

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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, 2010 and 2009, and the related statements of income, expenses, and changes in net assets and statements of cash flows for the years 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 Chemung County Industrial Development Agency as of December 31, 2010 and 2009, 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 March 28, 2011, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audits were 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 the 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 28, 2011

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Balance Sheets
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 285,227	\$ 42,246
Restricted cash	377,944	6,018,995
Accounts receivable	10,854	23,203
Grants receivable - current portion	1,153,245	5,030,367
Prepaid expenses	11,866	7,609
Loans receivable - current portion	<u>419,837</u>	<u>216,136</u>
Total current assets	2,258,973	11,338,556
Loans Receivable - Net of Current Portion	2,768,913	1,966,390
Grants Receivable - Net of Current Portion	4,757,121	-
Restricted Asset - Revolving Loan Fund	265	265
Property and Equipment - Net	17,537,930	17,629,786
Other Assets - Net	<u>147,473</u>	<u>160,517</u>
Total Assets	<u>\$ 27,470,675</u>	<u>\$ 31,095,514</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Loans payable - current portion	\$ 906,324	\$ 1,045,515
Bonds payable - current portion	829,382	2,691,073
Accounts payable	414,604	2,107,789
Accrued state cost recovery assessment	196,147	-
Accrued interest	<u>348,813</u>	<u>306,429</u>
Total current liabilities	<u>2,695,270</u>	<u>6,150,806</u>
Long-Term Debt		
Loans payable - net of current portion	10,866,504	11,133,765
Deferred revenue - revolving loan fund	265	265
Bonds payable - net of current portion	<u>5,854,106</u>	<u>6,483,927</u>
Total long-term debt	<u>16,720,875</u>	<u>17,617,957</u>
Total Liabilities	<u>19,416,145</u>	<u>23,768,763</u>
Net Assets (Deficit)		
Investment in capital assets - net of related debt	8,077,135	7,203,714
Unrestricted	<u>(22,605)</u>	<u>123,037</u>
Total net assets	<u>8,054,530</u>	<u>7,326,751</u>
Total Liabilities and Net Assets	<u>\$ 27,470,675</u>	<u>\$ 31,095,514</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Income		
Development grants and reimbursements	\$ 2,159,560	\$ 2,773,091
Rental income	1,351,696	1,277,498
Fee income	551,788	419,540
Interest income	92,603	73,474
Other income	<u>20,293</u>	<u>-</u>
Total income	<u>4,175,940</u>	<u>4,543,603</u>
Expenses		
Development grants and project costs	1,240,999	2,466,294
Property and insurance expenses	17,413	24,587
Depreciation and amortization	579,725	527,925
Interest expense	1,383,715	1,138,308
Other expenses	<u>226,309</u>	<u>9,598</u>
Total expenses	<u>3,448,161</u>	<u>4,166,712</u>
Change in Net Assets	727,779	376,891
Net Assets - Beginning	<u>7,326,751</u>	<u>6,949,860</u>
Net Assets - Ending	<u>\$ 8,054,530</u>	<u>\$ 7,326,751</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Cash (paid) received from operating income	\$ 3,215,687	\$ (504,430)
Cash paid for operating expenses	<u>(2,986,017)</u>	<u>(658,960)</u>
Net cash flows from operating activities	<u>229,670</u>	<u>(1,163,390)</u>
Cash Flows from Capital and Related Financing Activities		
Repayments of long-term debt	(406,450)	(646,773)
Purchases of fixed assets	(474,826)	(819,614)
Proceeds from bonds payable	900,000	9,175,000
Repayment of bonds payable	(3,391,512)	-
Restricted cash	5,641,051	(6,018,995)
Interest paid	<u>(1,341,331)</u>	<u>(831,879)</u>
Net cash flows from capital and related financing activities	<u>926,932</u>	<u>857,739</u>
Cash Flows from Investing Activities		
Development loans provided	(1,450,000)	-
Development loans repaid	443,776	131,928
Interest received	<u>92,603</u>	<u>73,474</u>
Net cash flows from investing activities	<u>(913,621)</u>	<u>205,402</u>
Net Change in Cash and Cash Equivalents	242,981	(100,249)
Cash and Cash Equivalents - Beginning	<u>42,246</u>	<u>142,495</u>
Cash and Cash Equivalents - Ending	<u>\$ 285,227</u>	<u>\$ 42,246</u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities		
Change in net assets	\$ 727,779	\$ 376,891
Adjustments		
Depreciation and amortization	579,725	527,925
Interest income	(92,603)	(73,474)
Interest expense	1,383,714	1,138,308
Changes in assets and liabilities		
Accounts receivable	12,349	458
Grants receivable	(879,999)	(5,003,398)
Reimbursement receivable	-	28,381
Prepaid expenses	(4,257)	(2,822)
Accounts payable	(1,693,185)	1,844,341
Accrued state cost recovery assessment	<u>196,147</u>	<u>-</u>
Net cash flow from operating activities	<u>\$ 229,670</u>	<u>\$ (1,163,390)</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 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. The funds arising from these transactions 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 the 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, 2010 are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand and savings deposits	\$ <u>663,171</u>	\$ <u>678,546</u>
Covered by FDIC insurance		\$ 586,687
Pledged collateral		<u>91,859</u>
Total deposits		<u>\$ 678,546</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 4. Loans Receivable

