

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2013

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENTS OF NET POSITION	3
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 13
<u>SUPPLEMENTARY INFORMATION</u>	
PROJECT INFORMATION	14 - 15
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16 - 17



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Chemung County Industrial Development Agency, a component unit of the County of Chemung, New York, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Chemung County Industrial Development Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Chemung County Industrial Development Agency has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omission.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Chemung County Industrial Development Agency's basic financial statements. The supplementary schedule of Project Information on pages 14 to 15 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, 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* in considering Chemung County Industrial Development Agency's internal control over financial reporting and compliance.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 27, 2014

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,447,448	\$ 2,636,793
Accounts receivable	-	232,100
Prepaid expenses	19,234	26,901
Other current assets	10,000	-
Loans receivable - current portion	275,306	259,726
Grants receivable - current portion	<u>458,979</u>	<u>434,023</u>
Total current assets	<u>2,210,967</u>	<u>3,589,543</u>
Loans Receivable - Net of Current Portion	2,078,696	2,387,459
Grants Receivable - Net of Current Portion	3,712,718	4,416,496
Property and Equipment - Net	<u>33,404,941</u>	<u>33,102,252</u>
Total Assets	<u>\$ 41,407,322</u>	<u>\$ 43,495,750</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Loans payable - current portion	\$ 1,984,311	\$ 1,903,081
Bonds payable - current portion	508,557	480,535
Accounts payable	28,749	1,698,299
Contract advances - current portion	377,626	354,879
Accrued interest	129,232	118,726
Other current liabilities	<u>300</u>	<u>-</u>
Total current liabilities	<u>3,028,775</u>	<u>4,555,520</u>
Long-Term Debt		
Loans payable - net of current portion	21,242,441	23,187,916
Bonds payable - net of current portion	4,082,442	4,590,152
Contract advances - net of current portion	<u>252,296</u>	<u>311,250</u>
Total long-term debt	<u>25,577,179</u>	<u>28,089,318</u>
Total Liabilities	<u>28,605,954</u>	<u>32,644,838</u>
Net Position		
Net investment in capital assets	11,270,616	9,296,931
Unrestricted	<u>1,530,752</u>	<u>1,553,981</u>
Total net position	<u>12,801,368</u>	<u>10,850,912</u>
Total Liabilities and Net Position	<u>\$ 41,407,322</u>	<u>\$ 43,495,750</u>

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

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue		
Development grants and reimbursements	\$ 862,398	\$ -
Rental income	3,070,867	2,264,311
Fee income	565,098	809,806
Interest income	124,884	108,509
Gain on sale of assets	-	30,974
Other income	<u>63,627</u>	<u>82,357</u>
Total revenue	<u>4,686,874</u>	<u>3,295,957</u>
Expenses		
Development grants and project costs	1,351,357	812,002
Property and insurance expenses	97,410	91,606
Depreciation	1,004,080	738,262
Interest expense	1,508,341	1,236,108
Other expenses	<u>90,385</u>	<u>22,229</u>
Total expenses	<u>4,051,573</u>	<u>2,900,207</u>
Operating Income	<u>635,301</u>	<u>395,750</u>
Non-operating Revenue		
Contributions	<u>1,315,155</u>	<u>2,500,000</u>
Change in Net Position	1,950,456	2,895,750
Net Position - Beginning	<u>10,850,912</u>	<u>7,955,162</u>
Net Position - Ending	<u>\$ 12,801,368</u>	<u>\$ 10,850,912</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Cash received from operating income	\$ 5,426,706	\$ 5,395,613
Cash paid for operating expenses	<u>(3,200,736)</u>	<u>(726,895)</u>
Net cash flows from operating activities	<u>2,225,970</u>	<u>4,668,718</u>
Cash Flows from Capital and Related Financing Activities		
Repayments of loans payable	(1,864,245)	(1,540,125)
Repayments of bonds payable	(479,689)	(541,280)
Reimbursement for previous years project expenditures	8,386	19,465
Interest paid	<u>(1,497,834)</u>	<u>(1,265,474)</u>
Net cash flows from capital and related financing activities	<u>(3,833,382)</u>	<u>(3,327,414)</u>
Cash Flows from Investing Activities		
Development loans repaid	293,183	259,289
Interest received	124,884	108,509
Proceeds from sale of land	<u>-</u>	<u>40,000</u>
Net cash flows from investing activities	<u>418,067</u>	<u>407,798</u>
Net Change in Cash and Cash Equivalents	(1,189,345)	1,749,102
Cash and Cash Equivalents - Beginning	<u>2,636,793</u>	<u>887,691</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,447,448</u>	<u>\$ 2,636,793</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 635,301	\$ 395,750
Adjustments		
Depreciation	1,004,080	738,262
Interest income	(124,884)	(108,509)
Gain on sale of assets	-	(30,974)
Interest expense	1,508,341	1,236,108
Changes in assets and liabilities		
Accounts receivable	232,100	1,200,220
Grants receivable	678,822	488,105
Prepaid expenses	7,667	(17,739)
Other current assets	(10,000)	-
Accounts payable	(1,669,550)	216,681
Other current liabilities	300	-
Contract advances	<u>(36,207)</u>	<u>550,814</u>
Net cash flows from operating activities	<u>\$ 2,225,970</u>	<u>\$ 4,668,718</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") is a public benefit corporation created in 1975 by an act of the New York State Legislature 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'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.

