

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2009

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Chemung County Industrial Development Agency
Elmira, New York

We have audited the accompanying balance sheets of the Chemung County Industrial Development Agency, a component unit of the County of Chemung, New York, as of December 31, 2009 and 2008, and the related statements of income, expenses, and changes in net assets and statements of cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. 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 audit 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 Chemung County Industrial Development Agency as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years 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 May 17, 2010, on our consideration of the Chemung County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of project information on pages 15 to 16 are presented for purpose of additional analysis and is not a required part of the financial statements of Chemung County Industrial Development Agency. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Chemung County Industrial Development Agency has not presented Management's Discussion and Analysis that is required supplementary information under accounting principles generally accepted in the United States of America.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Chemung County Industrial Development Agency. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The financial statements originally issued as of December 31, 2009 and for the year then ended have been restated. The previously issued auditors' report dated March 30, 2010 should not be relied upon because the previously issued financial statements were materially mistated, and this report on the restated financial statements replaces the previously issued auditors' report. See Notes 11 and 16.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
May 17, 2010

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 42,246	\$ 142,495
Restricted cash	6,018,995	-
Accounts receivable	23,203	23,661
Grants receivable	4,887,625	26,969
Prepaid expenses	7,609	4,787
Loans receivable - current portion	<u>216,136</u>	<u>188,757</u>
Total current assets	<u>11,195,814</u>	<u>386,669</u>
Loans Receivable - Net of Current Portion	1,966,390	2,125,697
Reimbursement Receivable	-	28,381
Restricted Asset - Revolving Loan Fund	265	265
Property and Equipment - Net	17,508,249	17,325,053
Other Assets - Net	<u>160,517</u>	<u>173,561</u>
Total Assets	<u>\$ 30,831,235</u>	<u>\$ 20,039,626</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Loans payable - current portion	\$ 1,045,515	\$ 875,573
Bonds payable - current portion	2,691,073	-
Accounts payable	2,107,789	263,448
Accrued state cost recovery assessment	100,639	-
Accrued interest	<u>306,429</u>	<u>-</u>
Total current liabilities	<u>6,251,445</u>	<u>1,139,021</u>
Long-Term Debt		
Loans payable - net of current portion	11,133,765	11,950,480
Deferred revenue - revolving loan fund	265	265
Bonds payable - net of current portion	<u>6,483,927</u>	<u>-</u>
Total long-term debt	<u>17,617,957</u>	<u>11,950,745</u>
Total Liabilities	<u>23,869,402</u>	<u>13,089,766</u>
Net Assets (Deficit)		
Investment in capital assets - net of related debt	7,203,714	5,363,568
Unrestricted	<u>(241,881)</u>	<u>1,586,292</u>
Total net assets	<u>6,961,833</u>	<u>6,949,860</u>
Total Liabilities and Net Assets	<u>\$ 30,831,235</u>	<u>\$ 20,039,626</u>

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Income, Expenses, and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Income		
Development grants and reimbursements	\$ 2,630,349	\$ 650,000
Rental income	1,277,498	1,266,798
Fee income	419,540	186,885
Loss on sale of assets	-	(46,865)
Interest income	<u>73,474</u>	<u>72,220</u>
Total income	<u>4,400,861</u>	<u>2,129,038</u>
Expenses		
Development grants and project costs	2,587,831	1,364,467
Property and insurance expenses	24,587	22,422
Depreciation and amortization	527,925	531,447
Interest expense	1,138,308	834,496
State cost recovery assessment	100,639	-
Other expenses	<u>9,598</u>	<u>44,890</u>
Total expenses	<u>4,388,888</u>	<u>2,797,722</u>
Change in Net Assets	11,973	(668,684)
Net Assets - Beginning	<u>6,949,860</u>	<u>7,618,544</u>
Net Assets - Ending	<u>\$ 6,961,833</u>	<u>\$ 6,949,860</u>

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Cash (paid) received from operating income	\$ (504,430)	\$ 2,289,964
Cash paid for operating expenses	<u>(780,497)</u>	<u>(1,395,011)</u>
Net cash flows from operating activities	<u>(1,284,927)</u>	<u>894,953</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from loans payable	-	600,000
Repayments of long-term debt	(646,773)	(542,259)
Purchases of fixed assets	(698,077)	(835,780)
Proceeds from sale of fixed assets	-	93,936
Proceeds from bonds payable	9,175,000	-
Restricted cash	(6,018,995)	517,636
Interest paid	<u>(831,879)</u>	<u>(834,496)</u>
Net cash flows from capital and related financing activities	<u>979,276</u>	<u>(1,000,963)</u>
Cash Flows from Investing Activities		
Development loans provided	-	(1,025,000)
Development loans repaid	131,928	120,391
Interest received	<u>73,474</u>	<u>72,220</u>
Net cash flows from investing activities	<u>205,402</u>	<u>(832,389)</u>
Net Change in Cash and Cash Equivalents	(100,249)	(938,399)
Cash and Cash Equivalents - Beginning	<u>142,495</u>	<u>1,080,894</u>
Cash and Cash Equivalents - Ending	<u>\$ 42,246</u>	<u>\$ 142,495</u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities		
Change in net assets	\$ 11,973	\$ (668,684)
Adjustments		
Depreciation and amortization	527,925	531,447
Interest income	(73,474)	(72,220)
Loss on sale of assets	-	46,865
Interest expense	831,879	834,496
Changes in assets and liabilities		
Accounts receivable	458	164,312
Grants receivable	(4,860,656)	(3,036)
Reimbursement receivable	28,381	25,005
Prepaid expenses	(2,822)	(2,284)
Accounts payable	1,844,341	39,052
Accrued state cost recovery assessment	100,639	-
Accrued interest	<u>306,429</u>	<u>-</u>
Net cash flow from operating activities	<u>\$ (1,284,927)</u>	<u>\$ 894,953</u>

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Purpose - The Chemung County Industrial Development Agency (the Agency) was created in 1970 by its officers under the provisions of the laws of New York State for the purpose of encouraging economic growth in the County of Chemung, New York. The Agency is exempt from federal, state, and local income taxes.

The Agency is a public benefit corporation created in 1971 by an act of the New York State Legislature. The Agency's primary purpose is to promote and assist private sector industrial development and advance the job opportunities, and economic welfare of the people of the County of Chemung, New York.

