

Genesee Tobacco Asset Securitization Corporation
2015 Annual Report
March 28, 2016

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 Genesee Tobacco Asset Securitization Corporation's (herein referred to as either "GTASC" or the "Corporation") financial statements prepared as of December 31, 2015.

1. Operations and Accomplishments.

The Corporation received sufficient Tobacco Settlement Revenues (TSRs) to make principal payments of \$50,000 on the Series 2005 bonds.

2. The Corporation's revenues and expenditures for December 31, 2015, which will be reported in its 2015 financial statements are as follows:

Revenues

Tobacco settlement revenue	\$ 1,450,238
Interest income	<u>462</u>
Total revenues	<u>1,450,700</u>

Expenses

Accretion	455,306
Insurance expense	4,743
Interest expense	709,050
Legal and professional services	10,100
Miscellaneous expense	10,327
Rent	1,766
Transfer to County	-
Utilities	<u>43</u>
Total expenses	<u>1,191,335</u>

Change in Net Position	\$ <u>259,365</u>
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3. The Corporation's assets and liabilities for December 31, 2015, which will be reported in its 2015 financial statements are as follows:

Assets	
Cash and cash equivalents	\$ 221,571
Tobacco settlement proceeds receivable	649,000
Prepaid insurance	6,587
Restricted cash - liquidity reserve	<u>928,301</u>
Total Assets	\$ <u>1,805,459</u>
Current Liabilities	
Accounts payable	\$ 1,814
Current portion of bonds payable	295,000
Accrued interest payable	<u>83,571</u>
Total current liabilities	<u>380,385</u>
Long-Term Liabilities	
Accretion payable	3,401,826
Bonds payable	<u>15,604,376</u>
Total long-term liabilities	<u>19,006,202</u>
Total Liabilities	<u>19,386,587</u>
Net Position	
Restricted	1,798,872
Unrestricted	<u>(19,380,000)</u>
Total Net Position	<u>(17,581,128)</u>
Total Liabilities and Net Position	\$ <u>1,805,459</u>

4. The bonds payable of the Corporation for December 31, 2015, which will be reported in its 2015 financial statements are as follows:

The original purchase price for the County's future rights, title and interest in the TSRs was financed through the issuance of Series 2000 Bonds in the amount of \$10,154,624 with interest at rates ranging from 5.000% to 6.625%. The Series 2000 Bonds were advance refunded/defeased through the issuance of the Series 2005 Bonds. The Series 2005 Bonds are secured by a perfected security interest in, and pledge of, the Trust Estate, as defined in the Indenture, which includes, among other things, the TSRs and all investment earnings on amounts on deposit in the accounts established under the Indenture (collectively, the Collections). Among the accounts so established are the Liquidity Reserve Account and the Debt Service Account. The Corporation retains TSRs in an amount sufficient to service its debt and pay its operating expenses.

Bonds payable consist of the following at December 31, 2015:

Turbo Term Bonds - Redeemable in annual installments of various amounts beginning June 1, 2008 through June 1, 2027. Interest is payable in semi-annual installments at 6.000%.	\$ 730,000
Turbo Term Bonds - Redeemable in annual installments of various amounts beginning June 1, 2027 through June 1, 2041. Interest is payable in semi-annual installments at 6.650%.	5,400,000
Turbo Term Bonds - Redeemable in annual installments of various amounts beginning June 1, 2041 through June 1, 2042. Interest is payable in semi-annual installments at 5.000%.	3,925,000
Turbo Term Bonds - Redeemable in annual installments of various amounts beginning June 1, 2042 through June 1, 2045. Interest is payable in semi-annual installments at 5.000%.	2,530,000
Subordinate Turbo CABs - Redeemable in annual installments of various amounts beginning June 1, 2045 through June 1, 2050. This is a non-interest bearing bond.	784,054
Subordinate Turbo CABs - Redeemable in annual installments of various amounts beginning June 1, 2050 through June 1, 2055. This is a non-interest bearing bond.	674,386
Subordinate Turbo CABs - Redeemable in installments of estimates to begin on June 1, 2029 based upon the estimated collections of the payments under the MSA. Interest is accrued at 7.850%. Final payment of principal and accrued interest is due June 1, 2060.	<u>1,855,936</u>
Sub-total	15,899,376
Less, current portion	<u>(295,000)</u>
Long-term portion	<u>\$ 15,604,376</u>

