GREENE TOBACCO ASSET SECURITIZATION CORPORATION

(a blended component unit of Greene County, New York)

BASIC FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2014

GREENE TOBACCO ASSET SECURITIZATION CORPORATION
(a blended component unit of Greene County, New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Greene Tobacco Asset Securitization Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Greene Tobacco Asset Securitization Corporation (a blended component unit of Greene County, New York) (the "Corporation"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Greene Tobacco Asset Securitization Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Greene Tobacco Asset Securitization Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Greene Tobacco Asset Securitization Corporation, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

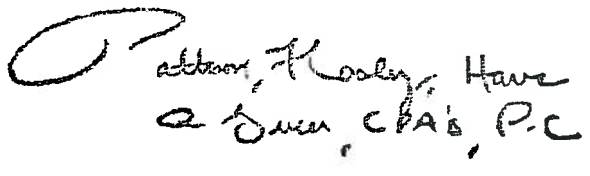
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted budgetary comparison schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015 on our consideration of Greene Tobacco Asset Securitization Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greene Tobacco Asset Securitization Corporation's internal control over financial reporting and compliance.



Catskill, New York
March 25, 2015

1. Introduction:

Within this section of the Greene Tobacco Asset Securitization Corporation (the Corporation's) financial statements, the Corporation's management provides narrative discussion and analysis of the financial activities of the Corporation for the year ended December 31, 2014. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements for the year ended December 31, 2014.

2. Overview of the Financial Statements:

The Corporation's basic financial statements include: (1) financial statements, and (2) notes to the financial statements.

A. Financial Statements

The Corporation's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the GASB. The Corporation is structured as a single debt service fund. See notes to the financial statements for a summary of the Corporation's significant accounting policies.

The *Statement of Net Position and Governmental Fund Balance Sheet* present information on the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Corporation's financial position.

The *Statement of Revenues, Expenses, and Change in Net Position and Governmental Fund Revenues, Expenditures and Change in Fund Balance* present information showing how the Corporation's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

B. Notes to Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

3. Financial Highlights:

The Corporation's net position decreased by $94,854 primarily due to interest costs incurred on the two bond series in excess of tobacco settlement revenue earned. Of the interest accrued in 2014 of $274,069, $90,261 is the accrued interest amount on the 2005 Trust IV variable rate bonds. The remaining $185,178 is the accrued interest on the 2005 Trust V variable bonds to be paid in the future when the 2005 Trust IV variable bonds are paid in full. No new bonds were issued during 2014.

4. Financial Statement Analysis:

Below is a comparative summary of the Corporation's Statement of Net Position as of December 31:

	2014	2013
Assets	$ 1,342,724	$ 1,353,508
Liabilities	13,693,976	13,609,906
Net position	(12,351,252)	(12,256,398)
Total liabilities and net position	$ 1,342,724	$ 1,353,508

As of December 31, 2014 and 2013, tobacco settlement receivables made up 46% and 45% of total assets, respectively, and restricted investments held by fiscal agent made up 50% and 49% of total assets, respectively. Current liabilities are comprised of the current portion of bonds payable, accrued interest on the variable rate bonds and accounts payable for administrative fees. Long-term liabilities comprised 99% of total liabilities as of December 31, 2014 and 2013. Net position decreased in 2014 and 2013 by $94,854 and $172,807, respectively.

	2014	2013
General revenues		
Other financing sources		
Administrative fee income	$ 6,577	$ 6,577
Interest and dividend income	5	92
Tobacco settlement revenue	679,544	588,689
Total general revenues	686,126	595,358
General expenditures	(780,980)	(768,165)
Total general expenditures in excess of revenues	(94,854)	(172,807)
Net position at the beginning of the year	(12,256,398)	(12,083,591)
Net position at the end of the year	$ (12,351,252)	$ (12,256,398)

Tobacco settlement revenue comprised 99% of total general revenues for the year ended December 31, 2014 and 2013, respectively. Tobacco settlement revenue increased by $90,855 or 15.4% in 2014 compared to 2013. General expenditures increased by $12,815 or 1.7% in 2014 compared to 2013. Interest expenses comprised 96% of total general expenditures during the years ended December 31, 2014 and 2013, respectively. Interest expense increased $12,708 or 1.7% in 2014 compared to 2013.

