

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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### **Martin County Fairmont, Minnesota**

Management and Compliance Report

Year Ended December 31, 2020

## **Description of the Office of the State Auditor**

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** – conducts financial and legal compliance audits of local governments;

**Government Information** – collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

**Tax Increment Financing** – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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# **Martin County Fairmont, Minnesota**

Year Ended December 31, 2020



**Office of the State Auditor**

Management and Compliance Report

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	4
Schedule of Findings and Questioned Costs	7
Corrective Action Plan	14
Schedule of Expenditures of Federal Awards	16
Notes to the Schedule of Expenditures of Federal Awards	17



**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***

Independent Auditor's Report

Board of County Commissioners  
Martin County  
Fairmont, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 20, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Martin County's internal control over financial reporting 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 to be a material weakness and item 2020-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Martin County'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*.

### **Minnesota Legal Compliance**

In connection with our audit, nothing came to our attention that caused us to believe that Martin County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

### **Martin County's Response to Findings**

Martin County's responses to the internal control findings identified in our audit are described in the Corrective Action Plan. The County's responses were not subjected to the 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 over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness

of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

January 20, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND  
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of County Commissioners  
Martin County  
Fairmont, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited Martin County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. Martin County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Martin County's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Martin County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Martin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003 and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

Martin County's responses to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of Martin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 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 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 the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003 and 2020-004, that we consider to be significant deficiencies.

Martin County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated January 20, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Martin County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA 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. Such 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 SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

January 20, 2022

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor's report issued on compliance for the major federal programs: **Unmodified**

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

The major federal programs are:

Highway Planning and Construction Cluster	
Highway Planning and Construction	CFDA No. 20.205
COVID-19 – Coronavirus Relief Fund	CFDA No. 21.019

The threshold for distinguishing between Types A and B programs was \$750,000.

Martin County qualified as a low-risk auditee? **No**

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Audit Adjustment

**Criteria:** A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** A material audit adjustment was identified that resulted in significant changes to the County's financial statements.

**Context:** The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

**Effect:** The audit adjustment increased the Ditch Special Revenue Fund's receivables by \$866,025, special assessment revenues by \$832,345, and deferred inflows of resources – unavailable revenue by \$33,680 to record special assessments that were approved in 2020 but collected in 2021. The adjustment was made by management and is reflected in the financial statements.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Cause:** Errors were made by the County in the financial statement information prepared for the Ditch Special Revenue Fund's special assessments receivable.

**Recommendation:** We recommend County staff implement procedures over financial reporting to ensure the County's financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

**View of Responsible Official:** Acknowledged

Finding Number: 2020-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Payroll Internal Controls

**Criteria:** Management is responsible for designing and implementing internal controls over accounting processes, including payroll. To obtain greater assurance that errors or fraud in payroll are prevented, detected, and corrected in a timely manner, payroll disbursements made to employees should be supported by appropriate authorization and documentation.

**Condition:** The following exceptions were noted, in a sample of 25 payroll disbursements tested:

- Two payroll disbursements were missing documentation to support the approved pay rate.
- Two payroll disbursements were not approved by the employee's supervisor.
- One payroll disbursement was missing documentation to support hours worked.

**Context:** Employees will be compensated in accordance with the classification system established by the Board of Commissioners as well as the timesheet prepared by the employee. The County policy states that timesheets must be signed by the employee and the designated supervisor or department head. Personnel action forms will document the approved pay rate.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Effect:** Without internal controls in place to ensure payroll disbursements are supported by appropriate authorized documentation, there is an increased risk that errors or irregularities may occur and not be detected in a timely manner. Additionally, complications could arise should the accuracy of information submitted come into question.

**Cause:** The County indicated that due to a change in personnel, the personnel action forms could not be located. In the other instances, the County indicated the lack of supervisor's approval and missing documentation was overlooked in the payroll processing procedures.

**Recommendation:** We recommend the County design its payroll internal controls to require that all payroll disbursements made to employees are supported by appropriate authorized documentation.

**View of Responsible Official:** Acknowledged

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

Finding Number: 2020-003

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Uniform Guidance Written Procurement Policies and Procedures

**Programs:** U.S. Department of Transportation's Highway Planning and Construction (CFDA No. 20.205), Award No. 4620153, 2020

**Pass-Through Agency:** Minnesota Department of Transportation

**Criteria:** Title 2 U.S. Code of Federal Regulations § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. In addition, Title 2 U.S. Code of Federal Regulations § 200.318 states that the non-federal entity must

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform with applicable federal law and the standards identified in this regulation.

**Condition:** The County has not developed written procurement policies that have the required components of a procurement policy in accordance with Title 2 U.S. Code of Federal Regulations § 200.318, including provisions for written standards of conduct.

**Questioned Costs:** None.

**Context:** This issue was discovered during the audit of the Highway Planning and Construction program; however, it impacts federal programs entity-wide. Written policies and procedures that reflect the specific components of federal regulations improve controls to help ensure compliance with federal award requirements.

**Effect:** Written policies and procedures that do not reflect specific Uniform Guidance procurement requirements could increase the risk of noncompliance with federal program requirements.

**Cause:** The County has not adopted procurement procedures that comply with Uniform Guidance.

**Recommendation:** We recommend the County develop and implement written policies and procedures that can be consistently applied by all staff which, when followed, ensures compliance with Uniform Guidance procurement requirements.

