

**ERIE COUNTY DIVERSITY, EQUITY AND INCLUSION COMMISSION
FINANCIAL STATEMENTS
AND AUDITORS' REPORT
DECEMBER 31, 2023**

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Certified Public Accountants and Business Advisors
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Erie County Diversity, Equity and Inclusion Commission
Erie, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Erie County Diversity, Equity and Inclusion Commission, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Erie County Diversity, Equity and Inclusion Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Erie County Diversity, Equity and Inclusion Commission as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Erie County Diversity, Equity and Inclusion Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Erie County Diversity, Equity and Inclusion Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Erie County Diversity, Equity and Inclusion Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Erie County Diversity, Equity and Inclusion Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Erie County Diversity, Equity and Inclusion Commission's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2024, on our consideration of the Erie County Diversity, Equity and Inclusion Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Erie County Diversity, Equity and Inclusion Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Erie County Diversity, Equity and Inclusion Commission's internal control over financial reporting and compliance.

Maloney, Reed, Scarpitti & Company, LLP

Edinboro, Pennsylvania
September 2, 2024



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Erie County Diversity, Equity and Inclusion Commission
Erie, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Erie County Diversity, Equity and Inclusion Commission, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Erie County Diversity, Equity and Inclusion Commission's basic financial statements, and have issued our report thereon dated September 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Erie County Diversity, Equity and Inclusion Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Erie County Diversity, Equity and Inclusion Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Erie County Diversity, Equity and Inclusion Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Erie County Diversity, Equity and Inclusion Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maloney, Reed, Scarpitti & Company, LLP

Edinboro, Pennsylvania
September 2, 2024



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Erie County Diversity, Equity and Inclusion Commission
Erie, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Erie County Diversity, Equity and Inclusion Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Erie County Diversity, Equity and Inclusion Commission's major federal program for the year ended December 31, 2023. The Erie County Diversity, Equity and Inclusion Commission's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Erie County Diversity, Equity and Inclusion Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Erie County Diversity, Equity and Inclusion Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Erie County Diversity, Equity and Inclusion Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Erie County Diversity, Equity and Inclusion Commission's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Erie County Diversity, Equity and Inclusion Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Erie County Diversity, Equity and Inclusion Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Erie County Diversity, Equity and Inclusion Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Erie County Diversity, Equity and Inclusion Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Erie County Diversity, Equity and Inclusion Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maloney, Reed, Scarpitti & Company, LLP

Edinboro, Pennsylvania
September 2, 2024

FINANCIAL STATEMENTS

Erie County Diversity, Equity and Inclusion Commission
STATEMENT OF NET POSITION
PROPRIETARY FUND
As of December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,177,860
Prepaid expense		<u>1,530</u>

TOTAL CURRENT ASSETS \$ 1,179,390

TOTAL ASSETS \$ 1,179,390

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$	6,312
Accrued compensated absences		41,596
Deferred revenues		<u>1,131,482</u>

TOTAL CURRENT LIABILITIES \$ 1,179,390

TOTAL LIABILITIES \$ 1,179,390

NET POSITION

Restricted	\$	<u>-</u>
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TOTAL NET POSITION \$ -

Erie County Diversity, Equity and Inclusion Commission
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2023

OPERATING REVENUES

County of Erie - American Rescue Plan Act	\$	1,642,565
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TOTAL OPERATING REVENUES	\$	1,642,565
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OPERATING EXPENSES

Grant program expenses	\$	1,153,227
Personnel costs		275,911
Professional fees		186,792
Rent		12,000
Travel and vehicle expenses		5,323
Insurance		4,050
Advertising		3,373
Dues and memberships		1,000
Supplies		656
Utilities and telephone		203
Other operating costs		30

TOTAL OPERATING EXPENSES	\$	1,642,565
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OPERATING INCOME	\$	-
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NET POSITION - BEGINNING OF YEAR	\$	-
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NET POSITION - END OF YEAR	\$	-
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Erie County Diversity, Equity and Inclusion Commission
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash paid for personnel costs	\$ (234,315)
Cash paid for professionals	(187,042)
Cash paid for grant program expenses	(1,153,227)
Cash paid for other operating expenses	<u>(22,471)</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (1,597,055)

NET DECREASE IN CASH \$ (1,597,055)

CASH - BEGINNING OF YEAR \$ 2,774,915

CASH - END OF YEAR \$ 1,177,860

**Reconciliation of operating income to net cash used
in operating activities:**

Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
(Increase) decrease in prepaid expenses	(1,530)
(Decrease) increase in accounts payable	6,312
(Decrease) increase in accrued compensation	40,728
(Decrease) increase in deferred revenue	<u>(1,642,565)</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (1,597,055)

NOTES TO FINANCIAL STATEMENTS

ERIE COUNTY DIVERSITY, EQUITY AND INCLUSION COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Erie County Diversity, Equity and Inclusion Commission is an operating authority which was created and funded in 2022 with starting pass-through funds of \$3,500,000 from Erie County, Pennsylvania. These funds are to be invested in racially diverse populations by granting funding that creates opportunities for minority populations, lobbies for inclusive policy, and empowers minority populations throughout Erie County. The Commission is using educational programs and grant initiatives to achieve their goals.

