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# CTASC

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## CHAUTAUQUA TOBACCO ASSET SECURITIZATION CORPORATION

Vincent W. Horrigan  
Susan Marsh  
John E. Anderson  
*Directors*

Darin Schulz  
*Executive Director*

To: Vincent W. Horrigan, Chautauqua County Executive  
Susan Marsh, Director of Finance  
John Anderson, Director  
Frank Gould, Chairman, County Legislature

From: Darin Schulz, CTASC Executive Director

Date: May 5, 2015

### ANNUAL REPORT FOR 2014

CTASC was formed on August 29, 2000 to securitize the tobacco settlement revenues due to Chautauqua County. Bonds were issued on September 15, 2000 in an amount of \$30,115,000. In 2005 Chautauqua County joined with other counties and issued an additional amount of bonds, \$9,476,371, based on the residual from the 2000 bond issue. On November 6, 2015 CTASC refunded the 2000 Series Bonds and the S4B tranche of the 2005 Series Bonds. The 2014 Senior Bond Principal was \$34,765,000 and the remaining 2005 Series Bond Principal is reduced to \$3,858,931.

#### **1. Operations and accomplishments during 2014**

During 2014 CTASC received tobacco settlement revenue of \$2,443,859.34 and paid debt service to bond holders in an amount of \$2,131,827.50. The actual operating expenses covering general and administrative expense and liability insurance were \$58,802.46. As stated in the introduction, the major accomplishment was the refunding of the 2000 Series Senior Bonds, the retirement of the 2005 Series S4B tranche and the subsequent issuance of the 2014 Series Senior Bonds. The transaction also provided for a dividend payable to Chautauqua County of \$600,000 to be used for capital purposes.

#### **2. Revenue and Expenses during 2014**

##### Revenue

Tobacco Settlement Revenue	\$2,443,859
Investment Income	<u>\$ 143,132</u>
Total Revenue	\$2,586,991

##### Expenses

General and Administrative	\$ 63,542
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Interest Expense	\$3,281,026
Bond Accretion	\$ 418,476
Bond Issuance Cost	<u>\$ 48,939</u>
Total Expenses	\$3,811,983

### **3. Assets and Liabilities at 12-31-14**

#### Assets

Restricted Cash and Cash Equivalents	\$ 186,537
Restricted Investments	\$ 2,270,873

Unamortized bond discounts	
Series 2005 turbo capital appreciation bonds	\$ 79,078,537
Unamortized bond issuance cost	<u>\$ 492,427</u>
Total assets	\$ 82,028,374

#### Liabilities

Bonds payable:	
Due and payable within one year	\$ 530,000
Due and payable after one year	\$ 34,325,000
Turbo capital appreciation bonds payable	<u>\$ 84,714,716</u>
Total liabilities	\$119,479,716

#### Deferred Inflows of Resources

Unavailable revenue – refinancing of debt	\$ 3,968,754
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#### Net Deficit

Restricted for debt service	\$ 2,270,873
Restricted for capital program	\$ 186,537
Deficit	<u>(\$43,877,506)</u>
Total Net Deficit	(\$41,420,096)

### **4. Schedule of Bonds and Notes Outstanding at 12-31-14**

Bonds Payable 2014 Issue	\$ 34,765,000
Bonds Payable 2005 Issue	<u>\$ 37,116,614</u>
Total Liabilities	\$ 71,881,614

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**5. Compensation Schedule for Officers, Directors or Employees with Salaries in Excess of \$100,000**

None

**6. Project Undertaken During 2014**

None

**7. Real Property Having and Estimated FMV in Excess of \$15,000**

None (No additions or depositions of such property during the year)

**8. Code of Ethics**

CTASC has adopted the code of ethics utilized by the County of Chautauqua

**9. Assessment of the Effectiveness of Internal Control Structure and Procedures**

The internal control structure is effective. In accordance with the New York State Public Authorities Accountability Act CTASC established an audit committee of the Board of Directors in 2006 and periodically review CTASC bank statements and accounts. An audit report covering 2014 was issued by Johnson, Mackowiak and Associates, LLP in May 2015.

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### CERTIFICATION OF ANNUAL REPORT

The 2014 Annual Report of CTASC was approved by the Board of Directors of CTASC by Resolution dated March 12, 2014. It is hereby certified by the undersigned that based on our knowledge:

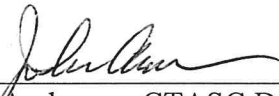
- a) The information provided in the 2014 Annual Report is accurate, correct and does not contain any untrue statement of material fact;
- b) Does not omit any material fact which, if omitted, would cause the financial statements to be untrue; and
- c) Fairly presents in all material respects, the financial condition and results of operations of the authority as of, and for the periods presented in the financial statements.



Vincent W. Horrigan, CTASC President



Susan Marsh, CTASC Treasurer



John Anderson, CTASC Director

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### Chautauqua Tobacco Asset Securitization Corporation ("CTASC")

#### Resolution of the Board of Directors March 12, 2015

WHEREAS, the New York State Legislature has enacted the Public Authorities Accountability Act of 2005 ("the Act"), and CTASC is deemed a "local authority" under the provisions of the Act, and

WHEREAS, the Act requires local authorities such as CTASC to adopt and submit an annual report to the New York State Authority Budget Office, therefore be it

RESOLVED, that the Board of Directors of CTASC hereby approves the 201~~3~~<sup>4</sup> Annual Report prepared by and Darin R. A. Schulz, and authorizes submission of the annual report to the New York State Authority Budget Office.

Approved: \_\_\_\_\_

  
Vincent W. Horrigan, CTASC President

Approved: \_\_\_\_\_

  
Susan Marsh, CTASC Treasurer

Approved: \_\_\_\_\_

  
John Anderson, CTASC Director