CHEMUNG FINANCIAL CORP
Form 10-Q
August 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly period ended **JUNE 30, 2009**

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-13888

CHEMUNG FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

New York	16-1237038
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification No.
One Chemung Canal Plaza, Elmira, NY	14901
(Address of principal executive offices)	(Zip Code)

(607) 737-3711 or (800) 836-3711

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES: X NO:

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES:_____ NO:_____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Non-accelerated filer	[ ]
Accelerated filer	[X]	Smaller reporting company	[ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

YES: NO: X

The number of shares of the registrant's common stock, $.01 par value, outstanding on July 30, 2009 was 3,523,836.

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CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	JUNE 30, 2009	DECEMBER 31, 2008
	---------------	---------------
ASSETS		
Cash and due from financial institutions	$ 24,615,854	$ 21,246,599
Interest-bearing deposits in other financial institutions	43,619,527	2,404,781
	------------	------------
Total cash and cash equivalents	68,235,381	23,651,380
	------------	------------
Securities available for sale, at estimated fair value	199,044,324	191,254,900
Securities held to maturity, estimated fair value of $12,626,215 at June 30, 2009 and $9,214,787 at December 31, 2008	12,056,800	8,438,835
Federal Home Loan Bank and Federal Reserve Bank Stock, at cost	3,071,200	3,154,950
Loans, net of deferred origination fees and costs, and unearned income	615,026,233	565,185,154
Allowance for loan losses	(9,131,012)	(9,105,517)
	------------	------------
Loans, net	605,895,221	556,079,637
	------------	------------

Loans held for sale	72,750	80,413
Premises and equipment, net	25,640,464	24,937,808
Goodwill	10,062,773	8,806,796
Other intangible assets, net	5,659,552	6,204,494
Other assets	20,993,435	15,708,894
	------------	------------
Total assets	$950,731,900	$838,318,107
	============	============
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing	$173,714,950	$157,690,737
Interest-bearing	606,007,063	499,218,612
	------------	------------
Total deposits	779,722,013	656,909,349
	------------	------------
Securities sold under agreements to repurchase	55,159,986	63,412,514
Federal Home Loan Bank term advances	20,000,000	20,000,000
Accrued interest payable	1,366,257	1,266,903
Dividends payable	880,959	875,438
Other liabilities	9,762,934	12,846,758
	------------	------------
Total liabilities	866,892,149	755,310,962
	------------	------------
Shareholders' equity:		

Common stock, $.01 par value per share, 10,000,000 shares authorized; 4,300,134 issued at June 30, 2009 and December 31, 2008	43,001	43,001
Additional-paid-in capital	22,753,821	22,881,937
Retained earnings	86,783,115	85,868,637
Treasury stock, at cost (776,298 shares at June 30, 2009; 798,384 shares at December 31, 2008)	(19,952,880)	(20,547,419)
Accumulated other comprehensive loss	(5,787,306)	(5,239,011)
	------------	------------
Total shareholders' equity	83,839,751	83,007,145
	------------	------------
Total liabilities and shareholders' equity	$950,731,900	$838,318,107
	============	============

See accompanying notes to unaudited consolidated financial statements.

CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Six Months Ended		Three Months Ended	
	-----------------		-------------------	
	June 30,		June 30,	
	-------------		----------	
INTEREST	2009	2008	2009	2008
AND DIVIDEND INCOME				
	------	------	------	------