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 - The Agency complies with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

The accounts of the Agency are maintained on the accrual basis of accounting. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation.

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.

Basis of Presentation - The Agency complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

Net investment of capital assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Restricted net position - This component of net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. At December 31, 2013 and 2012, the Agency did not have a balance in restricted net position.

Unrestricted net position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

Cash and Cash Equivalents - For the purposes of the statements of net position and statements of cash flows, cash and cash equivalents include deposits with original maturities of three months or less. The Agency maintains cash and cash equivalents which periodically may exceed federally insured limits.

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 would be immaterial and therefore an allowance has not been established.

Grants Receivable - Grants receivable are stated at the amount earned under the grant agreements.

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 and land improvements	20 Years
Machinery and equipment	10 Years
Buildings	40 Years

Note 2. 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 Agency has a formal investment policy which is in compliance with the laws of the State of New York, Chapter 838, Title 7, Section 2925. The Agency is permitted to invest funds in the following types of investments: special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America and obligations of the State of New York. All deposits of the Agency are public funds and shall have a pledge of collateral by the bank or trust company in which the funds are deposited. The Treasurer of the Agency will determine the amount and length of time all funds are to be invested. The Agency will maintain relationships with the banks or trust companies doing business with the Agency and secure the best possible return. The Agency will prepare any reports requested by the Board to aid in monitoring the Agency's investment policy and performance.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

The amounts on deposit in banking institutions and the related collateral as of December 31, 2013, are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand and savings deposits	\$ <u>1,447,448</u>	\$ <u>1,808,804</u>
Covered by FDIC insurance		\$ 715,050
Pledged collateral		<u>1,093,754</u>
Total deposits		\$ <u>1,808,804</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land and land improvements	\$ 3,033,559	\$ 1,315,155	\$ -	\$ 4,348,714
Machinery and equipment	1,065,785	-	-	1,065,785
Buildings	<u>33,405,742</u>	-	<u>8,386</u>	<u>33,397,356</u>
Sub-total	37,505,086	1,315,155	8,386	38,811,855
Less, accumulated depreciation	<u>(4,402,834)</u>	<u>(1,004,080)</u>	-	<u>(5,406,914)</u>
Property and equipment - net	<u>\$ 33,102,252</u>	<u>\$ 311,075</u>	<u>\$ 8,386</u>	<u>\$ 33,404,941</u>

Depreciation expense amounted to \$1,004,080 and \$738,262 for the years ended December 31, 2013 and 2012, respectively.

Included in property and equipment is a helicopter facility owned by the Agency and leased to Sikorsky Military Completions Center (Sikorsky). See Note 10.

Note 4. Loans Receivable

Loans receivable consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Receivable from Southern Tier Commerce Center, LLC, monthly payments of \$4,944, including interest at 3.5%. Loan was established December 2006 and due December 2016.	\$ 173,403	\$ 221,383
Receivable from the County of Chemung, New York, quarterly payments of \$25,750, including interest at 5.25%. Loan was established January 2000 and due in October 2019.	489,946	582,204
Receivable from Riverside Realty, LLC, non-interest bearing, monthly payments of \$196. Loan established November 2007 and due October 2022.	20,733	23,076

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

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.	868,759	937,510
Receivable from 2000 Lake Road, LLC, non-interest bearing, monthly payments of \$1,667. Loan was established May 2008 and due June 2018.	86,667	106,667
Receivable from County of Chemung, New York, 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 6.	<u>714,494</u>	<u>776,345</u>
Total	2,354,002	2,647,185
Less, current portion	<u>(275,306)</u>	<u>(259,726)</u>
Long-term portion	<u>\$ 2,078,696</u>	<u>\$ 2,387,459</u>

