INDEPENDENT ACCOUNTANTS’ REPORT ON INVESTMENT COMPLIANCE WITH SECTION 201.3 OF TITLE TWO OF THE OFFICIAL COMPILATION OF CODES, RULES AND REGULATIONS OF THE STATE OF NEW YORK

To the Board of Directors
Chemung Tobacco Asset Securitization Corporation
Elmira, New York

We have examined Chemung Tobacco Asset Securitization Corporation’s (the Corporation), a component unit of the County of Chemung, New York, compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York (Section 201.3) during the year ended December 31, 2018. Management is responsible for the Corporation’s compliance with those requirements. Our responsibility is to express an opinion on the Corporation’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about the Corporation’s compliance with the specified requirements referenced above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation’s compliance with Section 201.3.

In our opinion, the Corporation complied, in all material respects, with the requirements of Section 201.3 for the year ended December 31, 2018.

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2019, in which we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws and regulations that have a material effect on the Corporation’s compliance with Section 201.3 and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Corporation complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Corporation’s management, the Governing Board, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC
EFPR Group, CPAs, PLLC
Corning, New York
March 15, 2019
The following represents the annual investment report as required by Section 2925 of Public Authorities Law:

**Permitted Investments**

Pursuant to GML Section 11, the Agency is authorized to invest moneys not required for immediate expenditures for terms not to exceed its projected cash flow needs in the following type of investments:

- Obligations of the United States of America;
- Obligations guaranteed by the United States of America where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Special time deposit accounts;
- Certificates of deposit;
- Obligations of public authorities, public housing authorities, urban renewal agencies, and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments; and
- Obligations issued pursuant to New York State Local Finance Law Section 24.00 and 25.00 (with approval of the New York State Comptroller) by any municipality, school district or district corporation other than the Corporation.
- Eligible investments, as defined in the Indenture between the Corporation and Manufacturers and Traders Trust Company, as Trustee as amended from time to time.

**Amendments Made to Investment Guidelines**

None

**Safeguards**

Eligible securities used for collateralizing deposits shall be held by a third party bank, trust company or trust department of the bank subject to security and collateral agreements at the discretion of the Corporation.

The security and custodial agreements shall provide that securities held by the bank or trust company or agent of and custodian for, the Corporation, will be kept separate and apart from the general assets of the custodial bank or trust company.

The security and collateral agreement shall provide that eligible securities are being pledged to secure the Corporation deposits and investments together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

**Authorized Financial Institutions and Dealers**

It is the policy of the Corporation to diversify its deposits and investments by financial institutions, by investment instrument, and by maturity scheduling.

**Provisions for Reporting on Investments**

The Corporation retains an independent accountant to provide an examination report of all investment practices on an annual basis.
Fees Related to Investment Service

The Corporation paid $9,553 in fees related to investment services for the year ended December 31, 2018.

Investments

Investments included Federal Home Mortgage Corporation Zero Coupon Bonds amounting to $655,213 as of December 31, 2018.
INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE ANNUAL INVESTMENT
REPORT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Chemung Tobacco Asset Securitization Corporation
Elmira, New York

We have examined, in accordance with the attestation standards established by the American Institute of Certified
Public Accountants and standards applicable to attestation engagements contained in Government Auditing
Standards issued by the Comptroller General of the United States, the annual investment report of the Chemung
Tobacco Asset Securitization Corporation, as of and for the year ended December 31, 2018, and have issued our

Internal Control Over Financial Reporting

In planning and performing our examination of the annual investment report, we considered the Chemung Tobacco
Asset Securitization Corporation's internal control over financial reporting (internal control) to determine the
examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the
annual investment report, but not for the purpose of expressing an opinion on the effectiveness of the Chemung
Tobacco Asset Securitization Corporation's internal control. Accordingly, we do not express an opinion on the
effectiveness of the Chemung Tobacco Asset Securitization Corporation's internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chemung Tobacco Asset Securitization
Corporation's annual investment report is free from 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 annual investment report amounts. However, providing an
opinion on compliance with those provisions was not an objective of our examination, 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 Corporation's internal control or on
compliance. This report is an integral part of an examination performed in accordance with Government Auditing
Standards in considering the Corporation's internal control and compliance. Accordingly, this communication is not
suitable for any other purpose.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
March 15, 2019