

Chemung Tobacco Asset Securitization Corporation
2011 Annual Report
March 5, 2012

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, 2011.

1. Operations and Accomplishments:

The Corporation did not receive sufficient Tobacco Settlement Revenues (TSR's) to make the required principal payments of \$270,000 on the Series 2000 Bonds. Principal payments of \$130,000 were made during the year ended December 31, 2011. The unpaid principal of \$140,000 will be added to the require maturities for the year ended December 31, 2012. Original principal payments scheduled for December 31, 2012, amounted to \$285,000.

2. The Corporation's revenues and expenditures for December 31, 2011, which will be reported in its 2011 financial statements are as follows:

Revenues	
Tobacco settlement proceeds	\$ 592,896
Interest and investment income	<u>105</u>
Total revenues	<u>593,001</u>
Expenses	
Administrative fees	10,000
Amortization expense	10,176
Insurance expense	5,020
Interest expense	402,084
Investment fees	12,390
Professional fees	<u>6,250</u>
Total expenses	<u>445,920</u>
Change in Net Deficit	\$ <u>147,081</u>

3. The Corporation's assets and liabilities for December 31, 2011, which will be reported in its 2011 financial statements are as follows:

Assets	
Cash and cash equivalents	\$ 103,254
Tobacco settlement proceeds receivable	728,841
Restricted cash - liquidity reserve	648,254
Unamortized bond issuance costs - net	<u>148,249</u>
Total Assets	\$ <u>1,628,598</u>
Liabilities	
Bonds payable - net	\$ <u>6,012,109</u>
Net Deficit	
Unrestricted net deficit	<u>(4,383,511)</u>
Total Liabilities and Net Deficit	\$ <u>1,628,598</u>

4. The bonds payable of the Corporation for December 31, 2011, as reported in its 2011 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%. The repayment schedule is based on the flexible amortization payments which accelerates the maturity date. 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.

During the year ended December 31, 2011, sufficient funds were not available to meet maturities, therefore, principal payments only amounted to \$130,000 for the year ended December 31, 2011. Required maturities for the year ended December 31, 2011, called for \$270,000 in principal payments. The unpaid principal of \$140,000 will be added to the require maturities for the year ended December 31, 2012. At December 31, 2011 and 2010, the face value of the bonds was \$6,075,000 and \$6,205,000 with remaining discount of \$62,891 and \$67,241, respectively.

Bonds payable consist of the following at December 31, 2011:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 425,000	\$ 380,696	\$ 805,696
2013	300,000	358,271	658,271
2014	315,000	338,971	653,971
2015	325,000	318,624	643,624
2016	355,000	296,849	651,849
2017 - 2021	2,415,000	1,064,940	3,479,940
2022 - 2025	<u>1,940,000</u>	<u>204,713</u>	<u>2,144,713</u>
	<u>\$ 6,075,000</u>	<u>\$ 2,963,064</u>	<u>\$ 9,038,064</u>

The cost of issuing the bonds has been capitalized and is reported on the statements of financial position as unamortized bond issuance costs. Amortization of the costs, using the effective interest method, is as follows as of December 31:

	<u>2011</u>	<u>2010</u>
Bond issuance cost	\$ 275,016	\$ 275,016
Accumulated amortization	<u>(126,767)</u>	<u>(116,591)</u>
Unamortized bond issuance costs	<u>\$ 148,249</u>	<u>\$ 158,425</u>

5. The Corporation's compensation schedule:

No salary or compensation was paid to any officer or director of the Corporation during 2011. The Corporation did not have any paid employees in 2011.

6. Projects undertaken by the Corporation during 2011:

The Corporation did not undertake any projects during 2011.

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

The Corporation did not own or sell any real property during 2011 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, 2011, 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.

Thomas J. Santulli
President/CEO

Joseph E. Sartori
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:

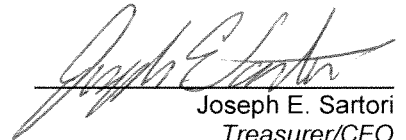
The financial information provided within the Annual Report of the Corporation, dated as of March 5, 2012, is accurate, correct, and does not contain any untrue statement of material fact. The Annual Report does not omit any material fact which, if omitted, would cause the report to be misleading in 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 5 day of March, 2012.



Thomas J. Santulli
President/CEO



Joseph E. Sartori
Treasurer/CFO