Note 5. Loans Payable

Loans payable consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Payable to Chemung Canal Trust Co. Quarterly payments of \$25,750, including interest at 5.25%, through the year 2019.	\$ 489,946	\$ 582,204
Payable to Chemung Canal Trust Co. Annual principal payments of \$60,000, plus interest at 6.25%, through the year 2018.	300,000	360,000
Payable to County of Chemung, New York. Funds will be reimbursed in future periods in association with excess cash flows and is non-interest bearing.	200,001	200,001
Payable to NYS Department of Transportation (NYSDOT), non-interest bearing. 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.	102,480	143,472
Payable to Five Star Bank. Monthly payments of \$35,073, including interest at 5.03%, amortized over twelve years and maturing January 2024. The loan is collateralized by the Sikorsky facility and an assignment of the lease discussed in Note 10.	3,291,517	3,537,698

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Payable to Five Star Bank. Monthly payments of \$199,124, including interest at 4.85%, amortized over twelve years and maturing in January 2024. The loan is collateralized by the Sikorsky facilities and assignment of the lease discussed in Note 10.

	<u>18,842,808</u>	<u>20,267,622</u>
Total	23,226,752	25,090,997
Less, current portion	<u>(1,984,311)</u>	<u>(1,903,081)</u>
Long-term portion	<u>\$ 21,242,441</u>	<u>\$23,187,916</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,984,311	\$ 1,087,654	\$ 3,071,965
2015	2,039,826	995,024	3,034,850
2016	2,073,033	900,328	2,973,361
2017	2,177,809	795,552	2,973,361
2018	2,285,266	688,095	2,973,361
2019 - 2023	12,433,269	1,678,855	14,112,124
2024	<u>233,238</u>	<u>828</u>	<u>234,066</u>
Total	<u>\$ 23,226,752</u>	<u>\$ 6,146,336</u>	<u>\$29,373,088</u>

Total accrued interest relating to these loans payable was \$57,386 and \$40,626 at December 31, 2013 and December 31, 2012, respectively.

Note 6. Bonds Payable

Bonds payable consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Series 2009E Bond - Payable to CVS Rx Services in annual installments with a maturity date of October 15, 2020. Interest is payable in annual installments at a rate of 5.75%. Repayment of principal for this bond was 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.	\$ 3,823,346	\$ 4,257,369
Bond - Payable to Elmira Savings Bank in annual installments of principal and interest of \$100,000 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>767,653</u>	<u>813,318</u>
Total	4,590,999	5,070,687
Less, current portion	<u>(508,557)</u>	<u>(480,535)</u>
Long-term portion	<u>\$ 4,082,442</u>	<u>\$ 4,590,152</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>
2014	\$ 508,557	\$ 270,265	\$ 778,822
2015	538,215	240,607	778,822
2016	569,487	209,335	778,822
2017	602,825	175,997	778,822
2018	637,992	140,830	778,822
2019 - 2023	1,637,866	219,778	1,857,644
2024	<u>96,057</u>	<u>6,177</u>	<u>102,234</u>
Total	<u>\$ 4,590,999</u>	<u>\$ 1,262,989</u>	<u>\$ 5,853,988</u>

The Agency has recorded the following grants receivable:

County of Chemung, New York - future PILOT agreement	<u>\$ 4,171,697</u>
--	---------------------

Total accrued interest relating to these bonds payable was \$71,846 and \$78,100 at December 31, 2013 and December 31, 2012, respectively.

Note 7. Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and loans issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and loans are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond and loan issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and loan 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 loans.

Note 8. Commitment

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

Note 9. Supplemental Cash Flow Information

	<u>2013</u>	<u>2012</u>
Cash paid during the year for:		
Interest	<u>\$ 1,497,835</u>	<u>\$ 1,265,474</u>
Non-cash operating activities		
Loan payable assumed for expensed project costs	<u>\$ -</u>	<u>\$ 5,237,073</u>
Contribution of donated land and building	<u>\$ 1,315,155</u>	<u>\$ 2,500,000</u>

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Note 10. Leasing Arrangements

The Agency is the lessor of three facilities, 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 Sikorsky facility discussed in Note 3, which required monthly payments of \$89,975. This lease was for fifteen years beginning September 2007. During years one through ten, base rent was 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 was to 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.

During 2012, the loan related to the above lease was restructured and the lease was amended, effective March 2012. The new lease called for two different payment structures. During the period of the loan closing until May 31, 2012, monthly payments of \$203,903 were required as well as an amount equal to 1.024 times the monthly interest-only payments of 5.03% on outstanding advances on the loan. For the period of June 2, 2012 through the expiration date, January 2024, monthly payments are \$239,818.

The third lease was for equipment used in the Sikorsky facility and required monthly payments of \$10,550 for a period of 168 months. This lease ended with the restructuring of the above mentioned loan and second lease, however, the tenant had become delinquent on the payments for this lease and a rent receivable amount was recorded in relation to this. The balance of the receivable was \$232,100 at December 31, 2012 and was paid in full during 2013.