**View of Responsible Official:** Acknowledged

Finding Number: 2020-004

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Subrecipient Monitoring

**Program:** U.S. Department of the Treasury's Coronavirus Relief Fund (CFDA No. 21.019), Award No. SLT0016, 2020

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Pass-Through Agency:** Minnesota Management and Budget

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, the County must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.332, such as clearly identifying the award to the subrecipient; evaluating the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; monitoring the activities of the subrecipient; and verifying the subrecipient is audited, if required.

**Condition:** The documentation on file for one subrecipient tested did not include an agreement or other signed acknowledgement of program requirements to support the subrecipient's understanding of the requirements before the funds were provided. Award information, including CFDA number, was not provided to the three subrecipients tested. Additionally, the County did not have sufficient monitoring procedures in place or documented policies and procedures for subrecipient monitoring.

**Questioned Costs:** None.

**Context:** Martin County passed grant funds to local governments, which the County is familiar with, who have been operating for many years. Funding was provided to one subrecipient after detailed listings of expenditures were submitted for review.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** The County is not meeting federal regulations pertaining to subrecipient monitoring. Also, the County cannot be assured that their subrecipients are administering federal awards in compliance with all applicable federal requirements.

**Cause:** Martin County does not generally provide federal awards to subrecipients and, therefore, did not have policies and procedures in place for subrecipient monitoring activities. Additionally, the County was not aware of the full extent of requirements for subrecipient monitoring.



**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Recommendation:** We recommend the County develop a policy to identify responsibilities for completing risk assessments and monitoring procedures over federal programs, as well as creating and maintaining proper documentation to meet the requirements of subrecipient monitoring for federal programs. This would include documenting the monitoring procedures performed (such as on-site visits and review of the subrecipient's audit findings) and any related follow-up on findings, and performing and documenting a risk assessment of subrecipients. In addition, we recommend the County include applicable award information, including CFDA numbers, in its communications to subrecipients regarding the program. Lastly, we recommend the County document procedures performed for monitoring the Coronavirus Relief Funds going forward.

**View of Responsible Official:** Acknowledged



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**REPRESENTATION OF MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Finding Number: 2020-001**  
**Finding Title: Audit Adjustment**

Name of Contact Person Responsible for Corrective Action:

Jessica Korte, Auditor/Treasurer

Corrective Action Planned:

Additional procedures will be created to provide an additional level of review of the drainage assessments receivable to ensure that collections are reported accurately.

Anticipated Completion Date:

January 1, 2022

**Finding Number: 2020-002**  
**Finding Title: Payroll Internal Controls**

Name of Contact Person Responsible for Corrective Action:

Leigha Johnson, Human Resource Director

Corrective Action Planned:

A new payroll system was implemented in 2021, with electronic timecards. The system requires supervisor electronic approval as well as employees. The HR department will ensure that all personnel action forms are approved by the supervisors before changes are made to the payroll system, and are filed appropriately.

Anticipated Completion Date:

January 1, 2022

**Finding Number: 2020-003**

**Finding Title: Uniform Guidance Written Procurement Policies and Procedures**

**Program: Highway Planning and Construction (CFDA No. 20.205)**

Name of Contact Person Responsible for Corrective Action:

Jessica Korte, Auditor Treasurer

Corrective Action Planned:

A Procurement Policy was developed towards the end of 2021, and approved by the Board 12/21/21. The Procurement policy will be reviewed at least annually to determine if any changes need to be made.

Anticipated Completion Date:

December 21, 2021

**Finding Number: 2020-004**

**Finding Title: Subrecipient Monitoring**

**Program: Coronavirus Relief Fund (CFDA No. 21.019)**

Name of Contact Person Responsible for Corrective Action:

Jessica Korte, Auditor/Treasurer

Corrective Action Planned:

A Sub-Recipient Policy will be developed and reviewed annually with other policies with department heads to ensure the policies are still relevant and in accordance with Uniform Guidance, and any applicable laws, statutes, or rules.

Anticipated Completion Date:

February 15, 2022

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Justice</b>				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	F-CVS-2020-MARTCO	<u>\$ 61,547</u>	<u>\$ -</u>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	4620153	<u>\$ 1,596,000</u>	<u>\$ -</u>
<b>U.S. Department of the Treasury</b>				
Passed Through Minnesota Management and Budget COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	<u>\$ 2,496,018</u>	<u>\$ 959,081</u>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	MARTIN SBG-073120	\$ 3,112	\$ -
Passed Through Minnesota Department of Public Safety Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Not Provided	<u>65,427</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 68,539</u>	<u>\$ -</u>
<b>Total Federal Awards</b>			<u>\$ 4,222,104</u>	<u>\$ 959,081</u>
<b>Totals by Cluster</b>				
Total expenditures for Highway Planning and Construction Cluster			\$ 1,596,000	

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Martin County. The County's reporting entity is defined in Note 1 to the financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Martin County under programs of the federal government for the year ended December 31, 2020. 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 operations of Martin County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Martin County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Cost Rate

Martin County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 2,626,104
Grants received more than 60 days after year-end, unavailable in 2020	
Highway Planning and Construction (CFDA No. 20.205)	<u>1,596,000</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u><u>\$ 4,222,104</u></u>