

2023 ANNUAL REPORT
Onondaga Tobacco Asset Securitization Corporation

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 Onondaga Tobacco Asset Securitization Corporation's (herein referred to as either "OTASC" or the "Corporation") Financial Statements prepared as of December 31, 2023.

1. Operations and Accomplishments.
 The Corporation received sufficient Tobacco Settlement Revenues (the "TSRs") to make a \$2,780,000 principal payment against the NYCTT VI – 2016 bonds
2. The Corporation's revenues and expenditures for 2023 as reported in its 2023 Financial Statements are as follows:

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Primary Government:			
Governmental activities:			
General government support	131,085	-	(131,085)
Interest	<u>4,589,103</u>	<u>-</u>	<u>(4,589,103)</u>
Total governmental activities	<u>4,720,188</u>	<u>-</u>	<u>(4,720,188)</u>
General revenues:			
Interest earnings			426,863
Tobacco settlement revenue			7,201,070
Total general revenues			<u>7,627,933</u>
Change in net position			2,907,745
Net position – beginning			<u>(112,032,074)</u>
Net position – ending			<u>(109,124,329)</u>

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3. The Corporation's Assets and Liabilities as of December 31, 2023 as reported in its 2023 Financial Statements are as follows:

ASSETS

Cash and investments	<u>6,790,787</u>
Total assets	<u>6,790,787</u>

LIABILITIES

Accrued interest payable	379,416
Liabilities Due Within One Year	462,817
Liabilities Due After One Year	106,463,543

Total liabilities	<u>107,305,776</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred gain on refunding	8,609,340
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NET POSITION (DEFICIT)

Restricted for:	
Debt service	6,643,461
Unrestricted	<u>(115,767,790)</u>
Total net position (deficit)	<u>(109,124,329)</u>

**Amortization and bond discount included

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4. Bonds and notes of the Corporation outstanding as of December 31, 2023 are as follows:

	<u>Balance</u> <u>1/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable – Series 2005	4,963,972			4,963,972	
Bonds Payable – Series 2016	85,855,000		2,780,000	83,075,000	
Add: Bond Premium	7,524,407		462,817	7,061,590	462,817
Add: Accrete Interest	<u>10,732,203</u>	<u>1,093,595</u>	<u> </u>	<u>11,825,798</u>	
Net Long Term Debt	<u>109,075,582</u>	<u>1,093,595</u>	<u>3,242,817</u>	<u>106,926,360</u>	<u>462,817</u>

A. Series 2005 – This series S1, S2 and S4 was refunded/repurchased with NYCTT VI 2016 in September 2016. The Series 2005 S3 bonds are capital appreciation bonds, upon which the investment return on the principal is reinvested at a compounded rate until maturity. There are no scheduled principal and interest payments on these bonds other than their respective maturity dates, at which time a single payment is made representing principal and investment return. Such payments are as follows:

2024	1,169,789
2025	1,251,292
2026	1,338,473
2027	1,431,729
2028	1,531,482
2029-2033	9,414,629
2034-2038	13,184,344
2039-2043	18,463,491
2044-2048	25,856,463
2049-2053	36,209,657
2054-2055	<u>12,678,881</u>
Total Future Accretion	<u>122,530,230</u>

There are no scheduled principal and interest payments on this bond other than its maturity date, at which time a single payment is made representing principal and investment return. Such payment is as follows:

<u>Series</u>	<u>Principal</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
2005 S3	4,963,972	134,356,028	June 1, 2055	6.85%

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C. Series 2016-

The NYCTT VI Series 2016 bonds do not have required yearly principal payments but rather are due in full at maturity date. However, payments will be made on the principal as the yearly TSR payments are made to the Corporation. The Corporation presents the 2023 principal payment under the slow pay amortization schedule as the current portion of bonds payable on the Series 2016 bonds based on anticipated payments resulting from the TSR collections. The administrative agent, BLX Group, has calculated amortization schedules for both higher and lower TSR payments.

