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I. Introduction, Mission Statement Summary & Measurement Report

Washington Tobacco Securitization Corporation is a bankruptcy-remote Local Development Corporation created in July 2001 under Section 1411 of the New York Not-for-Profit Corporation Law. The organization was formed to raise funds by issuing bonds, use those funds to acquire rights to future proceeds from the settlement agreement with various tobacco companies payable to Washington County and remain in existence during the term of the bonds to collect the tobacco settlement proceeds and service the debt. The organization is an instrumentality of, but separate and apart from Washington County, New York.

This report is being submitted in compliance with the Public Authorities Accountability Act of 2005 (Chapter 776 of the Laws of 2005). It is not intended to be a substitute for or to replace the Washington County Tobacco Asset Securitization Corporation's (herein referred to as either "Washington TASC" or the "Corporation") financial statements prepared to the year ending December 31, 2016.

MISSION STATEMENT SUMMARY

The Corporation was established by the County as a single-purpose financing vehicle to maximize revenues available to the County under the Master Settlement Agreement (MSA) with the resulting public purpose of benefiting the taxpayers of the County through current and future budget relief and revenue maximization. This public purpose and mission has been accomplished by the Corporation through participation in New York Counties Tobacco Trust I and New York Counties Tobacco Trust IV and from time to time additional MSA revenue securitization opportunities. Additionally, the Corporation's purpose and mission includes compliance with applicable provisions of PAAA and PARA, along with

periodic reporting and audit responsibilities associated with New York Counties Tobacco Trust I and New York Tobacco Trust IV.

MISSION STATEMENT MEASUREMENT REPORT

The performance goals of the Washington TASC Mission Statement are as follows:

- 1) Assure that all current Corporation Board members have acknowledged that they have read and understood the mission of the Corporation;
- 2) An annual review and affirmation of the Corporation's membership and board structure;
- 3) An annual review and affirmation of policies regarding Board appointment of Management of the Corporation, along with articulation of the respective roles of each

At the Washington TASC annual board meeting held April 14, 2016; the Mission Statement was reviewed by the Board in order to ensure that all corporation board members understand the board mission. A resolution was approved indicating no changes were to be made to the Mission Statement and Performance Measures. The Corporation also reviewed the membership and board structure as well as the appointment and roles of management. Details can be found in the meeting minutes and resolutions.

II. Operations and Accomplishments:

The Corporation received sufficient Tobacco Settlement Revenues (TSR's) to make a principal payment of \$855,000 and an interest payment of \$633,069 in 2016.

The Corporation's total revenues and expenditures for December 31, 2016, which were reported in its 2016 financial statements, are as follows:

Revenues	1,552,458
Expenses	682,902
Net	\$ 869,556

Revenues in 2016 included \$793,173 received from a one-time settlement reached between New York State and the tobacco companies for the period 2004-2014.

The Corporation's assets and liabilities for December 31, 2016, which were reported in its 2016 financial statements, are as follows:

Assets & Deferred Outflow	22,915,699
Liabilities & Deferred Inflow	34,305,525
Net (Deficit)	\$ (11,389,826)

Projects Undertaken

No projects were undertaken by the Corporation during 2016.

III. Schedule of Debt

In December 2000, WTASC issued \$11,160,000 in serial and term bonds for the purpose of funding the building of the Washington County Law Enforcement Center. These bonds would have been paid off with receipts from the New York Tobacco Settlement Agreement. On August 25, 2005, WTASC issued \$14,690,000 in bonds to refund the balance of the 2000 bonds.

The interest rates for the term bonds issued in 2005 vary from 4.25% to 5%. The total debt service has been projected assuming that the tobacco settlement revenues will be at a level that allows the flexible amortization term bonds to be repaid by June 1, 2045.

The bonds payable of the Corporation for the year ending December 31, 2016, are reported in the 2016 financial statements. A summary of the future debt maturities using an average bond interest rate of 4.625% follows:

Year(s)	Term Bonds	Interest	Total Debt Service
2017	145,000	660,056	805,056
2018	235,000	651,981	886,981
2019	245,000	641,781	886,781
2020	250,000	631,263	881,263
2021	265,000	620,319	885,319
2022-2026	1,525,000	2,899,232	4,424,232
2027-2031	1,950,000	2,477,500	4,427,500
2032-2036	2,500,000	1,923,750	4,423,750
2037-2041	3,215,000	1,213,125	4,428,125
2042-2045	2,045,000	362,000	2,371,000
	\$ 12,375,000	\$ 12,045,007	\$ 24,420,007

WTASC has pledged, as security for the above bonds, its future tobacco settlement revenues pursuant to the New York State Tobacco Settlement Agreement. The principal and interest paid in 2016 were \$855,000 and \$633,069 respectively.

