

Erie Tobacco Asset Securitization Corporation
Audit Committee

Minutes of Meeting
Wednesday, February 13, 2019

Budget Conference Room

Corporation Committee Members present: Peter Zaleski, Bryan Bingel and Patricia Johnson.

Also Present: Robert Keating, Scott Bylewski, Gregory Gach, Mark Cornell, Matthew Montalbo, Erica Handley, Frederick Wolf and Jennifer Surdyk.

I. CALL TO ORDER

Bryan Bingel called the Meeting of the Audit Committee to order at 1:59 p.m. Quorum present. Bryan indicated the purpose of this meeting was to address any concerns/issues from any of the Members that should be addressed in the upcoming audit.

II. PRESENTATION & DISCUSSION

A) Matthew Montalbo, Partner of Drescher & Malecki, LLP, provided a brief overview of the Audit Plan. The audit has not started as of yet. It will be started at the conclusion of this meeting to ensure that any issues/concerns brought to light today are addressed in the audit.

B) The Audit Team will consist of Erica Handley, Manager. Erica also works on the County Audit and has vast knowledge of the correspondence between the County and the Erie Tobacco Asset Securitization Corporation. Jared Pickard, Senior Auditor at Drescher & Malecki, LLP (worked on the prior year) will also be assisting.

C) Matthew discussed all of the reports that are anticipated with the upcoming Audit (see attached).

D) Matthew discussed that as part of the audit process, they will provide confirmations for the investment asset accounts, centered around the most risky areas of debt transactions and swap valuations.

E) After completion of the reports, opinions will be drafted and discussed before the group to review prior to issuance. **(Next meeting date will be March 13, 2019 at 2:00 – preliminary reports to be received a few days before so that the Committee may review).**

F) Matthew advised that there is an area for the consideration of Fraud SAS 122. Questions will be asked of this group, as well as upper management, if there are any instances of known fraud that will impact the audit.

G) A discussion was held in regard to the risk in the contingency disclosure to ensure that the environment that the Erie Tobacco Asset Securitization Corporation is dealing with is adequately disclosed. The shipment information for this year is approximately the same as last year showing a decline of 4%. This does not necessarily impact this year's payment.

H) Bryan Bingel inquired as to the receivable confirmation from the State. Erica Handley indicated that a "final" estimate will come in mid March. If there is a difference in the estimate and the actual number, it is then rolled over into the next year.

III. ADJOURNMENT

Moved by Peter Zaleski and seconded by Patricia Johnson to adjourn the meeting of the Audit Committee at 2:13 p.m. Motion Unanimously approved.



Michael Siragusa
Corporation Secretary



Erie Tobacco Asset Securitization Corporation
Audit Committee Meeting
February 13, 2019

Audit Team

- Matthew Montalbo, Partner
- Erica Handley, Manager
- Jared Pickard, Senior Auditor
- Ed Kerber, Staff Auditor

Independence

- We are not aware of any matters that would impair our independence.

Reports Anticipated

- Opinion on the Corporation's financial statements for the fiscal year ended December 31, 2018
- Report on internal control over financial reporting and on compliance in accordance with *Government Auditing Standards* for the fiscal year ended December 31, 2018
- Report on the Corporation's compliance with Section 2925(3)(f) of the New York State Public Authorities Law
- Auditors' communication letter (SAS 122 AU-C Section 260)

Audit Plan

- Meet with Audit Committee, discuss areas of concern
- Audit planning, preparation of confirmations, etc.
- Perform substantive testing procedures
- Compile reports and draft audit opinions
- Meet with management and Audit Committee to discuss results

Audit Timing

- Planning: February 14 – February 15
- Fieldwork: February 25 – March 8
- Potential dates for exit conference and discussions.

Consideration of Fraud

- Statement on Auditing Standards ("SAS") 122 (AU-C Section 240), *Consideration of Fraud in a Financial Statement Audit*, outlines current requirements.

Areas of Concern/Concentration

- _____
- _____
- _____
- _____