Loans, including fees	$17,533,088	$18,341,845	$ 9,004,067	$9,137,962
Taxable securities	3,716,674	3,660,379	1,843,877	2,001,623
Tax exempt securities	514,787	365,454	285,480	194,630
Federal funds sold	1,232	67,367	-	30,874
Interest-bearing deposits	48,568	16,037	25,821	12,538
	-----------	-----------	-----------	----------
Total interest and dividend income	21,814,349	22,451,082	11,159,245	11,377,627
	-----------	-----------	-----------	----------
INTEREST EXPENSE				
Deposits	4,340,963	6,320,460	2,143,817	3,049,265
Borrowed funds	471,683	712,062	237,233	297,341
Securities sold under agreements to repurchase	1,020,230	826,031	489,182	473,469
	-----------	-----------	-----------	----------
Total interest expense	5,832,876	7,858,553	2,870,232	3,820,075
	-----------	-----------	-----------	----------
Net interest income	15,981,473	14,592,529	8,289,013	7,557,552
Provision for loan losses	800,000	425,000	375,000	225,000
	-----------	-----------	-----------	----------
Net interest income after provision for loan losses	15,181,473	14,167,529	7,914,013	7,332,552
	-----------	-----------	-----------	----------
Other operating income:				
Trust & investment services income	3,885,343	3,495,017	2,114,193	1,712,559
Service charges on deposit accounts	2,400,665	2,436,923	1,283,412	1,299,775
Net gain on securities transactions	556,348	589,456	9,130	2,900
Other-than-temporary loss on investment				

securities				
Total impairment losses	(1,632,246)	-	(1,476,486)	-
Loss recognized in other comprehensive income	680,370	-	680,370	-
	-----------	-----------	-----------	----------
Net impairment loss recognized in earnings	(951,876)	-	(796,116)	-
Net gain on sales of loans held for sale	124,966	57,551	37,039	40,355
Credit card merchant earnings	78,888	748,942	41,193	377,050
Gains on sales of other real estate	2,879	-	-	-
Other	1,737,920	1,744,565	925,846	912,439
	-----------	-----------	-----------	----------
Total other operating income	7,835,133	9,072,454	3,614,697	4,345,078
	-----------	-----------	-----------	----------
Other operating expenses:				
Salaries and wages	6,960,176	6,482,883	3,485,922	3,302,231
Pension and other employee benefits	2,531,965	1,188,157	1,378,063	625,038
Net occupancy expenses	2,142,725	2,021,613	1,029,525	980,539
Furniture and equipment expenses	1,045,815	1,008,363	536,468	514,107
Data processing expense	2,325,430	2,052,172	1,625,693	1,019,000
Amortization of intangible assets	544,942	673,761	252,039	248,123
Losses on sales of other real estate	26,393	2,497	-	2,497
FDIC insurance	919,821	33,665	684,330	16,087
Other	3,244,511	3,227,068	1,764,404	1,626,218
	-----------	-----------	-----------	----------
Total other operating expenses	19,741,778	16,690,179	10,756,444	8,333,840
	-----------	-----------	-----------	----------

Income before income tax expense	3,274,828	6,549,804	772,266	3,343,790
Income tax expense	846,005	2,135,971	77,434	1,072,287
	-----------	-----------	-----------	----------
	$ 2,428,823	$ 4,413,833	$ 694,832	$2,271,503
Net income	===========	===========	===========	==========
Weighted average shares outstanding	3,599,799	3,598,284	3,602,908	3,599,889
	===========	===========	===========	==========
Basic and diluted earnings per share	$ 0.67	$1.23	$0.19	$0.63
	===========	===========	===========	==========

See accompanying notes to unaudited consolidated financial statements.

CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(UNAUDITED)

	Common Stock	Additional paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
	--------	----------	------------	------------	------------	------
Balances at December 31, 2007	$ 43,001	$22,801,241	$81,029,531	$(20,138,214)	$ 4,379,391	$88,114,9
Comprehensive Income:						
Net income	-	-	4,413,833	-	-	4,413,8
Change in unrealized gain on securities AFS, net	-	-	-	-	(3,534,921)	(3,534,92
Change in funded status of Employers' Accounting for Defined Benefit Pension and Other	-	-	-	-	(1,546)	(1,54