Loans receivable consist of the following at December 31:

	<u>2010</u>	<u>2009</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.	\$ 324,452	\$ 367,670
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 October 2019.	717,654	780,217
Receivable from Riverside Realty, LLC, non interest bearing, monthly payments of \$196. Loan established November 2007 and due October 2022.	27,769	30,115
Receivable from Riverside Realty, LLC, monthly payments of \$7,239 including interest at 2.0%. Payments commenced the month after receipt of the final loan draw in the month of February 2010. Final loan was established in February 2010 and due February 2025.	1,070,959	825,000
Receivable from 2000 Lake Road, LLC, non-interest bearing, monthly payments of \$1,667. Loan established May 2008 and due May 2018.	148,334	166,667
Receivable from Schweizer Aircraft Corporation, non-interest bearing, monthly payments of \$21,220. Loan established in April 2010 and due April 2011.	74,582	-
Receivable from County of Chemung, non-interest bearing, quarterly payments of \$25,000. Loan established in April 2010 and due April 2024. All amounts received from the County will be used to make required payments on the bond payable to Elmira Savings Bank. See Note 10.	825,000	-
Loan received in full from Shadowstand Properties, Inc. and Orthstar, Inc.	-	12,857
Total	<u>3,188,750</u>	<u>2,182,526</u>
Less - current portion	<u>(419,837)</u>	<u>(216,136)</u>
Long-term portion	<u>\$ 2,768,913</u>	<u>\$ 1,966,390</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 5. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land and land improvements	\$ 2,722,387	\$ 953,675	\$ -	\$ 3,676,062
Machinery and equipment	1,065,785	-	-	1,065,785
Buildings	15,894,213	-	-	15,894,213
Construction in progress	<u>478,850</u>	<u>291,038</u>	<u>769,888</u>	<u>-</u>
Sub-total	20,161,235	1,244,713	769,888	20,636,060
Less, accumulated depreciation	<u>(2,531,449)</u>	<u>(566,681)</u>	<u>-</u>	<u>(3,098,130)</u>
Property and equipment - net	<u>\$ 17,629,786</u>	<u>\$ 678,032</u>	<u>\$ 769,888</u>	<u>\$ 17,537,930</u>

Depreciation expense amounted to \$566,681 and \$514,881 for the years ended December 31, 2010 and 2009, respectively.

Included in property and equipment is a helicopter facility owned by the Agency and leased to Schweizer Aircraft Corporation (Schweizer). See Note 7.

Note 6. Other Assets

Other assets consist of loan closing costs related to financing for the Schweizer facility discussed in Note 5. These amounts are being amortized over the terms of the loans. Amortization expense amounted to \$13,044 for the years ended December 31, 2010 and 2009.

The following is a schedule of future amortization of loan costs

2011	\$ 13,044
2012	13,044
2013	13,044
2014	13,044
2015	13,044
Thereafter	<u>82,253</u>
Total	<u>\$ 147,473</u>

Note 7. 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 an industrial building in the Town of Horseheads for the term of forty years beginning December 1982 with a \$48,000 annual payment.

The second is for the Schweizer facility discussed in Note 5, 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

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

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 lease with Schweizer Aircraft Corporation for land that is used for a compass rose and parking area. This lease continues through August of 2022 and requires monthly payments totaling \$761.

The Agency has a fifth lease with Schweizer Aircraft Corporation for land that is used to construct and install improvements in connection with helicopter tie-downs. This lease continues through November of 2012 and requires monthly payments of \$8,354.

The Agency has a sixth agreement with Anschutz Exploration Corporation for lease payments to be made to the Agency at an annual rate per mineral acre through November 2012. Total rental income of this lease amounted to \$4,449 in 2010.

Total rental income for the years ended December 31, 2010 and 2009 was \$1,351,696 and \$1,277,498, respectively.