The Agency is the lessor of land leased to Sikorsky. This lease began on October 1, 2009 and was for a term of five years, expiring September 30, 2014. The lease required monthly payments of \$5,674. During 2012, this lease ended with the restructuring of the above mentioned loan and second lease.

The Agency has a lease with Sikorsky for land that is used for a compass rose and parking area. This lease continues through August of 2016 and requires monthly payments totaling \$761.

The Agency had a lease with Sikorsky for land that was used to construct and install improvements in connection with helicopter tie-downs. This required monthly payments of \$8,354. The lease ended in November of 2012.

The Agency has various paid up leases with Anschutz Exploration Corporation for lease payments to be made to the Agency at an annual rate per mineral acre. All lease payments have been made as of December 2013. Total rental income of this lease amounted to \$4,000 in 2013.

The Agency is the lessor of land leased to Danella Line Services, Inc. This lease began on June 1, 2013 and is a month to month lease, ending only when the tenant gives 30 days written notice to the Agency. The lease requires monthly payments of \$300.

The Agency is the lessor of land leased to Northern Neck Transfer, Inc. This lease began on October 1, 2013 and is a month to month lease, ending only when the tenant gives 30 days written notice to the Agency. The lease requires monthly payments of \$350.

The Agency is the lessor of land leased to Dimon and Bacorn. This lease began on December 1, 2013 and is for a term of one year, expiring December 1, 2014. The lease requires monthly payments of \$1,875.

CHEMUNG COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

Total rental income for the years ended December 31, 2013 and 2012 was \$3,070,867 and \$2,264,311, 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:

2014	\$ 3,072,542
2015	2,938,542
2016	2,931,898
2017	2,925,810
2018	<u>2,925,810</u>
Total	<u>\$ 14,794,602</u>

As of September 25, 2012, Sikorsky is no longer conducting operations in the Chemung County facilities. This does not affect the leases described above and Sikorsky will still honor all obligations to the Agency.

During the year ended December 31, 2013, the Agency had a balance of \$378,443 in contract advances from Sikorsky to pay for environmental reviews to be completed over a four year period. This amount is included in contract advances on the statement of net position.

Note 11. Donation of Land and Building

During the year ended December 31, 2013, Chemung County donated land that consisted of a 129.10 acre site at Airport Corporate Park to the Agency. The estimated fair market value of this property was \$1,315,155.

During the year ended December 31, 2012, Sikorsky donated property that consisted of a 46.14 acre site bordering the Elmira-Corning Regional Airport and buildings with total square footage of 180,874 to the Agency. The estimated fair market value of this property was \$2,500,000.

Chemung County Industrial Development Agency
Project Information
December 31, 2013

