability, and the schedule of the Agency contributions on pages 4-8 and 28-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City of Hornell Industrial Development Agency's basic financial statements. The accompanying supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of Agency investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of Agency investments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The real property listing has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025 on our consideration of City of Hornell Industrial Development 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hornell Industrial Development Agency's internal control over financial reporting and compliance.

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
February 25, 2025

## City of Hornell Industrial Development Agency

### Management's Discussion and Analysis (MD&A)

December 31, 2024

As management of the City of Hornell Industrial Development Agency (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 December 31, 2024 and 2023. This document should be read in conjunction with additional information that we have furnished in the Agency's financial statements which follow this narrative.

#### FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at December 31, 2024 and 2023 by \$10,827,116 and \$10,023,672 respectively. Of these amounts, \$3,375,287 and \$3,120,948 represent *unrestricted net position*, meaning that these amounts may be used to fund the Agency's ongoing operations.
- The Agency's net position increased by \$803,444 during the year ended December 31, 2024, and increased by \$2,077,844 during the year ended December 31, 2023.

#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise of two components: 1) the Agency's financial statements and, 2) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### BASIC FINANCIAL STATEMENTS

The financial statements are prepared using the accrual basis of accounting. The financial statements include:

The *statements of net position* present information on all of the Agency's assets, liabilities, and deferred outflows/inflows of resources, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statements of activities* present information showing how the Agency's net position changed during the most recent fiscal years. 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.

The statements of cash flows present the cash provided and used during the years ended December 31, 2024 and 2023 and how it affects the cash balances at December 31, 2024 and 2023.

#### NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understating of the data provided in the financial statements.

## FINANCIAL ANALYSIS

The Agency provides administrative assistance to companies within the City of Hornell, New York (City) and has limited operations. The Agency's largest type of assets are capital assets, which are composed primarily of rental facilities and land being held for developmental purposes. The Agency also carries long-term debt which is generally debt acquired and held by the Agency on behalf of companies within the City for the purpose of stimulating economic development in the City.

The *Statement of Net Position* and the *Statement of Activities* can assist in determining whether the Agency's financial position has improved or deteriorated. The statement of cash flows provides information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and capital financing activities of the Agency during the year. This statement helps users assess the Agency's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. Condensed financial highlights of these statements are presented below:

### STATEMENT OF NET POSITION

<b><u>ASSETS</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Current Assets (net)	\$ 4,452,480	\$ 4,752,282	\$ 4,502,601
Non-Current Assets	4,120,420	4,672,852	5,512,743
Capital Assets	7,731,103	7,218,509	4,982,669
Lease Assets	278,718	195,639	287,440
<b>Total Assets</b>	<b>\$ 16,582,721</b>	<b>\$ 16,839,282</b>	<b>\$ 15,285,453</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 13,805</b>	<b>\$ 13,876</b>	<b>\$ 16,579</b>
<b><u>LIABILITIES</u></b>			
Current Liabilities	\$ 378,691	\$ 871,203	\$ 649,916
Non-Current Liabilities	511,554	497,208	391,468
<b>Total Liabilities</b>	<b>\$ 890,245</b>	<b>\$ 1,368,411</b>	<b>\$ 1,041,384</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>\$ 4,879,165</b>	<b>\$ 5,461,075</b>	<b>\$ 6,314,820</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	\$ 7,451,829	\$ 6,902,724	\$ 4,866,245
Unrestricted	3,375,287	3,120,948	3,079,583
<b>Total Net Position</b>	<b>\$ 10,827,116</b>	<b>\$ 10,023,672</b>	<b>\$ 7,945,828</b>

The Agency's current assets are comprised primarily of cash and cash equivalents and receivables. These assets decreased during the year ended December 31, 2024 for grant related receivables for Shawnut Park.

The Agency's current liabilities are comprised primarily of PILOT payable and the current portion of notes payable. The Agency's noncurrent liabilities are comprised solely of the noncurrent portion of notes payable, OPEB obligation, and lease liability.

The largest portion of the Agency's net position for the years ended December 2024, 2023, and 2022 (69%, 70%, and 61%, respectively) reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment), less any related outstanding debt used to acquire those assets. Although the Agency's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of \$3,375,287 (31%) at December 31, 2024, \$3,120,948 (30%) at December 31, 2023 and \$3,079,583 (39%) at December 31, 2022, represents resources that may be used to meet the Agency's ongoing operations.

## AGENCY ACTIVITIES

Agency activities increased net position by \$803,444 for the year ended December 31, 2024, increased net position by \$2,077,844 for the year ended December 31, 2023, and increased net position by \$1,401,656 for the year December 31, 2022. Key elements of these changes are presented below:

## STATEMENT OF ACTIVITIES

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 902,535	\$ 872,607	\$ 1,086,304
Operating Expenses	<u>(964,486)</u>	<u>(907,211)</u>	<u>(909,559)</u>
<b>Operating Income (Loss)</b>	<b>\$ (61,951)</b>	<b>\$ (34,604)</b>	<b>\$ 176,745</b>
Non-Operating Revenues (Expenses)	187,518	157,646	143,950
Special Item-Contributed Capital	<u>677,877</u>	<u>1,954,802</u>	<u>1,080,961</u>
<b>Change in Net Position</b>	<b><u>\$ 803,444</u></b>	<b><u>\$ 2,077,844</u></b>	<b><u>\$ 1,401,656</u></b>

The major sources and uses in revenues and expenses for the year ended December 31, 2024 include:

- Operating revenues consisted of rental income in the amount of \$902,535.
- The most significant sources of operating expenses included salaries and benefits expense of \$209,423 and depreciation and amortization expense of \$398,457.
- Nonoperating revenues (expenses) included interest income of \$198,694, and interest on debt of (\$11,176).

