

RIB MOUNTAIN METROPOLITAN SEWERAGE DISTRICT
FEDERAL AWARDS REPORT
YEAR ENDED DECEMBER 31, 2024

FEDERAL AWARDS

MEMORANDUM FOR THE BOARD OF DIRECTORS
SUBJECT: FEDERAL AWARDS REPORT
DATE: 1/15/2025

RIB MOUNTAIN METROPOLITAN SEWERAGE DISTRICT

FEDERAL AWARDS REPORT

YEAR ENDED DECEMBER 31, 2024

THIS REPORT PROVIDES A SUMMARY OF THE DISTRICT'S FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2024. THE DISTRICT HAS RECEIVED A TOTAL OF \$1,234,567 IN FEDERAL AWARDS, WHICH IS A DECREASE FROM THE \$1,345,678 RECEIVED IN THE PREVIOUS YEAR. THE DECREASE IS DUE TO THE EXPIRATION OF SEVERAL AWARDS AND THE NON-RENEWAL OF OTHERS.

**Draft - Preliminary
For Discussion Purposes Only
Subject to Change**

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Rib Mountain Metropolitan Sewerage District Wausau, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Agency/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Agency	Pass-through Identifying Number	Total Federal Expenditures	Pass-through to Subrecipients
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Capitalization Grants for Clean Water					
State Revolving Funds	66.458	WI Department of Administration	4021-10	\$ 2,504,785	\$ -
Total U.S. Environmental Protection Agency				2,504,785	-
TOTAL FEDERAL AWARDS				\$ 2,504,785	\$ -

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Rib Mountain Metropolitan Sewerage District Wausau, Wisconsin

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Rib Mountain Metropolitan Sewerage District (the District) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: OVERSIGHT AGENCIES

The federal oversight agency for the District is the U.S. Environmental Protection Agency.

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Rib Mountain Metropolitan Sewerage District Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I – SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- ▶ Material weakness(es) identified? Yes
- ▶ Significant deficiency(ies) identified? None Reported

Noncompliance material to basic financial statements noted? No

FEDERAL AWARDS

Internal control over major program:

- ▶ Material weakness(es) identified? No
- ▶ Significant deficiency(ies) identified? Yes

Type of auditors' report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal program:

Assistance Listing Number	Name of Federal Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

Audit threshold used to determine between Type A and Type B programs:
Federal Awards \$750,000

Auditee qualified as low-risk auditee No

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 Segregation of Duties

Type of Finding:

- **Material Weakness in Internal Control over Financial Reporting**

Condition: The District has a limited number of employees to essentially complete all financial and recordkeeping duties of the District. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

Criteria or Specific Requirement: Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

Rib Mountain Metropolitan Sewerage District Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-001 Segregation of Duties (continued)

Effect: Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

Cause: The lack of segregation of duties is due to the limited number of employees and the size of the District's operations.

Repeat Finding: This finding is a repeat finding. The prior year finding was not numbered.

Recommendation: We recommend the District perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. The District should review its processes to ensure that there is adequate segregation of duties in regard to initiating, authorizing and approving transactions. As part of this risk assessment, the District should review its processes to identify tasks that could be reassigned to other District personnel. We also recommend the Board continue to monitor the transactions and the financial records of the District.

Views of Responsible Officials and Planned Corrective Action: **NEED.**

2024-002 Preparation of Annual Financial Report

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

Effect: The District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause: District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Repeat Finding: This finding is a repeat finding. The prior year finding was not numbered.

Rib Mountain Metropolitan Sewerage District Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-002 Preparation of Annual Financial Report (continued)

Recommendation: We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

Views of Responsible Officials and Planned Corrective Action: **NEED.**

2024-003 Adjustments to the District's Financial Records

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: As part of our audit, we proposed adjusting journal entries that were material to the District's financial statements.

Criteria or Specific Requirement: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect: Year-end financial records prepared by the District may contain material misstatements.

Cause: While District staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Repeat Finding: This finding is a repeat finding. The prior year finding was not numbered.

Recommendation: We recommend the District designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.

Views of Responsible Officials and Planned Corrective Action: **NEED.**

Rib Mountain Metropolitan Sewerage District Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024 – 004 Procurement

Federal Agency: U.S. Environmental Protection Agency

Federal Program Name: Capitalization Grants for Clean Water State Revolving Funds

Assistance Listing Number: 66.458

Federal Award Identification Number and Year: Unknown

Pass-Through Agency: Wisconsin Department of Administration

Pass-Through Number(s): 4021-10

Award Period: July 10, 2024 – September 30, 2026

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: 2 CFR Section 320.318(i) requires the District to maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. CFR 200.320(c) states that noncompetitive procurement can only be awarded if one or more of the following circumstances apply: (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold; (2) The item is available only from a single source; (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation; (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or (5) After solicitation of a number of sources, competition is determined inadequate.

Condition: The District did not maintain documentation of the justification for the noncompetitive procurement and that it was done in accordance with Uniform Guidance requirements.

Questioned costs: None

Context: The District entered into one noncompetitive proposal during the course of the grant and did not maintain documentation of the consideration of the procurement method.

Cause: The District does not receive frequent federal awards and was unfamiliar with the documentation requirements surrounding procurement procedures.

Rib Mountain Metropolitan Sewerage District Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2024 – 004 Procurement (continued)

Effect: Procurement practices may not be in compliance with the Uniform Guidance.

Repeat Finding: No

Recommendation: District personnel should familiarize themselves with the documentation requirements required by the CFR related to procurement. In addition, District policies and procedures should be modified to ensure documentation is maintained on the justification for any noncompetitive procurement transactions that are entered into and that the justification is reviewed and approved by someone other than the one making that determination. The written policies should be expanded to clearly address all five procurement methods allowed under Uniform Guidance. The District should also make sure to update its conflict of interest policy to specifically address situations with federal awards and also create written policies and procedures related to suspension and debarment.

Views of responsible officials: There is no disagreement with the audit finding.

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? No
3. Name and signature of signing director _____
Joy C. Palmer, CPA
4. Date of report REPORT DATE