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

2011	\$ 1,431,775
2012	1,423,420
2013	1,331,521
2014	1,314,498
2015	<u>1,263,428</u>
Total	<u>\$ 6,764,642</u>

Note 8. Supplemental Cash Flow Information

	<u>2010</u>	<u>2009</u>
Cash paid during the year for:		
Interest	\$ <u>1,341,331</u>	\$ <u>836,219</u>

Note 9. Loans Payable

Loans payable consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Payable to Chemung Canal Trust Co. Quarterly payments of \$25,750, including interest at 5.25%, through the year 2019.	\$ 717,654	\$ 780,216
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.	480,000	540,000

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

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 (NYSDOT), without interest. Repayment to be made annually based on the value determined by the NYSDOT of \$204,960 as follows: 10% in 2011, 20% for years 2012-2014 and final payment of 30% in 2015. Payment has not been made as of December 31, 2010. The loan value recorded by the Agency in prior years has been adjusted to the amount determined by the NYSDOT. The difference has been recorded as other income in 2010. 204,960 215,751

Payable to Community Bank, NA. Monthly payments of \$4,836 with an interest rate of 5.95%. This loan matures in February 2015. This loan was restructured in 2011. See Note 15 for further information. 213,327 -

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. This loan was restructured in 2011. See Note 15 for further information. 532,631 599,224

Payable to Five Star Bank. Monthly payments of \$92,462, including interest at 6.95%, amortized over twenty years and maturing January 2028. 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. This loan was restructured in 2011. See Note 15 for further information.

	9,424,255	9,844,088
Total	11,772,828	12,179,280
Less - current portion	(906,324)	(1,045,515)
Long-term portion	\$10,866,504	\$11,133,765

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

	Principal	Interest	Total
2011	\$ 906,324	\$ 767,256	\$ 1,673,580
2012	790,857	677,469	1,468,326
2013	838,701	629,625	1,468,326
2014	889,780	578,546	1,468,326
2015	914,733	525,064	1,439,797
Thereafter	7,432,433	3,937,324	11,369,757
Total	\$ 11,772,828	\$ 7,115,284	\$18,888,112

See Note 15 for disclosure related to the restructure of the loans payable to Five Star Bank and Community Bank, N.A. subsequent to December 31, 2010.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 10. 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>2010</u>	<u>2009</u>
Series 2009A Bond paid in full.	\$ -	\$ 1,200,000
Series 2009B Bond paid in full.	-	500,000
Series 2009C Bond paid in full.	-	200,000
Series 2009D Bond paid in full.	-	750,000
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.	5,783,488	6,525,000
Bond payable to Elmira Savings Bank in quarterly installments of \$25,000 with a maturity date of April 2024. Interest is payable in quarterly installments at a rate of 6.5%. Repayment of this bond will be made with proceeds from the loan receivable from Chemung County described in Note 4.	<u>900,000</u>	<u>-</u>
Total	6,683,488	9,175,000
Less, current portion	<u>(829,382)</u>	<u>(2,691,073)</u>
Long-term portion	<u>\$ 5,854,106</u>	<u>\$ 6,483,927</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 829,382	\$ 196,894	\$ 1,026,276
2012	524,861	343,948	868,809
2013	555,561	313,248	868,809
2014	587,896	280,913	868,809
2015	622,117	246,692	868,809
Thereafter	<u>3,563,671</u>	<u>676,890</u>	<u>4,240,561</u>
Total	<u>\$ 6,683,488</u>	<u>\$ 2,058,585</u>	<u>\$ 8,742,073</u>

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

NYSEG	\$ 200,000
County of Chemung, New York - future PILOT agreement	<u>5,683,397</u>
	<u>\$ 5,883,397</u>

Total restricted cash for this project amounted to \$377,944 at December 31, 2010. Total interest relating to these bonds payable was accrued as of December 31, 2010 in the amount of \$230,108.

The Agency is in negotiations with CVS to restructure the repayment terms after the project is completed. The project is expected to be complete in 2011.

Note 11. 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. The Agency has utilized all but \$265 of this fund, which remains available at December 31, 2010 and 2009.

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, 2010 and 2009. See Note 9.

Note 12. 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 the County but outside the geographic boundaries of the City of Elmira. During the year ended December 31, 2010 and 2009, the Agency paid the City of Elmira \$50,000 in both years. The Agency is no longer committed to make payments on this agreement since the Empire Zone program ended in June 2010.

Note 13. 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 \$196,147, and was billed to the Agency by the New York State Department of Taxation in February 2011 and is due March 31, 2011. The cost recovery assessment was accrued in the 2010 financial statements.

Note 14. Commitment

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

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 15. Subsequent Event - Debt Restructure

Subsequent to December 31, 2010, the Agency restructured three of the outstanding loans listed in the loans payable schedule in Note 9 into one Five Star Bank loan. The loans restructured include two Five Star Bank loans and one Community Bank, NA loan, amounting to \$10,170,213 at December 31, 2010. Within the restructuring, the Agency also financed an additional amount to fund construction of an expansion to a Schweizer Aircraft facility and to perform renovations of the existing facility. Additional funds were also financed for accrued interest pay offs on the existing loan agreements and to finance applicable closing costs. The total amount financed within the restructuring amounted to \$21,500,000.