The major sources and uses in revenues and expenses for the year ended December 31, 2023 include:

- Operating revenues consisted of rental income in the amount of \$872,607.
- The most significant sources of operating expenses included salaries and benefits expense of \$200,880 and depreciation and amortization expense of \$374,769.
- Nonoperating revenues (expenses) included interest income of \$165,651, and interest on debt of (\$8,005).

The major sources and uses in revenues and expenses for the year ended December 31, 2022 include:

- Operating revenues consisted of rental income in the amount of \$829,051 and \$207,628 in a onetime payoff for a lease output.
- The most significant sources of operating expenses included salaries and benefits expense of \$202,399, consulting fees of \$167,628, and depreciation and amortization expense of \$277,657.
- Nonoperating revenues (expenses) included interest income of \$152,499 and interest on debt of (\$8,549).

## CASH FLOWS

Agency cash and cash equivalents increased by \$196,097 for the year ended December 31, 2024, increased by \$728,954 for the year ended December 31, 2023, and decreased \$895,712 for the year ended December 31, 2022. A condensed version of the Agency's statement of cash flows is presented below:

### STATEMENT OF CASH FLOWS

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Cash Flows From</b>			
Operating activities	\$ 370,095	\$ 261,379	\$ 226,338
Capital & related financing activities	(372,692)	301,924	(1,274,549)
Investing activities	198,694	165,651	152,499
<b>Net Change in Cash and Cash Equivalents</b>	<u><u>\$ 196,097</u></u>	<u><u>\$ 728,954</u></u>	<u><u>\$ (895,712)</u></u>

## CAPITAL ASSETS

The Agency's investment in capital assets, net of accumulated depreciation, as of December 31, 2024, 2023, 2022 amounted to \$7,731,103, \$7,218,509, and \$4,982,669, respectively. This investment in capital assets includes land, buildings and improvements, land improvements, and machinery and equipment. The value of the Agency's capital assets, net of accumulated depreciation increased during the year ended December 31, 2024 as a result of land improvement additions. A summary of the Agency's capital assets, net of accumulated depreciation is presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Capital Assets</b>			
Land	\$ 860,921	\$ 857,714	\$ 857,714
Buildings and improvements	13,632,963	9,840,696	9,442,883
Land improvements	877,218	758,607	728,875
Machinery and equipment	81,765	81,765	81,765
Construction in progress	-	3,144,001	1,094,450
Less: Accumulated depreciation	(7,721,764)	(7,464,274)	(7,223,018)
<b>Total Capital Assets</b>	<u><u>\$ 7,731,103</u></u>	<u><u>\$ 7,218,509</u></u>	<u><u>\$ 4,982,669</u></u>
<b>Lease Assets</b>			
Buildings and improvements	\$ 457,974	\$ 432,415	\$ 390,703
Less: Accumulated depreciation	(179,256)	(236,776)	(103,263)
<b>Total Lease Assets</b>	<u><u>\$ 278,718</u></u>	<u><u>\$ 195,639</u></u>	<u><u>\$ 287,440</u></u>

Increases in capital assets relates to the capitalization of the construction in progress for Shawmut Park.

More detailed information about the Agency's capital assets is presented in the notes to the financial statements.

## **DEBT**

At December 31, 2024, 2023, and 2022 the Agency had total debt and leases outstanding of \$557,992, \$511,424, and \$403,864, respectively. During the years ended December 31, 2024, 2023, and 2022 the debt and lease liabilities increased \$46,568, \$107,560, and \$110,790, respectively. More detailed information about the Agency's debt is presented in the notes to the financial statements.

## **FUTURE FACTORS**

The Agency's purpose continues to be assisting business growth and expansion in the City of Hornell. In the last year, the agency-supported projects have resulted in substantial investment and increased employment opportunities within the City of Hornell.

The Agency continues to work to identify the needs of our businesses and the local economy with the input of all stakeholders. In 2024, we were in the planning state, working with the City to construct a new street, thus opening up additional industrial construction sites.

We are also working to develop land purchases by the Agency in a prior period into single-family housing sites. Single-family housing has been a major issue for our businesses in attracting new employees and retaining current employees.

## **REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Hornell Industrial Development Agency  
40 Main Street  
Hornell, New York 14843

## CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY

## STATEMENT OF NET POSITION

December 31, 2024 and 2023

<b><u>ASSETS:</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
<b><u>Current Assets -</u></b>		
Cash and cash equivalents	\$ 3,310,305	\$ 3,114,208
Accounts receivable	143,046	157,368
Due from state and federal	157,575	219,161
PILOT receivable	59,823	446,624
Lease receivable	754,017	785,520
Prepaid items	27,714	29,401
<b>Total Current Assets</b>	<b>\$ 4,452,480</b>	<b>\$ 4,752,282</b>
<b><u>Noncurrent Assets -</u></b>		
Lease receivable	\$ 4,120,420	\$ 4,672,852
<b>Total Noncurrent Assets</b>	<b>\$ 4,120,420</b>	<b>\$ 4,672,852</b>
<b><u>Capital Assets -</u></b>		
Land	\$ 860,921	\$ 857,714
Construction in progress	-	3,144,002
Machines and equipment	81,765	81,765
Accumulated depreciation - machines and equipment	(80,435)	(79,105)
Buildings and land improvements	14,510,181	10,599,302
Accumulated depreciation - buildings and land improvements	(7,641,329)	(7,385,169)
<b>Total Capital Assets</b>	<b>\$ 7,731,103</b>	<b>\$ 7,218,509</b>
<b><u>Lease Assets -</u></b>		
Buildings and land improvements	\$ 457,974	\$ 432,415
Accumulated amortization - buildings and land improvements	(179,256)	(236,776)
<b>Total Lease Assets</b>	<b>\$ 278,718</b>	<b>\$ 195,639</b>
<b>TOTAL ASSETS</b>	<b>\$ 16,582,721</b>	<b>\$ 16,839,282</b>
<b><u>DEFERRED OUTFLOWS:</u></b>		
Deferred outflows of resources	\$ 13,805	\$ 13,876
<b><u>LIABILITIES:</u></b>		
<b><u>Current Liabilities -</u></b>		
Accrued liabilities	\$ 160	\$ 151,134
PILOT payable	67,860	467,146
Unearned revenue	125,986	125,986
Lease liability	145,290	87,714
Chamber payable	22,104	22,104
Notes payable	17,291	17,119
<b>Total Current Liabilities</b>	<b>\$ 378,691</b>	<b>\$ 871,203</b>
<b><u>Noncurrent Liabilities -</u></b>		
Net pension liability	\$ 5,077	\$ 9,038
OPEB liability	133,170	103,683
Lease liability	146,483	118,269
Chamber payable	169,424	191,528
Notes payable, net	57,400	74,690
<b>Total Noncurrent Liabilities</b>	<b>\$ 511,554</b>	<b>\$ 497,208</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 890,245</b>	<b>\$ 1,368,411</b>
<b><u>DEFERRED INFLOWS:</u></b>		
Deferred inflows of resources	\$ 4,879,165	\$ 5,461,075
<b><u>NET POSITION:</u></b>		
Net investment in capital assets	\$ 7,451,829	\$ 6,902,724
Unrestricted	3,375,287	3,120,948
<b>TOTAL NET POSITION</b>	<b>\$ 10,827,116</b>	<b>\$ 10,023,672</b>

(The accompanying notes are an integral part of the financial statements)

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**For the Years ended December 31, 2024 and 2023**

<b><u>OPERATING REVENUES:</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Rental Income	\$ 902,535	\$ 872,607
<b>TOTAL OPERATING REVENUES</b>	<b><u>\$ 902,535</u></b>	<b><u>\$ 872,607</u></b>
<b><u>OPERATING EXPENSES:</u></b>		
<u>Personnel Services and Employee Benefits -</u>		
Salaries and Benefits	\$ 209,423	\$ 200,880
<u>Contractual Expenses and Depreciation -</u>		
Repairs and Maintenance	35,561	22,833
Insurance - General and Medical	120,396	47,943
Consulting Fee	-	42,250
Legal and Accounting	30,959	43,081
Dues and Subscriptions	1,767	3,017
Rent	-	5,600
Utilities	33,301	17,479
Website Services	673	896
Telephone	12,916	13,398
Depreciation	257,490	241,256
Amortization	140,967	133,513
Office Supplies	9,634	9,338
Bank Service Charges	300	302
Postage	3,604	4,212
Outside Services	100,086	93,950
Travel and Conferences	251	1,348
Grant Expense	-	20,000
Property Taxes	7,058	5,915
Miscellaneous	100	-
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 964,486</u></b>	<b><u>\$ 907,211</u></b>
<b>OPERATING (LOSS) INCOME</b>	<b><u>\$ (61,951)</u></b>	<b><u>\$ (34,604)</u></b>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>		
Interest Income	\$ 198,694	\$ 165,651
Interest on Debt/Leases	(11,176)	(8,005)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>\$ 187,518</u></b>	<b><u>\$ 157,646</u></b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 125,567</b>	<b>\$ 123,042</b>
<b><u>SPECIAL ITEMS:</u></b>		
Contributed Capital	40,832	390,960
Grant Income - Federal	637,045	1,563,842
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 803,444</b>	<b>\$ 2,077,844</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>10,023,672</b>	<b>7,945,828</b>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 10,827,116</u></b>	<b><u>\$ 10,023,672</u></b>

(The accompanying notes are an integral part of the financial statements)