One of the Agency's most important functions is to provide certain real property, sales and mortgage recording tax benefits in lease financing or revenue bond transactions to qualifying industrial and commercial entities in order to encourage industrial development in the County of Chemung, New York. Retail projects may also qualify for Agency assistance if development occurs within the Elmira Economic Development Zone boundaries.

In addition to industrial development bonds and sale/leaseback transactions, the Agency offers a real property tax abatement program, known as PILOT. Projects that create new employment and are sponsored by the Agency may qualify for abatements of real property taxes, such as county, town and school taxes, through the PILOT (payment-in-lieu-of-taxes) program.

The Agency is a component unit of the County of Chemung, New York.

Basis of Accounting - Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, net assets, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of operating income, financial position, changes in net assets and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the Agency has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for enterprise funds and business-type activities.

Estimates - The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For the purposes of the balance sheet and statements of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial and therefore an allowance has not been established.

Grants Receivable - Grants receivable are stated at the amount specified in the grant agreements obtained by the grant administrator.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Property and Equipment - Property and equipment acquired by the Agency are stated at cost (or estimated historical cost) including interest capitalized during construction where applicable. Contributed assets are recorded at fair market value at the date received. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets. Depreciation is computed over the following periods:

Land	Not depreciable
Land improvements	20 years
Machinery and equipment	10 years
Building	40 years

Construction in Progress - Construction in progress is not depreciated until placed in service.

Note 2. Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State. The Agency does not record 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, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

Note 3. Deposits and Investments

The Agency's investment policies are governed by state law. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements not covered by federal deposit insurance. Obligations which 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 amounts on deposit in banking institutions and the related collateral as of December 31, 2009 are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand and savings deposits	\$ <u>6,061,241</u>	\$ <u>6,114,237</u>
Covered by FDIC insurance		\$ 595,241
Pledged collateral		-
Under-collateralized deposits		<u>5,518,996</u>
Total deposits		<u>\$ 6,114,237</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 4. Loans Receivable

Loans receivable consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Receivable from Southern Tier Commerce Center, LLC, monthly payments of \$4,944 including interest at 3.5%. Loan established December 2006 and due December 2016.	\$ 367,670	\$ 416,992
Receivable from the County of Chemung, New York, quarterly payments of \$25,750 including interest at 5.25%. Loan established January 2000 and due in July 2019.	780,217	837,601
Receivable from Riverside Realty, LLC, non interest bearing, monthly payments of \$196. Loan established November 2007 and due October 2022.	30,115	31,289
Receivable from Riverside Realty, LLC, monthly payments of \$7,239 including interest at 2.0%. Payments will commence the month after receipt of the final loan draw that increases the total loan to \$1,125,000. Final loan was established in February 2010 and due July 2020.	825,000	825,000
Receivable from 2000 Lake Road, LLC, non-interest bearing, monthly payments of \$1,667. Loan established May 2008 and due May 2018.	166,667	188,333
Receivable from Shadowstand Properties, Inc. and Orthstar, Inc. without interest. Repayment of the loan in equal monthly installments of \$476. Loan established July 2004 and due July 2011.	<u>12,857</u>	<u>15,239</u>
Total	2,182,526	2,314,454
Less, current portion	<u>(216,136)</u>	<u>(188,757)</u>
Long-term portion	<u>\$ 1,966,390</u>	<u>\$ 2,125,697</u>

Note 5. Reimbursement Receivable

Under the terms of a purchase and sale contract between the Agency, Bath National Bank, and General Revenue Corporation, and an agreement with the County of Chemung, New York, the Agency has received \$250,000 from a small cities grant for reimbursement of costs associated with the purchase and sale of a property located on Daniel Zenker Drive, Big Flats, NY. All costs associated with this purchase and sale contract will be reimbursed by General Revenue Corporation over five years, without interest. Reimbursement was \$10,677 per year. Total reimbursement receivable at December 31, 2009 and 2008 was \$- and \$28,381, respectively. This grant has been satisfied and the Agency has forgiven this receivable as of December 31, 2009.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 6. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land and land improvements	\$ 2,718,387	\$ 4,000	\$ -	\$ 2,722,387
Machinery and equipment	1,065,785	-	-	1,065,785
Building	15,339,525	554,918	230	15,894,213
Construction in progress	<u>217,924</u>	<u>694,307</u>	<u>554,918</u>	<u>357,313</u>
Sub-total	19,341,621	1,253,225	555,148	20,039,698
Less, accumulated depreciation	<u>(2,016,568)</u>	<u>(514,881)</u>	<u>-</u>	<u>(2,531,449)</u>
Property and equipment - net	<u>\$ 17,325,053</u>	<u>\$ 738,344</u>	<u>\$ 555,148</u>	<u>\$ 17,508,249</u>

Depreciation expense amounted to \$514,881 and \$518,403 for the years ended December 31, 2009 and 2008, respectively.

During 2006 the Agency began construction of a new helicopter facility for Schweizer Aircraft Corporation (Schweizer). This facility is owned by the Agency and is being leased to Schweizer. It was placed in service in January 2008. See Note 8.

Note 7. Other Assets

Other assets consist of loan closing costs related to financing for the Schweizer facility discussed in Note 6. These amounts are being amortized over the terms of the loans. Amortization expense amounted to \$13,044 for the years ended December 31, 2009 and 2008.

The following is a schedule of future amortization of loan costs:

2010	\$ 13,044
2011	13,044
2012	13,044
2013	13,044
2014	13,044
Thereafter	<u>95,297</u>
Total	<u>\$ 160,517</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 8. Leasing Arrangements

The Agency is the lessor of three properties, equipment and paid-up oil and gas leases on three parcels of land.

One lease is for forty years beginning December 1982 with a \$48,000 annual payment. During 2008, the lessee subleased a portion of this property, resulting in additional rent income for the Agency amounting to \$12,500.

The second is for the Schweizer facility discussed in Note 6, which requires monthly payments of \$89,975. This lease is for fifteen years beginning September 2007. During years one through ten, base rent is determined on the amortized amount, as defined in the agreement, amortized over twenty years at an interest rate of 6.95%. During years eleven through fifteen the base rental will be adjusted from the 6.95% rate in years one through ten to the five year treasury rate on the first day of the eleventh year plus 225 basis points. This lease has four renewal options, each for a period of five years. The equipment lease is for equipment used in the Schweizer facility and requires monthly payments of \$10,550 for a period of 168 months. This lease also has four renewal options, each for a period of five years. Both leases for the Schweizer facility and equipment have purchase options, with a stipulated formula in the facility lease based on outstanding loan balances for which the facility serves as collateral, equity reimbursement, plus closing costs; the equipment lease purchase option is based on fair market value as defined.