The terms of the restructured loan include interest at fixed rate of 4.85% with monthly payments amounting to \$197,237. The future minimum payments schedule below reflects the terms of the restructuring. The restructured Five Star Bank loan requires interest only payments until the construction process is deemed to be complete. As of March 28, 2011, the date these financial statements were available to be issued, the Agency anticipated the completion of the project to occur on or about October 31, 2011. Therefore, principal payment amounts are not included in the calculation below for 2011, but are expected to commence in 2012. Covenants of the restructured loan require the Agency to comply with a minimum debt service coverage ratio of 1.024 for the term of the loan, calculated annually based exclusively on the annual lease payment received by the Agency for the Schweizer Aircraft facility and the debt service on the restructured debt.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 584,715	\$ 1,078,311	\$ 1,663,026
2012	1,536,426	1,034,416	2,570,842
2013	1,608,042	962,800	2,570,842
2014	1,683,131	887,711	2,570,842
2015	1,782,460	808,878	2,591,338
Thereafter	<u>15,907,841</u>	<u>2,305,688</u>	<u>18,213,529</u>
Total	<u>\$23,102,615</u>	<u>\$ 7,077,804</u>	<u>\$30,180,419</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 Project Information
 December 31, 2010

Project Code	Project Name	Project Address	City	State	Zip	Country	Project Purpose Notes	Project Purpose Code	Total Project Amount	Benefitted Project Amount	Beneficial Amount	Total Annual Amount	Year Financial Assistance Amount	Estimated Tax Status Refl	State Sales Tax Exemption	Local Sales Tax Exemption	County Real Estate Exemption
4 070 1-01-01-A	Bornde/Note's Issuance	346 Woodlawn Ave.	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services	8,000,000	6,940,000	4,200,000	-	-	Y	-	-	65,192
2 070 1-01-02-A	Bornde/Note's Issuance	659 Baldwin St.	Elmira	NY	14801	USA	Acquisition of land, construction of building, purchase of equipment	Services	3,960,064	3,732,054	4,200,000	-	-	Y	-	-	-
3 070 1-03-01-A	Bornde/Note's Issuance	F.M. Howells & Company	Elmira	NY	14804	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manufacturing	1,400,000	1,400,000	1,000,000	-	-	Y	-	-	9,979
4 070 1-03-02-A	Bornde/Note's Issuance	Woodbrook Adult Home	Elmira	NY	14804	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services	2,696,472	2,159,302	3,500,000	-	-	Y	-	-	-
5 070 1-04-01-A	Bornde/Note's Issuance	800 Roe Ave.	Elmira	NY	14805	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Construction	16,203,307	10,088,964	16,710,000	-	-	Y	-	-	-
6 070 1-04-02-A	Bornde/Note's Issuance	600 Roe Ave.	Elmira	NY	14805	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Construction	18,742,980	17,274,221	20,000,000	-	-	Y	-	-	-
7 070 1-05-01-A	Bornde/Note's Issuance	555 East Market St.	Elmira	NY	14801	USA	Acquisition of land, construction of building, purchase of equipment	Services/Const	32,295,000	32,295,000	32,295,000	-	-	Y	-	-	-
8 070 1-05-02-A	Bornde/Note's Issuance	Daniel Zanker Drive Ext.	Big Fls	NY	14814	USA	Acquisition of land, construction of building, purchase of equipment	Const/Manu	5,911,400	5,074,690	-	-	-	Y	-	-	64,751
9 070 1-00-01-A	Bornde/Note's Issuance	155 N. Main St.	Elmira	NY	14801	USA	Construction of 1st. skating/hockey arena	Services	15,500,000	15,500,000	1,250,000	-	-	Y	-	-	-
10 070 1-05-01-A	Bornde/Note's Issuance	541 East Clinton St.	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Manu	5,000,000	4,675,000	5,500,000	-	-	Y	-	-	3,360
11 070 1-07-01-A	Bornde/Note's Issuance	One Park Place	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Construction	64,000,000	64,000,000	55,000,000	-	-	Y	-	-	-
12 070 1-07-02-A	Bornde/Note's Issuance	500 Ann Pagar Road	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Retail	76,739,206	76,739,206	1,856,000	-	-	Y	-	-	138,307
13 070 1-09-01-A	Bornde/Note's Issuance	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Construction	90,000,000	70,812,000	1,200,000	-	-	Y	-	-	6,775
14 070 1-09-02-A	Bornde/Note's Issuance	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Construction	-	-	500,000	-	-	Y	-	-	-
15 070 1-09-03-A	Bornde/Note's Issuance	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Construction	-	-	200,000	-	-	Y	-	-	-
16 070 1-09-04-A	Bornde/Note's Issuance	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Construction	-	-	750,000	-	-	Y	-	-	-
17 070 1-09-05-A	Bornde/Note's Issuance	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Construction	-	-	6,525,000	-	-	Y	-	-	-
18 070 1-09-01-A	Bornde/Note's Issuance	150 White Wagon Road	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Const	90,000,000	70,812,000	-	-	-	Y	-	-	-
19 070 1-10-01-A	Bornde/Note's Issuance	207 Clemens Center Parkway	Elmira	NY	14801	USA	Construction of Land, Building, Equipment	Services	900,000	-	900,000	-	-	Y	-	-	-
19 070 1-09-08-A	Bornde/Note's Issuance	Arnold Road Colonial Drive	Big Fls	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	8,763,800	8,763,800	-	-	-	Y	-	-	35,756
20 070 1-03-03-A	Bornde/Note's Issuance	Yunis Walker Development Co. Inc.	Big Fls	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	8,125,000	8,125,000	-	-	-	Y	-	-	54,456
21 070 1-09-08-A	Bornde/Note's Issuance	The Krog Corporation	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Wholesale	17,300,000	1,880,000	-	-	-	Y	-	-	63,252
