

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

Audit Practice Division

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### **Carlton County Carlton, Minnesota**

Management and Compliance Report

Year Ended December 31, 2023

# Carlton County Carlton, Minnesota

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Independent Auditor's Report

Board of County Commissioners  
Carlton County  
Carlton, Minnesota

**Report on the Audit of the Schedule of Expenditures of Federal Awards**

***Opinion***

We have audited the Schedule of Expenditures of Federal Awards (SEFA) of Carlton County, Minnesota, for the year ended December 31, 2023, and the related notes.

In our opinion, the accompanying SEFA presents fairly, in all material respects, the expenditures of federal awards of Carlton County for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit 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 the SEFA section of our report.

We are required to be independent of Carlton County 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 opinion.

***Responsibilities of Management for the SEFA***

Management is responsible for the preparation and fair presentation of the SEFA 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 the SEFA that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities for the Audit of the SEFA***

Our objectives are to obtain reasonable assurance about whether the SEFA as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance 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 SEFA.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 misstatement of the SEFA, 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 SEFA;
- 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 Carlton County's internal control. Accordingly, no such opinion is expressed; and
- 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 SEFA.

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.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

May 13, 2025

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor



**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  
Carlton County  
Carlton, 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 Carlton County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 13, 2025. We have issued an adverse opinion on the governmental activities' financial statements because Carlton County has not reported capital assets in the Statement of Net Position and has not reported the related depreciation in the Statement of Activities as required by accounting principles generally accepted in the United States of America. Also, capital expenditures have not been eliminated from the Statement of Activities.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Carlton 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 opinion on the financial statements, but not for the purpose of expressing our 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 preceding paragraph 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 identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and significant deficiencies.

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 a combination of deficiencies, in internal control over financial reporting 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, 2023-004, and 2023-005 to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carlton 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, we noted that Carlton County failed to comply with the provisions of the miscellaneous provisions section 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, as described in the Schedule of Findings and Questioned Costs as items 2023-007 and 2023-008. 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.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Carlton County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and 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

May 13, 2025

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor

**Report on Compliance for Each Major Federal Program and Report on Internal  
Control Over Compliance Required by the Uniform Guidance**Independent Auditor's Report

Board of County Commissioners  
Carlton County  
Carlton, Minnesota

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

We have audited Carlton County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Carlton County's major federal programs for the year ended December 31, 2023. Carlton County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Carlton County complied, in all material respects, with the 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, 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 Carlton County 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 Carlton County'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 Carlton County's federal programs.

### ***Auditor's 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 Carlton County'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 auditing standards generally accepted in the United States of America, *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 Carlton County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 Carlton County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of Carlton County'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 Carlton County'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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-006. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Carlton County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Carlton County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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 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, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-006 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Carlton County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Carlton County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*/s/Julie Blaha*

*/s/Chad Struss*

Julie Blaha  
State Auditor

Chad Struss, CPA  
Deputy State Auditor

May 13, 2025

# Carlton County Carlton, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2023

### Section 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, except for the government-wide financial statements which is adverse because Carlton County has not reported and depreciated capital assets and eliminated capital outlay expenditures in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.**

Type of auditor’s report issued on whether the Schedule of Expenditures of Federal Awards audited was 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 the major federal 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**

Identification of the major federal programs:

Assistance Listing	
Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs
93.778	Medicaid Cluster

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

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

# Carlton County

## Carlton, Minnesota

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### Section II – Financial Statement Findings

#### **2023-001      Computer Risk Management**

**Prior Year Finding Number:** 2022-001

**Year of Finding Origination:** 2006

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Risk management begins with a risk assessment of the County's computer system to identify those risks that could negatively influence computer operations. The County should implement internal controls to reduce the identified risks. The County should document implemented internal controls in a well-maintained policies and procedures manual, which should be communicated to the County's staff. The County should monitor staff adherence to these policies. Because computer systems are ever changing, the County should include periodic reassessment of risk in its plan to ensure existing internal controls are effective.

**Condition:** The County has internal controls in place for its computer system. However, the County has not developed a formal plan to identify and manage risks associated with its computer system.

**Context:** A well-developed formal plan of risk identification can assist management and governance in identifying potential risks and develop plans to mitigate or eliminate those risks.

**Effect:** County management and governance could potentially be unprepared to respond to unanticipated risks in a timely and effective manner.