Benefit Plans, net						

Total comprehensive income						877,3
Restricted stock units for directors' deferred compensation plan	-	51,345	-	-	-	51,3
Cash dividends declared ($.50 per share)	-	-	(1,761,886)	-	-	(1,761,88
Distribution of 8,227 shares of treasury stock for directors' compensation	-	12,180	-	212,011	-	224,1
Distribution of 1,321 shares of treasury stock for employee compensation	-	958	-	34,042	-	35,0
Distribution of 1,273 shares of treasury stock for directors'deferred compensation	-	(30,818)	-	32,817	-	1,9
Sale of 5,000 shares of treasury stock	-	6,100	-	128,900	-	135,0
Purchase of 10,813 shares of treasury stock	-	-	-	(286,082)	-	(286,08
	--------	------------	------------	-----------	------------	---------
Balances at June 30, 2008	$ 43,001	$22,841,006	$83,681,478	$(20,016,526)	$ 842,924	$87,391,8
	========	============	============	============	============	==========
Balances at December 31, 2008	$ 43,001	$22,881,937	$85,868,637	$(20,547,419)	$(5,239,011)	$83,007,1
Cumulative effect of change in accounting principle,	-	-	246,544	-	(246,544)	

adoption of FSB FAS 115-2 and 124-2, net						
Comprehensive Income:						
Net income	-	-	2,428,823	-	-	2,428,8
Change in unrealized losses on securities AFS, net	-	-	-	-	(672,154)	(672,1
Change in unrealized gains (losses) on securites AFS for which a portion of an other-than-temporary impairment has been recognized in earnings, net	-	-	-	-	(10,736)	(10,7
Change in funded status of Employers' Accounting for Defined Benefit Pension and Other Benefit Plans, net	-	-	-	-	381,139	381,1

Total comprehensive income						2,127,0
Restricted stock units for directors' deferred compensation plan	-	51,921	-	-	-	51,9
Cash dividends declared ($.50 per share)	-	-	(1,760,889)	-	-	(1,760,8
Distribution of 1,333 shares of treasury stock for directors' deferred compensation	-	(36,617)		34,271		(2,3
Distribution of 10,867 shares of treasury stock for directors' compensation	-	(58,026)	-	279,716	-	221,6

Distribution of 2,381 shares of treasury stock for employee compensation	-	(11,287)	-	61,287	-	50,0
Sale of 11,800 shares of treasury stock	-	(74,107)	-	303,627	-	229,5
Purchase of 4,295 shares of treasury stock	-	-	-	(84,362)	-	(84,36
	--------	-----------	-----------	-------------	-----------	--------
Balances at June 30, 2009	$ 43,001	$22,753,821	$86,783,115	$(19,952,880)	$(5,787,306)	$83,839,7
	========	============	============	=============	============	==========

See accompanying notes to unaudited consolidated financial statements.

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CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)	Six Months Ended	
	June 30,	
CASH FLOWS FROM OPERATING ACTIVITIES:	2009	2008
	-----	-----
Net income	$ 2,428,823	$ 4,413,833
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	544,942	673,761
Provision for loan losses	800,000	425,000
Depreciation and amortization of fixed assets	1,445,763	1,332,095
Amortization of premiums on securities, net	82,608	1,801
Gains on sales of loans held for sale, net	(124,966)	(57,551)
Proceeds from sales of loans held for sale	8,382,289	2,234,831
Loans originated and held for sale	(8,249,660)	(2,276,590)

Net loss (gain) on sale of other real estate owned	23,514	2,497
Net gain on securities transactions	(556,348)	(589,456)
Net impairment loss recognized on investment securities	951,876	-
Increase in other assets	(2,691,887)	(443,780)
Increase in accrued interest payable	99,354	155,487
Expense related to restricted stock units for directors' deferred compensation plan	51,921	51,345
Expense related to employee stock compensation	50,000	35,000
Decrease in other liabilities	(2,449,448)	(2,191,786)
Origination of student loans	-	(3,444,843)
Proceeds from sales of student loans	-	1,331,829
	-----------	-----------
Net cash provided by operating activities	788,781	1,653,473
	-----------	-----------
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available for sale	5,620,693	-
Proceeds from maturities of and principal collected on securities available for sale	59,749,590	52,200,455
Proceeds from maturities of and principal collected on securities held to maturity	3,383,466	825,600
Purchases of securities available for sale	(69,444,150)	(94,826,153)
Purchases of securities held to maturity	(7,001,431)	(3,056,219)
Purchase of Federal Home Loan Bank and Federal Reserve Bank stock	(234,250)	(11,855,900)
Redemption of Federal Home Loan Bank and Federal Reserve Bank stock	535,500	12,892,500
Purchases of premises and equipment	(1,259,387)	(1,345,477)
Net cash received in branch acquisition	-	43,542,640
Net cash received in Bank of Canton Acquisition	2,876,462	-

