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Town of Erie

Annual Comprehensive Financial Report – Financial Audit and Single Audit
Meeting with the Town Council – FY24 Audit Results
October 14, 2025

Agenda

- Audit scope and process
- Audit opinions and communications
- Upcoming GASB pronouncements



Audit Scope



Report on the
Town's financial
statements



Required
governance
communications
letter



Report on internal
control over
financial reporting
and other matters
(related to the
financial
statements)



Report on internal
control over
compliance with
major program
requirements
(related to federal
awards)



Findings and
Recommendations



Audit Process

RISK-BASED APPROACH

Internal controls

IT review

Significant estimates

Implementation of
GASB Stmt. No. 101,
*Compensated
Absences*

Single Audit – major
programs testwork





AUDIT OPINIONS

Financial statements

Financial statement audit opinion is **unmodified**.

Federal awards

Federal awards audit opinion is **modified** for the COVID-19 ARPA SLFRF program (procurement, suspension and debarment requirement only). **Unmodified** for the rest of the programs/requirements.



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AUDIT RESULTS

Financial statements

One material weakness noted.

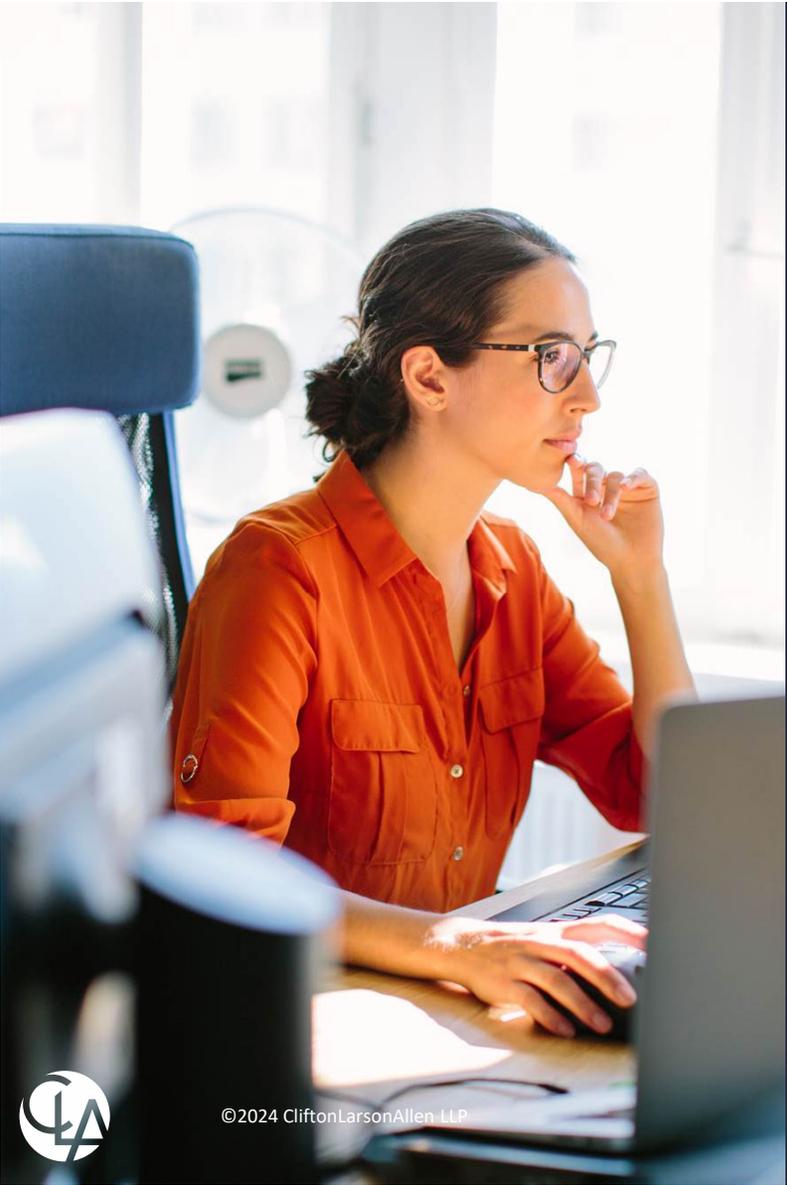
Federal awards

One material weakness noted.

One significant deficiency noted.