Scheduled repayment of these obligations is currently estimated as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 295,000	\$ 1,051,928	\$ 1,346,928
2017	130,000	1,069,973	1,199,973
2018	210,000	1,087,525	1,297,525
2019	220,000	1,104,598	1,324,598
2020	235,000	1,123,320	1,358,320
2021 - 2025	1,140,000	5,979,613	7,119,613
2026 - 2030	1,000,000	6,850,348	7,850,348
2031 - 2035	2,200,000	8,173,125	10,373,125
2036 - 2040	3,110,000	10,215,852	13,325,852
2041 - 2045	4,045,000	13,433,798	17,478,798
2046 - 2050	784,054	18,974,310	19,758,364
2051 - 2055	674,386	27,884,724	28,559,110
2056 - 2060	<u>1,855,936</u>	<u>36,136,050</u>	<u>37,991,986</u>
Total	<u>\$ 15,899,376</u>	<u>\$ 133,085,164</u>	<u>\$ 148,984,540</u>

Required maturities for the Series 2005 Bonds represent the minimum amount of principal that the Corporation must pay as of the specific distribution dates in order to avoid a default. Turbo (accelerated) amortization payments are required to be made against outstanding principal providing that the Corporation receives sufficient TSRs to make the Turbo. The interest payment requirements shown above are based on the required principal maturity schedule and includes the accreted value portion of capital appreciation bonds in the year in which they are required to be redeemed. The schedule also assumes that the Series 2005C Bonds will be retired and replaced at their initial par value by Series 2010A Bonds, in accordance with the Indenture. These Series 2010A Bonds will be issued under a forward bond purchase contract and will have a maturity date of June 1, 2041 and an interest rate of 6.25%.

Under the terms of the Indenture, the Corporation is required to maintain certain deposits to fund debt service payments, if needed. In addition, the Corporation is subject to various debt covenants, including limitations on expenses/expenditures, and compliance with Trustee indenture agreement requirements. The Corporation was in compliance with all covenants and indenture agreement requirements at December 31, 2015.

The Corporation had liquidity reserves in the amount of \$928,301 at December 31, 2015 to fund debt payments on its bonds.

5. The Corporation's compensation schedule.

No salary or compensation was paid to any officer or director of the Corporation during 2015. The Corporation did not have any paid employees in 2015.

6. Projects undertaken by the Corporation during 2015.

The Corporation did not undertake any projects during 2015.

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

The Corporation did not own or sell any real property during 2015 and does not currently own any real property.

8. The Corporation's code of ethics as adopted and approved by the Board of Directors at its May 6, 2015 meeting is as follows:

No director, officer, or employee of the Corporation shall (1) accept other employment which shall impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which her or she has gained by reason of his or her official position of authority; (3) disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative of the Corporation with any business entity in which her or she has a direct or indirect financial interest that might reasonably tend to conflict with proper discharge of his or her official duties; (6) not, by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person; (7) abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest; and (8) endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

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

The financial statements of GTASC for the year ended December 31, 2015 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.

GTASC 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.

GTASC financial statements have been audited by EFPR Group, CPAs, PLLC, independent auditors. Management has made available to EFPR Group, CPAs, PLLC all the financial records and related data of GTASC, as well as providing access to all the minutes of the meetings of the Board of GTASC. 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 included a review of the internal control structure, tests of accounting records, and other procedures which the independent auditors considered necessary in order to express an opinion on the fairness of the presentation of the financial statements.

Scott D. German
Treasurer

Raymond F. Cianfrini
President

**CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER
AND THE CHIEF FINANCIAL OFFICER
OF GENESEE TOBACCO ASSET SECURITIZATION CORPORATION**

The undersigned chief executive officer and chief financial officer of Genesee Tobacco Asset Securitization Corporation, a local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, 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 Genesee Tobacco Asset Securitization Corporation (the "Corporation"), dated as of March 28, 2016, (the "Annual Report"), 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 the light of the circumstances under which the report and any such statements made therein are made. The Annual Report fairly represents 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 financial officer has executed this Certificate as of this 28th day of March, 2016.

Raymond F. Cianfrini
President

Scott D. German
Treasurer