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENT OF CASH FLOWS**

**For the Years ended December 31, 2024 and 2023**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash received from providing services	\$ 1,057,789	\$ 734,497
Cash payments contractual expenses	(505,893)	(246,229)
Cash payments personal services & benefits	(181,801)	(226,889)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ 370,095</u></b>	<b><u>\$ 261,379</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Disposal of lease assets	\$ (138,256)	\$ (130,835)
Acquisition of capital assets	(770,084)	(2,477,096)
Chamber building	(22,104)	213,632
Contributed capital	586,046	2,721,177
Principal paid on debt	(17,118)	(16,949)
Interest paid on debt/Leases	(11,176)	(8,005)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>\$ (372,692)</u></b>	<b><u>\$ 301,924</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Interest income	\$ 198,694	\$ 165,651
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>\$ 198,694</u></b>	<b><u>\$ 165,651</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ 196,097</b>	<b>\$ 728,954</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>3,114,208</b>	<b>2,385,254</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 3,310,305</u></b>	<b><u>\$ 3,114,208</u></b>
<b>OPERATING (LOSS)</b>	<b><u>\$ (61,951)</u></b>	<b><u>\$ (34,604)</u></b>
<b><u>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities -</u></b>		
Depreciation expense	\$ 257,490	\$ 241,256
Amortization expense	140,967	133,513
(Increase) / decrease in accounts receivable	167,739	87,583
(Increase) / decrease in lease receivable	-	20,000
(Increase) / decrease in prepaid items	1,687	(9,350)
(Increase) / decrease in PILOT receivable	386,801	(442,045)
(Increase) / decrease in pension asset	-	8,053
Increase / (decrease) in OPEB liability	29,487	(25,606)
Increase / (decrease) in accounts payable and other accrued liabilities	(150,974)	94,683
Increase / (decrease) in deferred revenue	-	124,956
Increase / (decrease) in PILOT payable	(399,286)	71,396
Increase / (decrease) in pension liabilities	(1,865)	(8,456)
<b>Total Adjustments</b>	<b><u>\$ 432,046</u></b>	<b><u>\$ 295,983</u></b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ 370,095</u></b>	<b><u>\$ 261,379</u></b>

(The accompanying notes are an integral part of the financial statements)

# CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024

### I. Summary of Significant Accounting Policies:

The financial statements of the City of Hornell Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### A. Financial Reporting Entity

##### 1. Primary Government

The City of Hornell Industrial Development Agency is a public benefit corporation under the mandate of Article 18-A, "New York State Industrial Development Agency Act" of New York State general municipal law. The Agency was established by a special act of the New York State Legislature on March 20, 1973. The purpose of the Agency is to advance the job opportunities, health, general prosperity, and economic welfare of the people of City of Hornell and improve their recreation opportunities, prosperity and standard of living.

##### 2. Related Entities

a. Hornell Area Industrial Development Corporation - The Hornell Area Industrial Development Corporation (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 December 31, 2024 and 2023 there were no transactions between the Agency and the HAIDC, and there are no amounts due from or due to the HAIDC at December 31, 2024 and 2023.

#### B. Measurement Focus, Basis of Accounting and Basis of Presentation

The *Uniform System of Accounts for Industrial Development Agencies* published by the New York State Office of the State Comptroller prescribes for the use of a single fund type to record all financial transactions of the Agency. The City of Hornell Industrial Development Agency has opted to report its activity within a proprietary fund type as follows:

*Proprietary funds* are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Fixed assets and long-term liabilities related to these activities are recorded within the fund.

( I. ) (Continued)

The Agency applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. The Agency utilizes the following proprietary fund type:

*Enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and /or net income is necessary for management accountability. The Agency's enterprise funds include the following:

**Operating Fund** - is used to account for the general operating activities of the Agency.

C. **Cash and Cash Equivalents**

The Agency's monies must be deposited in FDIC insured commercial banks or trust companies located within the state. Cash and cash equivalents are carried at cost plus accrued interest which approximates fair value.

For purposes of presenting the statement of cash flows, the Agency considers all highly liquid short-term investments with maturities of twelve months or less from the date of purchase to be cash or cash equivalents.

D. **Accounts Receivable**

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

In addition, the Agency will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

E. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expense when consumed rather than when purchased.

F. **Capital Assets**

1. **Property, Plant and Equipment**

Property, plant and equipment are stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. The Agency generally capitalizes assets with a cost of \$10,000 or more as purchases and construction outlays occur. Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

Buildings/Improvements	30 Years
Land Improvements	10 Years
Furniture, Fixtures and Equipment	5 - 7 Years

( I. ) (Continued)

Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When property and equipment are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

The Agency has developed various properties which it leases under operating leases and direct financing leases to companies establishing or expanding new business activities in the Hornell, New York area. Those properties that are leased under an operating lease are recorded at cost, which includes all costs incurred during the development state, net of accumulated depreciation.

The carrying value of the property leased under a direct financing lease has been removed from the Agency's capital assets and a lease receivable has been recorded. The difference between the total lease receivable and the carrying value of the leased property represents interest income to be earned over the life of the lease.

**G. Right To Use Assets**

The Agency-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 2 and 5 years based on the contract terms and/or estimated replacement of the assets.

**H. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

**I. Net Position**

GASB requires the classification of net position into three components as defined below:

1. **Net Investment in Capital Assets** - Capital assets purchased with available funds and grants.
2. **Restricted** - Consists of net position restricted for loan or grant proceeds.
3. **Unrestricted Net Position** - Represents monies available for the future operations of the Agency.

**( I. ) (Continued)**

**J.      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.

**K.      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). The Agency generally contracts for payment-in-lieu-of-tax agreements between lessees and participating municipalities. All risks associated with property ownership and business activities on such properties remain with the lessee. Title to those properties is transferred back 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 tax 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.

**L.      Income Taxes**

As a public benefit corporation, the Agency is exempt from federal and state income taxes, as well as state and local property and sales taxes.

**M.      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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**N.      Budget**

The Agency is not required to have a legally adopted budget. However, under the Public Authorities Law, the Agency Board must approve and issue a budget on an annual basis representing the Agency's objectives and priorities for the year.