In the terms of the third lease, the Agency is the lessor of land leased to Schweizer Aircraft Corporation. This lease began on October 1, 2009 and is for a term of five years, expiring September 30, 2014. The lease requires monthly payments of \$5,674. This lease also has four renewal options, each for a period of five years. At the end of the term of the lease, the lessee has an option to purchase the land.

The Agency has a fourth agreement with Mason Dixon Energy for lease payments to be made to the Agency at an annual rate per mineral acre for each property through November 2012. This agreement is made up of three leases with total rental income of \$6,180 in 2009.

The following is a schedule of future minimum rentals to be received over the next five years, excluding the oil and gas right leases:

2010	\$ 1,322,388
2011	1,322,388
2012	1,322,388
2013	1,322,388
2014	<u>1,322,388</u>
Total	<u>\$ 6,611,940</u>

Note 9. Supplemental Cash Flow Information

	<u>2009</u>	<u>2008</u>
Cash paid during the year for:		
Interest	\$ <u>836,219</u>	\$ <u>754,522</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 10. Loans Payable

Loans payable consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Payable to Chemung Canal Trust Co. Quarterly payments of \$25,750, including interest at 5.25%, through the year 2019.	\$ 780,216	\$ 839,601
Payable to Chemung Canal Trust Co. Interest only payments were made until September 2009, then annual principal payments of \$60,000, plus interest at 6.25%, through the year 2018.	540,000	600,000
Payable to County of Chemung, New York. Funds will be reimbursed, at 0% interest, in future periods in association with future period excess cash flows.	200,001	200,001
Payable to NYS Department of Transportation, without interest. Estimated repayment to be made annually based on original value of \$215,751 as follows: 10% in 2006, 20% for years 2007-2009 and final payment of 30% in 2010. Payment has not been made as of December 31, 2009.	215,751	215,751
Payable to Southern Tier Economic Growth, Inc. (STEG), without interest. This loan matured in February 2009.	-	75,000
Payable to Five Star Bank. Monthly payments of \$8,062, including interest at 6.95%, amortized over ten years and maturing December 2017. The loan is collateralized by the Schweizer equipment and an assignment of the equipment lease discussed in Note 8.	599,224	643,435
Payable to Five Star Bank. Monthly payments of \$82,928, including interest at 6.95%, amortized over twenty years and maturing November 2027. On the ten year anniversary of the conversion to permanent financing (December 2017), the interest rate is adjusted to 225 basis points over the Five Year Treasury Bill rate. The loan is collateralized by the Schweizer facility and an assignment of the lease discussed in Note 8.	<u>9,844,088</u>	<u>10,252,265</u>
Total	12,179,280	12,826,053
Less, current portion	<u>(1,045,515)</u>	<u>(875,573)</u>
Long-term portion	<u>\$11,133,765</u>	<u>\$11,950,480</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

The following is a schedule of future principal and interest loan payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,045,515	\$ 762,124	\$ 1,807,639
2011	658,744	740,552	1,399,296
2012	700,503	695,043	1,395,546
2013	745,193	646,603	1,391,796
2014	793,022	595,024	1,388,046
Thereafter	<u>8,236,303</u>	<u>2,466,063</u>	<u>10,702,366</u>
Total	<u>\$12,179,280</u>	<u>\$ 5,905,409</u>	<u>\$18,084,689</u>

Note 11. Significant Project and Bonds Payable

The Agency began a significant project during 2009 with CVS Pharmacy, Inc. The project consists of the following: the acquisition of an approximately 148 acre parcel of land located on White Wagon Road, the demolition of the existing facility, the construction of an approximately 751,000 square foot distribution center, the construction of various utility and other infrastructure improvements and the acquisition and installation of certain machinery and equipment to be used by the distribution center.

During 2009 the Agency authorized the issuance and sale of \$9,175,000 PILOT revenue bonds to fund the construction on this project. Bonds payable consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Series 2009A Bond - Payable to Elmira Savings Bank with an annual installment due on February 1, 2010. Interest is payable in an annual installment at a rate of 5.75%. Repayment of principal for this bond will be funded through a utility infrastructure grant from New York State Electric & Gas (NYSEG) which was received by the Agency in February 2010.	\$ 1,200,000	\$ -
Series 2009B Bond - Payable to Elmira Savings Bank with an annual installment due on July 1, 2010. Interest is payable in an annual installment at a rate of 5.75%. Repayment of principal for this bond will be funded through a utility infrastructure grant from NYSEG which is expected to be received by the Agency in July 2010.	500,000	-
Series 2009C Bond - Payable to Elmira Savings Bank with an annual installment due on February 1, 2011. Interest is payable in an annual installment at a rate of 5.75%. Repayment of principal for this bond will be funded through a utility infrastructure grant from NYSEG which is expected to be received by the Agency in February 2011.	200,000	-
Series 2009D Bond - Payable to Elmira Savings Bank in an annual installment due on August 1, 2010. Interest is payable in an annual installment at a rate of 5.75%. Repayment of principal for this bond will be funded through a grant receivable from STEG which is expected to be received by the Agency during 2010.	750,000	-

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Series 2009E Bond - Payable to Elmira Savings Bank in annual installments with a maturity date of June 5, 2021. Interest is payable in annual installments at a rate of 5.75%. Repayment of principal for this bond will be funded through a grant from the Economic Development Administration (EDA) for American Recovery and Reinvestment Act (ARRA) of \$1,454,080 to fund the portion of the project relating to the cost of enhancing the water and sewer system owned by the Agency as well as the cost of upgrading White Wagon Road owned by the County of Chemung, New York. The remaining portion of this bond will be paid back through PILOT revenue upon completion of the project.

	<u>6,525,000</u>	-
Total	9,175,000	-
Less, current portion	<u>(2,691,073)</u>	-
Long-term portion	<u>\$ 6,483,927</u>	<u>\$ -</u>

The following is a schedule of future principal and interest bond payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,691,073	\$ 491,367	\$ 3,182,440
2011	763,611	382,195	1,145,806
2012	438,671	330,138	768,809
2013	463,989	304,820	768,809
2014	490,767	278,042	768,809
Thereafter	<u>4,326,889</u>	<u>1,054,773</u>	<u>5,381,662</u>
Total	<u>\$ 9,175,000</u>	<u>\$ 2,841,335</u>	<u>\$ 12,016,335</u>

The Agency has recorded the following grants receivable related to this project:

NYSEG	\$ 1,200,000
STEG	734,000
EDA - ARRA	657,996
County of Chemung, New York - future PILOT agreement	<u>2,268,660</u>
	<u>\$ 4,860,656</u>

Total restricted cash for this project amounted to \$6,018,995 at December 31, 2009. Total interest relating to these bonds payable was accrued as of December 31, 2009 in the amount of \$306,429.