Proceeds from sale of other real estate owned	225,547	22,823
Net decrease (increase) in loans	8,796,071	(18,530,162)
	-----------	-----------
Net cash provided (used) by investing activities	3,248,111	(20,129,893)
	-----------	-----------
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in demand deposits, NOW accounts, savings accounts, and insured money market accounts	42,555,680	19,586,363
Net increase (decrease) in time deposits and individual retirement accounts	7,854,166	(837,502)
Net (decrease) increase in securities sold under agreements to repurchase	(8,252,528)	33,487,801
Proceeds from other borrowings	-	38,000,000
Repayments of Federal Home Loan Bank overnight advances	-	(62,400,000)
Purchase of treasury stock	(84,362)	(286,082)
Sale of treasury stock	229,520	135,000
Cash dividends paid	(1,755,367)	(1,760,529)
	-----------	-----------
Net cash provided by financing activities	40,547,109	25,925,051
	-----------	-----------
Net increase in cash and cash equivalents	44,584,001	7,448,631
Cash and cash equivalents, beginning of period	23,651,380	29,378,335
	-----------	-----------
Cash and cash equivalents, end of period	$68,235,381	$36,826,966
	===========	===========
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		

Interest	$ 5,733,520	$ 7,703,066
	===========	===========
Income Taxes	$ 4,398,898	$ 3,320,850
	===========	===========
Supplemental disclosure of non-cash activity:		
Transfer of loans to other real estate owned	$ 264,828	$ 144,520
	===========	===========

See accompanying notes to unaudited consolidated financial statements.

CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Chemung Financial Corporation (the "Corporation"), through its wholly owned subsidiaries, Chemung Canal Trust Company (the "Bank") and CFS Group, Inc., a financial services company, provides a wide range of banking, financing, fiduciary and other financial services to its local market area. The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation.

The data in the consolidated balance sheet as of December 31, 2008 was derived from the audited consolidated financial statements in the Corporation's 2008 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 13, 2009. That data, along with the other interim financial information presented in the consolidated balance sheets, statements of income, shareholders' equity and comprehensive income, and cash flows should be read in conjunction with the audited consolidated financial statements, including the notes thereto, contained in the 2008 Annual Report on Form 10-K. Amounts in prior periods' consolidated interim financial statements are reclassified whenever necessary to conform to the current period's presentation.

The consolidated financial statements included herein reflect all adjustments which are, in the opinion of management, of a normal recurring nature and necessary to present fairly the Corporation's financial position as of June 30, 2009 and December 31, 2008, and results of operations for the three-month and six-month periods ended June 30, 2009 and 2008, and changes in shareholders' equity and cash flows for the six-month periods ended June 30, 2009 and 2008. The results for the periods presented are not necessarily indicative of results to be expected for the entire fiscal year or any other interim period.

2.

Earnings Per Share

Earnings per share were computed by dividing net income by 3,599,799 and 3,598,284 weighted average shares outstanding for the six-month periods ended June 30, 2009 and 2008, respectively and 3,602,908 and 3,599,889 weighted average shares outstanding for the three-month periods ended June 30, 2009 and 2008, respectively. Issuable shares (such as those related to directors' restricted stock units and directors' stock compensation) are considered outstanding and are included in the computation of basic earnings per share as they are earned. There were no dilutive common stock equivalents during the six-month periods ended June 30, 2009 or 2008.

3.

Recent Accounting Pronouncements

In December 2007, the FASB issued FAS No. 141 (revised 2007), Business Combinations ("FAS 141(R)"), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in an acquiree, including the recognition and measurement of goodwill acquired in a business combination. FAS No. 141 (R) is effective for fiscal years beginning on or after December 15, 2008. The new standard was applied to the Canton acquisition, resulting in the recognition of acquisition costs of $1.238 million through the period ended June 30, 2009.