**( I. ) (Continued)**

**O. New Accounting Standards**

GASB has issued Statement 99, *Omnibus 2022-Financial Guarantees, and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53*

GASB has issued Statement 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*

GASB has issued Statement 101, *Compensated Absences*

**P. Future Changes in Accounting Standards**

GASB has issued Statement 102, *Certain Risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

GASB has issued Statement 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

GASB has issued Statement 104, *Disclosure of Certain Capital Assets*, which will be effective for fiscal years beginning after June 15, 2025.

The Agency is currently reviewing these statements and plans on adoption as required.

**II. Detail Notes on All Funds and Account Groups:**

**A. Assets**

**1. Cash and Investments**

The Agency's investment policies are governed by state statutes. In addition, the Agency has its own written investment policy. The Agency's 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 U.S. agencies, repurchase agreements and obligations of New York State or its localities.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The Combined Statement of Cash Flows uses the indirect method of reporting cash flows. All deposits including certificates of deposit are carried at cost.

Custodial credit risk is the risk that in the event of bank failure, the Agency's deposits may not be returned to it. While the Agency does not have a specific policy for custodial credit risk, New York State statutes govern the Agency's investment policies, as discussed previously in these notes.

( II. ) (Continued)

The Agency's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, however, collateralized as follows:

	<u>2024</u>	<u>2023</u>
Uncollateralized	\$ -	\$ 286
Collateralized with securities held by the pledging financial institution	1,957,661	1,811,493
<b>Total</b>	<u><u>\$ 1,957,661</u></u>	<u><u>\$ 1,811,779</u></u>

2. **Receivables**

- a. **Accounts Receivable** - The balance of accounts receivable is stated at net realizable value and represents lease payments due to the Agency as follows:

	<u>2024</u>	<u>2023</u>
Accounts Receivable	<u><u>\$ 143,046</u></u>	<u><u>\$ 157,368</u></u>

- b. **Due from State and Federal** – Represents amounts due from the US Department of Commerce, Economic Development Administration (EDA) for infrastructure improvements at Shawmut Park.

	<u>2024</u>	<u>2023</u>
Due from State and Federal	<u><u>\$ 157,575</u></u>	<u><u>\$ 219,161</u></u>

- c. **Payment in Lieu of Taxes (PILOT) Receivable** – Represents amounts that the Agency collects from companies participating in PILOT programs on behalf of the City of Hornell, Hornell City School District, Arkport Central School District and County of Steuben. A corresponding PILOT payable is also recorded. The PILOT receivable due to the Agency as follows:

	<u>2024</u>	<u>2023</u>
PILOT Receivable	<u><u>\$ 59,823</u></u>	<u><u>\$ 446,624</u></u>

- d. **Lease Receivable** – The Agency leases its real property and improvements to various companies under non-cancelable leases through 2038. The lease receivable is \$4,874,437 for the year ended December 31, 2024.

<u>Year</u>	<u>Leases</u>
2025	\$ 862,059
2026	838,583
2027	818,785
2028	823,141
2029	856,213
2030-34	643,385
2035-38	32,271
<b>Total</b>	<u><u>\$ 4,874,437</u></u>

( II. ) (Continued)

3. **Capital Assets**

The following is a summary of capital assets for the Agency at December 31:

	<b>Balance</b> <b><u>01/01/24</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance</b> <b><u>12/31/2024</u></b>
Land	\$ 857,714	\$ 3,207	\$ -	\$ 860,921
Buildings and improvements	9,840,695	3,792,268	-	13,632,963
Machinery and equipment	81,765	-	-	81,765
Land improvements	758,607	118,611	-	877,218
Construction in progress	3,144,002	648,141	3,792,143	-
Less: accumulated depreciation	(7,464,274)	(257,490)	-	(7,721,764)
<b>Total Capital Assets</b>	<b><u>\$ 7,218,509</u></b>	<b><u>\$ 4,304,737</u></b>	<b><u>\$ 3,792,143</u></b>	<b><u>\$ 7,731,103</u></b>

	<b>Balance</b> <b><u>01/01/23</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance</b> <b><u>12/31/2023</u></b>
Land	\$ 857,714	\$ -	\$ -	\$ 857,714
Buildings and improvements	9,442,883	397,812	-	9,840,695
Machinery and equipment	81,765	-	-	81,765
Land improvements	728,875	29,732	-	758,607
Construction in progress	1,094,450	2,049,552	-	3,144,002
Less: accumulated depreciation	(7,223,018)	(241,256)	-	(7,464,274)
<b>Total Capital Assets</b>	<b><u>\$ 4,982,669</u></b>	<b><u>\$ 2,235,840</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,218,509</u></b>

Depreciation expense for December 31, 2024 and 2023 was \$257,490 and \$241,256, respectively.

4. **Lease Assets**

The following is a summary of lease assets for the Agency at December 31:

	<b>Balance</b> <b><u>01/01/24</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance</b> <b><u>12/31/2024</u></b>
Buildings and improvements	\$ 432,415	\$ 224,046	\$ 198,487	\$ 457,974
Less: accumulated amortization	(236,776)	(140,967)	(198,487)	(179,256)
<b>Total Lease Assets</b>	<b><u>\$ 195,639</u></b>	<b><u>\$ 83,079</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 278,718</u></b>

	<b>Balance</b> <b><u>01/01/23</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance</b> <b><u>12/31/2023</u></b>
Buildings and improvements	\$ 390,703	\$ 41,712	\$ -	\$ 432,415
Less: accumulated amortization	(103,263)	(133,513)	-	(236,776)
<b>Total Lease Assets</b>	<b><u>\$ 287,440</u></b>	<b><u>\$ (91,801)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 195,639</u></b>

Amortization expense for December 31, 2024 and 2021 was \$140,967 and \$133,513, respectively.