	<u>Total Principal</u>	<u>Total Interest</u>
2024		4,455,075
2025		4,455,075
2026	275,000	4,447,341
2027	1,855,000	4,387,434
2028	1,965,000	4,279,997
2029-2033	11,425,000	19,572,522
2034-2038	14,110,000	15,941,100
2039-2043	17,490,000	11,434,025
2044-2048	21,070,000	6,424,500
2049-2051	<u>14,885,000</u>	<u>1,138,375</u>
Total	<u>\$83,075,000</u>	<u>\$76,535,444</u>

5. The Corporation's compensation schedule.
No salary or compensation was paid to any officer or director of the Corporation during 2022. The Corporation did not have any paid employees in 2023.
6. Projects undertaken by the Corporation during 2023.
The Corporation did not undertake any projects during 2023.
7. Real property owned and or disposed of by the Corporation.
The Corporation did not own or sell any real property during 2023 and does not currently own any real property.
8. The Corporation's code of ethics is as follows:
This Code of Ethics shall apply to all officers and employees of the Onondaga Tobacco Asset Securitization Corporation. These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of the Authority's directors and employees and to preserve public confidence in the Authority's mission

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Responsibility of Directors and Employees

1. Directors and employees shall perform their duties with transparency, without favor and refrain from engaging in outside matters of financial or personal interest, including other employment, that could impair independence of judgment, or prevent the proper exercise of one's official duties.
2. Directors and employees shall not directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through the director's or employee's official position that could create any conflict between their public duties and interests and their private interests.
3. Directors and employees shall not accept or receive any gift or gratuities where the circumstances would permit the inference that: (a) the gift is intended to influence the individual in the performance of official business or (b) the gift constitutes a tip, reward, or sign of appreciation for any official act by the individual. This prohibition extends to any form of financial payments, services, loans, travel reimbursement, entertainment, hospitality, thing or promise from any entity doing business with or before the Authority.
4. Directors and employees shall not use or attempt to use their official position with the Authority to secure unwarranted privileges for themselves, members of their family or others, including employment with the Authority or contracts for materials or services with the Authority.
5. Directors and employees must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust.
6. Directors and employees may not engage in any official transaction with an outside entity in which they have a direct or indirect financial interest that may reasonably conflict with the proper discharge of their official duties.
7. Directors and employees shall manage all matters within the scope of the Authority's mission independent of any other affiliations or employment. Directors, including ex officio board members, and employees employed by more than one government shall strive to fulfill their professional responsibility to the Authority without bias and shall support the Authority's mission to the fullest.

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8. Directors and employees shall not use Authority property, including equipment, telephones, vehicles, computers, or other resources, or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law or policy and the Authority's mission and goals.
9. Directors and employees are prohibited from appearing or practicing before the Authority for two (2) years following employment with the Authority, consistent with the provisions of Public Officers Law.

Implementation of Code of Ethics

This Code of Ethics shall be provided to all directors and employees upon commencement of employment or appointment and shall be reviewed annually by the Governance Committee. The board may designate an Ethics Officer, who shall report to the board and shall have the following duties:

Confidentially counsel Authority directors and employees who seek advice about ethical behavior.

Receive and investigate complaints about possible ethics violations.

Dismiss complaints found to be without substance.

Prepare an investigative report of their findings for action by the Chief Executive Officer or the board.

Record the receipt of gifts or gratuities of any kind received by a director or employee, who shall notify the Ethics Officer within 48 hours of receipt of such gifts and gratuities.

Penalties

In addition to any penalty contained in any other provision of law, an Authority director or employee who knowingly and intentionally violates any of the provisions of this code may be removed in the manner provided for in law, rules or regulations.

Reporting Unethical Behavior

Employees and directors are required to report possible unethical behavior by a director or employee of the Authority to the Ethics Officer. Employees and directors may file ethics complaints anonymously and are protected from retaliation by the policies adopted by the Authority.

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

The financial statements of OTASC for the year ended December 31, 2023 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.

OTASC 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.

Bonadio & Co., LLP Certified Public Accountants have audited OTASC financial statements. Management has made available to Bonadio & Co. all the financial records and related data of OTASC, as well as providing access to all the minutes of the meetings of the Board of OTASC. 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.


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

The undersigned chief executive officer and chief financial officer of Onondaga 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:

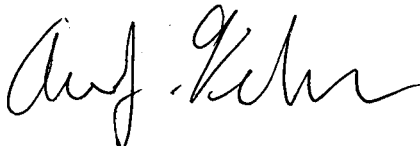
The financial information provided within the Annual Report of the Onondaga Tobacco Asset Securitization Corporation (the "Corporation"), dated as of March 26, 2024, (the "Annual Report"), is accurate, correct and does not contain any untrue statement of material fact. The Annual Report does not omit 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 executive officer and chief financial officer have executed this Certificate as of this 26th day of March, 2024.



Steven Morgan
President/CEO



Aaron Kohler
Treasurer/CFO