Note 12. Restricted Asset - Revolving Loan Fund

The Agency received a fund, held by the County of Chemung, New York, to grant or loan to County businesses or to use in project development to encourage economic growth in the County. This fund is reported as a restricted asset and as deferred revenue. At December 31, 2006 the balance of this fund was \$3,183,987. During the year ended December 31, 2007, the Agency utilized all but \$265 of this fund, which remains available at December 31, 2009 and 2008.

During 2007, the Agency borrowed \$200,001 from the County of Chemung, New York to provide funding for project development. These funds will be reimbursed in future periods in association with future period excess cash flows, and remain outstanding at December 31, 2009 and 2008. See Note 10.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 13. City of Elmira Empire Zone

The Agency has an agreement with the City of Elmira to utilize a portion of its Empire Zone within the limits of County of Chemung, New York but outside the geographic boundaries of the City of Elmira. During the year ended December 31, 2009 and 2008, the Agency paid the City of Elmira \$50,000 and \$150,000 under this agreement, respectively. The Agency is committed to fund additional future payments under this agreement as follows:

2010	\$ 50,000
2011	-
2012	<u>100,000</u>
Total	<u>\$ 150,000</u>

Note 14. State Cost Recovery Assessment

Public Authorities Law Section 2975 which passed in 2009 established a cost recovery of central government services provided to public authorities by New York State. The 2009-2010 administrative services assessment for the Agency is \$100,639, and was billed to the Agency by the New York State Department of Taxation in February 2010 and is due March 31, 2010. The cost recovery assessment was accrued in the 2009 financial statements. Management has joined with other public authorities to challenge the legality of the assessment and its calculation methodology.

Note 15. Commitment

The Agency has a commitment to provide grant funding to a company in the amount of \$140,000 per year through 2012.

Note 16. Restatement

The financial statements originally issued for 2009 have been restated. The effect of the restatement is summarized as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Change in Net Assets</u>
Grants receivable	\$ 4,860,656	\$ -	\$ 2,280,348
Bonds payable	-	2,580,308	-
Accounts payable	-	1,113,987	(1,113,987)
Accrued interest	<u>-</u>	<u>306,429</u>	<u>(306,429)</u>
Change	4,860,656	4,000,724	859,932
As originally reported	<u>25,970,579</u>	<u>19,868,678</u>	<u>(847,959)</u>
As restated	<u>\$ 30,831,235</u>	<u>\$ 23,869,402</u>	<u>\$ 11,973</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Project Information
December 31, 2019