2013

Project C	Project Type	Project Name	Address	City	State	Zip	Zip +4	Country	Project Purpose	Project Purpose Notes	Total Project Amount	Benefitted 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	
1	0701-01-0	Bonds/No	Hathorn R	346 Woodlawn Ave.	Elmira	NY	14901	1331	USA	Acquisition of	Services	8,000,000	6,940,000	4,000,000	0	0	2023	Tax Exempt	Y	0	0
2	0701-01-0	Bonds/No	Economic	of Chemu650 Bal	Elmira	NY	14901	2216	USA	Acquisition of	Services	3,960,064	3,732,054	4,200,000	0	0	2026	Tax Exempt	Y	0	0
3	0701-03-0	Bonds/No	Woodbro	1250 Maple Ave.	Elmira	NY	14904	2812	USA	Acquisition of	Services	2,695,472	2,159,302	3,500,000	0	0	2023	Tax Exempt	Y	0	0
4	0701-04-0	Bonds/No	Arnot Ogd	600 Roe Ave.	Elmira	NY	14905	1629	USA	Acquisition of	Construct	16,203,307	10,088,864	16,710,000	0	0	2034	Tax Exempt	Y	0	0
5	0701-04-0	Bonds/No	Arnot Ogd	600 Roe Ave.	Elmira	NY	14905	1629	USA	Acquisition of	Construct	18,742,980	17,274,221	20,000,000	0	0	2034	Tax Exempt	Y	0	0
6	0701-99-0	Bonds/No	St. Joseph	555 East Market St.	Elmira	NY	14901	3223	USA	Acquisition of	Services/C	32,295,000	32,295,000	32,295,000	0	0	2013	Tax Exempt	Y	0	0
7	0701-99-0	Bonds/No	Sonwil De	Daniel Zenker Drive	Big Flats	NY	14814		USA	Acquisition of	Const/Ma	5,911,400	5,911,400	5,024,690	0	0	2015	Tax Exempt	N	0	0
8	0701-00-0	Bonds/No	Elmira Sp	155 N. Main St.	Elmira	NY	14901	2900	USA	Construction	Services	15,500,000	15,300,000	1,250,000	0	0	2020	Tax Exempt	Y	0	0
9	0701-95-0	Bonds/No	Traver Pr	541 East Clinton St.	Elmira	NY	14901	2553	USA	Acquisition of	Const/Ma	5,000,000	4,675,000	5,500,000	0	0	2015	Taxable	N	0	0
9	0701-07-0	Bonds/No	DDR Hor	500 Ann Page Road	Horsehead	NY	14845	7200	USA	Acquisition of	Const/Ret	76,733,205	76,733,205	1,856,000	0	0	2018	Taxable	N	0	0
10	0701-09-0	Bonds/No	CVS RX	150 White Wagon R	Chemung	NY	14825		USA	Acquisition of	Retail/Co	0	0	6,525,000	0	0	2021	Taxable	N	0	0
11	0701-09-0	Straight L	CVS RX	150 White Wagon R	Chemung	NY	14825		USA	Acquisition of	Wholesale	90,000,000	70,812,000	0	90,000,000	0	2025	Taxable	N	0	0
12	0701-10-0	Bonds/No	Chemung	207 Clemens Center	Elmira	NY	14901	3031	USA	Acquisition of	Services	17,000,000	17,000,000	900,000	0	0	2024	Tax Exempt	Y	0	0
13	0701-99-0	Straight L	Elmira Sa	333 East Water St.	Elmira	NY	14901	3400	USA	Acquisition of	Const/Ser	3,000,000	3,000,000	0	3,000,000	0	2013	Taxable	N	0	0
13	0701-04-0	Straight L	Silicon Ca	Airport Corporate Pa	Horsehead	NY	14845		USA	Acquisition of	Const/Ma	1,234,000	1,181,000	0	430,000	0	2020	Taxable	N	0	0
14	0701-00-0	Straight L	EAS Deve	Airport Corporate Pa	Big Flats	NY	14814		USA	Acquisition of	Services/C	2,027,000	2,027,000	0	2,000,000	0	2016	Taxable	N	0	0
15	0701-00-0	Straight L	Vulcraft	5362 Railroad St., B	Chemung	NY	14825	9750	USA	Construction	Manu/Co	51,000,000	51,000,000	0	51,000,000	0	2021	Taxable	N	0	0
16	0701-00-0	Straight L	Arnot Rea	203 Colonial Drive	Big Flats	NY	14814		USA	Acquisition of	Services/C	1,700,000	1,700,000	0	1,700,000	0	2020	Taxable	N	0	0
17	0701-03-0	Straight L	Central R	260 Lattabrook Park	Horsehead	NY	14845	9008	USA	Acquisition of	Manu/Co	2,737,500	2,707,500	0	2,737,500	0	2019	Taxable	N	0	0
18	0701-04-0	Straight L	Silicon Ca	361 Daniel Zenker L	Horsehead	NY	14845	1008	USA	Expansion of	Manu/Co	1,234,000	1,181,000	0	1,200,000	0	2013	Taxable	N	0	0
19	0701-96-0	Straight L	J.T. Intern	ational C/(Daniel Ze	Horsehead	NY	14845		USA	Acquisition of	Const/Ma	562,000	557,000	0	562,000	0	2013	Taxable	N	0	0
19	0701-01-0	Straight L	The Krog	1316 College Ave	Elmira	NY	14901	1169	USA	Acquisition of	Construct	2,140,000	2,140,000	0	2,140,000	0	2015	Taxable	N	0	0
20	0701-06-0	Straight L	Elmira Ea	150 Baldwin St.	Elmira	NY	14901	3016	USA	Acquisition of	Finance...	1,500,000	1,500,000	0	1,500,000	0	2016	Taxable	N	0	0
21	0701-05-0	Straight L	John Meic	133 Philo Road	Elmira He	NY	14903	9705	USA	Acquisition of	Manu/Co	680,000	680,000	0	680,000	0	2021	Taxable	N	13229	0
