

VILLAGE OF EDGAR, WISCONSIN

Federal and State Awards

December 31, 2024

VILLAGE OF EDGAR, WISCONSIN

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Independent Auditors' Report

To the Village Board
Village of Edgar, Wisconsin

Report on Compliance For Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Village of Edgar, Wisconsin's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Wisconsin *State Single Audit Guidelines* that could have a direct and material effect on the of Village of Edgar, Wisconsin's major federal and state programs for the year ended December 31, 2024. Village of Edgar, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Village of Edgar, Wisconsin 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 and state programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal and State 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; 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) and Wisconsin *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Village of Edgar, Wisconsin 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 the major federal and state programs. Our audit does not provide a legal determination of Village of Edgar, Wisconsin'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 Village of Edgar, Wisconsin's federal and state 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 Village of Edgar, Wisconsin'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*, the Uniform Guidance and Wisconsin State Single Audit Guidelines will always detect material noncompliance when it exists.

To the Village Board
Village of Edgar, Wisconsin

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 Village of Edgar, Wisconsin's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Wisconsin *State Single Audit Guidelines*, 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 Village of Edgar, Wisconsin'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 Village of Edgar, Wisconsin'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 and Wisconsin *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Village of Edgar, Wisconsin'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 or state 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 or state 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 or state 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 Auditors' Responsibility 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 were not 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 and Wisconsin State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

To the Village Board
Village of Edgar, Wisconsin

Report on Schedules of Expenditures of Federal Awards and State Awards Required by Uniform Guidance and Wisconsin *Single Audit Guidelines*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Edgar, Wisconsin, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Village of Edgar, Wisconsin's basic financial statements. We issued our report thereon dated March 14, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and Wisconsin *State Single Audit Guidelines* and are 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 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 schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
March 14, 2025

Village of Edgar, Wisconsin
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2024

Grantor Agency/ Federal Program Title	ALN	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/24	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/24	Total Expenditures	Subrecipient Payment
U.S. DEPARTMENT OF AGRICULTURE								
Water and Waste Disposal Systems for Rural Communities	10.760	Wisconsin Department of Rural Development	N/A	\$ (2,517,234)	\$ 9,111,000	\$ -	\$ 6,593,766	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ (2,517,234)</u>	<u>\$ 9,111,000</u>	<u>\$ -</u>	<u>\$ 6,593,766</u>	<u>\$ -</u>

Village of Edgar, Wisconsin
 Schedule of Expenditures of State Awards
 For the Year Ended December 31, 2024

<u>Grantor Agency/State Program Title</u>	<u>State I.D. Number</u>	<u>Pass-Through Agency</u>	<u>State Identifying Number</u>	<u>(Accrued) Deferred Revenue 1/1/24</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 12/31/24</u>	<u>Total Expenditures</u>	<u>Subrecipient Payment</u>
DEPARTMENT OF NATURAL RESOURCES								
Recycling Grant	370.670	Direct Program	N/A	\$ -	\$ 5,469	\$ -	\$ 5,469	\$ -
TOTAL STATE PROGRAMS				<u>\$ -</u>	<u>\$ 5,469</u>	<u>\$ -</u>	<u>\$ 5,469</u>	<u>\$ -</u>

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule

VILLAGE OF EDGAR, WISCONSIN
Notes to the Schedules of Expenditures of Federal and State Awards
December 31, 2024

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal awards and state awards for the Village are 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) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal awards and state awards include all federal and state awards of the Village. Because the schedules present only a selected portion of the operations of the Village, they are not intended to and do not present the financial position, changes in net position, or cash flows of the Village.

Note 2: Significant Accounting Policies

Expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with expenditures reported in the Village's 2024 fund financial statements. Accounts receivable at year-end consists of federal and state program expenditures scheduled for reimbursement to the Village in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded Village expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances. Expenditures are recognized following the cost principles contained in the Uniform Guidance and Wisconsin *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Village has not elected to charge a de minimis indirect cost rate of 10% of modified total costs.

Note 3: Oversight Agencies

The Village's federal oversight agency is the Department of Agriculture.

VILLAGE OF EDGAR, WISCONSIN
Schedule of Findings and Questioned Costs
December 31, 2024

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None Reported
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	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 Section 2 CFR 200.516(a)?	No
Identification of major federal program:	

ALN	Name of Federal Program
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as a low-risk auditee?	No

State Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	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 <i>State Single Audit Guidelines</i>	No
Identification of major state program:	

State I.D. Number	Name of State Program
370.670	Recycling

VILLAGE OF EDGAR, WISCONSIN
Schedule of Findings and Questioned Costs - Continued
December 31, 2024

Section II – Financial Statement Findings

2024-001 Lack of Segregation of Duties

Condition: During our audit, we noted that many of the accounting functions are performed by a few individuals, including opening the mail, recording receipts, recording vendor invoices, transporting the bank deposit, preparing checks, and mailing the checks. These same individuals have the ability to record journal entries and reconcile accounts.

Criteria: Board and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.

Cause: Limited staff is available to properly segregate duties.

Effect: Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.

Recommendation: We recognize that the Village is not large enough to make the employment of additional persons for the purpose of segregation of duties practical from a financial standpoint. Therefore, the Village Board should rely on its direct knowledge of the Village's operations and thoroughly review financial reports to control and safeguard assets and insure accurate financial reporting. We also recommend that a board member review the bank reconciliations and journal entries.

Management's Response: The Village is aware of the lack of segregation of duties caused by the limited size of its staff and therefore, agrees with this matter. The Village will continue to improve the segregation of duties wherever possible and will continue to have the Village Board's involvement in the review and approval process as much as is practical.