Project Code	Project Type	Project Name	Project Address	City	State	Zip	Zip +4	Country	Project Purpose Notes	Project Purpose Code	Total Project Amount	Benefited Project Amount	Bond/Note Amount	Total Lease Amount	Annual Lease Amount	Year Financial Assistance Ends	Federal Tax Status	Not For Profit	State Sales Tax Exemption	Local Sales Tax Exemption	County Real Property Tax Exemption		
10701-01-01-A	Bonds/Notes Issuance	Hathorn Redevelopment	346 Woodlawn Ave.	Elmira	NY	14901	1331	USA	Acquisition of land, renovation & construction of building, purchase equip.	Services	8,000,000	6,940,000	4,000,000	-	-	2023	Tax Exempt	Y	-	-	-		
20701-01-02-A	Bonds/Notes Issuance	Economic Opportunity Program of Chemung County	650 Baldwin St.	Elmira	NY	14901	2216	USA	Acquisition of land, construction of building purchase equip.	Services	3,960,064	3,732,054	4,200,000	-	-	2027	Tax Exempt	Y	-	-	-		
30701-03-01-A	Bonds/Notes Issuance	F.M. Howell & Company	79 Pennsylvania Ave.	Elmira	NY	14904	1455	USA	Acquisition of land, construction of building purchase equip.	Manufacturing	1,400,000	1,400,000	1,000,000	-	-	2013	Taxable	N	-	-	9,010		
40701-03-02-A	Bonds/Notes Issuance	Woodbrook Adult Home	1250 Maple Ave.	Elmira	NY	14904	2812	USA	Acquisition of land, renovation & construction of building, purchase equip.	Services	2,695,472	2,159,302	3,500,000	-	-	2023	Tax Exempt	Y	-	-	-		
50701-04-01-A	Bonds/Notes Issuance	Arnol Ogdan Medical Center	600 Roe Ave.	Elmira	NY	14905	1629	USA	Acquisition of land, renovation & construction of building, purchase equip.	Construction	16,203,307	10,088,864	16,710,000	-	-	2034	Tax Exempt	Y	-	-	-		
60701-04-02-A	Bonds/Notes Issuance	Arnol Ogdan Medical Center	600 Roe Ave.	Elmira	NY	14905	1629	USA	Acquisition of land, renovation & construction of building, purchase equip.	Construction	18,742,980	17,274,221	20,000,000	-	-	2034	Tax Exempt	Y	-	-	-		
70701-99-01-A	Bonds/Notes Issuance	St. Joseph's Hospital	555 East Market St.	Elmira	NY	14901	3223	USA	Acquisition of land, construction of building purchase equip.	Services/Const	32,295,000	32,295,000	32,295,000	-	-	2013	Tax Exempt	Y	-	-	-		
80701-99-01-A	Bonds/Notes Issuance	Sonwil Development Group	Daniel Zenker Drive Ext.	Big Flats	NY	14814	USA	Acquisition of land, construction of building purchase equip.	Const/Manu	5,911,400	5,911,400	5,024,690	-	-	2015	Tax Exempt	N	-	-	-	63,648		
90701-00-01-A	Bonds/Notes Issuance	Elmira Sports Entertainment	155 N. Main St.	Elmira	NY	14901	2900	USA	Construction of ice skating/hockey arena	Services	15,500,000	15,300,000	1,250,000	-	-	2020	Tax Exempt	Y	-	-	-		
100701-95-01-A	Bonds/Notes Issuance	Trayer Products, Inc.	541 East Clinton St.	Elmira	NY	14901	2553	USA	Acquisition of land, renovation & construction of building, purchase equip.	Const/Manu	5,000,000	4,675,000	5,500,000	-	-	2015	Taxable	N	-	-	-	3,072	
110701-07-01-A	Bonds/Notes Issuance	Elmira College	One Park Place	Elmira	NY	14901	2085	USA	Acquisition of land, renovation & construction of building, purchase equip.	Construction	64,000,000	64,000,000	55,000,000	-	-	2038	Tax Exempt	Y	-	-	-		
120701-07-02-A	Bonds/Notes Issuance	DDR Horseheads, LLC	500 Ann Page Road	Horseheads	NY	14845	7200	USA	Acquisition of land, Demolition & construction of building, purchase equip.	Const/Retail	76,733,205	76,733,205	1,866,000	-	-	2018	Taxable	N	-	-	-	97,953	
130701-09-01-A	Bonds/Notes Issuance	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, Demolition & construction of building, purchase equip.	Retail/Construction	90,000,000	70,812,000	1,200,000	-	-	2010	Taxable	N	-	-	-	8,892		
140701-09-02-A	Bonds/Notes Issuance	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, Demolition & construction of building, purchase equip.	Retail/Construction	-	-	500,000	-	-	2010	Taxable	N	-	-	-	-		
150701-09-03-A	Bonds/Notes Issuance	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, Demolition & construction of building, purchase equip.	Retail/Construction	-	-	200,000	-	-	2011	Taxable	N	-	-	-	-		
160701-09-04-A	Bonds/Notes Issuance	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, Demolition & construction of building, purchase equip.	Retail/Construction	-	-	750,000	-	-	2010	Taxable	N	-	-	-	-		
170701-09-05-A	Bonds/Notes Issuance	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, Demolition & construction of building, purchase equip.	Retail/Construction	-	-	6,525,000	-	-	2021	Taxable	N	-	-	-	-		
180701-99-08-A	Straight Lease	BFH, LLC	Amot Road Colonial Drive	Big Flats	NY	14814	USA	Acquisition of Property, Construction of Facility acquisition of machinery	Services/Const	8,783,800	8,783,800	-	8,783,800	876,380	2010	Taxable	N	-	-	-	-	35,149	
190701-00-03-A	Straight Lease	Yunis-Welliver Development Co, Inc.	Airport Corporate Park	Big Flats	NY	14814	USA	Acquisition of Property, Construction of Facility acquisition of machinery	Services/Const	8,125,000	8,125,000	-	8,125,000	812,500	2011	Taxable	N	-	-	-	-	53,528	
200701-99-08-A	Straight Lease	The Kroq Corporation	College & Woodlawn Ave.	Elmira	NY	14901	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Const/Wholesale	1,730,000	1,580,000	-	1,730,000	173,000	2012	Taxable	N	-	-	-	-	29,833	
210701-99-05-A	Straight Lease	Elmira Savings Bank	333 East Water St.	Elmira	NY	14901	3400	USA	Acquisition of Land, Renovation & Construction of Building, Acquisition of Machinery	Const/Services	3,000,000	3,000,000	-	3,000,000	300,000	2018	Taxable	N	-	-	-	-	18,662
220701-04-04-A	Straight Lease	Silicon Carbide Products	Airport Corporate Park, Daniel Dr. Ext	Horseheads	NY	14845	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Const/Manu	1,234,000	1,181,000	-	1,234,000	82,267	2020	Taxable	N	-	-	-	-	8,278	
230701-00-06-A	Straight Lease	EAS Development, LLC	Airport Corporate Park, Daniel Zenker Dr	Big Flats	NY	14814	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Services/Const	2,027,000	2,027,000	-	2,027,000	133,333	2016	Taxable	N	-	-	-	-	11,813	
240701-00-08-A	Straight Lease	Vulcraft of New York	5362 Railroad St., Box 280	Chemung	NY	14825	9750	USA	Construction of Steel Manufacturing Facility Acquisition of Land, Construction of Building Acquisition of Machinery	Manu/Const	51,000,000	51,000,000	-	51,000,000	2,550,000	2021	Taxable	N	-	-	-	-	146,871