22 070 1-09-05-A	Bornde/Note's Issuance	333 East Water St.	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Services	3,000,000	3,000,000	-	-	-	Y	-	-	20,482
23 070 1-04-04-A	Bornde/Note's Issuance	Silicon Carbide Products	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Manu	1,234,000	1,181,000	-	-	-	Y	-	-	8,420
24 070 1-00-06-A	Bornde/Note's Issuance	EAS Development, LLC	Big Fls	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	2,027,000	2,027,000	-	-	-	Y	-	-	24,034
25 070 1-00-08-A	Bornde/Note's Issuance	Micran of New York	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manu/Const	51,000,000	51,000,000	-	-	-	Y	-	-	153,492
26 070 1-00-09-A	Bornde/Note's Issuance	Arnold Realty Corporation	Chemung	NY	14825	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	1,700,000	1,700,000	-	-	-	Y	-	-	15,010
27 070 1-00-10-A	Bornde/Note's Issuance	MTM Realty LLC	Elmira Heights	NY	14803	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Wholesale	3,775,710	3,775,710	-	-	-	Y	-	-	28,550
28 070 1-03-03-A	Bornde/Note's Issuance	Central Recycling Co-op	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manu/Const	2,737,500	2,737,500	-	-	-	Y	-	-	-
29 070 1-04-03-A	Bornde/Note's Issuance	Silicon Carbide Products	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manu/Const	1,234,000	1,181,000	-	-	-	Y	-	-	8,420
30 070 1-01-01-A	Bornde/Note's Issuance	Daniel Zanker Dr.	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Manu	562,000	557,000	-	-	-	Y	-	-	3,832
31 070 1-01-03-A	Bornde/Note's Issuance	Plainsview Associates	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Retail	1,170,000	1,170,000	-	-	-	Y	-	-	35,479
32 070 1-01-04-A	Bornde/Note's Issuance	The Krog Corporation	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Construction	2,140,000	2,140,000	-	-	-	Y	-	-	63,252
33 070 1-01-05-A	Bornde/Note's Issuance	Big Fls Storage, LLC	Big Fls	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	3,767,000	3,767,000	-	-	-	Y	-	-	31,682
34 070 1-06-06-A	Bornde/Note's Issuance	Elmira Eastown Mall	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Finance	1,500,000	1,500,000	-	-	-	Y	-	-	16,576
35 070 1-07-05-A	Bornde/Note's Issuance	Thomas & Bells Corp.	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Const/Manu	40,000,000	39,950,000	-	-	-	Y	-	-	66,864
36 070 1-05-03-A	Bornde/Note's Issuance	Wigman's Four Markets, Inc.	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Const	16,347,500	15,997,500	-	-	-	Y	-	-	63,286
37 070 1-05-04-A	Bornde/Note's Issuance	Hardtge, Inc.	Elmira	NY	14802	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manu/Const	5,275,000	5,000,000	-	-	-	Y	-	-	77,254
38 070 1-05-01-A	Bornde/Note's Issuance	John Meier, LLC	Elmira Heights	NY	14803	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manu/Const	680,000	680,000	-	-	-	Y	-	-	3,748
39 070 1-05-03-A	Bornde/Note's Issuance	Dana Enterprises	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Const	1,000,000	980,000	-	-	-	Y	-	-	4,100
40 070 1-07-03-A	Bornde/Note's Issuance	Rivendell Realty of Elmira, LLC	Big Fls	NY	14814	USA	Renovation of Building	Retail/Const	4,570,000	4,570,000	-	-	-	Y	-	-	34,525
41 070 1-07-04-A	Bornde/Note's Issuance	Milenum Pipeline Company	Pearl River	NY	10965	USA	Construction of Building	Gas/Const	47,000,000	47,000,000	-	-	-	Y	-	-	799,868
42 070 1-07-05-A	Bornde/Note's Issuance	Elmira State Pipeline	Williamsville	NY	14221	USA	Natural Gas Transportation Pipeline	Gas/Const	9,800,000	9,800,000	-	-	-	Y	-	-	101,950
43 070 1-08-02-A	Bornde/Note's Issuance	2000 Lakes Road Holding Co.	Elmira	NY	14803	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manufacturing	2,150,000	2,150,000	-	-	-	Y	-	-	4,291
44 070 1-08-03-A	Bornde/Note's Issuance	Clemens Center Landlord, LLC	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	15,465,950	13,448,334	-	-	-	Y	-	-	-
45 070 1-08-04-A	Bornde/Note's Issuance	Delbert Candy Company	Big Fls	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manu/Const	13,300,000	12,925,000	-	-	-	Y	-	-	57,357
46 070 1-09-02-A	Bornde/Note's Issuance	Senneca Beverage Corp.	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Retail/Const	8,500,000	8,500,000	-	-	-	Y	-	-	1,548
47 070 1-09-03-A	Bornde/Note's Issuance	BFH III, LLC	Big Fls	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	8,900,000	7,450,000	-	-	-	Y	-	-	3,148
48 070 1-09-04-A	Bornde/Note's Issuance	3107 Group, LLC	Elmira	NY	14801	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manu/Const	1,183,300	916,600	-	-	-	Y	-	-	5,979
49 070 1-10-03-A	Bornde/Note's Issuance	General Revenue	Big Fls	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	3,600,000	3,600,000	-	-	-	Y	-	-	52,837
50 070 1-10-04-A	Bornde/Note's Issuance	Kayden	Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manufacturing	1,240,000	950,000	-	-	-	Y	-	-	715
51 070 1-10-05-A	Bornde/Note's Issuance	Elmira Lodging	Horseheads	NY	14814	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	5,602,600	4,908,600	-	-	-	Y	-	-	-
52 070 1-10-05-A	Bornde/Note's Issuance	Schlumberger	Village of Horseheads	NY	14845	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Services/Const	49,640,000	48,445,000	-	-	-	Y	-	-	13,614
54 070 1-10-06-A	Bornde/Note's Issuance	Plainsview	Elmira	NY	14801	USA	Renovation of Building	Services/Const	3,562,576	1,675,000	-	-	-	Y	-	-	35,479
55 070 1-10-07-A	Bornde/Note's Issuance	Anchor Sites	Vermont	NY	Vermont	USA	Acquisition of land, renovation & construction of building, purchase of equipment	Manufacturing	1,000,000	1,000,000	-	-	-	Y	-	-	21,190