Responsible Official: Jennifer Lopez – Administrator

Anticipated Completion Date: This finding will not completely resolve itself given the cost/benefit basis the Village continues to make.

VILLAGE OF EDGAR, WISCONSIN
Schedule of Findings and Questioned Costs - Continued
December 31, 2024

Section II – Financial Statement Findings

2024-002 Financial Reporting

Condition: During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Cause: Management does not have the required experience and expertise to prepare financial statements. Therefore, management requested that KerberRose SC assist in preparing a draft of the audited financial statements, including the related footnote disclosures. The outsourcing is a result of management’s cost/benefit decision to use our accounting expertise rather than incurring this internal resource cost.

Effect: Although the auditors are assisting with the preparation of the financial statements and related footnotes, management of the Village thoroughly reviews them and accepts responsibility for their completeness and accuracy.

Recommendation: We recommend that management continues to make this decision on a cost/benefit basis.

Management’s Response: The Village will continue to contract with an outside audit firm to complete the statements and related notes to comply with GAAP. Management does review and approve the financial statements and management accepts responsibility for the financial statements.

Responsible Official: Jennifer Lopez – Administrator

Anticipated Completion Date: This finding will not completely resolve itself given the cost/benefit basis the Village continues to make.

VILLAGE OF EDGAR, WISCONSIN
Schedule of Findings and Questioned Costs - Continued
December 31, 2024

Section II – Financial Statement Findings

2024-003 Material Account Adjustments

Condition: Throughout the course of performing the audit, certain adjustments were identified and proposed. Management has approved and posted these material adjustments to present fair and accurate financial statements.

Criteria: Management is responsible for maintaining internal controls and maintaining its accounting records in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Cause: Internal controls did not detect certain adjustments necessary to properly record year-end balances.

Effect: The initial trial balances were misstated

Recommendation: We recommend that management take steps to ensure that all year-end adjustments are identified and posted for financial reporting purposes.

Management's Response: The Village is aware of the reasons for the material account adjustments and has continued to take action to implement procedures for the preparation of year-end adjustments.

Responsible Official: Jennifer Lopez – Administrator

Anticipated Completion Date: The Village intends to work towards resolving this finding for the following year.

VILLAGE OF EDGAR, WISCONSIN
 Schedule of Findings and Questioned Costs – Continued
 December 31, 2024

Section II – Financial Statement Findings

2024-004 Schedules of Expenditures of Federal and State Awards

Condition: The Uniform Guidance and the State Single Audit Guidelines require the Village to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the Village maintain records supporting amounts reported in the schedules of federal and state awards, the Village contracts with KerberRose SC to compile the data from these records and assist in the preparation of the single audit report for the Village.

Criteria: Having staff with expertise in federal and state financial reporting prepare the Village’s single audit reports is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal and state awards, or accompanying notes to the schedule.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the Village’s single audit report, including the additional training time, outweigh the derived benefits.

Effect: Although the auditors are assisting with the preparation of the schedule of federal and state awards, management of the Village thoroughly reviews the schedules and accepts responsibility for the schedules’ completeness and accuracy.

Recommendation: We recommend management and the Village Board continue to monitor the transactions and the financial records of the Village, including those related to federal and state awards. We also recommend continuing to review the schedules of federal and state awards upon their preparation.

Management’s Response: The Village is aware of the requirements and will attempt to compile the information necessary in the future.

Responsible Official: Jennifer Lopez – Administrator

Anticipated Completion Date: The finding will not completely resolve itself given the cost/benefit basis the Village continues to make.

Section III – Federal and State Award Findings and Questioned Costs

There are no findings related to the federal and state awards for the year ended December 31, 2024.

Section IV – Other Issues

- | | |
|---|-----|
| 1. Does the auditor have substantial doubt as to the auditee’s ability to continue as a going concern? | No |
| 2. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |



VILLAGE OF EDGAR

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Corrective Action Plan

Financial Statement Findings

2024-001 – Lack of Segregation of Duties – The Village is aware of the lack of segregation of duties caused by limited size of its staff. Segregation of duties is enhanced whenever possible, and the Village Board assumes an active role through monthly review of receipt and disbursement transactions and monthly financial statements.

Responsible Official – Jennifer Lopez – Administrator

Anticipated Completion Date – This finding will not completely resolve itself given the cost/benefits basis the Village continues to base this decision on.

2024-002 – Financial Reporting – The Village is aware that its staff does not have training to prepare financial statements and related notes in accordance with GAAP. The Village will rely on the assistance of the auditors for preparation of the financial statements and related notes.

Responsible Official – Jennifer Lopez – Administrator

Anticipated Completion Date – This finding will not completely resolve itself given the cost/benefits basis the Village continues to base this decision on.

2024-003 – Material Account Adjustments – The Village is aware there were material adjustments and intends to gain additional understanding and training to reduce the material adjustments.

Responsible Official – Jennifer Lopez – Administrator

Anticipated Completion Date – This Village intends to reduce the material adjustments within the next year.

2024-004 – Preparation of Schedules of Federal and State Awards – The Village will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the schedules of expenditures of federal and state awards while reviewing for completeness and accuracy.

Responsible Official – Jennifer Lopez – Administrator

Anticipated Completion Date – This finding will not completely resolve itself given time constraints in the current year, however the Village will work to make improvements.



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 Village Board
Village of Edgar, Wisconsin

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Edgar, Wisconsin, (Village) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Edgar, Wisconsin'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 Village of Edgar, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Edgar, Wisconsin'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, and 2024-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Edgar, Wisconsin'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*.

To the Village Board
Village of Edgar, Wisconsin

Village of Edgar, Wisconsin's Responses to Findings

Government Auditing Standards requires the auditors to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying *schedule of findings and questioned costs* and *corrective action plan*. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
March 14, 2025

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