250701-00-09-A	Straight Lease	Amot Realty Corporation	203 Colonial Drive	Big Flats	NY	14814	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Services/Const	1,700,000	1,700,000	-	1,700,000	85,000	2020	Taxable	N	-	-	-	-	14,754	
260701-00-10-A	Straight Lease	MTM Realty LLC	3460 Oakwood Ave.	Elmira Heights	NY	14903	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Wholesale	3,775,710	3,775,710	-	3,775,710	377,571	2011	Taxable	N	-	-	-	-	-	
270701-03-03-A	Straight Lease	Central Recycling Co-op	260 Latabrook Park	Horseheads	NY	14845	9008	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Manu/Const	2,737,500	2,707,500	-	2,737,500	182,500	2019	Taxable	N	-	-	-	-	8,348
280701-04-03-A	Straight Lease	Silicon Carbide Products	361 Daniel Zenker Drive	Horseheads	NY	14845	1008	USA	Expansion of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Manu/Const	1,234,000	1,181,000	-	1,234,000	154,250	2013	Taxable	N	-	-	-	-	
290701-96-01-A	Straight Lease	J.T. International C/O Provisions Modular Hardware	Daniel Zenker Dr	Horseheads	NY	14845	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Const/Manu	562,000	557,000	-	562,000	37,467	2013	Taxable	N	-	-	-	-	3,786	
300701-01-03-A	Straight Lease	Plainview Associates	760 East Water St.	Elmira	NY	14901	3317	USA	Renovation of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Const/Retail	1,170,000	1,170,000	-	1,170,000	117,000	2012	Taxable	N	-	-	-	-	
310701-01-04-A	Straight Lease	The Kroq Corporation	1316 Colleve Ave	Elmira	NY	14901	1169	USA	Acquisition of Machinery	Construction	2,140,000	2,140,000	-	2,140,000	142,666	2015	Taxable	N	-	-	-	-	
320701-01-05-A	Straight Lease	Big Flats Storage, LLC	Sing Sing Road	Big Flats	NY	14814	USA	Acquisition of Property, Construction of Building	Services/Const	3,767,000	3,767,000	-	3,767,000	376,700	2012	Taxable	N	-	-	-	-	31,124	
330701-01-06-A	Straight Lease	Appleridge Retirement	3005 Watkins Road	Horseheads	NY	14845	1800	USA	Construction of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Services/Const	7,300,000	7,300,000	-	7,300,000	730,000	2011	Taxable	N	-	-	-	-	50,929
340701-06-06-A	Straight Lease	Elmira Eastown Mall	150 Baldwin St.	Elmira	NY	14901	3016	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Finance	1,500,000	1,500,000	-	1,500,000	150,000	2016	Taxable	N	-	-	-	-	12,106
350701-97-05-A	Straight Lease	Thomas & Betts Corp.	224 N. Main St., Bldg. K	Horseheads	NY	14845	1766	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Const/Manu	40,000,000	39,950,000	-	40,000,000	2,666,666	2012	Taxable	N	-	-	-	-	65,582
360701-95-03-A	Straight Lease	Wegman's Food Markets, Inc.	1100 Clemens Center Pkwy	Elmira	NY	14901	1563	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Retail/Const	16,347,500	15,697,500	-	16,347,500	1,089,833	2010	Taxable	N	-	-	-	-	34,321
370701-95-04-A	Straight Lease	Hardings, Inc.	One Hardings Drive P.O. Box 1507	Elmira	NY	14902	1507	USA	Acquisition of Land, Construction of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Manu/Const	5,275,000	5,000,000	-	5,275,000	351,666	2011	Taxable	N	-	-	-	-	132,126
380701-05-01-A	Straight Lease	John Meier, LLC	133 Philo Road	Elmira Heights	NY	14903	9705	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Manu/Const	680,000	680,000	-	680,000	45,333	2021	Taxable	N	-	-	-	-	3,344
390701-05-02-A	Straight Lease	Anchor Glass Container	1901 Grand Central Ave.	Elmira	NY	14903	USA	Acquisition of Property, Renovation of Facility acquisition of machinery	Manufacturing	1,000,000	1,000,000	-	1,000,000	200,000	2010	Taxable	N	-	-	-	-	-	
400701-05-03-A	Straight Lease	Dena Enterprises	2666 Corning Road	Horseheads	NY	14845	4207	USA	Renovation of Building	Retail/Const	1,000,000	980,000	-	1,000,000	100,000	2016	Taxable	N	-	-	-	-	19,759
410701-07-03-A	Straight Lease	Riverside Realty of Elmira, LLC	14 Daniel Zenker Drive	Big Flats	NY	14814	USA	Construction of Building	Retail/Const	4,570,000	4,535,000	-	4,570,000	457,000	2018	Taxable	N	-	-	-	-	1,003,082	
420701-07-04-A	Straight Lease	Millenium Pipeline Company	One Blue Hill Plaza 7th Floor	Pearl River	NY	10965	3104	USA	Natural Gas Transportation Pipeline	Gas/Const	47,000,000	47,000,000	-	47,000,000	2,764,706	2023	Taxable	N	-	-	-	-	-
430701-07-05-A	Straight Lease	Empire State Pipeline	6363 Main St.	Williamsville	NY	14221	5855	USA	Natural Gas Transportation Pipeline Acquisition of Land, Acquisition of machinery & Equipment	Gas/Const	9,800,000	9,800,000	-	9,800,000	653,333	2023	Taxable	N	-	-	-	-	-
440701-08-02-A	Straight Lease	2000 Lake Road Holding Co.	2000 Lake Road	Elmira	NY	14903	1822	USA	Acquisition of Land, Renovation & Construction of Building, Acquisition of machinery & Equipment	Manufacturing	2,150,000	2,150,000	-	2,150,000	143,333	2024	Taxable	N	-	-	-	-	19,168
450701-08-03-A	Straight Lease	Clemens Center Landlord, LLC	207 Clemens Center Parkway	Elmira	NY	14901	3031	USA	Acquisition of Land, Construction of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Services/Const	15,465,950	13,448,334	-	15,465,950	773,297	2019	Tax Exempt	Y	-	-	-	-	
460701-08-04-A	Straight Lease	DeMat's Candy Company	Hunt Drive	Big Flats	NY	14814	USA	Acquisition of Land, Construction of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Manu/Const	13,500,000	12,925,000	-	13,500,000	1,350,000	2019	Taxable	N	-	-	-	-	-	
470701-09-01-A	Straight Lease	CVS RX Services, Inc.	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of Land, Construction of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Retail/Const	90,000,000	70,812,000	-	90,000,000	6,000,000	2025	Taxable	N	-	-	-	-	-	
480701-09-02-A	Straight Lease	Seneca Beverage Corp.	2081 & 2085 Lake Road	Horseheads	NY	14845	USA	Acquisition of Land, Construction of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Retail/Const	8,500,000	8,500,000	-	8,500,000	850,000	2020	Taxable	N	-	-	-	-	-	
490701-09-03-A	Straight Lease	BFH II, LLC	Amot Road Colonial Drive	Big Flats	NY	14814	USA	Acquisition of Land, Construction of Building Acquisition of Land, Construction of Building Acquisition of Machinery	Services/Const	8,900,000	7,450,000	-	8,900,000	8,900,000	2020	Taxable	N	-	-	-	-	-	
500701-09-04-A	Straight Lease	3107 Group, LLC	100 West Chemung Place	Elmira	NY	14901	USA	Acquisition of Land, Construction of Building Acquisition of Machinery	Services/Const	1,183,300	916,600	-	1,183,300	118,330	2020	Taxable	N	-	-	-	-	-	