**Cause:** The County has not taken steps to implement a formal plan to identify potential risks that could negatively affect internal controls operating over County computer operations.

**Recommendation:** We recommend the County Board develop a plan to ensure that internal controls are in place to reduce the risk associated with the County's computer systems.

**View of Responsible Official:** Concur

#### **2023-002      Segregation of Duties**

**Prior Year Finding Number:** 2022-002

**Year of Finding Origination:** 1996

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a significant internal control in preventing and detecting errors or irregularities. To protect the County's assets, proper segregation of the record-keeping, custody, and authorization functions should be in place. Where management decides segregation of duties may not be cost effective, compensating controls should be in place.

**Condition:** Several of Carlton County's departments that collect fees lack proper segregation of the accounting functions necessary to ensure adequate internal accounting control. Generally, one staff person is responsible for billing; collecting, depositing, and recording receipts; and reconciling the bank accounts.

# Carlton County

## Carlton, Minnesota

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**Context:** Due to the limited number of office personnel within the County, segregation of accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Carlton County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

**Effect:** Inadequate segregation of duties could adversely affect the ability of the County's employees, in the normal course of performing their assigned functions, to detect misstatements in a timely period.

**Cause:** The County has indicated it does not have the economic resources needed to hire additional qualified accounting staff to segregate duties in every department.

**Recommendation:** We recommend the County's Board of Commissioners and management be aware of the lack of segregation of duties of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented to the extent possible.

**View of Responsible Official:** Concur

**2023-003**      Capital Assets

**Prior Year Finding Number:** 2022-003

**Year of Finding Origination:** 1996

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Material Weakness

**Criteria:** GASB Statement 34 requires governments to include capital assets on the Statement of Net Position and to report depreciation expense for those assets on the Statement of Activities. In addition, capital outlay expenditures in a governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balance are eliminated in the Statement of Activities. Generally accepted accounting principles also require capital assets to be valued at historical cost or, if historical cost data are not available, estimated cost.

**Condition:** The County does not maintain capital asset records which show cost or estimated historical cost, and it has not properly reported capital assets in its government-wide financial statements.

**Context:** To comply with GASB Statement 34, the County must establish accounting policies for capital assets, including capitalization thresholds, useful lives, and the designation of specific general ledger accounting codes to record the purchases and construction costs of capital assets. Capital assets, as defined by GASB Statement 34, include: land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible and intangible assets used in operations and that have initial useful lives extending beyond a reporting period. The County must establish a capital asset accounting system capable of providing the information needed to comply with the reporting requirements of GASB Statement 34. Information needed for reporting includes capital assets by major asset category, capital outlay expenditures by department and major expenditure function, and depreciation expense by department and major expenditure function.

Carlton County implemented GASB Statements 87 and 96, which established criteria for accounting and financial reporting for leases and subscription-based information technology arrangements, respectively, including right-to-use assets and related amortization expense associated with its leases and subscription-based information technology arrangements.

## Carlton County Carlton, Minnesota

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**Effect:** Carlton County has not complied with the requirements of GASB Statement 34; an adverse opinion will continue to be issued on the government-wide financial statements.

**Cause:** Carlton County has not developed a comprehensive capital asset policy, nor accumulated and recorded its capital assets in accordance with generally accepted accounting principles.

**Recommendation:** In order to improve control over capital assets, prevent the adverse opinion in relation to capital assets, and comply with the requirements of GASB Statement 34, the County should establish a record-keeping system for capital assets. The County Board should take steps to establish formal policies and procedures for implementing and maintaining a capital asset system. Below is an outline for developing and maintaining a capital asset inventory system.

- Adopt a capitalization policy that sets a minimum dollar value for an asset to be accounted for on the capital asset system. Determine the useful lives for various classes of assets to be used for depreciation purposes and the general ledger account codes to be used to record capital asset transactions.
- Identify the information that will need to be captured by a capital asset accounting system and establish a system that will provide the information needed to comply with the reporting requirements of GASB Statement 34.
- Inventory all capital assets, including infrastructure assets, owned by the County, and assign responsibility for each asset to a particular department head or official.
- Assign actual or estimated historical cost to each item. Enter the information into the capital asset system.
- Maintain the capital asset accounting system on a current basis. Establish procedures on how disposals of capital assets will be identified by department heads and how the information will be transmitted to the person responsible for maintaining the capital asset system.
- Periodically verify departmental inventory by physical inspection.