( II. ) (Continued)

**5. Long-Term Debt**

The following is a summary of the total outstanding obligations of the Agency at December 31:

	<u>Balance</u> <u>01/01/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>	<u>Classified As</u>	
					<u>Current</u>	<u>Non-Current</u>
STREDC Mortgage on Iron Horse Depot 1% interest collateralized by rental property	\$ 91,809	\$ -	\$ 17,118	\$ 74,691	\$ 17,291	\$ 57,400
Chamber payable	213,632	-	22,104	191,528	22,104	169,424
Net pension liability	9,038	-	3,961	5,077	-	5,077
OPEB liability	103,683	29,487	-	133,170	-	133,170
Leases	205,983	224,046	138,256	291,773	145,290	146,483
<b>Total Long-Term Obligations</b>	<b>\$ 624,145</b>	<b>\$ 253,533</b>	<b>\$ 181,439</b>	<b>\$ 696,239</b>	<b>\$ 184,685</b>	<b>\$ 511,554</b>

  

	<u>Balance</u> <u>01/01/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/23</u>	<u>Classified As</u>	
					<u>Current</u>	<u>Non-Current</u>
STREDC Mortgage on Iron Horse Depot 1% interest collateralized by rental property	\$ 108,758	\$ -	\$ 16,949	\$ 91,809	\$ 17,119	\$ 74,690
Chamber Payable	-	221,000	7,368	213,632	22,104	191,528
Net pension liability	-	9,038	-	9,038	-	9,038
OPEB liability	129,289	-	25,606	103,683	-	103,683
Leases	295,106	41,712	130,835	205,983	87,714	118,269
<b>Total Long-Term Obligations</b>	<b>\$ 533,153</b>	<b>\$ 271,750</b>	<b>\$ 180,758</b>	<b>\$ 624,145</b>	<b>\$ 126,937</b>	<b>\$ 497,208</b>

The following table summarizes the Agency's future debt service requirements as of December 31, 2024:

<u>Year</u>	<u>Rental</u>		<u>Chamber</u>	<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 17,290	\$ 668	\$ 22,104	\$ 145,290	\$ 9,908
2026	17,465	494	22,104	98,126	3,742
2027	17,640	319	22,104	41,284	1,265
2028	17,817	142	22,104	7,073	37
2029	4,479	-	22,104	-	-
2030-34	-	-	81,008	-	-
<b>Total</b>	<b>\$ 74,691</b>	<b>\$ 1,623</b>	<b>\$ 191,528</b>	<b>\$ 291,773</b>	<b>\$ 14,952</b>

### III. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	2024		2023	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 13,805	\$ 4,728	\$ 13,876	\$ 2,703
Leases	-	4,874,437	-	5,458,372
<b>Total</b>	<b>\$ 13,805</b>	<b>\$ 4,879,165</b>	<b>\$ 13,876</b>	<b>\$ 5,461,075</b>

### IV. General Information and Pension Plans:

#### A. General Information About Pension Plan

##### 1. Plan Description

The Agency participates in the New York State Local Employees' Retirement System (ERS). This is a cost sharing multiple employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

##### 2. Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

##### *Tier 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

( IV. ) (Continued)

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

*Tier 3, 4, 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 and ERS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with five or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

( IV. ) (Continued)

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

*Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

**3. Contributions**

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

( IV. ) (Continued)

Prepayment	
<u>Due Date</u>	<u>ERS</u>
12/15/2024	\$ 5,838
12/15/2023	\$ 4,814
12/15/2022	\$ 4,223

**B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At December 31, 2024, the Agency reported a liability of \$5,077 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2024, the Agency's proportion was 0.0000345% for ERS.

For the year ended December 31, 2024 the Agency recognized pension expense of \$3,718. At December 31, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,635	\$ 138
Changes of assumptions	1,920	-
Net difference between projected and actual earnings on pension plan investments	-	2,480
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	5,871	2,110
<b>Subtotal</b>	<u>\$ 9,426</u>	<u>\$ 4,728</u>
Agency's contributions subsequent to the measurement date	4,379	-
<b>Grand Total</b>	<u><u>\$ 13,805</u></u>	<u><u>\$ 4,728</u></u>

The Agency reported \$4,379 as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 244
2026	2,127
2027	2,327
<b>Total</b>	<u><u>\$ 4,698</u></u>

( IV. ) (Continued)

1. **Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<b><u>ERS</u></b>
Measurement date	March 31, 2024
Actuarial valuation date	April 1, 2023
Interest rate	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience
Inflation rate	2.90%
COLA	1.50%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	<b><u>Long Term Expected Rate of Return</u></b>
	<b><u>ERS</u></b>
Measurement date	March 31, 2024
<b><u>Asset Type -</u></b>	
Domestic equity	4.00%
International equity	6.65%
Private equity	7.25%
Real estate	4.60%
Opportunistic portfolios	5.25%
Real assets	5.79%
Credit	5.40%

The real rate of return is net of the long-term inflation assumption of 2.9%.