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Project Information
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	Local Real Estate Exemption	School Real Estate Tax Exemption	Mortgage Refunding Tax Exemption	Total Exemptions 485 B Exemptions	County Plat	Local Plat	Subst Plat	Date Project Approved	Date IDA Tax Interest in Present	# of FTE's in IDA Status	Original Est. to be created	Average Est. to be created	Average Est. to be Reimbursed	# of FTE's Contracted During Fiscal Year	Is the Last Year of the Project to be Reimbursed?	There is no Debt for this project.	IDA Does not Respond to the Property	The project is not a continuation of an existing project	Phase project is the original project code		
1	114,845	133,487	-	-	18,972	31,068	36,155	10/10/2001	10/22/2001	63	13	No Data	16	No Data	8	No	No	No	No	No	
2	-	-	-	-	-	-	-	9/19/2001	10/20/2001	83	No Data	83	No Data	183	-	No	No	No	No	No	
3	552	19,898	-	8,730	4,939	276	9,334	6/13/2003	12/30/2003	267	16	No Data	283	No Data	203	No	No	No	No	No	
4	-	-	-	-	-	-	-	9/9/2003	11/12/2003	47	16	No Data	63	No Data	58	No	No	No	No	No	
5	-	-	-	-	-	-	-	9/9/2003	3/10/2004	1,404	4	No Data	1,408	No Data	1,940	No	No	No	No	No	
6	-	-	-	-	-	-	-	9/9/2003	3/10/2004	1,404	4	No Data	1,408	No Data	-	No	No	No	No	No	
7	-	-	-	-	-	-	-	6/18/1999	6/25/1999	808	-	No Data	808	No Data	643	No	No	No	No	No	
8	20,714	135,879	-	105,758	25,900	8,286	71,572	12/15/1999	12/29/1999	-	168	No Data	168	No Data	150	No	No	No	No	No	
9	-	-	-	-	-	-	-	1/28/2000	1/28/2000	-	79	No Data	79	No Data	-	No	No	No	No	No	
10	5,868	13,546	-	8,683	1,690	201	6,773	10/17/1994	7/27/1995	212	8	No Data	220	No Data	110	No	No	No	No	No	
11	-	-	-	-	-	-	-	11/15/2007	12/12/2007	394	23	60,000	417	60,000	451	No	No	No	No	No	
12	29,963	269,044	-	293,386	138,307	25,963	265,044	11/17/2006	12/20/2007	-	1,790	30,000	1,790	-	-	No	No	No	No	No	
13	698	571,322	-	297,456	9,109	2,206	573,523	3/12/2009	6/5/2009	-	500	25,000	-	-	207	Yes	No	No	No	No	
14	-	-	-	-	-	-	-	3/12/2008	6/5/2009	-	-	-	-	-	-	Yes	No	No	No	No	
15	-	-	-	-	-	-	-	3/12/2009	6/5/2009	-	-	-	-	-	-	Yes	No	No	No	No	
16	-	-	-	-	-	-	-	3/12/2009	6/5/2009	-	-	-	-	-	-	Yes	No	No	No	No	
17	-	-	-	-	-	-	-	3/12/2009	6/5/2009	-	-	-	-	-	-	No	No	No	No	No	
18	-	-	-	-	-	-	-	3/12/2009	6/12/2010	-	-	-	-	-	-	No	No	No	No	No	
19	11,439	78,987	-	119,875	33,970	10,867	75,038	7/13/1997	12/28/1999	-	51	No Data	51	No Data	73	Yes	No	No	No	No	
20	17,421	114,278	-	87,803	27,728	8,710	60,972	12/9/2000	12/7/2000	-	300	No Data	300	No Data	-	No	No	No	No	No	
21	95,368	126,990	-	134,802	31,626	47,684	63,495	5/13/1999	8/23/1999	19	3	No Data	22	No Data	23	No	No	No	No	No	
22	33,508	135,846	-	94,811	10,231	16,753	67,828	1/6/1996	3/20/1996	138	-	No Data	138	No Data	109	No	No	No	No	No	
23	2,694	17,670	-	7,196	4,210	1,347	8,835	11/12/2004	11/18/2004	-	10	No Data	10	No Data	18	No	No	No	No	No	
24	13,808	28,382	-	29,896	12,017	6,904	14,196	3/5/2000	6/9/2000	76	16	No Data	92	No Data	86	No	No	No	No	No	
25	67,166	274,982	-	470,838	153,492	67,166	274,982	7/12/2000	10/19/2000	-	300	No Data	300	No Data	195	No	No	No	No	No	