22	0701-05-0	Straight L	Dena Ente	2666 Corning Road	Horsehead	NY	14845	4207	USA	Renovation of	Retail/Co	1,000,000	980,000	0	1,000,000	0	2016	Taxable	N	0	0
23	0701-07-0	Straight L	Riverside	14 Daniel Zenker Dr	Big Flats	NY	14814		USA	Construction	Retail/Co	4,570,000	4,535,500	0	4,570,000	0	2018	Taxable	N	0	0
24	0701-07-0	Straight L	Millenium	One Blue 7th Floor	Pearl Rive	NY	10965	3104	USA	Natural Gas Tr	Gas/Cons	47,000,000	47,000,000	0	7,255,000	0	2024	Taxable	N	0	0
25	0701-07-0	Straight L	Empire St	6363 Main St.	Williamsv	NY	14221	5855	USA	Natural Gas Tr	Gas/Cons	9,800,000	9,800,000	0	1,926,540	0	2024	Taxable	N	0	0
26	0701-08-0	Straight L	2000 Lak	2000 Lake Road	Elmira	NY	14903	1822	USA	Acquisition of	Manufact	2,150,000	2,150,000	0	2,150,000	0	2028	Taxable	N	522.7	0
27	0701-08-0	Straight L	Clemens C	207 Clemens Center	Elmira	NY	14901	3031	USA	Acquisition of	Services/C	15,465,950	13,448,334	0	15,465,950	0	2019	Tax Exempt	Y	0	0
28	0701-08-0	Straight L	DeMet's C	Hunt Drive	Big Flats	NY	14814		USA	Acquisition of	Manu/Co	13,500,000	12,925,000	0	13,600,000	0	2019	Taxable	N	0	0
29	0701-09-0	Straight L	Seneca Be	2081 & 2085 Lake R	Horsehead	NY	14845		USA	Acquisition of	Wholesale	8,500,000	8,500,000	0	8,500,000	0	2020	Taxable	N	0	0
30	0701-09-0	Straight L	3107 Grov	100 West Chemung	Elmira	NY	14901		USA	Acquisition of	Services/C	1,183,300	916,600	0	1,183,300	0	2020	Taxable	N	0	0
31	0701-10-0	Straight L	General R	325 Daniel Zenker L	Big Flats	NY	14814		USA	Acquisition of	Services/C	2,750,000	2,750,000	0	2,750,000	0	2020	Taxable	N	0	0
32	0701-10-0	Straight L	Kayden	224 N. Main St	Horsehead	NY	14845		USA	Acquisition of	Manufact	1,240,000	950,000	0	1,240,000	0	2020	Taxable	N	0	0
33	0701-10-0	Straight L	Schlumbe	E Street	Village of	NY	14845		USA	Acquisition of	Services/C	49,640,000	48,440,000	0	49,640,000	0	2021	Taxable	N	0	0
34	0701-10-0	Straight L	Anchor G	Grand Central, Lynv	Various	NY	Various		USA	Acquisition of	Manufact	1,000,000	1,000,000	0	1,000,000	0	2016	Taxable	N	0	0
35	0701-11-0	Straight L	1580 Lak	1580 Lake Street	Elmira	NY	14901		USA	Acquisition of	Services	2,200,000	2,000,000	0	1,600,000	0	2027	Taxable	N	0	0
36	0701-11-0	Straight L	Broad Str	Sing Sing Road	Horsehead	NY	14845		USA	Acquisition of	Services/C	8,000,000	7,850,000	0	8,400,000	0	2014	Taxable	N	0	0
36	0701-11-0	Straight L	Grace Rea	343 Daniel Zenker L	Big Flats	NY	14814		USA	Acquisition of	Servies	1,675,000	1,675,000	0	1675000	0	2021	Taxable	N	0	0
37	0701-12-0	Straight L	BFH II	51 Arnot Road	Big Flats	NY	14814		USA	Acquisition of	Retail	2,282,600	2,120,000	0	2282600	0	2013	Taxable	N	0	0
38	0701-12-0	Straight L	Chemung	2420 Corning Road	Elmira	NY	14903		USA	Acquisition of	Manufact	2,763,000	2,763,000	0	2763000	0	2028	Taxable	N	0	0
39	0701-12-0	Straight L	Horsehea	1600 County Route 64, Ou	Horsehead	NY	14845		USA	Acquisition of	Retail	5,999,000	5,999,000	0	5999000	0	2013	Taxable	N	190708	0
40	0701-12-0	Straight L	Fennell P	951 Grand Central A	Elmira	NY	14901		USA	Renovation of	Manufact	705,000	685,000	0	705000	0	2028	Taxable	N	91200	0
41	0701-12-0	Straight L	Arnot Ass	Hickory Grove Road	Big Flats	NY	14814		USA	Acquisition of	Services	11,920,000	11,920,000	0	11920000	0	2015	Taxable	N	177066	0
42	0701-13-0	Straight L	Van Fleet	301 & 223 East Chu	Elmira	NY	14901		USA	Acquisition of	Services	1,700,000	1,700,000	0	1700000	0	2023	Taxable	N	88670.6	0
43	0701-13-0	Straight L	D&G Con	1836 & 1828 Grand	Horsehead	NY	14845		USA	Acquisition of	Land, Renovati	704,200	656,200	0	704200	0	2023	Taxable	N	9987.5	0
44	0701-13-0	Straight L	CAF USA	300 East 18th Street	Village of	NY	14845		USA	Acquisition of	Manufact	3,422,716	3,372,716	0	3422716	0	2024	Taxable	N	108400	0
45	0701-13-0	Straight L	Southern	Colonial Drive	Big Flats	NY	14814		USA	Acquisition of	Retail	8,160,000	7,415,000	0	8160000	0	2023	Taxable	N	0	0

