

Erie Tobacco Asset Securitization Corporation
Report of Audit Committee Report

Tuesday, March 7, 2023

Erie County Budget Conference Room

Corporation Committee Members Present: Bryan Bingel, Peter Zaleski, Patricia Johnson

Also Present: Robert Keating, -Mark Cornell, David Zaleski, Matthew Montalbo, Corey Sveinsson, Richard Stanton, and Kim Kajdasz.

I. CALL TO ORDER

Bryan Bingel called the Meeting of the Audit Committee to order at 2:01 p.m. Quorum present.

II. MINUTES FROM PRIOR MEETING

None.

I. PRESENTATION & DISCUSSION

A) Matthew Montalbo reviewed Drescher & Malecki, LLP's Audit summary, during and after which the following comments were made regarding Drescher & Malecki, LLP's 2022 Independent Audit Report and accompanying Independent Auditor's Communications. The reporting was preliminary while he awaited final versions of 2022 minutes

- Matthew Montalbo, engagement Partner assigned to Corporation audit, provided an overview of the required Auditor Communications in accordance with Generally Accepted Auditing Standards.
- Matthew Montalbo, advised of no change in significant accounting policies from the prior year. Significant accounting estimates are similar to years past.
- Matthew Montalbo advised it was mostly a standard year, with no changes from the prior year in significant accounting policies.
- Matthew Montalbo advised that there were no alternative accounting treatments; there were no difficulties or disagreements. There was nothing to impair independence in the auditor's relationship with the Corporation.

B) Matthew Montalbo indicated Drescher & Malecki offers an opinion based upon review of all materials except 2022 minutes, that the financial statements are presented fairly for FYE 2022.

C) Additional Discussion-

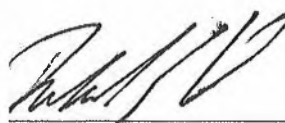
- Matthew Montalbo advised that NYSABO PARIS system requires report in compliance with Public Authorities Law 2925 (3) (f).
- Matthew Montalbo and discussed the trends and risks attributable to payments available to the Corporation under existing Master Settlement Agreement (MSA).
- A discussion was held regarding the trends of the net positions and deficits.
- A discussion was held concerning cigarette consumption, shipment trends, taxes, cigarette sales volume for tobacco sellers and the various manufacturers participating in the MSA.
- A discussion was held on the timeline for reviews and approvals of the final audit documents.

II. ACTION ITEMS

A) The Committee recommends submission of the Corporations' Independent Audit Report and accompanying Independent Auditor's Communications for the calendar year ended December 31, 2022, after it is updated to reflect review of 2022 Annual Meeting Minutes. Moved by Brian Bingel and seconded by Patricia Johnson. Motion unanimously approved.

III. ADJOURNMENT

Moved by Patricia Johnson and seconded by Peter Zaleski to adjourn the meeting of the Audit Committee at 2:33 p.m. Motion Unanimously approved.



Richa Stanton, Esq.
Acting Assistant Secretary