26	4,801	40,056	-	26,940	7,505	2,401	20,028	8/14/2000	11/30/2000	-	100	No Data	100	No Data	97	No	No	No	No	No	
27	15,236	68,975	-	53,225	14,275	7,618	36,926	12/22/2000	12/4/2001	42	10	No Data	52	No Data	2	No	No	No	No	No	
28	3,242	20,855	-	7,620	3,407	1,621	10,765	12/17/2003	12/17/2003	27	10	No Data	37	No Data	34	No	No	No	No	No	
29	2,694	17,970	-	9,346	4,210	3,407	8,835	11/12/2004	11/18/2004	12	16	No Data	28	No Data	18	No	No	No	No	No	
30	1,226	8,642	-	6,550	1,916	613	4,021	11/17/1997	12/19/1997	18	17	No Data	35	No Data	13	No	No	No	No	No	
31	55,020	63,495	-	106,241	31,626	47,684	55,493	5/12/2001	8/23/2001	25	2	No Data	27	No Data	4	No	No	No	No	No	
32	95,368	126,990	-	47,689	15,831	5,065	31,029	5/6/2001	6/9/2001	110	215	No Data	325	No Data	81	No	No	No	No	No	
33	10,129	66,444	-	15,831	5,065	1,757	13,837	1/13/2005	8/22/2005	5	-	No Data	5	No Data	1	No	No	No	No	No	
34	35,514	13,387	-	15,834	6,857	17,977	13,837	1/13/2005	8/22/2005	-	25	No Data	25	No Data	1	No	No	No	No	No	
35	36,760	132,906	-	118,064	33,432	18,380	66,253	11/3/1997	4/3/1997	800	200	No Data	1,000	No Data	240	No	No	No	No	No	
36	135,000	119,597	-	195,947	29,700	47,250	119,597	6/9/1994	7/9/1995	-	235	No Data	235	No Data	146	Yes	No	No	No	No	
37	19,268	170,896	-	133,244	38,627	9,134	85,483	8/3/1995	12/21/1995	917	87	No Data	1,004	No Data	350	No	No	No	No	No	
38	570	8,978	-	2,479	1,874	285	4,039	10/21/2005	12/22/2005	14	19	No Data	33	No Data	43	No	No	No	No	No	
39	11,519	35,625	-	-	-	-	-	7/8/2005	8/29/2005	27	-	No Data	27	No Data	28	No	No	No	No	No	
40	16,312	72,140	-	-	-	-	-	9/13/2007	12/18/2007	70	30	45,000	70	45,000	58	No	No	No	No	No	
41	202,389	2,400,034	-	66,948	17,458	247,000	913,2007	11/7/2006	9/13/2007	-	-	-	-	-	-	No	No	No	No	No	
42	22,050	169,043	-	20,228	4,495	39,622	419,2007	4/19/2007	7/26/2007	-	-	-	-	-	-	No	No	No	No	No	
43	806	10,502	-	1,914	2,458	462	6,015	4/10/2008	5/1/2008	28	79	-	28	24,570	26	No	No	No	No	No	
44	-	-	-	-	-	-	-	8/14/2008	10/6/2008	16	17	38,220	16	30,030	14	40	No	No	No	No	No
45	16,349	127,295	-	108,716	57,357	16,349	127,295	9/16/2008	10/16/2008	-	82	-	-	-	130	No	No	No	No	No	
47	4,338	11,586	-	4,654	774	2,169	10,447	8/20/2009	9/30/2009	67	8	45,000	67	45,000	71	No	No	No	No	No	
48	6,626	68,749	-	-	-	-	-	7/10/2008	4/6/2009	-	13	17,700	-	-	20	No	No	No	No	No	
49	10,426	14,435	-	1,191	2,989	5,213	8,408	3/27/2009	4/1/2009	27	3	50,000	27	50,000	192	No	No	No	No	No	
50	12,904	85,257	-	52,837	12,904	85,257	11/3/2005	5/8/2005	-	220	No Data	-	No Data	192	No	No	No	No	No	No	
51	66	1,411	8,750	-	712	66	1,411	12/10/2009	11/4/2010	16	13	No Data	16	No Data	40	No	No	No	No	No	
52	-	-	-	-	-	-	-	10/14/2010	10/26/2010	-	15	No Data	-	No Data	165	No	No	No	No	No	
53	6,966	24,895	-	-	-	-	-	11/22/2009	9/30/2010	-	340	No Data	-	No Data	4	No	No	No	No	No	
54	55,020	63,495	-	-	-	-	-	1/28/2010	4/9/2010	31	6	25,000	31	23,600	4	No	No	No	No	No	
55	862	40,222	-	-	15,293	481	20,111	5/12/2010	5/12/2010	312	-	64,000	312	64,000	312	No	No	No	No	No	