County Real Property Tax Exemption	Local Real Property Tax Exemption	School Real Property Tax Exemption	Mortgage Recording Tax	Total Exemption Net of RPTL Sec 485 B Exemption	County Pilot	Local Pilot	School Pilot	Date Project Approved	Date IDA Took 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 During Fiscal	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 original project code
57,005	106,739	130,309	0	0	17,561	32,883	40,145	10/10/2001	10/1/2004	5	13	No Data	18	No Data	8	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	9/19/2000	10/2/2001	83	0	No Data	83	No Data	136	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	9/9/2003	11/12/2003	47	16	No Data	63	No Data	60	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	9/9/2003	3/10/2004	1404	4	No Data	1408	No Data	2108	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	9/9/2003	3/10/2004	1404	4	No Data	1408	No Data	2108	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	6/18/1999	6/25/1999	808	0	No Data	808	No Data	391	0	Yes	Na	Na	Na	Na	Na
64,294	19,768	142,932	0	119,565	33,866	10,412	75,287	12/15/1999	12/29/1999	0	168	No Data	168	No Data	202	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	1/28/2000	1/28/2000	0	79	No Data	79	No Data	87	0	No	Na	Na	Na	Na	Na
17,029	30,865	36,076	0	86,966	17,029	30,865	36,076	10/17/1994	7/27/1995	212	8	No Data	220	No Data	116	0	No	Na	Na	Na	Na	Na
130,819	0	282,884	0	310,277	130,819	0	282,884	11/17/2006	12/20/2007	0	350	30000	0	0	627	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	3/12/2009	6/5/2009	0	0	0	0	0	0	0	No	Na	Na	Na	Na	Na
309,504	29,952	634,000	0	463,018	154,752	14,976	634,000	3/12/2009	6/1/2010	0	500	25000	0	0	323	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	12/10/2009	4/29/2010	16	0	0	16	31700	14	0	No	Na	Na	Na	Na	Na
26,334	58,951	89,308	0	174,593	26,334	40,570	89,308	1/26/1996	3/20/1998	138	0	No Data	138	No Data	121	0	No	Na	Na	Na	Na	Na
8,528	2,622	18,959	0	16,189	4,264	1,311	13,625	11/12/2004	11/18/2004	0	10	No Data	10	No Data	22	0	No	Na	Na	Na	Na	Na
13,738	4,224	30,540	0	24,251	6,869	2,112	15,270	3/31/2000	6/9/2000	76	14	No Data	71	No Data	79	0	No	Na	Na	Na	Na	Na
153,937	64,500	259,525	0	297,241	153,937	64,500	78,804	7/12/2000	10/19/2000	0	300	No Data	300	No Data	238	0	No	Na	Na	Na	Na	Na
15,077	4,636	33,517	0	29,245	9,650	2,967	16,628	8/14/2000	11/30/2000	0	100	No Data	100	No Data	97	0	No	Na	Na	Na	Na	Na
8,495	1,556	23,130	0	1,504	4,442	1,556	12,096	12/17/2003	12/17/2003	27	10	No Data	37	No Data	35	0	No	Na	Na	Na	Na	Na
8,528	2,622	18,959	0	16,189	4,264	1,311	13,625	11/12/2004	11/18/2004	12	16	No Data	12	No Data	20	0	Yes	Na	Na	Na	Na	Na
3,989	1,226	8,867	0	6,971	1,994	613	0	11/17/1997	12/19/1997	18	17	No Data	35	No Data	12	0	No	Na	Na	Na	Na	Na
27,913	49,466	59,052	0	136,431	27,913	49,466	59,052	5/1/2001	8/23/2001	0	215	No Data	0	No Data	116	0	No	Na	Na	Na	Na	Na
14,496	27,942	33,358	0	11,635	7,659	1,510	17,625	1/13/2005	8/2/2005	0	25	No Data	25	No Data	1	0	No	Na	Na	Na	Na	Na
2,836	293	6,133	0	4,679	1,919	0	4,149	10/21/2005	12/2/2005	14	19	No Data	33	No Data	40	0	No	Na	Na	Na	Na	Na
