

## **2017 ANNUAL REPORT OF THE TOBACCO SETTLEMENT FINANCING CORPORATION**

This report is submitted pursuant to Rhode Island General Law 42-133-16.

The Tobacco Settlement Financing Corporation (TSFC) held a Board meeting on December 18, 2017. During the meeting the annual audited financial report for fiscal year 2017 were presented by the auditor and accepted by the Corporation.

The fiscal year 2017 audited financial statements along with this annual report are available at the Tobacco Settlement Financial Corporation website: <https://tsfc.ri.gov>.

There is no paid staff employed by the Corporation. Staff from the Department of Administration serve as resources to the Corporation. Additionally, the Office of the General Treasurer and Department of Revenue both have representation on the Board and may provide staff assistance from time to time. All costs of State staff are paid by the State.

The State of Rhode Island received Master Settlement Agreement (MSA) payments in the amount of \$47.9 million in FY 2017, which were reduced by \$16.9 million in credits to the Participating Manufacturers. The net \$31.1 million MSA payment was \$32.8 million less than anticipated when the bonds were sold in 2007, based on the A, B, & C Global Insight Base Case Expected. Similarly, the MSA payments received in FY 2017 were \$20.1 million less than what was anticipated when the 2015 bonds were sold, based upon the A&B Global Insight Base Case Expected.

Bonds issued by the TSFC in 2007 and 2015 remain outstanding. Disputed payments and information on continued risks to the revenue stream are discussed in the annual financial statements.