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Project Information
December 31, 2009

	Local Real Property Tax Exemption	School Real Property Tax Exemption	Mortgage Recording Tax	Total Exemptions Net of RPTL Sec. 485 B Exemptions	County Plot	Local Plot	School Plot	Date Project Approves	Date IDA Tool Title or Leasehold Interest in Property	# of FTE's Before IDA Status	Original Est. of Jobs to be created	Average Est. Salary of Jobs to be created	Original Est. of Jobs to be Retained	Average Est. Salary of jobs to be Retained	Current # of FTE's	# of FTE Construction jobs During Fiscal year	Current Year is the Last Year Project needs to be Reported	There is no Debt Outstanding for this project	IDA Does Not hold title to the Property	The project receives no tax exemptions	Is this a multi-phase project related to an existing project	if yes, what is the origina project code
1	-	-	-	-	20,402	25,600	36,100	10/10/2001	10/10/2004	5	13	No Data	18	No Data	-	-	No	Na	Na	Na	Na	Na
2	-	-	-	-	-	-	-	9/19/2000	10/2/2001	83	-	No Data	83	No Data	200	-	No	Na	Na	Na	Na	Na
3	15,894	10,824	-	28,582	4,505	7,947	9,412	6/13/2003	12/30/2003	267	16	No Data	283	No Data	265	-	No	Na	Na	Na	Na	Na
4	-	-	-	-	-	-	-	9/9/2003	11/12/2003	47	16	No Data	63	No Data	57	-	No	Na	Na	Na	Na	Na
5	-	-	-	-	-	-	-	9/9/2003	3/10/2004	1,404	4	No Data	1,408	No Data	1,812	-	No	Na	Na	Na	Na	Na
6	-	-	-	-	-	-	-	9/9/2003	3/10/2004	1,404	4	No Data	1,408	No Data	-	-	No	Na	Na	Na	Na	Na
7	-	-	-	-	-	-	-	6/18/1999	6/25/1999	808	-	No Data	808	No Data	667	-	No	Na	Na	Na	Na	Na
8	21,328	136,863	-	199,655	25,459	8,531	54,745	12/15/1999	12/29/1999	-	168	No Data	168	No Data	115	-	No	Na	Na	Na	Na	Na
9	-	-	-	-	-	-	-	1/28/2000	1/28/2000	-	79	No Data	79	No Data	29	-	No	Na	Na	Na	Na	Na
10	5,766	6,830	-	15,668	1,536	2,883	3,415	10/17/1994	7/27/1995	212	8	No Data	220	No Data	75	-	No	Na	Na	Na	Na	Na
11	-	-	-	-	-	-	-	11/15/2007	12/12/2007	309	36	60,000	480	60,000	413	-	No	Na	Na	Na	Na	Na
12	21,369	278,878	-	238,920	97,953	21,369	278,878	4/28/2006	12/21/2007	-	1,750	30,000	1,750	-	No response	-	No	Na	Na	Na	Na	Na
13	861	18,931	-	14,342	8,892	861	18,931	3/12/2009	6/5/2009	-	500	-	-	-	-	123	No	Na	Na	Na	Na	Na
14	-	-	-	-	-	-	-	3/12/2009	6/5/2009	-	-	-	-	-	-	-	No	Na	Na	Na	Na	Na
15	-	-	-	-	-	-	-	3/12/2009	6/5/2009	-	-	-	-	-	-	-	No	Na	Na	Na	Na	Na
16	-	-	-	-	-	-	-	3/12/2009	6/5/2009	-	-	-	-	-	-	-	No	Na	Na	Na	Na	Na
17	-	-	-	-	-	-	-	3/12/2009	6/5/2009	-	-	-	-	-	-	-	No	Na	Na	Na	Na	Na
18	11,779	79,780	-	126,708	31,634	10,601	71,802	7/13/1997	12/28/1999	-	51	No Data	51	No Data	21	-	No	Na	Na	Na	Na	Na
19	17,938	115,104	-	186,570	26,764	8,969	57,552	12/5/2000	12/7/2000	-	300	No Data	300	No Data	-	-	No	Na	Na	Na	Na	Na
20	46,852	55,493	-	132,178	29,833	46,852	55,493	5/13/1999	8/23/1999	19	3	No Data	22	No Data	23	-	No	Na	Na	Na	Na	Na
21	32,922	38,994	-	90,578	9,331	16,461	19,497	1/26/1996	3/20/1998	138	-	No Data	138	No Data	106	-	No	Na	Na	Na	Na	Na
22	2,774	17,798	-	21,637	4,139	1,387	8,899	11/12/2004	11/18/2004	-	10	No Data	10	No Data	32	-	No	Na	Na	Na	Na	Na
23	7,121	25,401	-	44,335	11,813	7,121	25,401	3/31/2000	6/9/2000	76	16	No Data	92	No Data	85	-	No	Na	Na	Na	Na	Na
24	74,792	284,778	-	506,441	146,871	74,792	284,778	7/12/2000	10/19/2000	-	300	No Data	300	No Data	210	-	No	Na	Na	Na	Na	Na
25	4,944	31,724	-	51,422	7,377	2,472	15,862	8/14/2000	11/30/2000	-	100	No Data	100	No Data	58	-	No	Na	Na	Na	Na	Na
26	-	65,654	-	62,371	-	-	32,827	12/22/2000	1/24/2001	42	10	No Data	52	No Data	-	-	No	Na	Na	Na	Na	Na
27	3,642	19,862	-	25,473	4,174	1,821	9,926	12/17/2003	12/17/2003	27	10	No Data	37	No Data	35	-	No	Na	Na	Na	Na	Na
28	-	-	-	-	-	-	8,899	11/12/2004	11/18/2004	12	16	No Data	28	No Data	28	-	No	Na	Na	Na	Na	Na
29	1,262	8,100	-	13,128	1,883	631	4,050	11/17/1997	12/19/1997	18	17	No Data	35	No Data	13	-	No	Na	Na	Na	Na	Na
30	54,060	64,588	-	106,783	-	-	-	2/9/2001	5/8/2001	25	2	No Data	27	No Data	3	-	No	Na	Na	Na	Na	Na
31	-	-	-	-	-	-	-	5/1/2001	8/23/2001	110	215	No Data	325	No Data	89	-	No	Na	Na	Na	Na	Na
32	10,430	66,926	-	103,056	15,562	5,215	33,463	5/24/2001	6/29/2001	5	-	No Data	5	No Data	2	-	No	Na	Na	Na	Na	Na
33	33,361	26,375	-	99,599	23,706	55,000	33,706	4/12/2001	5/1/2001	-	26	No Data	26	No Data	26	-	No	Na	Na	Na	Na	Na
34	35,032	25,934	-	47,497	6,053	17,516	12,967	1/13/2005	8/2/2005	-	25	No Data	25	No Data	1	-	No	Na	Na	Na	Na	Na
35	35,690	133,466	-	234,738	32,791	17,845	66,733	1/13/1997	4/3/1997	800	200	No Data	1,000	No Data	245	-	No	Na	Na	Na	Na	Na
36	65,580	134,516	-	234,417	29,700	47,250	58,050	6/9/1994	7/31/1995	-	235	No Data	235	No Data	151	-	No	Na	Na	Na	Na	Na
37	36,382	316,010	-	484,518	66,063	18,191	158,005	8/3/1995	12/21/1995	917	87	No Data	1,004	No Data	361	-	No	Na	Na	Na	Na	Na
38	622	10,130	-	9,867	1,672	311	5,065	10/21/2005	12/2/2005	14	19	No Data	33	No Data	45	-	No	Na	Na	Na	Na	Na
39	-	-	-	-	12,055	10,095	19,779	7/21/1993	7/21/1993	385	-	No Data	385	No Data	332	-	No	Na	Na	Na	Na	Na
40	9,883	36,581	-	43,045	-	-	-	7/8/2005	8/26/2005	27	-	No Data	27	No Data	27	-	No	Na	Na	Na	Na	Na
41	363,407	72,975	-	863,678	-	-	-	9/13/2007	12/18/2007	70	30	45,000	70	45,000	79	-	No	Na	Na	Na	Na	Na
42	-	-	-	-	242,000	-	-	3/24/2006	9/13/2007	-	-	-	-	-	-	-	No	Na	Na	Na	Na	Na
43	-	-	-	-	64,218	-	-	2/9/2007	7/26/2007	-	-	-	-	-	-	-	No	Na	Na	Na	Na	Na
44	13,654	10,130	-	25,771	9,584	6,827	5,065	4/10/2008	5/1/2008	28	-	No Data	32	24,570	26	-	No	Na	Na	Na	Na	Na
45	-	-	-	-	-	-	-	8/14/2008	10/6/2008	16	1	38,220	18	30,030	14	40	No	Na	Na	Na	Na	Na
46	-	-	-	-	-	-	-	9/18/2008	10/1/2008	-	100	-	-	-	233	50	No	Na	Na	Na	Na	Na
47	-	16,903	-	8,452	-	-	16,903	3/12/2009	6/1/2010	-	-	-	-	-	-	-	No	Na	Na	Na	Na	Na
48	-	-	-	-	-	-	-	8/20/2009	9/1/2009	67	8	45,000	67	45,000	65	-	No	Na	Na	Na	Na	Na
49	-	-	-	-	-	-	-	7/10/2008	4/6/2009	-	30	-	-	-	-	-	No	Na	Na	Na	Na	Na
50	-	1,875	-	938	-	-	1,875	3/27/2009	4/1/2009	27	3	-	27	-	-	-	No	Na	Na	Na	Na	Na