5. Additional Information:

This report is prepared for the use of Greene Tobacco Asset Securitization Corporation's board of directors, management, federal awarding agencies and pass through entities and members of the public interest in the affairs of the Corporation. Questions with regards to this financial report or requests for additional information may be addressed to the Deputy Treasurer, Greene Tobacco Asset Securitization Corporation, 411 Main Street, Catskill, NY 12414.

GREENE TOBACCO ASSET SECURITIZATION CORPORATION
(a blended component unit of Greene County, New York)
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2014

	Debt Service Fund and Total Governmental Funds	Full Accrual Adjustments	Statement of Net Position
ASSETS			
Current assets:			
Cash and cash equivalents	$ 55,804	$ -	$ 55,804
Prepaid insurance	-	4,500	4,500
Tobacco settlement receivables	613,750	-	613,750
Total current assets	669,554	4,500	674,054
Noncurrent assets:			
Restricted investments held by fiscal agent	668,670	-	668,670
Total noncurrent assets	668,670	-	668,670
Total assets	$ 1,338,224	$ 4,500	$ 1,342,724
LIABILITIES			
Current liabilities:			
Accounts payable	$ -	$ 4,000	$ 4,000
Interest payable	-	40,139	40,139
Bonds payable, current portion	-	115,000	115,000
Total current liabilities	-	159,139	159,139
Long-term liabilities:			
Bonds payable, net of current portion	-	13,534,837	13,534,837
Total long-term liabilities	-	13,534,837	13,534,837
Total liabilities	-	13,693,976	13,693,976
FUND BALANCE/NET POSITION			
Fund Balance:			
Assigned	55,804	(55,804)	-
Restricted for debt service	1,282,420	(1,282,420)	-
Total fund balance	1,338,224	(1,338,224)	-
Total liabilities and fund balance	$ 1,338,224		
Net Position:			
Restricted for debt service		(13,689,476)	(12,351,252)
Total net position		(13,689,476)	(12,351,252)
Total liabilities and net position		$ 4,500	$ 1,342,724

See independent auditors' report and notes to financial statements.

GREENE TOBACCO ASSET SECURITIZATION CORPORATION
(a blended component unit of Greene County, New York)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year ended December 31, 2014

	Debt Service Fund and Total Governmental Funds	Full Accrual Adjustments	Statement of Revenues, Expenses and Change in Net Position
General revenues:			
Other financing sources			
Administrative fee income	$ 6,577	$ -	$ 6,577
Interest and dividend income	5	-	5
Tobacco settlement revenue	679,544	-	679,544
Total general revenues	686,126	-	686,126
General expenditures/expenses:			
Other financing uses			
Interest	477,938	274,069	752,007
Debt service principal payments	190,000	(190,000)	-
Professional fees - Officers	4,000	-	4,000
Professional fees - Legal	5,000	-	5,000
Professional fees - Audit	5,250	-	5,250
Administrative fees - Other	675	-	675
Trustee fees	9,328	-	9,328
Insurance	5,147	(427)	4,720
Total expenditures/expenses	697,338	83,642	780,980
Change in fund balance/net position	(11,212)	(83,642)	(94,854)
Fund balance/net position, beginning of year, as adjusted	1,349,436	(13,605,834)	(12,256,398)
Fund balance/net position, end of year	$ 1,338,224	$ (13,689,476)	$ (12,351,252)

See independent auditors' report and notes to financial statements.

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1. Summary of Significant Accounting Policies:

Organization:

Greene Tobacco Asset Securitization Corporation (GTASC) was incorporated October 17, 2000 as a local development corporation by the County of Greene, New York (the County) under the provisions of Section 1411 of the New York State Not-For-Profit Corporation Law and as a Public Authority they are subject to the Public Authority Accountability Act of 2005. Its purpose is to issue bonds securitized solely from County Tobacco Settlement Revenues under the Master Settlement Agreement dated November 23, 1998, purchased from the County under the Purchase and Sale Agreements dated October 15, 2000, August 25, 2005, and November 25, 2005 and to forward to the County the net proceeds from the bond issuance. GTASC paid off the 2000 bond series during 2005 through a debt reconstructive plan. The plan involved selling a 2005 bond series. In compliance with GASB Technical Bulletin No. 2004-1 the Corporation is treated as a blended component unit of the County.