**View of Responsible Official:** Concur

**2023-004      Journal Entries**

**Prior Year Finding Number:** 2022-005

**Year of Finding Origination:** 2006

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Carlton County limits access to the journal entry function on the Integrated Financial System (IFS) to select County employees. The ability to make journal entries on the IFS general ledger allows those with access to make changes to the general ledger system. To prevent abuse of this function, the County should limit it to those employees who have a logical need for this access. The County should establish a procedure for review and approval of the journal entries.

**Condition:** In a sample of 22 journal entries tested, ten did not have documentation of review or approval.

## Carlton County Carlton, Minnesota

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**Context:** Carlton County seldom uses journal entries for making adjustments to the financial records. Adjustments are posted to the general ledger as negative receipts and disbursements where corrections are required. Journal entries are generally used only in unusual circumstances and financial closing procedures.

**Effect:** Without proper review and approval of journal entries, there is an increased risk that errors or irregularities may not be detected in a timely manner.

**Cause:** The County has not developed procedures for review and approval of journal entries.

**Recommendation:** We recommend the County ensure that all journal entries are reviewed and approved by appropriate County management. The County should generate a report from the IFS that lists all journal entries made to ensure all journal entries were submitted for review and approval.

**View of Responsible Official:** Concur

### **2023-005      Identification of Federal Awards**

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.510(b) states that the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with § 200.502, basis for determining federal awards expended.

**Condition:** During 2023, Carlton County received \$193,428 in grant reimbursements of the Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs federal award program (Assistance Listing Number 20.106) for expenditures incurred in 2020. These expenditures were not included in the population of expenditures provided for audit, nor were they reported on the County's SEFA for the year ended December 31, 2020.

**Context:** All expenditures reimbursed with federal funds are subject to audit as part of the County's single audit.

**Effect:** The inability to properly identify and track federal expenditures in a reporting year increases the likelihood that federal expenditures would not be fairly reported in the SEFA and that noncompliance with direct and material compliance requirements may occur.

**Cause:** The County did not properly identify the expenditures related to a federally funded construction project due to error.

**Recommendation:** We recommend the County ensure that all federal expenditures during a calendar year are reported correctly on the County's SEFA.

**View of Responsible Official:** Concur

# Carlton County

## Carlton, Minnesota

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### Section III – Federal Award Findings and Questioned Costs

#### 2023-006      Eligibility

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of Health and Human Services

**Program:** 93.778 Medical Assistance Program

**Award Number and Year:** 2305MN5ADM; 2023

**Pass-Through Agency:** Minnesota Department of Human Services

**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.

Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. Specific eligibility requirements are included for participants' assets. Minnesota Statutes § 256B.05 requires county agencies to administer Medical Assistance.

**Condition:** The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by Carlton County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation to support participant eligibility was available, updated, or input correctly into MAXIS. In the sample of 40 case files tested, three case files had assets listed in MAXIS that did not match the documentation in the case file.

**Questioned Costs:** Not applicable. The County administers the program, but the State of Minnesota pays benefits to participants in this program.

**Context:** The State of Minnesota and the County split the eligibility determination process. Pursuant to Minnesota statutes, Carlton County performs the "intake function" needed for this program, while the state maintains the MAXIS system, which supports the eligibility determination process. Participants receive benefit payments from the state.

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

**Effect:** The lack of updated information in MAXIS to document verification of key eligibility-determining factors increases the risk that program participants will receive benefits when they are not eligible.

**Cause:** Program personnel entering case file information into MAXIS did not ensure all required information was input or updated correctly, supported, or retained.

# Carlton County

## Carlton, Minnesota

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**Recommendation:** We recommend Carlton County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists and is properly input or updated in MAXIS. In addition, Carlton County should consider providing further training to program personnel.

**View of Responsible Official:** Concur

### Section IV – Other Findings and Recommendations

#### **2023-007      Publishing Claims Over \$2,000**

**Prior Year Finding Number:** 2022-009

**Year of Finding Origination:** 2022

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Minnesota Statutes, Section 375.12, states County Board minutes must be published within 30 days of the meeting and include an individualized, itemized list of County Board-approved payments over \$2,000. For claims \$2,000 or less, the total number of claims and total amount must be stated. The County can publish summaries of the minutes to meet the requirement of Minn. Stat. § 331A.01. However, the County must still publish claims as required by Minn. Stat. § 375.12.