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce Economic Development Administration - ARRA	11.307	\$ <u>695,074</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Chemung County Industrial Development Agency. The Chemung County Industrial Development Agency reporting entity is defined in the notes to the Agency's financial statements. All federal financial assistance received directly from federal agencies is included on the schedule. The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in the notes to the Agency's financial statements.

Note 2. Reporting Entity

The amounts reported as federal expenditures generally were obtained from federal financial reports for the applicable program and period. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the general purpose financial statements.



**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**

To the Board of Directors
Chemung County Industrial Development Agency
Elmira, New York

We have audited the financial statements of Chemung County Industrial Development Agency as of and for the year ended December 31, 2009, and have issued our report dated May 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chemung County Industrial Development 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 Chemung County Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chemung County Industrial Development Agency's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, 2009-1 and 2009-2, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or 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.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Chemung County Industrial Development 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2.

We noted certain matters that we reported to management of Chemung County Industrial Development Agency, in a separate letter dated May 17, 2010.

Chemung County Industrial Development Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Chemung County Industrial Development Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
May 17, 2010



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Chemung County Industrial Development Agency
Elmira, New York

Compliance

We have audited the compliance of the Chemung County Industrial Development Agency, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Chemung County Industrial Development Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Chemung County Industrial Development Agency's management. Our responsibility is to express an opinion on the Chemung County Industrial Development Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Chemung County Industrial Development Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Chemung County Industrial Development Agency's compliance with those requirements.

In our opinion, the Chemung County Industrial Development Agency, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2009-3.

Internal Control Over Compliance

The management of the Chemung County Industrial Development Agency, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Chemung County Industrial Development Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion in the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chemung County Industrial Development Agency's internal control over compliance.

A *deficiency in internal control over compliance* 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2009-3. A *significant deficiency* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Chemung County Industrial Development Agency's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Chemung County Industrial Development Agency's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Directors, management of the Chemung County Industrial Development Agency, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
May 17, 2010

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

SUMMARY OF AUDITOR'S RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Chemung County Industrial Development Agency.
2. No material weaknesses relating to the audit of the financial statements are reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By *Government Auditing Standards*.
3. Two instance of noncompliance material to the financial statements of the Chemung County Industrial Development Agency was disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for the Chemung County Industrial Development Agency expresses an unqualified opinion on major federal award programs.
5. There were no material weaknesses noted relative to the major federal award programs for the Chemung County Industrial Development Agency reported in this schedule.
6. The programs tested as a major programs included:

Program Name

Economic Development Administration - ARRA

CFDA Federal

Number

11.307

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Chemung County Industrial Development Agency was determined to be a high-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

FINDING 2009-1

Significant Deficiency - Under Collateralized Deposits: Amounts held by Chemung County Industrial Development Agency, on behalf of the CVS project, at December 31, 2009, were not fully collateralized at 100%. On December 31, 2009 the amount of uncollateralized deposits totaled \$5,518,996.

Recommendation: Procedures should be implemented to provide monthly tracking of collateralized deposits at all banks used by the Chemung County Industrial Development Agency.

Management Response: *The Agency will contact this financial institution and obtain a collateral agreement immediately.*

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

FINDING 2009-2

Significant Deficiency - Restatement of Financial Statements: The 2009 financial statements for Chemung County Industrial Development Agency required restatement to correct the reporting of activity related to the CVS project. This restatement resulted in a material change to the financial statements, as originally issued.

Recommendation: Procedures should be implemented to ensure accurate reporting of all project activity in the financial statements of Chemung County Industrial Development Agency.

Management Response: *The Agency will implement additional internal procedures in order to ensure proper reporting of all transactions.*

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

FINDING 2009-3

DEPARTMENT OF COMMERCE

Economic Development Administration (EDA) - ARRA - CFDA No. 11.307

Criteria: The allowable cost compliance requirement only allows specific costs identified in the grant agreement to be accepted as part of this federal program. The allowable costs include construction expenditures relating to the enhancement of the water and sewer system owned by the Agency as well as construction of White Wagon Road.

Condition: The Chemung County Industrial Development Agency reported costs on the quarterly report required by the American Recovery and Reinvestment Act relating to a portion of the project that was not specified as allowable by the EDA which was the result of a clerical error.

Recommendation: Costs related to this portion of the project should not be reported and the Chemung County Industrial Development Agency should implement procedures to verify the proper amount of allowable costs under the grant are reported on the quarterly reports.

Management Response: *The EDA has been notified of this discrepancy and the total expenditures will be adjusted on the first quarter report for 2010.*