General:

The accompanying general purpose financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America for governments as prescribed by Governmental Accounting Standards Board (GASB) which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

Measurement, Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are considered measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within one year after the end of the current fiscal period. The Corporation applies GASB Technical Bulletin No. 2004-1 "Tobacco Settlement Recognition and Financial Report Entity Issues" and recognizes tobacco settlement revenue when the event giving rise to recognition (i.e., the domestic shipment of cigarettes) occurs. Expenditures generally are recorded when a liability is incurred.

1. Summary of Significant Accounting Policies (Continued):

Measurement, Focus, Basis of Accounting, and Financial Statement Presentation (continued):

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and tobacco settlement rights not included among program revenues are reported as general revenues. The Corporation has no program revenues.

In addition to the government-wide financial statements, the Corporation has prepared financial statements for the Corporation's only governmental fund. Governmental fund financial statements continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting of the fund financial statement is similar to what previously could have been presented in the Corporation's financial statements, although the format of the financial statements has been modified in accordance with requirements of GASB Statement No. 34. Due to the single purpose nature of the activities of the Corporation, the government-wide and fund financial statements have been presented together with an adjustments column reconciling the differences.

The Corporation reports one governmental fund - the Debt Service Fund. As a blended component unit of Greene County, New York, the Debt Service Fund is combined into the Governmental funds of Greene County, New York. When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Under the full accrual basis, the Corporation is required to report the full amount of the bonds outstanding, however, cannot recognize the tobacco settlement revenue to be received in the future. The future collection of tobacco settlement revenue (TSR) is dependent on many factors, including future cigarette consumption. As such, the future collection is not reasonably estimatable and is not recorded as an asset in either the government-wide financial statements or the governmental fund financial statements. This results in a significant deficit in net assets on the government wide financial statements.

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1. Summary of Significant Accounting Policies (Continued):

Deferred Outflows / Inflows of Resources:

GASB Statement No., 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Fund Balances:

The Corporation applies Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). GASB 54 focuses on the constraints imposed on resources in governmental funds.

Fund balance is now broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Corporation's Board is the decision-making authority that can, by passing a resolution prior to the end of the fiscal year, commit fund balance.

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

1. Summary of Significant Accounting Policies (Continued):

Fund Balances (continued):

Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Corporation spends funds in the following order: restricted, committed, assigned, unassigned.

The Corporation categorizes its only fund as a debt service fund because the only restriction that exists related to the tobacco revenue received is to service the outstanding debt. The majority of the Corporation's debt service fund equity is restricted for debt service. The amount of cash and cash equivalents and certificates of deposit are assigned to pay future operating expenditures.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Tax Status:

The Corporation is exempt from federal income tax under Section 115 (1) of the Internal Revenue Code and from state income tax under Section 1411 of the State Not-For-Profit Corporation Code.

Investments:

Under the GASB's authoritative guidance on accounting and financial reporting for investments, the Corporation reports investments at amortized cost in the statement of net position and governmental fund balance sheet as all investments are in commercial paper with maturity dates within one year. All investment income is reported as revenue in the statement of revenues, expenses, and change in net position and governmental fund revenues, expenditures and change in fund balance.

2. Cash and Cash Equivalents:

Cash includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date acquired by the Corporation. The carrying value of cash at December 31, 2014 was $55,804 and is fully covered by Federal Depository Insurance.

3. Restricted Investments Held By Fiscal Agent:

Investments held by the fiscal agent consist of a Liquidity Reserve, Issuance, Collection and Debt Service accounts.

The Liquidity Reserve Account, administered by a trustee, was established and initially funded from bond proceeds. This account serves as collateral for the Corporation's bonds and is used to pay interest and required amortization payments in the event the Corporation's defaults on the required annual principal and interest payments made from the Turbo and Debt Service accounts.

The Collection Account, administered by a trustee, serves to receive proceeds from tobacco companies under the Master Settlement Agreement. Funds are transferred to the Debt Service and Turbo Accounts to cover principal and interest payments, respectively. The Collection Account is also used to pay certain Trustee fees.

The Debt Service Account, administered by a trustee, serves to remit interest payments to bond service expenses.

The Turbo Account, administered by a trustee, serves to remit principal payments to bond holders.

Investments held by fiscal agents at year-end consisted of money market funds as follows:

August 2005 Series	
Liquidity Reserve	$ 648,556
Issuance Fund	13,716
Turbo	2,546
Debt Service	3,852
Total Restricted Investments Held By Fiscal Agent	$ 668,670

Money market funds were fully collateralized at year-end.