**Condition:** In a sample of three publications of County Board minutes tested, itemized listings of claims paid over \$2,000 were not included.

**Context:** The published County Board minutes indicated the prior month's claims were approved but do not detail amounts by vendor. The County publishes claims approved in total by fund on its website.

**Effect:** The County is not in compliance with Minn. Stat. § 375.12.

**Cause:** The County informed us the publication of claims paid over \$2,000 was missed due to transitions of duties to newer staff during 2022 and was not identified until 2023.

**Recommendation:** We recommend the County comply with Minn. Stat. § 375.12 and publish an itemized list of County Board-approved payments over \$2,000, with the total number of claims and total amount for payments under \$2,000.

**View of Responsible Official:** Concur

#### **2023-008      Publication of Board Minutes**

**Prior Year Finding Number:** 2022-010

**Year of Finding Origination:** 2020

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Minnesota Statute, Section 375.12 requires the County to publish all Board meeting minutes in the official newspaper of the County as designated by the County Board. These publications should be done within 30 days of the meeting.

**Condition:** Of the 26 publications of County Board minutes from 2023, three were not published in the County's official newspaper within the 30-day requirement.



## Carlton County Carlton, Minnesota

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**Context:** County Board holds meetings twice a month with two weeks in between meetings. Meeting minutes are approved by the County Board at subsequent meetings.

**Effect:** The County is not in compliance with Minn. Stat. § 375.12.

**Cause:** The County informed us that the newspaper has a publishing deadline that does not always coincide with the date the Board approves the minutes of the past meeting.

**Recommendation:** We recommend the County publish its summaries of the County Board minutes in compliance with Minn. Stat. § 375.12.

**View of Responsible Official:** Concur



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### Representation of Carlton County Carlton, Minnesota

Corrective Action Plan  
For the Year Ended December 31, 2023

**Finding Number: 2023-001**

**Finding Title: Computer Risk Management**

Name of Contact Person Responsible for Corrective Action:

Peter Gould – Information Technology Director in conjunction with Kevin DeVriendt – Auditor-Treasurer

Corrective Action Planned:

The County Board, in conjunction with IT staff, will work to develop a plan to ensure internal controls are in place so as to reduce the risk associated with the County computer systems. A 'draft' of the plan is being prepared for review and approval by the Carlton County Policy Committee; the plan has not yet been formally accepted by the County Board. The County Internet and Network Policy were merged into the Personnel Policy for further clarification for employees. County IT Department and County Auditor's Office met, discussed, and reviewed risks of access to the Carlton County Financial Systems. Many internal controls have already been put in place to protect the financial systems.

Anticipated Completion Date:

December 31, 2024

**Finding Number: 2023-002**

**Finding Title: Segregation of Duties**

Name of Contact Person Responsible for Corrective Action:

Kevin DeVriendt – County Auditor-Treasurer

Corrective Action Planned:

The Carlton County Board of Commissioners is aware of the existing conditions with regard to the segregation of duties. To date, County management has implemented additional control procedures including adding monitors in specific departments, and having Auditor-Treasurer personnel perform periodic spontaneous cash counts. The Board and management do and will continue to review the duties and responsibilities of County Staff and to make appropriate changes where necessary and feasible.

Anticipated Completion Date:

December 31, 2024, and ongoing



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**Finding Number: 2023-003**

**Finding Title: Capital Assets**

Name of Contact Person Responsible for Corrective Action:

Kevin DeVriendt – County Auditor-Treasurer

Corrective Action Planned:

The County is working toward implementing a record-keeping system to track and report capital assets in accordance with GASB Statement No. 34. A capital asset policy is in the process of being drafted and approved. The County has done limited research to assist in the determination of their capital asset valuation and, if necessary, will contract with a vendor to assist in the recording of the County's capital assets and their valuations.