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce		
Economic Development Administration - ARRA - 2009 (see Note 3)	11.307	\$ 238,747
Economic Development Administration - ARRA - 2010	11.307	<u>499,777</u>
Total U.S. Department of Commerce		\$ <u>738,524</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, 2010

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.

Note 3. Project Finalization

In 2009 the project expenditures on the schedule of expenditures of federal awards were based upon the matching percentage that was established at that time. The matching percentage was modified from 54.66% to 72.90% when the project was finalized, which changed the amount of 2009 expenditures that qualified to be reported on the schedule of expenditures of federal awards.



**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, 2010, and have issued our report thereon dated March 28, 2011. 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 that we consider to be significant deficiencies in internal control over financial reporting [2010-1]. 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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, 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
March 28, 2011



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the Chemung County Industrial Development Agency, is responsible for establishing and maintaining effective internal control over compliance with the compliance 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 the 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 over compliance 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.

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
March 28, 2011

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

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. No instance of noncompliance material to the financial statements of the Chemung County Industrial Development Agency were 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:

<u>Program Name</u>	<u>CFDA Federal Number</u>
Economic Development Administration - ARRA	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 2010-1

Significant Deficiency - Auditor Adjustments of General Ledger: In connection with our audit, we were required to make material general ledger adjustments in order to assist Chemung County Industrial Development Agency in preparing the financial statements and related footnotes. Although these adjustments were reviewed in detail with management who takes responsibility for them, it is management's responsibility to maintain the necessary expertise and the proper system of controls to properly generate a general ledger that does not require extensive adjustment to produce reliable financial information.

Recommendation: We recommend that accounting procedures be modified to record all transactions when incurred rather than when payment is received or when payment is made. In addition, a member of the audit committee should perform an internal review of information generated by the accounting system monthly to ensure that the Board of Directors receives accurate financial information.

Management Response: *The majority of the general ledger adjustments were associated with one large project. Internal controls of accounting procedures will be modified to reduce future general ledger adjustments.*

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended December 31, 2010

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.

Resolution: The Agency has obtained a collateral agreement and has sufficient collateral coverage at December 31, 2010.

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.

Resolution: The Agency implemented procedures 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.

Resolution: Total project costs reported in the final disbursement letter from the EDA reflect only allowable costs determined in the grant agreement.