18,638	12,599	39,984	0	0	0	0	0	7/8/2005	8/26/2005	27	0	No Data	27	No Data	30	0	No	Na	Na	Na	Na	Na
34,448	15,996	76,582	0	0	0	0	0	9/13/2007	12/18/2007	70	30	45,000	70	45,000	87	0	No	Na	Na	Na	Na	Na
791,061	170,575	1,667,936	0	0	64,111	17,844	160,045	11/17/2006	9/13/2007	0	0	0	0	0	0	0	No	Na	Na	Na	Na	Na
106,320	25,495	229,677	0	0	19,110	4,582	40,526	4/19/2007	7/26/2007	0	0	0	0	0	0	0	No	Na	Na	Na	Na	Na
4,235	427	11,556	0	4,408	2,425	247	6,601	4/10/2008	5/1/2008	28	79	N/A	28	24,570	27	0	No	Na	Na	Na	Na	Na
0	0	0	0	0	0	0	0	8/14/2009	10/6/2008	16	17	38,220	16	30,030	14	0	No	Na	Na	Na	Na	Na
62,992	19,368	137,845	0	154,144	62,992	19,368	137,845	9/18/2008	10/1/2008	0	82	0	0	0	218	0	No	Na	Na	Na	Na	Na
58,942	13,633	160,490	0	35,293	31,392	0	85,474	8/20/2009	9/30/2009	67	8	45,000	67	45,000	71	0	No	Na	Na	Na	Na	Na
6,680	12,876	15,372	0	8,125	3,891	7,505	8,954	3/27/2009	4/1/2009	27	3	50,000	27	50,000	17	0	No	Na	Na	Na	Na	Na
44,758	13,761	97,944	0	93,878	44,758	13,761	97,944	1/13/2005	5/31/2005	0	220	30000	0	0	415	0	No	Na	Na	Na	Na	Na
7474	4354	16,033	0	5,014	4,334	2,525	9,299	12/10/2009	1/14/2010	0	13	45000	0	0	8	0	No	Na	Na	Na	Na	Na
162,858	94,878	405,614	0	86,429	86,846	50,495	214,428	11/12/2009	9/3/2010	0	340	65000	0	0	214	0	No	Na	Na	Na	Na	Na
19,621	16,120	43,021	0	7,875	9,810	8,060	21,510	5/1/2010	5/1/2010	312	0	64000	312	64000	296	0	No	Na	Na	Na	Na	Na
12,733	24,544	29,301	0	0	7,351	14,169	16,915	2/24/2011	4/1/2011	45	14	43500	45	43500	40	0	No	Na	Na	Na	Na	Na
34,402	3,016	101,216	0	0	0	0	0	2/24/2011	6/7/2011	0	3	25000	0	0	22	0	No	Na	Na	Na	Na	Na
13,601	4,182	30,237	0	0	7,635	2,348	16,974	9/10/2010	1/13/2011	34	0	0	34	97554	31	0	No	Na	Na	Na	Na	Na
20,708	11,602	62,828	0	0	0	0	0	3/22/2012	5/29/2012	17	5	24000	17	24000	18	0	Yes	Na	Na	Na	Na	Na
10,402	1,439	26,249	0	18,331	5,203	0	13,128	8/18/2011	2/12/2012	17	27	35000	17	35000	42	0	No	Na	Na	Na	Na	Na
5,201	953	37,487	0	0	0	0	0	2/23/2012	5/29/2012	0	9	28000	0	0	11	0	Yes	Na	Na	Na	Na	Na
5,245	9,506	11,348	0	9,060	0	0	9,060	10/3/2012	11/1/2012	0	3	Construct 22000	0	22000	0	0	No	Na	Na	Na	Na	Na
3,550	1,418	51,225	0	0	0	0	0	2/23/2012	9/27/2012	3	3	25000	3	25000	3	0	No	Na	Na	Na	Na	Na
7,500	14,328	16,228	12,750	0	0	0	0	11/6/2012	1/25/2013	60	0	0	60	66512	54	105	No	Na	Na	Na	Na	Na
3,741	0	8,272	0	0	0	0	0	9/6/2013	11/16/2013	50	7	50000	50	50000	80	16	No	Na	Na	Na	Na	Na
12,122	16,099	48,699	0	0	0	0	0	12/12/2012	2/26/2013	150	125	35000	150	51000	513	73	No	Na	Na	Na	Na	Na
11265	7121	25043	60000	0	0	0	0	12/12/2012	1/3/2013	0	15	28000	0	0	0	0	No	Na	Na	Na	Na	Na



**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Chemung County Industrial Development Agency as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Chemung County Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chemung County Industrial Development Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Chemung County Industrial Development Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

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

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 27, 2014