Anticipated Completion Date:

December 31, 2025

**Finding Number: 2023-004**

**Finding Title: Journal Entries**

Name of Contact Person Responsible for Corrective Action:

Kevin DeVriendt – County Auditor-Treasurer

Corrective Action Planned:

The County Auditor-Treasurer staff will review the access to journal entry functions so as to determine the need for access by selected employees. It is further the intent of the Auditor/Treasurer's Office to establish review and approval procedures for all journal entries. To date, a formal review and approval process policy has not been formally established and approved. The plan is to have the Fiscal Supervisor and the Fiscal Officer review each other's Journal Entries.

Anticipated Completion Date:

December 31, 2024

**Finding Number: 2023-005**

**Finding Title: Identification of Federal Awards**

Name of Contact Person Responsible for Corrective Action:

Carla McCullough – Office Admin-HWY in conjunction with Kevin DeVriendt – Auditor-Treasurer

Corrective Action Planned:

County Transportation Department will tie out year-end encumbrances with Federal Aviation Administration (FAA) and Minnesota Department of Transportation (MnDOT) Aeronautics grant balance reports.



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Anticipated Completion Date:

December 31, 2024

**Finding Number: 2023-006**

**Finding Title: Eligibility**

Name of Contact Person Responsible for Corrective Action:

Patti Hart – Financial Assistance Supervisor II in conjunction with Kevin DeVriendt – Auditor-Treasurer

Corrective Action Planned:

This topic will be a standing agenda item on the Public Health and Human Services Income Maintenance unit meeting agendas, being reviewed at least monthly to ensure compliance. Supervisor Hart will review five Medical Assistance (MA) applications or renewals per month, to ensure MAXIS has been updated with the correct asset and income eligibility information.

Anticipated Completion Date:

May 15, 2025

**Finding Number: 2023-007**

**Finding Title: Publishing Claims Over \$2,000**

Name of Contact Person Responsible for Corrective Action:

Kevin DeVriendt – County Auditor-Treasurer

Corrective Action Planned:

Publish claims over \$2,000 within the 30 days exclusive of the public aid assistance and foster care payments for Public Health and Human Services starting with January 2024 claims.

Anticipated Completion Date:

October 31, 2024 and ongoing

**Finding Number: 2023-008**

**Finding Title: Publishing of Board Minutes**

Name of Contact Person Responsible for Corrective Action:

Kevin DeVriendt – County Auditor-Treasurer

Corrective Action Planned:

The County Auditor-Treasurer staff will adjust their procedures to help streamline the process of getting the board minutes prepared, approved, and submitted to the newspaper to be published within the timelines set under Minnesota Statutes. The timing of the weekly newspaper publication deadlines and the two-week gap between



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meetings in some months will always create some publications being longer than 30 days. The draft minutes are posted on the County website within approximately two weeks of the meeting to inform the public.

Anticipated Completion Date:

December 31, 2024 and ongoing



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### Representation of Carlton County Carlton, Minnesota

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2023

**Finding Number: 2022-001**

**Year of Finding Origination: 2006**

**Finding Title: Computer Risk Management**

**Summary of Condition:** The County has internal controls in place for its computer system. However, the County has not developed a formal plan to identify and manage risks associated with its computer system.

**Summary of Corrective Action Previously Reported:** The County Board, in conjunction with IT staff, will work to develop a plan to ensure internal controls are in place so as to reduce the risk associated with the County computer systems. A 'draft' of the plan is being prepared for review and approval by the Carlton County Policy Committee; the plan has not yet been formally accepted by the County Board.

**Status:** Not Corrected. The County Board, in conjunction with IT staff, are continuing work on the development of a plan to address this issue.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-002**

**Year of Finding Origination: 1996**

**Finding Title: Segregation of Duties**

**Summary of Condition:** Several of Carlton County's departments that collect fees lack proper segregation of the accounting functions necessary to ensure adequate internal accounting control. Generally, one staff person is responsible for billing, collecting, depositing, and recording receipts, as well as reconciling the bank accounts.

**Summary of Corrective Action Previously Reported:** The Carlton County Board of Commissioners is aware of the existing conditions with regard to the segregation of duties. To date, County management has implemented additional control procedures including adding monitors in specific departments, and having Auditor-Treasurer personnel perform periodic spontaneous cash counts. The Board and management do and will continue to review the duties and responsibilities of County Staff and to make appropriate changes where necessary and feasible.

**Status:** Partially Corrected. Management has implemented compensating controls and additional oversight in some areas, and continues to monitor all areas. The Board and management do and will continue to review the duties and responsibilities of County staff and make appropriate changes where necessary and feasible.

