

**Erie Tobacco Asset Securitization Corporation**  
**Annual Report**  
**Fiscal Year End Date: 12/31/2023**

**Board Member Summary**

<b>Name</b>	<b>Term Start Date</b>	<b>Term Expiration Date</b>	<b>Training as per Sec 2824</b>
Poloncarz, Mark C.	1/1/2012	Ex-Officio	Y
Hardwick, Kevin R.	1/1/2022	Ex-Officio	Y
Johnson, Patricia A.	1/1/2018	None	Y
Bingel, Bryan R.	2/22/2012	None	Y
Zaleski, David	3/23/2023	None	Y

**Staff Summary**

The authority has no staff.

**Summary Financial Information**

**Assets**

**Current Assets**

Cash and cash equivalents	\$174,556
Investments	\$19,156,898
Receivables, net	\$0
Other assets	\$15,000
<b>Total Current Assets</b>	<b>\$19,346,454</b>

**Noncurrent Assets**

Restricted cash and investments	\$672,016
Long-term receivables, net	\$16,150,067
Other assets	\$15,111,786

**Capital Assets**

Land and other non-depreciable property	\$0
Buildings and equipment	\$0
Infrastructure	\$0
Accumulated depreciation	\$0
<b>Net capital assets</b>	<b>\$0</b>

**Total Noncurrent Assets** **\$31,933,869**

**Total Assets** **\$51,280,323**

## Liabilities

### Current Liabilities

Accounts payable	\$0
Pension contribution payable	\$0
Other post-employment benefits	\$0
Accrued liabilities	\$857,000
Deferred revenues	\$0
Bonds and notes payable	\$0
Other long-term obligations due within one year	\$0

**Total Current Liabilities** **\$857,000**

### Noncurrent Liabilities

Pension contribution payable	\$0
Other post-employment benefits	\$0
Bonds and notes payable	\$196,994,356
Long Term Leases	\$0
Other long-term obligations	\$171,406,312

**Total Noncurrent Liabilities** **\$368,400,668**

**Total Liabilities** **\$369,257,668**

### Net Asset (Deficit)

#### Net Assets

Invested in capital assets, net of related debt	\$0
Restricted	\$19,828,914
Unrestricted	(\$337,806,259)

**Total Net Assets** **(\$317,977,345)**

**Total Liabilities & Net Assets** **\$51,280,323**

## SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS

### **Operating Revenues**

Charges for services	\$0
Rental & financing income	\$0
Other operating revenues	\$16,330,693
<b>Total Operating Revenue</b>	<b>\$16,330,693</b>

### **Operating Expenses**

Salaries and wages	\$0
Other employee benefits	\$0
Professional services contracts	\$109,149
Supplies and materials	\$0
Depreciation & amortization	\$0
Other operating expenses	\$0
<b>Total Operating Expenses</b>	<b>\$109,149</b>

**Operating Income (Loss)** **\$16,221,544**

### **Nonoperating Revenues**

Investment earnings	\$167
State subsidies/grants	\$0
Federal subsidies/grants	\$0
Municipal subsidies/grants	\$0
Public authority subsidies	\$0
Other non-operating revenues	\$671,958

**Total Non-operating Revenue** **\$672,125**

### **Non-operating Expenses**

Interest and other financing charges	\$22,502,060
Subsidies to other public authorities	\$0
Grants and donations	\$0
Other non-operating expenses	\$0
<b>Total Non-operating Expenses</b>	<b>\$22,502,060</b>

**Income (Loss) Before Contributions** **(\$5,608,391)**

**Capital Contributions** **\$0**

**Change in net assets** **(\$5,608,391)**  
**Net assets, (deficit) beginning of year** **(\$312,368,954)**  
**Other net assets changes** **\$0**

**Net assets, (deficit) at end of year** **(\$317,977,345)**

**Schedule of Debt**

Authority Debt - Other Begin Amount Total	\$361,216,283
New Debt Issuance ( <u>Debt Increase – not Issuance</u> )	\$11,041,200
Amount Retired	(\$7,038,465)
End Amount Total	\$365,219,018

**Real Property Transactions Summary**

**This authority had no real property transactions in excess of \$15,000.**

**Grant Information Summary**

**This authority did not award any grants during the reporting period.**

**Loan Information Summary**

**This authority had no outstanding loans during the reporting period.**

**Procurement Summary**

Number of Current Contracts	8 ( 2 Banking, Legal, 2 Accounting, Ratings)
Total Value of Contracts	As necessary based on hourly rate for services provided
Total Amount Expended During Year	\$109,149

