

Chemung Tobacco Asset Securitization Corporation
2009 Annual Report
March 9, 2010

This report is being submitted in compliance with the Public Authorities Accountability Act of 2005 (Chapter 766 of the Laws of 2005). It is not intended to be a substitute for or to replace the Chemung Tobacco Asset Securitization Corporation's (herein referred to as either "CTASC" or the "Corporation") financial statements prepared as of December 31, 2009.

1. Operations and Accomplishments:

The Corporation received sufficient Tobacco Settlement Revenues (TSR's) to make a \$235,000 principal payment on the Series 2000 Bonds.

2. The Corporation's revenues and expenditures for December 31, 2009 which will be reported in its 2009 financial statements are as follows:

Revenues	
Tobacco settlement proceeds	\$ 748,090
Interest and investment income	261
Total revenues	<u>748,351</u>
 Expenses	
Administrative fees	10,650
Amortization expense	11,001
Bank fees	40
Insurance expense	7,589
Interest expense	429,791
Investment fees	6,765
Professional fees	6,250
Utilities	1,010
Total expenses	<u>473,096</u>
 Increase In Net Assets	 <u>\$ 275,255</u>

3. The Corporation's assets and liabilities for December 31, 2009 which will be reported in its 2009 financial statements are as follows:

Assets	
Cash and cash equivalents	\$ 54,273
Tobacco settlement proceeds receivable	710,142
Restricted cash - liquidity reserve	648,254
Restricted cash - trapping reserve	378,249
Restricted securities - held in trust	-
Unamortized bond issuance costs	<u>168,601</u>
 Total	 <u>\$ 1,959,519</u>
 Long-Term Liabilities	
Accounts payable	80
Bonds payable	<u>6,398,438</u>
 Total Liabilities	 <u>6,398,518</u>
 Net Deficit	
Unrestricted net assets	<u>(4,438,999)</u>
 Total	 <u>\$ 1,959,519</u>

4. The bonds payable of the Corporation for December 31, 2009 as reported in its 2009 financial statements are as follows:

The bonds were issued on December 7, 2000 as part of the New York State Counties Tobacco Trust/Tobacco Settlement Pass-Through Bond Series 2000. Face value of the bonds issued was \$8,090,000. The bonds were sold at a discount of \$116,695, for a net issue price of \$7,973,305. The discount will be amortized over the maturity period of the bonds. The weighted average maturity period of the bonds is 15.914 years with a final maturity date of December 31, 2025. Interest on the bonds ranges from 5.000% to 6.625%. In the event sufficient funds are not available to meet maturities, rated maturity dates will be used to extend the maturity schedule of the bonds. As of December 31, 2009 and 2008 the face value of the bonds was \$6,470,000 and \$6,705,000 with remaining discount of \$71,563 and \$76,250, respectively.

Bonds payable consist of the following at December 31, 2009:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 265,000	\$ 409,759	\$ 674,759
2011	270,000	393,359	663,359
2012	285,000	376,321	661,321
2013	300,000	358,271	658,271
2014	315,000	338,971	653,971
2015 - 2019	2,010,000	1,350,941	3,360,941
2020 - 2024	2,965,000	532,198	3,497,198
2025	60,000	1,987	61,987
	<u>\$ 6,470,000</u>	<u>\$ 3,761,807</u>	<u>\$ 10,231,807</u>

The cost of issuing the bonds has been capitalized and is reported on the statement of financial position as unamortized bond issuance costs. Amortization of the costs, using the effective interest method, is as follows:

	<u>2009</u>	<u>2008</u>
Bond issuance cost	\$ 275,016	\$ 275,016
Accumulated amortization	<u>(106,415)</u>	<u>(95,414)</u>
Unamortized bond issuance costs	<u>\$ 168,601</u>	<u>\$ 179,602</u>

5. The Corporation's compensation schedule:

No salary or compensation was paid to any officer or director of the Corporation during 2009. The Corporation did not have any paid employees in 2009.

6. Projects undertaken by the Corporation during 2009:

The Corporation did not undertake any projects during 2009.

7. Real property owned and or disposed of by the Corporation:

The Corporation did not own or sell any real property during 2009 and does not currently own any real property.

8. Assessment of the effectiveness of the Corporation's internal control structure and procedures:

The financial statements of CTASC for the year ended December 31, 2009 are the responsibility of management. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Financial information contained elsewhere in this annual report is consistent with the financial statements.

CTASC has established an internal control structure. The objectives of an internal control structure are to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization and recording of transactions, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management and the independent auditors.

CTASC financial statements are currently being audited by EFP Rotenberg, LLP, independent auditors. The audit is in process at the date of this report. Management has made available to EFP Rotenberg, LLP all the financial records and related data of CTASC, as well as providing access to all the minutes of the meetings of the Board of CTASC. The role of the auditors is to provide an independent review of management's responsibility to present fairly in the financial statements the financial position, changes in its financial position and cash flows in accordance with accounting principles generally accepted in the United States of America.

The independent audit includes a review of the internal control structure, tests of accounting records, and other procedures which the independent auditors consider necessary in order to express an opinion on the fairness of the presentation of the financial statements.

Karen Miner
President/CEO

Jennifer Furman
Treasurer/CFO

**CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER
AND THE CHIEF FINANCIAL OFFICER**

CHEMUNG TOBACCO ASSET SECURITIZATION CORPORATION

The undersigned, being the duly appointed chief executive officer and chief fiscal officer of the Chemung County Tobacco Asset Securitization Corporation (the "Corporation"), hereby certify, pursuant to subdivision 3 of Section 2800 of the Public Authorities Law, as follows:

The financial information provided within the Annual Report of the Corporation, dated as of March 9, 2010, is accurate, correct, and does not contain any untrue statement of material fact. The Annual Report does not omit any material fact which, if omitted, would cause the report to be misleading in light of the circumstances under which the report and any such statements made therein are made. The Annual Report fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in said report.

The Annual Report is hereby approved.

IN WITNESS WHEREOF, the undersigned chief executive officer and chief fiscal officer have executed this Certificate as of the 9 day of March, 2010.

Karen Miner
President/CEO

Jennifer Furman
Treasurer/CFO