Corrective action taken was not significantly different than the action previously reported.



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**Finding Number: 2022-003**

**Year of Finding Origination: 1996**

**Finding Title: Capital Assets**

**Summary of Condition:** The County does not maintain capital asset records which show cost or estimated historical cost, and has not properly reported capital assets in its government-wide financial statements.

**Summary of Corrective Action Previously Reported:** The County is working toward implementing a record-keeping system to track and report capital assets in accordance with GASB Statement No. 34. A capital asset policy is in the process of being drafted and approved. The County has done limited research to assist in the determination of their capital asset valuation and, if necessary, will contract with a vendor to assist in the recording of the County's capital assets and their valuations.

**Status:** Not Corrected. Capital asset records are still not completed and reported. The County continues to accumulate information and formulate a process for a capital asset management system to record and maintain accurate records of the County's capital assets.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-004**

**Year of Finding Origination: 2006**

**Finding Title: Accounting Policies and Procedures Manual**

**Summary of Condition:** Carlton County does not have a current and comprehensive accounting policies and procedures manual.

**Summary of Corrective Action Previously Reported:** A manual has been prepared that includes previously passed policies approved by the board with accounting procedures.

**Status:** Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-005**

**Year of Finding Origination: 2006**

**Finding Title: Journal Entries**

**Summary of Condition:** Appropriate County management does not review or approve journal entries made by staff.

**Summary of Corrective Action Previously Reported:** The County Auditor-Treasurer staff will review the access to journal entry functions so as to determine the need for access by selected employees. It is further the intent of the Auditor/Treasurer's Office to establish review and approval procedures for all journal entries. To date, a formal review and approval process policy has not been formally established and approved.

**Status:** Partially Corrected. Public Health and Human Services Fiscal Supervisor has implemented Fiscal Officers reviewing some journal entries, but did not implement a process for review of all journal entries.

Corrective action taken was not significantly different than the action previously reported.



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**Finding Number: 2022-006**

**Year of Finding Origination: 2022**

**Finding Title: Audit Adjustments**

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

**Summary of Corrective Action Previously Reported:** Fiscal Supervisor will review receipts and receivables during the ninety days at the beginning of the new year and review again when preparing audit work papers to capture all receivables.

**Status:** Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-007**

**Year of Finding Origination: 2022**

**Finding Title: Reporting**

**Program: 11.307 Economic Adjustment Assistance**

**Summary of Condition:** The County did not submit the Form SF-425 for the period ending March 31, 2022, by April 30, 2022. Additionally, the County did not submit the June 30, 2022, Project Progress Report by July 31, 2022.

**Summary of Corrective Action Previously Reported:** Review program and grant requirements to meet any reporting deadlines. Subsequent required reports were submitted in a timely manner for the remainder of 2022.

**Status:** Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-008**

**Year of Finding Origination: 2022**

**Finding Title: LCTS Reporting**

**Program: 93.778 Medical Assistance Program**

**Summary of Condition:** In our sample of eight DHS-3220 reports tested, none had any indication of a review being completed by someone other than the preparer of the report.

**Summary of Corrective Action Previously Reported:** Document the review of the public health, corrections, and school district quarterly reports. Review is being done when the state report is prepared, but not currently documented.

**Status:** Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-009**

**Year of Finding Origination: 2022**

**Finding Title: Publishing Claims Over \$2,000**





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**Summary of Condition:** During our audit, a sample of three publications of County Board minutes from 2022 was reviewed and no publication of claims paid over \$2,000 were noted.

**Summary of Corrective Action Previously Reported:** Publish claims over \$2,000 within the 30 days starting with January 2024 claims exclusive of the public aid assistance and foster care payments issued by Carlton County Public Health and Human Services.

**Status:** Partially Corrected. Starting with October 2024 claims and moving forward, the claims are published in the official newspapers but not within the 30 day time span.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-010**

**Year of Finding Origination: 2020**

**Finding Title: Publication of Board Minutes**

**Summary of Condition:** In our sample of 26 publications of County Board minutes from 2022, five were not published in the County's official newspaper within the 30-day requirement.