Three federal programs were tested: COVID-19 ARPA SLFRF program, Hazard Mitigation Grant, and Airport Improvement Program.





Finding # 2024 – 001

Material Weakness in Internal Control over Financial Reporting

Several audit adjustments and revisions were necessary to properly state balances at year-end, which include:

- Year-end accruals, cash reconciliation, developer deposit payables, negative cash balance adjustments and fund balance.
- Significant year-end adjustments related to grant activity were necessary but not corrected in the general ledger in a timely manner, including the activity related to the unearned grant revenue and deferred inflows for grant revenue which required reevaluation of the audit materiality and audit risk assessment approach.

More details can be found in the 2024 ACFR.



Finding # 2024 – 002

COVID-19 ARPA SLFRF Program – Procurement and Suspension and Debarment
Material Weakness in Internal Control over Compliance, Material Noncompliance (modified opinion)

Condition: The Town does not have adequate internal control procedures in place to monitor compliance with suspension and debarment requirements for contracts. During compliance testing, we noted that two out of four vendors selected for testing had not been checked to verify they were not suspended or debarred prior to the start of the project and both vendors were inactive since at least 2021.

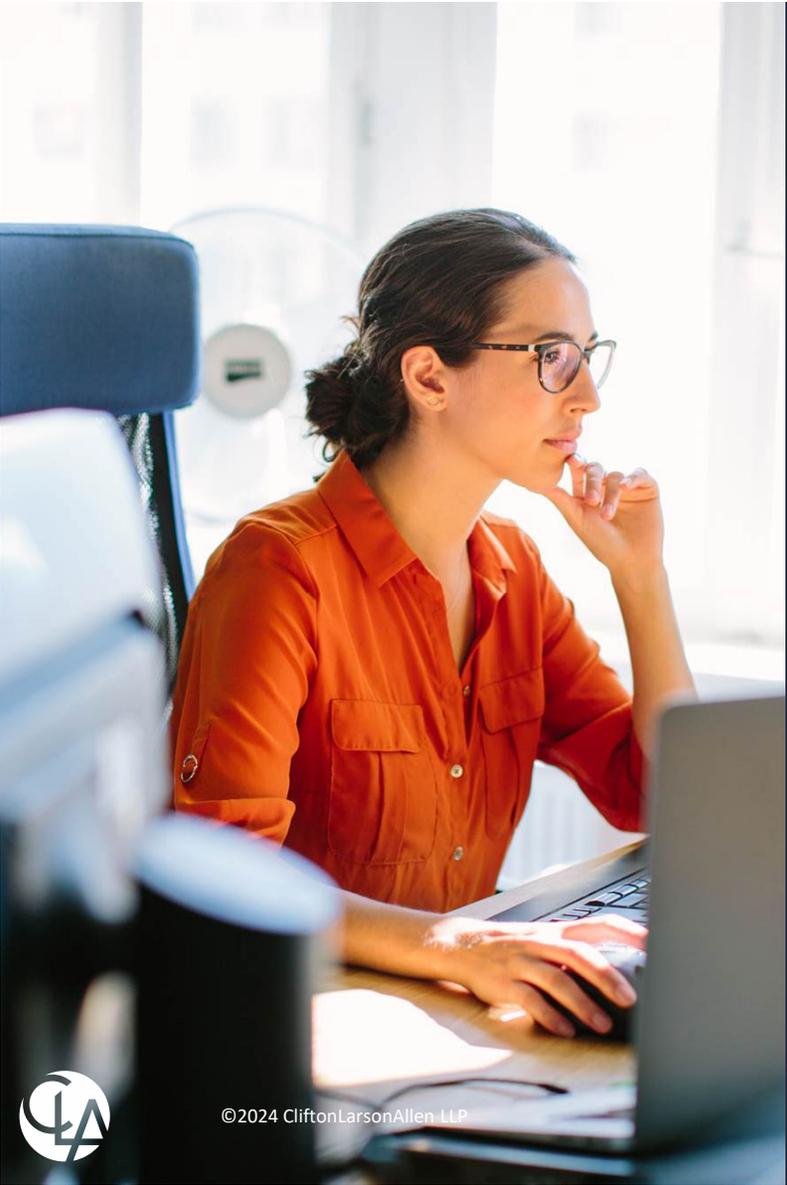


Finding # 2024 – 003

Airport Improvement Program – Reporting Significant Deficiency in Internal Control over Compliance, Other Matters

Condition: The required SF-271 report was not submitted timely and was submitted after being requested for the audit. The required SF 425 report was not accurately completed and not submitted.





