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Village of Kronenwetter

Audit Presentation

Year ended December 31, 2024

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Agenda

- Audit scope and process
- Audit opinions and communications
- Internal control deficiencies
- Recommendations
- Conclusion



Audit Scope



Report on the
organization's
financial
statements



Internal control
letter



Required
governance
communications
letter



Audit Process

RISK-BASED APPROACH

Understanding the
Entity

Internal controls

Risk Evaluation

Substantive Audit
Testing

Regulatory Reporting

Financial Statements



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AUDIT OPINIONS

Financial statement

Financial statement audit opinion is **unmodified**.



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AUDIT RESULTS

Material Weaknesses

- Segregation of Duties
- Preparation of Annual Financial Report
- Bank Account Reconciliations
- Journal Entry Approval and Documentation
- Other Account Reconciliations

Significant Deficiency

- Adjustments to the Village's Financial Records



Material Weaknesses

- 2024-001 Segregation of Duties
 - Limited personnel to perform and oversee the financial responsibilities
 - Increased risk to preventing and detecting errors
 - Potential of increased impact due to turnover
- 2024-002 Preparation of Annual Financial Report
 - Related to preparation of the financial statements themselves
 - Prior Period Adjustment pertaining to Capital Assets



Material Weaknesses (Continued)

- 2024-003 Bank Account Reconciliations
 - Monthly bank reconciliations not completed timely
 - Unreconciled differences on the reconciliations that had been completed were left unaddressed for months
 - December 2024 reconciliation completed in February 2026
 - Required adjustments to cash and other general ledger accounts
 - January 2025 reconciliation completed in May 2026
- 2024-004 Journal Entry Approval and Documentation
 - Lack of documented review and approval
 - Supporting documentation not maintained



Material Weaknesses (Continued)

- 2024-005 Other Account Reconciliations
 - Lack of periodic reconciliation of other trial balance accounts
 - Receivable accounts
 - Payroll liabilities
 - Various payable accounts
 - Revenue



Significant Deficiency

- 2024-006 Adjustments to the Village's Financial Records
 - During the audit, errors were identified that required adjustments



Recommendations

- Risk Assessment
 - A process for identifying what could go wrong, understanding how likely it is, and deciding how big of an impact it could have on the community or your finances. Once you understand those risks, you decide what actions you should take to reduce or manage them.
- Role Evaluation
 - Identify who does what
 - Segregate recordkeeping, custody and authorization
 - Documented review and approval separate from preparation



Recommendations (continued)

- Staffing Assessment
 - Are there enough positions to maintain accurate financial records?
 - Evaluate cross-training for absences
- Documentation
 - Evaluate accounting and financial policies
 - Develop accounting procedures manual
 - Help reduce the impact of turnover



2025 Audit Completion

- Dependent on the Village closing the 2025 books
 - Cash reconciliations for the year
 - Year end balance sheet reconciliations
 - Capital asset schedules
- CLA is available to assist





Financial Statement Discussion



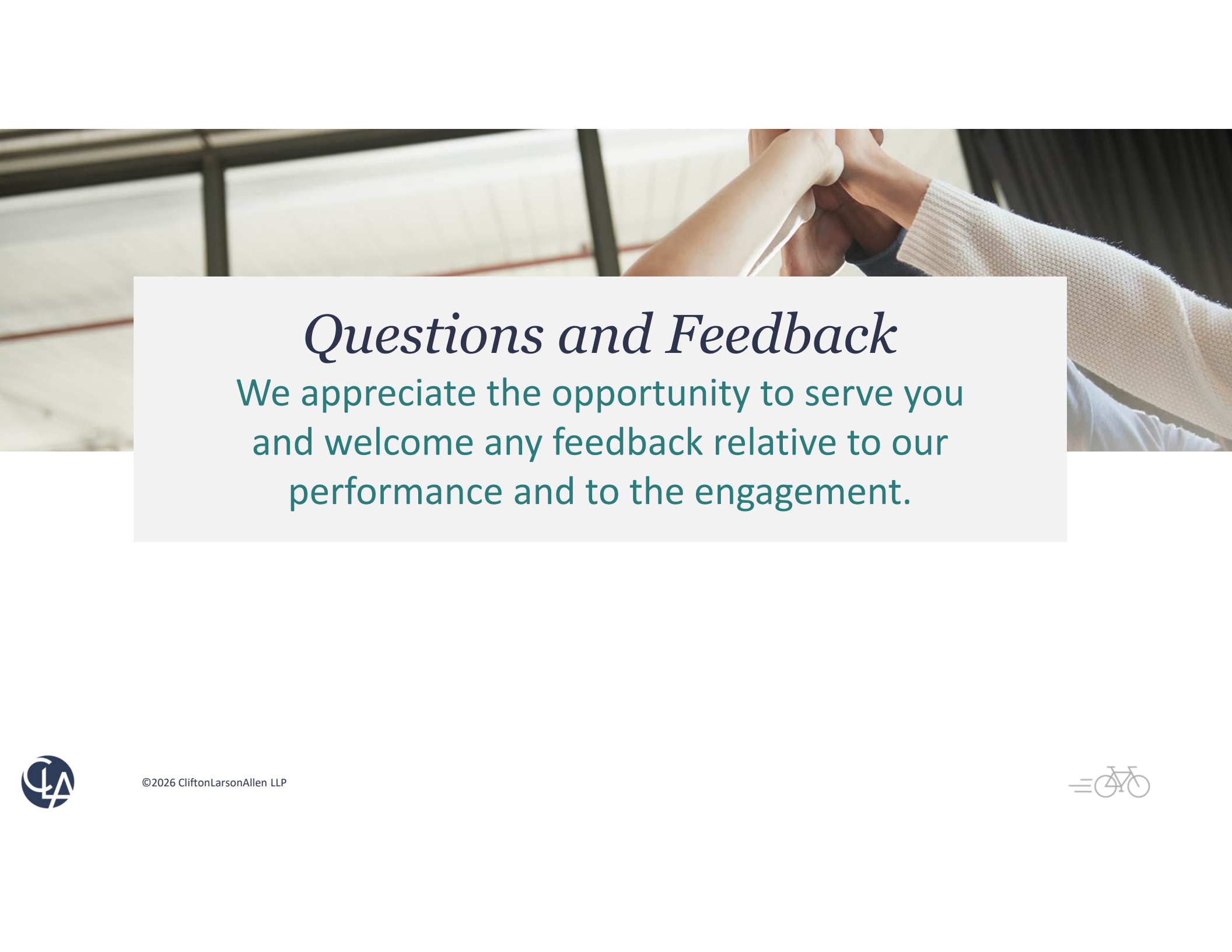
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A background image showing two hands shaking in a firm grip, symbolizing agreement or partnership. The hands are positioned in the upper center of the frame, with one hand wearing a light-colored sweater sleeve. The background is slightly blurred, showing what appears to be a window or a railing.

Questions and Feedback

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and welcome any feedback relative to our
performance and to the engagement.



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