( IV. ) (Continued)

2. **Discount Rate**

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the Agency's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90%) or 1-percentage-point higher (6.90%) than the current rate:

	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (15,963)	\$ (5,077)	\$ 4,015

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)
	<u>ERS</u>
Measurement date	March 31, 2024
Employers' total pension liability	\$ 240,696,851
Plan net position	<u>225,972,801</u>
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.88%

## V. Postemployment Benefits

### A. General Information About the OPEB Plan

*Plan Description* – The Agency’s defined benefit OPEB plan, provides OPEB for certain employees of the Agency. The plan is a single-employer defined benefit OPEB plan administered by the Agency. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Agency Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided* – The Agency provides healthcare benefits for retirees and their spouses. The benefit terms are dependent on individual contracts with the employee. The specifics of each contract are on file at the Agency and are available upon request.

*Employees Covered by Benefit Terms* – At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments:	2
Active employees:	0
<b>Total</b>	<b>2</b>

### B. Total OPEB Liability

The Agency’s total OPEB liability of \$133,170 was measured as of December 31, 2024 and was determined using the alternative method.

The assumptions used for the alternative method are as follows:

Discount Rate	4.50%
Healthcare Cost Trend Rates	7.50%

The discount rate was based on an Aa rating.

Mortality rates were based on the IRS Social Security tables.

### C. Changes in the Total OPEB Liability

Balance at December 31, 2023	\$ 103,683
Changes for the Year -	
Net Changes	29,487
<b>Balance at December 31, 2024</b>	<b>\$ 133,170</b>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Agency, as well as what the Agency’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(3.50%)</b>	<b>(4.50%)</b>	<b>(5.50%)</b>
Total OPEB liability	\$ 141,534	\$ 133,170	\$ 125,507

( V. ) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Agency, as well as what the Agency’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current health care cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Total OPEB liability	\$ 126,561	\$ 133,170	\$ 140,134

**VI. Operating Lease**

The Agency has terminated the lease agreement as lessee, renting office space from the City of Hornell Chamber of Commerce on a year-to-year operating lease. Rent expense was \$0 and \$5,600 for the years ended December 31, 2024 and 2023.

**VII. Commitments and Contingencies**

**A. Pending or Threatened Litigation**

As of the date of this report management is not aware of any pending litigation.

**B. Grants and Contracts**

The Agency receives various grants and contracts, which may be subject to audit by agencies of the State and Federal government. Such audits may result in disallowances and a request for a return of funds. As of the audit report date management is not aware of any disallowances.

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
(UNAUDITED)**

**For the Year ended December 31, 2024**

<b>NYSERS Pension Plan</b>								
	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Proportion of the net pension liability (assets)	0.0000345%	0.0000421%	0.0000654%	0.0000759%	0.0000925%	0.0087200%	0.0094500%	0.0087700%
Proportionate share of the net pension liability (assets)	\$ 5,077	\$ 9,038	\$ (5,350)	\$ 76	\$ 24,501	\$ 6,176	\$ 3,050	\$ 8,238
Covered-employee payroll	\$ 52,500	\$ 51,587	\$ 52,500	\$ 52,500	\$ 53,700	\$ 55,000	\$ 63,155	\$ 58,294
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	9.670%	17.520%	-10.190%	0.145%	45.626%	11.229%	4.829%	14.132%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%

10 years of historical information is not available and will be reported each year going forward

(See Independent Auditors' Report)

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF AGENCY CONTRIBUTIONS  
(UNAUDITED)**

**For the Year ended December 31, 2024**

	<b><u>NYSERS Pension Plan</u></b>							
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually required contributions	\$ 4,815	\$ 4,222	\$ 5,467	\$ 5,060	\$ 5,017	\$ 4,469	\$ 4,469	\$ 4,105
Contributions in relation to the contractually required contribution	<u>(4,815)</u>	<u>(4,222)</u>	<u>(5,467)</u>	<u>(5,060)</u>	<u>(5,017)</u>	<u>(4,469)</u>	<u>(4,469)</u>	<u>(4,105)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 52,500	\$ 51,587	\$ 52,500	\$ 52,500	\$ 53,700	\$ 55,000	\$ 63,155	\$ 58,294
Contributions as a percentage of covered-employee payroll	9.17%	8.18%	10.41%	9.64%	9.34%	8.13%	7.08%	7.04%

10 years of historical information is not available and will be reported each year going forward

(See Independent Auditors' Report)

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF AGENCY INVESTMENTS**

**For the Year ended December 31, 2024**

**Annual Investment Report** - Section 2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare and investment report which shall include a) investment guidelines, b) amendments to such guidelines since the last investment report, c) an explanation of the investment guidelines and amendments, d) results of the annual independent audit, e) the investment income of the Agency, and f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and advisor rendering investment associated services to the Agency since the last investment report.

- a. Investment guidelines - The Agency's investment policies are adopted by the Board of Directors
- b. Amendments to guidelines - None
- c. Explanation of guidelines and investments - These guidelines restrict investment of Agency funds to money market accounts and certificates of deposit. The Agency has not made any amendments to its investment policy.
- d. Results of the annual independent audit - The independent auditors have issued an unmodified opinion on the Agency's financial statements for the year ended December 31, 2024.
- e. Investment income record - Investment income for the year ended December 31, 2024 consisted of:

	<b>Interest Earned</b>
Interest earned on cash and cash equivalents	\$ 78,935
Interest earned on leases receivable	119,759
<b>Total</b>	<b>\$ 198,694</b>

- f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer, and advisor rendering investment associated services to the Agency since the last investment report - no such fees or commissions were paid during the year ended December 31, 2024.