In April 2009, the FASB issued Staff Position (FSP) No. 115-2 and No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments,* which amends existing guidance for determining whether impairment is other-than-temporary (OTTI) for debt securities. The FSP requires an entity to assess whether it intends to sell, or it is more likely than not that it will be required to sell a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is recognized in earnings. For securities that do not meet the aforementioned criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while impairment related to other factors is recognized in other comprehensive income. Additionally, the FSP expands and increases the

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frequency of existing disclosures about other-than-temporary impairments for debt and equity securities. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Through the period ended March 31, 2009, the Corporation recognized cumulative other-than-temporary pre-tax impairment charges reported in 2008 and the first quarter of 2009 totaling $959 thousand for various securities. The Corporation adopted the FSP effective April 1, 2009 and reversed pre-tax $402 thousand for the non-credit portion of the cumulative OTTI charge. The adoption was recognized as a cumulative effect adjustment that increased retained earnings and decreased accumulated other comprehensive income $247 thousand, net of tax of $155 thousand, as of April 1, 2009. As a result of implementing the new standard, the amount of OTTI recognized in income for the three month period ending June 30, 2009 was $488 thousand, net of tax. Had the standard not been issued, the amount of OTTI that would have been recognized in income for the period would have been $905 thousand, net of tax.

In April 2009, the FASB issued Staff Position (FSP) No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset and Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants. The FSP provides a number of factors to consider when evaluating whether there has been a significant decrease in the volume and level of activity for an asset or liability in relation to normal market activity. In addition, when transactions or quoted prices are not considered orderly, adjustments to those prices based on the weight of available information may be needed to determine the appropriate fair value. The FSP also requires increased disclosures. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. The adoption of this FSP at June 30, 2009 did not have a material impact on the results of operations or financial position.

In April 2009, the FASB issued FSP No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*. This FSP amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies that were previously only required in annual financial statements. This FSP is effective for interim reporting periods ending after June 15, 2009. The adoption of this FSP at June 30, 2009 did not have a material impact on the results of operations or financial position as it only required disclosures which are included in Note 4.

4. Fair Value

Statement 157 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1:

Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2:

Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3:

Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of securities available for sale are usually determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs), or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific

securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

The Corporation's investment in collateralized debt obligations consisting of pooled Trust Preferred Securities which are issued by financial institutions were historically priced using Level 2 inputs. The decline in the level of observable inputs and market activity in this class of investments at the measurement date has been significant and resulted in unreliable external pricing. Broker pricing and bid/ask spreads, when available, has varied widely. The once active market has become comparatively inactive. As a result, these investments are now priced using Level 3 inputs.

The Corporation has developed an internal model for pricing these securities. Information such as historical and current performance of the underlying collateral, deferral/default rates, collateral coverage ratios, break in yield calculations, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual issuing financial institutions, are utilized in determining individual security valuations. Discount rates were utilized along with the cash flow projections in order to calculate an appropriate fair value. These discount rates were calculated based on industry index rates and adjusted for various credit and liquidity factors. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market volatility.

The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals and collateral evaluations. The appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Assets and liabilities measured at fair value under SFAS No. 157 on a recurring basis are summarized below:

		Fair Value Measurement at June 30, 2009 Using		
Financial Assets:	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Obligations of U.S. Government and U.S. Government sponsored enterprises	$52,795,604	$ 2,539,843	$ 50,255,761	$ -
Mortgage-backed securities	99,257,333	-	99,257,333	-
Obligations of states and political subdivisions	27,878,417	-	27,878,417	-
Trust Preferred securities	2,624,150	-	1,300,000	1,324,150
Corporate bonds and notes	11,611,133	-	11,611,133	-
Corporate stocks	4,877,687	4,159,109	718,578	-
Total available for sale securities	$199,044,324	$ 6,698,952	$191,021,222	$1,324,150

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Financial Assets:	Carrying Value	Fair Value Measurement at December 31, 2008 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Obligations of U.S. Government and U.S. Government sponsored enterprises	$61,543,499	$ 5,512,500	$ 56,030,999	$ -
Mortgage-backed securities	102,932,724	-	102,932,724	-
Obligations of states and political subdivisions	16,419,984	-	16,419,984	-
Trust Preferred securities	3,285,000			