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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Greene Tobacco Asset Securitization Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greene Tobacco Asset Securitization Corporation as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Greene Tobacco Asset Securitization Corporation's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (2015-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene Tobacco Asset Securitization Corporation's financial statements are 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit 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*.

Greene Tobacco Asset Securitization Corporation's Response to Findings

Greene Tobacco Asset Securitization Corporation's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Greene Tobacco Asset Securitization Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 28, 2016

GREENE TOBACCO ASSET SECURITIZATION CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2015

Finding 2015-1

Material Weakness in Internal Control Over Financial Reporting –Incorrect Reversal Entries and Failure to Record Additional Tobacco Receivables

Criteria:

Management should thoroughly review supporting documentation and applicable accounting requirements before reversing entries from the prior year and complete a reconciliation at year-end to identify any errors. Management should also research current events and possibly contact New York State authorities to determine if any occurrences outside of the Corporation's operations could impact the financial statements.

Condition:

During the audit, several adjustments were required to correct improper reversal entries and record additional tobacco receivables from the settlement of litigation against tobacco companies by New York State in 2015.

Cause:

There is currently no procedure in place to ensure that all necessary adjustments are recorded completely and accurately. There is also no procedure in place to ensure no external factors have a material or significant impact on the financial statements.

Effect or Potential Effect:

Non-routine audit adjustments were required during the audit as a result of management's improper reversal entries and failure to adequately research external factors affecting the financial statements.

Recommendation:

Management should work with their bookkeeper to determine if any adjusting entries posted are necessary and accurate. Management should also contact relevant New York State authorities to determine if there are any external factors that could have a material effect on the financial statements.

Responsible Official's Response:

Management has taken steps to meet with audit and bookkeeping staff in the near future. This meeting will assist management and bookkeeping staff in the review of accounting requirements. It will also aide in the determination of what adjusting entries are necessary from year to year and that the overall financial statements are accurate. Management and the board of directors will also update the Corporation's procedures to ensure relevant adjustments are recorded in a timely manner going forward.