(See Independent Auditors' Report)

**CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY**

**REAL PROPERTY LISTINGS**

**December 31, 2024**

1. **Real property list** - Section 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 December 31, 2024, the Agency owned the following real property:

<b>Section/Block/Lot Identification #</b>	<b>Municipality</b>	<b>Property Location and Description</b>
136.17-01-001.200	City of Hornell, NY	Shawmut Drive - vacant land
150.00-01-062.000	City of Hornell, NY	Wood Street - vacant land
150.00-01-064.000	City of Hornell, NY	Wood Street - vacant land
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 - Strobels
151.05-02-007.000	City of Hornell, NY	Shawmut Drive - Alstom
151.05-02-009.000	City of Hornell, NY	Shawmut Drive - vacant land
151.10-01-001.200	City of Hornell, NY	Shawmut Drive - Alstom
151.10-01-044.000	City of Hornell, NY	195-203 Seneca Street - Alstom
151.10-01-048.000	City of Hornell, NY	185 Seneca Street - Alstom
151.10-01-067.000	City of Hornell, NY	Fulton Street - vacant land
151.13-01-061.000	City of Hornell, NY	18 North Main Street
151.15-01-001.000	City of Hornell, NY	Fulton Street - vacant land
151.15-01-093.100	City of Hornell, NY	Washington Street - vacant land
151.17-01-069.100	City of Hornell, NY	West Street Ext.
151.17-01-064.000	City of Hornell, NY	West Street - vacant land
151.63-02-031.000	City of Hornell, NY	44 Main Street
151.63-02-032.000	City of Hornell, NY	40 Main Street
151.63-02-033.100	City of Hornell, NY	38 Main Street Rear
151.63-02-033.200	City of Hornell, NY	38 Main Street Front
151.63-02-035.000	City of Hornell, NY	32-34 Main Street
151.63-02-053.000	City of Hornell, NY	Elm Circle
151.71-03-036.000	City of Hornell, NY	103-113 Main Street - Erieline Antiques
151.10-01-066.000	City of Hornell, NY	1 Wm Jackson Lane
151.71-03-050.000	City of Hornell, NY	33-43 Broadway
151.17-01-068.200	City of Hornell, NY	67 West Street
151.17-01-038-110	City of Hornell, NY	69 West Street
151.71-03-039.000	City of Hornell, NY	117 Main Street

(See Independent Auditors' Report)

## 1. Real property list (Continued) –

Section/Block/Lot Identification #	Municipality	Property Location and Description
151.72-01-048.000	City of Hornell, NY	38-40 Broadway
151.19-01-037.000	City of Hornell, NY	27 Bank Street
166.15-01-001.000	City of Hornell, NY	231 East Avenue
166.15-01-070.000	City of Hornell, NY	232 East Avenue
166.05-01-006.110	City of Hornell, NY	Hartshorn Street
166.06-07-045.001	City of Hornell, NY	111 Loder St
166.06-07-046.103	City of Hornell, NY	17 Park Drive
166.06-07-044-111	City of Hornell, NY	Transit Drive
166.11-01-014.100	City of Hornell, NY	Park Drive
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
166.00-03-009.100	City of Hornell, NY	South Yard - Lin Industries
166.00-03-009.200	City of Hornell, NY	Vacant Land
166.00-03-009.500	City of Hornell, NY	Vacant Land
166.00-03-009.600	City of Hornell, NY	Vacant Land
166.11-01-014.200	City of Hornell, NY	30 Park Drive
166.00-03-009.300	City of Hornell, NY	GMI
166.33-04-008.000	City of Hornell, NY	GMI
122.00-01-024.200	Town of Hornellsville, NY	Generalli Property
122.01-01-027.500	City of Hornell, NY	Airport Road
122.01-01-027.600	City of Hornell, NY	Residences
122.03-01-038.300	City of Hornell, NY	Route 36
122.03-01-056.000	Town of Hornellsville, NY	Generalli Property - vacant land
122.03-01-024.100	Town of Hornellsville, NY	Generalli Property - vacant land
121.00-01-046.200	Town of Hornellsville, NY	Pump Station
151.05-01-063.000	Town of Hornellsville, NY	Shawmut Drive - vacant land
151.05-01-064.400	Town of Hornellsville, NY	Shawmut Drive - vacant land
151.05-01-064.500	Town of Hornellsville, NY	Shawmut Drive - vacant land
150.00-01-057.000	Town of Hornellsville, NY	Hartshorn/West Street

(See Independent Auditors' Report)

**2. Real property list - Additions –**

<b>Section/Block/Lot Identification #</b>	<b>Municipality</b>	<b>Property Location and Description</b>
150.00-01-057.000	Town of Hornellsville, NY	Hartshorn/West Street

(See Independent Auditors' Report)



BUSINESS  
ADVISORS  
AND CPAS

**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***

**Independent Auditors' Report**

To the Board of Directors  
City of Hornell Industrial Development Agency

We have audited, in accordance with the 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, the financial statements of the City of Hornell Industrial Development Agency (Agency) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Hornell Industrial Development Agency's basic financial statements, and have issued our report thereon dated February 25, 2025.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Hornell Industrial Development Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hornell Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hornell Industrial Development Agency's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Hornell Industrial Development Agency's financial statements are free from 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*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
February 25, 2025