

Fiscal Year 2026 Budget and Five-Year Plan (Cash Basis)

July 01, 2024 - June 30, 2029

		(\$ in thousands)													
		Actual		Adopted		Modified ²		Proposed							
		Unaudited		FY 2025		FY 2025		FY 2026		FY 2027		FY 2028		FY 2029	
		FY 2024		FY 2025		FY 2025		FY 2026		FY 2027		FY 2028		FY 2029	
<u>Receipts:</u>															
Operating Receipts:															
Pledged:															
Tobacco Settlement Revenue (TSR) ¹	\$	63,736	\$	58,961	\$	58,128	\$	51,487	\$	50,771	\$	50,157	\$	49,625	
Investment earnings		4,250		2,500		3,257		2,500		500		500		500	
Sub-total		67,986		61,461		61,385		53,987		51,271		50,657		50,125	
Additional Pledged TSR ³		-		-		12,442		15,672		18,581		18,112		-	
Unpledged:															
Tobacco Settlement Revenue (TSR) ¹		106,681		98,688		84,852		70,507		66,399		65,840		83,062	
Investment earnings		374		-		-		-		-		-		-	
Sub-total		107,055		98,688		84,852		70,507		66,399		65,840		83,062	
Total Receipts		175,041		160,149		158,679		140,166		136,250		134,609		133,186	
<u>Disbursements:</u>															
Transfers to Trust - Unpledged TSR		107,055		98,688		84,852		70,507		66,399		65,840		83,062	
Debt Service:															
Principal payments		29,050		30,385		30,385		25,135		26,585		26,830		27,275	
Interest payments		46,905		45,453		45,452		43,934		42,677		41,348		40,006	
Sub-total		75,955		75,838		75,837		69,069		69,262		68,178		67,281	
Administrative		619		630		717		590		590		590		591	
Total Disbursements		183,629		175,156		161,406		140,165		136,250		134,609		150,933	
<u>Excess (deficiency) of Receipts over Disbursements ³</u>															
	\$	(8,588)	\$	(15,007)	\$	(2,727)	\$	0	\$	0	\$	0	\$	(17,747) ⁴	
<u>Cash Equivalent and Investment Holdings: ⁵</u>															
Beginning Balance	\$	81,866	N/A	\$	73,278	\$	70,551	\$	70,552	\$	70,552	\$	70,552	\$	70,552
Ending Balance	\$	73,278	N/A	\$	70,551	\$	70,552	\$	70,552	\$	70,552	\$	70,552	\$	52,805
Senior Reserve Balance						48,000		48,000		48,000		48,000		48,000	
Subordinate Reserve Balance ⁶						0		0		0		0		0	

¹ Projections of TSRs in each of FY 2026 through FY 2029 assume a rate of decline based on the Menthol Ban Alternative 2 Forecast as defined in the Golden State Tobacco Securitization Corporation Official Statement dated December 8, 2022, with certain modifications. Additionally, the projections reflect a credit adjustment based on 165.9 million Tribal NPM Packs sold. The credit adjustment of 165.9 million Tribal NPM Packs underpinned the TSRs received in FY 2021 and FY 2022 and was stipulated by the New York State Attorney General to continue to underpin the TSRs to be received in FY 2025 and FY 2026. This analysis will be revisited thereafter. Actual TSRs are expected to differ from these projections and may be higher or lower based on various factors, including actual consumption and the results of future independent investigator determinations with respect to Tribal NPM Packs sold.

² The modified FY 2025 budget includes actual amounts from July 1, 2024 through April 18, 2025, and projected amounts from April 19, 2025 through June 30, 2025.

³ Pursuant to the Security Agreement, dated December 9, 2024, Unpledged TSRs, to the extent needed, may be used to cover projected operating and debt service expenses in excess of available funds. The Security Agreement may be terminated at any time, and otherwise expires on the earliest of June 1, 2028, or whenever the Fiscal 2017 Bonds are no longer outstanding. The 2017 Bonds are callable on June 1, 2027. TSASC continues to explore options including refinancings of its outstanding debt.

⁴ The realization of assumptions discussed in Footnote 1 will result in TSASC's inability to meet its subordinate debt service funding in FY 2029 unless additional revenues are received in excess of the assumed amounts above. TSASC continues to explore options including refinancings.

⁵ Cash equivalent and investments holdings are included at cost.

⁶ In FY 2025, TSASC will exhaust the remaining funds in the Subordinate Reserve.

TSASC, Inc.

Fiscal Year 2026 Administrative Budget (Cash Basis)

Description	Adopted	Actual	Favorable vs	Adopted	Actual	Projected	Proposed	Proposed
		Disbursements	(Unfavorable)		Disbursements	Disbursements	Modified	
	FY 2024	FY 2024	%	FY 2025	7/1/24 - 4/18/25	4/19/25 - 6/30/25	FY 2025	FY 2026
Management Fees (Salaries & Benefits)	\$ 266,500	\$ 244,871	8.12	\$ 245,000	\$ -	\$ 186,000	\$ 186,000	\$ 186,000
Overhead (Rent, Telephone, etc.)	51,000	52,147	-2.25	51,000	-	42,500	42,500	42,500
Audit Fees	15,500	15,500	0.00	16,000	14,000	2,000	16,000	20,775
Insurance Fees	277,640	277,640	0.00	285,000	307,319	-	307,319	308,000
Trustee Fees	2,000	2,000	0.00	2,500	2,000	-	2,000	2,000
Legal Fees	7,000	4,059	42.01	7,000	116,852	-	116,852	7,000
Arbitrage Consultant	1,250	2,500	-100.00	1,500	-	1,250	1,250	1,250
Rating Agency Fees	20,000	20,000	0.00	20,000	20,000	-	20,000	20,000
Consulting Fees	-	-	0.00	-	22,788	-	22,788	-
Other Administrative	2,000	-	100.00	2,000	-	2,000	2,000	2,000
Total	\$ 642,890	\$ 618,717	3.76%	\$ 630,000	\$ 482,958	\$ 233,750	\$ 716,708	\$ 589,525