The Corporation's investment policy is to invest in high-quality investments with a yield not to exceed the yield on the Tobacco Asset Securitization Corporation (TASC) bonds. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation manages and attempts to minimize interest rate risk by investing in short-term investments that mature within one year, so that they can react to changing interest rates and invest in securities that provide the highest yield without exceeding interest rates on the TASC bonds.

4. Tobacco Settlement Receivable:

As purchaser of the County's Tobacco Assets under the Master Settlement's Agreement, per the Purchase and Sale Agreement dated August 25, 2005 and November 25, 2005 between the Corporation and the County, the Corporation obtained all right, title and interest, exclusive of the 100% Beneficial Interest in the Residual Trust, of the Tobacco Assets. Total available funds over the life of the bonds including earnings on the Liquidity Reserve less annual operating expense allocations estimated at $59.6 million at the bond issuance date are dependent upon numerous variables. These variables are identified in the Bond Offering Statement dated August 25, 2005 and November 25, 2005.

Collections of funds in excess of debt services requirements, should they occur, will be residual payments, the rights to which have been retained by the County.

The Tobacco Settlement Receivable of $613,750 as of December 31, 2014 consists of estimated revenue that will be received in 2015 for 2014 tobacco sales.

5. Bonds Payable:

On December 7, 2000, the Corporation issued $8,115,000 variable rate bonds. These bonds were part of the $227,130,000 New York Counties Tobacco Trust I, Tobacco Settlement Pass-Through Bonds, Series 2000. The Corporation's bonds consist of serial bonds maturing in the years 2002 through and including 2015, fixed term bonds maturing in the years 2016 through and including 2019 and flexible term bonds maturing in the years 2020 through and including 2042. The Corporation's bonds are secured by the Tobacco Settlement Revenues acquired from the County and by investment earnings on the Liquidity Reserve Account and on other accounts established under the bond agreement. The 2000 Bond Series was paid off in 2005.

On August 25, 2005, the Corporation issued $11,672,040 variable interest bonds. These bonds were part of the $414,798,208 New York Counties Tobacco Trust IV, Tobacco Settlement Pass-Through Bonds, Series 2005 N-151. The Corporation's bonds consist of $10,805,000 of current interest turbo bonds maturing in the years 2006 through and including 2045 and capital appreciation bonds of $867,040. There is no scheduled payment of principal or interest on the capital appreciation bonds in the required schedule. Interest accrues on the capital appreciation bonds and is not payable until the Corporation's bonds are paid in full. The Corporation's bonds are secured by the Tobacco Settlement Revenues acquired from the County and by investment earnings on the Liquidity Reserve Account and on other accounts established under the bond agreement. The payment of interest and principal on these bonds started in 2006. The optional schedule shown below assumes that $1,145,000 in additional principal payments will be made in 2015. It is more likely than not that the full amount will not be paid in 2015 and as a result the interest presented could be significantly higher.

5. Bonds Payable (Continued):

On November 29, 2005, the Corporation issued $1,204,040 in variable rate bonds. These bonds were part of the $199,375,348 New York Counties Tobacco Trust V, Tobacco Settlement Pass-Through Bonds, Series 2005 N-184. The Corporation's bonds consist of turbo bonds maturing in the years 2026 through and including 2060. The Corporation's bonds are collateralized by the Tobacco Settlement Revenues acquired from the County and by investment earning on the Liquidity Reserve Account and on other accounts established under the bond agreement. The projected start date for the payment of these bonds and interest is anticipated to start in the year 2026, when a portion of the August 2005 Series have been paid off.

August 2005 Series - Required Schedule

Year Ending	Principal	Interest
2015	$ -	$ 473,900
2016	-	473,900
2017	-	473,900
2018	55,000	472,731
2019	175,000	467,843
2020-2024	1,015,000	2,211,944
2025-2029	1,280,000	1,940,044
2030-2034	1,650,000	1,577,000
2035-2039	2,110,000	1,109,250
2040-2045	3,340,000	661,000
	9,625,000	9,861,512
Capital appreciation bonds	867,040	-
Prior year cumulative interest accrued on the capital appreciation bonds	569,501	-
Current year interest accrued on the capital appreciation bonds	89,576	-
	11,151,117	9,861,512
November 2005 Series (including accrued interest of $184,493 at December 31, 2014)	2,498,720	-
Payable at December 31, 2014	$ 13,649,837	$ 9,861,512

