

## FY 2023 Budget and Five-Year Plan (Cash Basis)

July 01, 2021 - June 30, 2026

(\$ in thousands)	Actual		Modified	Proposed			
	Unaudited	Adopted		FY 2023	FY 2024	FY 2025	FY 2026
	FY 2021	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Receipts:</b>							
Operating Receipts:							
Pledged:							
Tobacco Settlement Revenue (TSR) <sup>1</sup>	\$ 76,247	\$ 72,195	\$ 78,202	\$ 71,635	\$ 71,186	\$ 70,856	\$ 70,620
Investment earnings <sup>2</sup>	65	100	11	100	100	100	100
<b>Sub-total</b>	<b>76,312</b>	<b>72,295</b>	<b>78,213</b>	<b>71,735</b>	<b>71,286</b>	<b>70,956</b>	<b>70,720</b>
Unpledged:							
Tobacco Settlement Revenue (TSR) <sup>1</sup>	127,622	120,840	130,894	119,903	119,152	118,599	118,203
Investment earnings	1	-	-	-	-	-	-
<b>Sub-total</b>	<b>127,623</b>	<b>120,840</b>	<b>130,894</b>	<b>119,903</b>	<b>119,152</b>	<b>118,599</b>	<b>118,203</b>
<b>Total Receipts</b>	<b>203,935</b>	<b>193,135</b>	<b>209,107</b>	<b>191,638</b>	<b>190,438</b>	<b>189,555</b>	<b>188,922</b>
<b>Disbursements:</b>							
Transfers to Trust - Unpledged TSR	127,623	120,840	130,894	119,903	119,152	118,599	118,203
Debt Service:							
Principal payments	30,570	26,675	26,675	27,835	29,050	30,385	25,135
Interest payments	51,159	49,631	49,631	48,297	46,905	45,453	43,934
<b>Sub-total</b>	<b>81,729</b>	<b>76,306</b>	<b>76,306</b>	<b>76,132</b>	<b>75,955</b>	<b>75,838</b>	<b>69,069</b>
Administrative	546	542	554	564	565	565	566
<b>Total Disbursements</b> <sup>2</sup>	<b>209,899</b>	<b>197,688</b>	<b>207,754</b>	<b>196,599</b>	<b>195,671</b>	<b>195,002</b>	<b>187,837</b>
<b>Excess (deficiency) of Receipts over Disbursements</b>	<b>\$ (5,963)</b>	<b>\$ (4,553)</b>	<b>\$ 1,353</b>	<b>\$ (4,961)</b>	<b>\$ (5,233)</b>	<b>\$ (5,447)</b>	<b>\$ 1,085</b>
<b>Cash Equivalent and Investment Holdings:</b> <sup>3</sup>							
Beginning Balance	\$ 86,645	N/A	\$ 80,682	\$ 82,035	\$ 77,074	\$ 71,841	\$ 66,394
Ending Balance	\$ 80,682	N/A	\$ 82,035	\$ 77,074	\$ 71,841	\$ 66,394	\$ 67,479
	Senior Reserve Balance		48,000	48,000	48,000	48,000	48,000
	Subordinate Reserve Balance		9,321	9,321	4,360	0 <sup>4</sup>	0 <sup>4</sup>

<sup>1</sup> Projections of TSRs in each of FY 2023 through FY 2026 assume a credit adjustment based on 165.9 million Tribal NPM Packs sold and reflect other assumptions set forth in TSASC, Inc.'s Offering Circular, dated January 11, 2017, including cigarette shipment declines, OPM and SPM market shares, and the annual inflation factor. Actual TSRs are expected to differ from these projections and may be higher or lower based on final determinations of such factors, including the results of future independent investigator determinations with respect to Tribal NPM Packs sold. The credit adjustment of 165.9 million Tribal NPM Packs underpinned the TSRs received in 2021 and 2022. Although the figures above assume a continuation of that volume, there will be a new analysis conducted by an independent investigator jointly selected by the State and the PMs which will underpin the TSRs to be received in 2023 and 2024. This analysis will be revised for 2025 and 2026.

<sup>2</sup> Modified FY 2022 budget includes actual amounts from July 1, 2021 through April 18, 2022, and projected April 19 through June 30, 2022.

<sup>3</sup> Cash Equivalent and Investments are included at cost.

<sup>4</sup> The realization of assumptions discussed in Footnote 1 will result in TSASC's inability to meet its subordinate debt service funding requirements in 2025 and 2026 unless additional revenues are received in excess of the assumed amounts above. TSASC continues to explore options including refinancings.

TSASC, Inc.

**FY 2023 Administrative Budget (Cash Basis)**

Description	Adopted	Actual	Favorable vs	Adopted	Actual	Projected	Proposed	Proposed
	FY 2021	Disbursements	(Unfavorable)	FY 2022	Disbursements	Disbursements	Modified	
		FY 2021	%		7/1/21 - 4/18/22	4/19/22 - 6/30/22	FY 2022	
Management Fees (Salaries & Benefits)	\$ 221,000	\$ 228,268	-3.29	\$ 221,000	\$ -	\$ 210,000	\$ 210,000	\$ 210,000
Overhead (Rent, Telephone, etc.)	50,000	47,815	4.37	50,000	-	45,000	45,000	45,000
Audit Fees	14,000	14,000	0.00	14,500	12,500	2,000	14,500	15,000
Insurance Fees	210,185	210,185	0.00	220,000	250,732	-	250,732	260,000
Trustee Fees	1,010	1,010	0.00	800	978	-	978	1,200
Legal Fees	22,353	23,850	-6.70	7,000	1,073	5,927	7,000	7,000
Arbitrage Consultant	4,000	1,250	68.75	4,000	-	4,000	4,000	4,000
Rating Agency Fees	20,000	20,000	0.00	20,000	20,000	-	20,000	20,000
Other Administrative	5,000	-	100.00	5,000	-	2,000	2,000	2,000
<b>Total</b>	<b>\$ 547,548</b>	<b>\$ 546,378</b>	<b>0.21%</b>	<b>\$ 542,300</b>	<b>\$ 285,283</b>	<b>\$ 268,927</b>	<b>\$ 554,210</b>	<b>\$ 564,200</b>