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To the best of my knowledge, the information contained in this Annual Report of the Erie Tobacco Asset Securitization Corporation for the period ended December 31, 2023: (i) is accurate and correct and does not contain any untrue statement of material fact; (ii) does not omit any material fact which, if admitted, would cause the financial statements or the Annual Report to be misleading in light of circumstances under which the statements were issued; and (iii) fairly represents in all material respects, financial conditions and operations of the Erie Tobacco Asset Securitization Corporation as of and for the periods presented in the financial statements and this Annual Report.

/s/



Mark Corneli  
Treasurer  
Erie Tobacco Asset Securitization Corporation

**Authority Mission Statement and Performance Measurements  
For the Fiscal Year 2023  
Erie Tobacco Asset Securitization Corporation**

**Mission Statement:** The mission of the Erie Tobacco Asset Securitization Corporation (ETASC) is to acquire, hold, sell, pledge and otherwise dispose of all or a portion of the rights of Erie County to receive payments from certain cigarette manufacturers under a 1998 Master Settlement Agreement (MSA) of a class action entitled State of New York, et al. v. Philip Morris Incorporated, et al. for the benefit of its bondholders and the County. The Corporation's mission is to satisfy its obligations under Trust Indentures associated with its outstanding bonds and from time to time, if appropriate, assess additional MSA revenue securitization opportunities. This public purpose and mission has been accomplished in part by ETASC through the issuance of bonded indebtedness in the years 2000, 2005 and 2006.

**List of Performance Goals:** ETASC's Performance goals include, but are not limited to:

- Conducting annual, committee, and/or special meetings of ETASC's Board of Directors and Sole Member, to review and affirm the Corporation's activities, policies and if appropriate audited financial statements.
- Review if appropriate, in conjunction with Erie County, opportunities to increase the value received of 1998 Master Settlement Agreement (MSA) payments, and thereby increase the benefit to Erie County by issuing additional bonded indebtedness or refunding existing ETASC bonded indebtedness payable from the payments under the MSA or by other means.
- Review opportunities to reduce the financial liability and indebtedness of ETASC.
- Engaging in such other activities required by New York State Law and/or ETASC's By-Laws and Certificate of Incorporation.

**Additional questions:**

- 1. Have the board members acknowledged that they have read and understood the mission of the public authority?**

Yes. The ETASC mission statement was developed with the concurrence of the three independent directors and the two County directors, one of whom is the Sole Member.

- 2. Who has the power to appoint the management of the public authority?**

ETASC has no staff. Services are provided as needed by the officers of the corporation as follows:

- President of the corporation, who is the County's Budget Director;
- Treasurer of the corporation, who is the County's Deputy Budget Director;
- Vice President of the corporation, who is the County's Deputy Comptroller;
- Secretary of the corporation, who is the County Attorney;
- Assistant Secretary of the corporation, who is an Assistant County Attorney; and
- Assistant Treasurer of the corporation, who is a management consultant for the County's Division of Budget and Management.

The officers are determined by the ETASC by-laws; see

<http://www2.erie.gov/etasc/sites/www2.erie.gov.etasc/files/uploads/ETASC%20By-Laws.PDF>

**3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?**

As explained above, the appointment of the officers follows the process in the adopted by-laws.

**4. Briefly describe the role of the Board and the role of management in the implementation of the mission.**

The board and Sole Member meet as necessary, at least annually, and as necessary for the annual audit committee review of the audited financial statements and to make decisions regarding ETASC's operations. In 2023, the board and its committees met multiple times in person to review ETASC operations, the annual financial audit and to conduct governance. Services are performed as needed by the officers (President, Treasurer, Assistant Treasurer, Secretary and Assistant Secretary) working in conjunction with the corporation's outside accountant, the independent auditor, and the outside legal counsel.

The independent directors also occasionally interact with the outside auditor and outside legal counsel separately from the officers, providing another layer of director independence and oversight.

**5. Has the Board acknowledged that they have read and understood the responses to each of these questions?**

Yes. The ETASC Treasurer has provided the 2023 Performance Measurement filing to the five board members for their review and concurrence before its submission to the Authorities Budget Office.