5. Bonds Payable (Continued):

August 2005 Series - Flexible Schedule (Optional)

Year Ending	Principal	Interest
2015	$ 1,735,000	$ 404,138
2016	430,000	383,750
2017	465,000	361,375
2018	595,000	334,875
2019	640,000	304,000
2020-2024	3,865,000	981,625
2025-2029	1,895,000	95,625
	9,625,000	2,865,388
Capital appreciation bonds 2045-2055	1,526,117	-
	11,151,117	2,865,388
November 2005 Series (see above)	2,498,720	-
Payable at December 31, 2014	$ 13,649,837	$ 2,865,388

It is mandatory for the Corporation to make payments according to the required schedule to meet its obligations to the bond holders; however an optional flexible amortization payment schedule for the 2005 Series allows for the bonds to be paid off in the year 2026. This accelerated payment schedule could significantly reduce total interest expense over the remaining life of the bonds and will be used by the Corporation as funding allows. The Corporation has been paying between the required and the flexible schedule in the past, and in 2014, the Corporation received more proceeds than were projected. This has resulted in the Corporation making a principal payment of $190,000 which followed the Flexible Schedule, and was greater than the required schedule by $80,000. New schedules were provided by Bond Logistix that have been adjusted to reflect the interest expense based on prior principal payments. The capital appreciation bonds increased by $89,576, from $1,436,541 to $1,526,117, due to interest.

6. Concentration of Risk:

The ability of the Corporation to make debt service payments on the TASC Bonds is contingent upon the receipt of TSRs. TSR payments may vary based on inflation adjustments, volume of cigarette sales adjustments, litigation adjustments from non-settling states, offsets for miscalculated or disputed payments, federal tobacco legislation offsets, litigation releasing party offsets, and offsets for claims over the amounts of the award.

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7. Annual Operating Income and Expense Allocation:

A corporate annual operating expense allocation has been established and will be funded by collections received under the Master Settlement Agreement. Future allocations will be adjusted for inflation and capped at that adjusted amount. The allocation received each year is considered administrative income and is used by the Corporation to pay operating expenses.

8. Related Organizations:

County of Greene, New York

The Corporation was formed by the County as an instrumentality of the County. The majority of the Corporation's Board of Directors consist of County officials. The Corporation is treated as a blended component unit of the County, as defined by Government Accounting Standards Board (GASB) Bulletin No. 2004-1 because the County appoints the voting majority of the Tobacco Settlement Authority's (TSA's) governing board and the TSA could provide specific financial benefits to the County.

New York Counties Tobacco Trust I

The Corporation is one of seventeen New York counties forming the New York Counties Tobacco Trust I (the Trust). The Trust was established to provide for the consolidation and sale of the seventeen TASC bonds. No TASC assets or revenues are available as security or as payment for any other TASC of the Trust.

9. Related Parties:

The Chief Executive Office and the Executive Fiscal Officer of the Corporation are also the County Attorney and the Director of Finance, respectively, for Greene County.

10. Contingencies:

The assets of the Corporation are not available to pay any creditor of Greene County. The bonds issued by the Corporation do not constitute a claim against the full faith, credit and taxing power of the General Fund of Greene County. The ability of the Corporation to meet debt service payments of bonds is contingent upon the receipt of Tobacco Settlement awards.

Currently a number of groups and organizations have initiated lawsuits against the Tobacco Securities that have passed the test of the lower courts and if these suits are successful they could have a detrimental effect on the current settlement arrangement that was initiated by the Corporation. These lawsuits, if successful, could have a major impact on the investors (bond holders) ability to continue to collect interest and principal payments. Due to the structure of the settlement and the bond sales, the Corporation has no liability if the settlement is rescinded in any way by the courts. A more detailed narrative can be found in the Administrative Agent Report issued by Bond Logistix, LLC (BLX) on November 30, 2011.

11. Subsequent Events:

Subsequent events have been evaluated through March 25, 2015, which is the date the financial statements were available to be issued.

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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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Greene Tobacco Asset Securitization Corporation as of and for the year ended December 31, 2014, 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 25, 2015.

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 opinions 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.*

We noted certain matters that we have reported to management of Greene Tobacco Asset Securitization Corporation in a separate letter dated March 25, 2015.

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, Flasley, Have
& Green, CPA's, P.C

Catskill, New York
March 25, 2015