Principles Determining Scope of Reporting Entity

A reporting entity consists of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The Erie County Diversity, Equity and Inclusion Commission's basic financial statements include all the accounts that are controlled by or dependent on the Erie County Diversity, Equity and Inclusion Commission. Control by or dependence on the Commission was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the Commission, obligation of the Commission to finance any deficits that may occur or receipt of significant subsidies from the Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Erie County Diversity, Equity and Inclusion Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Commission also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its business-type activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the Commission's accounting policies are described below.

Basis of Presentation

The Commission uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Commission operates as one proprietary fund.

Proprietary Funds: Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Commission's proprietary fund is classified as an enterprise fund. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus

Fund Financial Statements - Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total financial position. The statement of cash flows provides information about how the Commission finances and meets the cash flow needs of its proprietary activity.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Proprietary Funds use the accrual basis of accounting.

Revenues/Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is reported on the accrual basis when the exchange takes place.

Deferred/Unearned Revenue – Deferred and unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue consists of advanced collections from customers for services to be provided.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budget Process

The various grant projects of the Commission are budgeted for the entire project period. Therefore the Commission's manner of preparing budgets is generally not on an annual basis or based on the Commission's fiscal period. These budgets, however, are submitted to the grantor as part of the grant application. Amendments to the budgets are also submitted for approval to the grantor. Because the budgets are prepared on a total project basis instead of an annual basis, budget figures are not available for the current reporting period.

Cash

For the purpose of reporting cash flows, the Commission includes all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying financial statements.

Accounts Receivable and Bad Debts

The Commission reports accounts receivable at net realizable value. Receivables are expensed as bad debts when management deems them to be uncollectible using the direct charge-off method. This method provides similar results to the reserve method, in all material respects. No collateral is required on the accounts receivable balances. No accounts receivable existed as of December 31, 2023.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023 are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Capital Assets

The cost of capital assets is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. The cost of capital assets retired or otherwise disposed of and the accumulated depreciation thereon is eliminated from the asset and related reserve accounts and the resulting difference, after giving effect to any proceeds from sales, is charged against income. The Commission follows a capitalization policy of \$10,000 per item. The Commission had no capital assets as of December 31, 2023.

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants received before the eligibility requirements were met would be reported as deferred revenue.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Commission, these revenues are grant income and interest earned from their portfolio. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Risk Management

The Commission is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for all types of risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any past three years.

NOTE 3 – CASH AND CASH EQUIVALENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S., and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Commission adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or certificates of deposit with original maturity of three months or less and are captioned as "cash and cash equivalents" in the Statement of Net Position. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Commission.

At December 31, 2023 the carrying value of the Commission's deposits were \$1,177,860 and the related bank balances were \$1,187,237. The bank balances were covered by Federal Deposit Insurance coverage (FDIC) up to a maximum of \$250,000.

Deposits totaling \$901,225 which are not covered by applicable Federal Deposit Insurance Corporation coverage are secured in accordance with the Pooled Asset Pledging Law, Act 72 of the 1971 Session of the Pennsylvania General Assembly (72PA3836). The Commission had no other bank or cash balances collateralized with securities held by a pledging financial institution.

NOTE 4 – RESTRICTED NET POSITION

In accordance with the pass through funds received through December 31, 2023, all funds on hand are currently deferred for grant compliance purposes or restricted by the funding provider for specified purposes.

NOTE 5 –LEASES

The Commission leases office space in a building. It is expected that in the normal course of business, such a lease will continue to be required. The lease is considered on a month-to-month basis and the Commission is paying \$1,000 per month.

NOTE 6 – SUBSEQUENT EVENTS

In preparing these financial statements the Commission has evaluated events and transactions for potential recognition or disclosure through the date of the report which is the date the financial statements were available to be issued. The Commission has recognized no other subsequent events required to be disclosed.

SINGLE AUDIT SUPPLEMENTARY INFORMATION

Erie County Diversity, Equity and Inclusion Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Contract Number</u>	<u>Total Federal Expenditures</u>
U.S. DEPARTMENT OF THE TREASURY			
PASSED THROUGH ERIE COUNTY GOVERNMENT			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,642,815
TOTAL CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (Major Federal Awards)			\$ <u>1,642,815</u>
TOTAL U.S. DEPARTMENT OF TREASURY			\$ <u>1,642,815</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ <u><u>1,642,815</u></u>

Erie County Diversity, Equity and Inclusion Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

There are no matters to be reported.

Section III - Federal Award Findings and Questioned Costs

There are no matters to be reported. There were also no prior year findings to be resolved.

Erie County Diversity, Equity and Inclusion Commission
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Erie County Diversity, Equity and Inclusion Commission under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operation of the Erie County Diversity, Equity and Inclusion Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Erie County Diversity, Equity and Inclusion Commission.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Erie County Diversity, Equity and Inclusion Commission has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.