DIRECTOR COMPENSATION

It is allowable by the By-Laws to reimburse Directors for reasonable expenses incurred in the performance of corporate duties and/or to compensate the Independent Director for his/her services in an amount fixed from time to time as voted on by the majority of the Board of Directors other than the Independent Director. No other salary or compensation was paid to any other director during 2016.

IV. Investment Report

Investments held by the Corporation are reported at fair value. The Corporation's trustee holds investments for the funds included in the financial statements. The Corporation invests in authorized investments as described in the bond resolution such as commercial paper or financial company paper, special time deposit accounts, certificates of deposit and obligations of the United State of America. All investments are insured, registered, or held by the Corporation's trustee in the Corporation's name. As of December 31, 2016, investments, stated at fair value consist of the following:

Cash and money market funds	\$107,321
Commercial paper, Cash, Restricted	\$929,095
Total	\$1,036,416

Tobacco proceeds are held in trust by Wilmington Trust N.A. affiliate of M&T Banking Corporation on behalf of the Corporation. Proceeds are invested in highly liquid, interest bearing securities, and perform the transfer of any debt obligations upon the instruction of Bond Logistix, the administrator retained by the Corporation. This segment of the Annual Report is intended to suffice as the Annual Investment Report.

V. Procurement Transactions:

Professional Services	
Administrative / Legal Fees	4,500
Audit Services	6,975
Bond / Other Fees	3,725
Trustee	2,750
Independent Director	100
Bookkeeping Services (Treasurer)	575
Directors & Officers Insurance	4,236
Payments to Washington County	30,000
Total General Government Support	\$ 52,861

VI. Property Transactions

The Corporation did not acquire or dispose of any real or personal property during 2016. The Corporation does not currently own any real property; accordingly no separate report was prepared.

VII. Code of Ethics Statement

The Corporation Code of Ethics as adopted and approved by the Board of Directors is as follows:

No director, officer, or employee of the Corporation shall (1) accept other employment which will 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 to disclose confidential

information which he or she has gained by reason of his or her official position of authority; (3) disclosed 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 or agency of the Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the 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 which will otherwise create substantial conflict between his or her duties in the public interest and his or her private matters; 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.

VIII. Financial Statements & Assessment of Internal Controls

The financial statements for WTASC for the year ended December 31, 2016, are the responsibility of management. The financial statements were prepared in accordance with auditing standards generally accepted in the United States of America. Financial information contained elsewhere in this annual report is consistent with the financial statements.

The Corporation has an established internal control structure. The objectives on 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 of the recoding of transactions and reliability of financial records for preparing financial statements.

For the year ending December 31, 2016, management has documented and assessed the internal control structure and procedures of the WTASC; this assessment found the authority's internal controls to be adequate.

The Corporation reports that there was no material pending litigation in which the entity was involved during 2016.

EXHIBIT A

FORM OF QUALIFIED ANNUAL CERTIFICATION

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

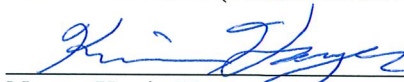
The undersigned chief executive officer and chief financial officer of Washington Tobacco Asset Securitization Corporation, a local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, hereby certify, pursuant to subdivision 3 of Section 2800 of the Public Authorities Law, as follows:

The financial information provided within the Annual Report of the Washington Tobacco Asset Securitization Corporation (the "Corporation"), dated as of March 24, 2017, for the year ended December 31, 2016 (the "Annual Report"), is based on audited financials. To the best of my knowledge based upon the audited financial statements, the financial information contained within the Annual Report (i) is accurate, correct, and does not contain any untrue statement of material fact, (ii) does not omit any material fact which, if omitted, would cause the financial information to be misleading in light of the circumstances under which the financial information was made and (iii) fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presents in said report.

IN WITNESS WHEREOF, the undersigned chief executive officer and chief financial officer have executed this Certificate as of this 24th day of March 2017



Name: Albert Nolette
Title: President (Chief Executive Officer)



Name: Kevin Hayes
Title: Treasurer (Chief Financial Officer)