Management Letter Recommendations – no written comments

Information technology

- 5 verbal recommendations were provided to management.



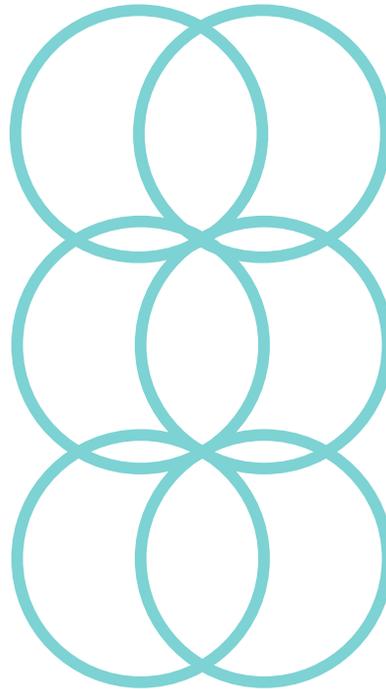
Governance Communications

Overall

- New accounting policy related to implementation of GASB Stmt. No. 101, *Compensated Absences*. No net effect to beginning net position or fund balance.

Difficulties

- No significant difficulties noted.



Estimates

- No particularly sensitive estimates of note

Other

- One uncorrected misstatement related to Subscription Based IT Arrangements (SBITAs) for \$487k: implementation costs related to the prior year that were recorded as a reduction in expenses in fiscal year 2024.
- Corrected misstatements summarized within Finding # 2024-001.
- No disagreements with management.
- Signed management representation letter provided.



Upcoming GASB Standards



Effective for the fiscal year
end December 31, 2025

GASB 102, Certain Risk Disclosures



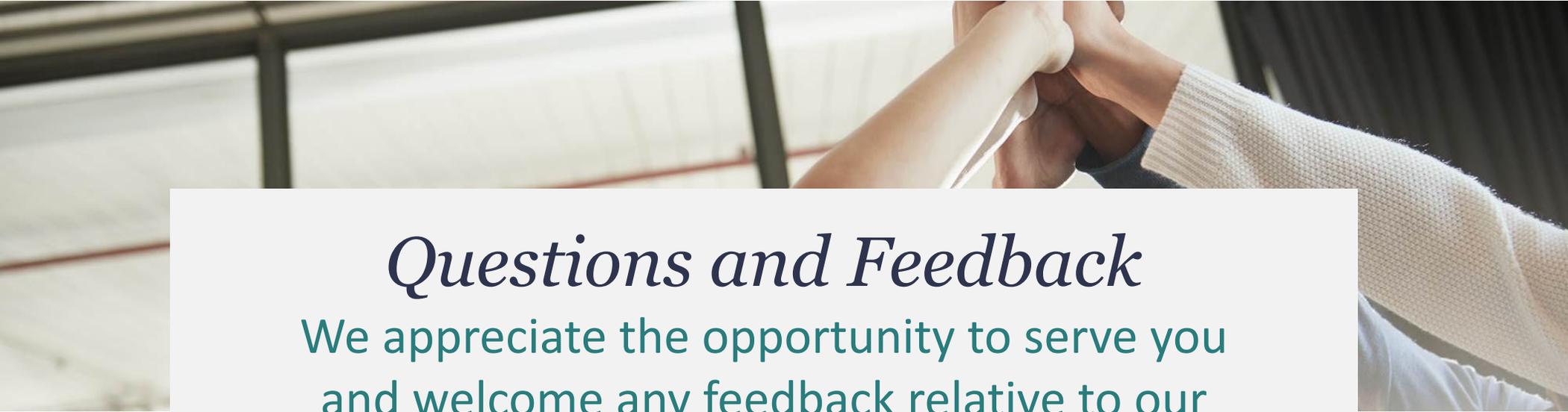
Effective for the fiscal year
end December 31, 2026

GASB 103, Financial Reporting
Model Improvements

GASB 104, Disclosure of Certain
Capital Assets

GASB Implementation Guide 2025-1





Questions and Feedback

We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.



Insights
Stay informed and
prepare for what's next.



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