**Summary of Corrective Action Previously Reported:** The County Auditor-Treasurer staff will adjust their procedures to help streamline the process of getting the board minutes prepared, approved, and submitted to the newspaper to be published within the timelines set under Minnesota Statutes. The timing of the weekly newspaper publication deadlines and the two-week gap between meetings in some months will always create some publications being longer than 30 days. The draft minutes are posted on the County website within approximately two weeks of the meeting to inform the public.

**Status:** Partially Corrected. Timing of county board meetings to when newspaper publications are due continue to cause some meeting minutes to be published a few days later than the 30-day requirement. Most board meeting minutes are published on time, but will always be some months where timing does not allow for timely publication.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2022-011**

**Year of Finding Origination: 1996**

**Finding Title: Disaster Recovery Plan**

**Summary of Condition:** The County has a disaster recovery plan in the event of a disaster involving its computer system. Since the plan was written, new computer systems and software have been implemented that make the disaster recovery plan outdated.

**Summary of Corrective Action Previously Reported:** The County Board, in conjunction with IT staff, will update the plan to ensure that adequate safety measures are in place in the event of a disaster involving the County's computer systems and software. To date, the County has taken steps to share a 'hosted' computer at an offsite location; the underlying disaster recovery plan has not been updated.

**Status:** Fully Corrected. Corrective action was taken.



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Corrective action taken was not significantly different than the action previously reported.

**Carlton County  
Carlton, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	222MN004W1003	\$ 143,058
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	232MN101S2514	<u>613,293</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 756,351</u></b>
<b>U.S. Department of Justice</b>			
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	F-CVS-2022-CARLTNAO	\$ 55,705
Passed Through Minnesota Department of Health Children of Incarcerated Parents	16.831	189479	<u>72,657</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 128,362</u></b>
<b>U.S. Department of Transportation</b>			
Direct Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106		\$ 1,046,631
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	1030009	30,351
Passed Through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety	20.600	F-OFFICR23-2023-CARLTNSD	30,932
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Highway Safety Cluster	20.608	F-OFFICR24-2024-CARLTNSD	15,980
National Priority Safety Programs	20.616	F-OFFICR23-2023-CARLTNSD	<u>53,596</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 1,177,490</u></b>
<b>U.S. Department of Education</b>			
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board Special Education – Grants for Infants and Families	84.181	B04MC32551	<b><u>\$ 3,610</u></b>

**Carlton County  
Carlton, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

(Continued)

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board			
Public Health Emergency Preparedness	93.069	NU90TP922026	\$ 28,165
COVID-19 – Immunization Cooperative Agreements	93.268	NH23IP922628	15,742
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	42,039
(Total COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) 93.323 \$46,152)			
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922188	13,756
Temporary Assistance for Needy Families	93.558	NGA 1801MNTANF	63,770
(Total Temporary Assistance for Needy Families 93.558 \$434,025)			
Medicaid Cluster			
Medical Assistance Program	93.778	2305MNSADM	28,099
(Total Medical Assistance Program 93.778 \$1,994,879)			
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	X1043589	129,450
Maternal and Child Health Services Block Grant to the States	93.994	B04MC32551	61,209
Passed Through Minnesota Department of Health			
Environmental Public Health and Emergency Response	93.070	NU88EH001330	5,547
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	4,113
(Total COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) 93.323 \$46,152)			
Passed Through Minnesota Department of Human Services			
Marylee Allen Promoting Safe and Stable Families Program	93.556	2201MNFPS	6,183
Temporary Assistance for Needy Families	93.558	2301MNTANF	370,255
(Total Temporary Assistance for Needy Families 93.558 \$434,025)			
Child Support Enforcement	93.563	2301MNCSES	76,400
Child Support Enforcement	93.563	2301MNCSET	852,886
(Total Child Support Enforcement 93.563 \$929,286)			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2301MNRMA	2,114
CCDF Cluster			
Child Care and Development Block Grant	93.575	2301MNCDF	10,486
Community-Based Child Abuse Prevention Grants	93.590	2202MNBCAP	13,854
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	9,805
COVID-19 – Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWC3	20
(Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 \$9,825)			
Foster Care – Title IV-E	93.658	2301MNFST	321,472
Adoption Assistance	93.659	2301MNADPT	4,413

**Carlton County  
Carlton, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

(Continued)

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed Through Minnesota Department of Human Services (Continued)			
Social Services Block Grant	93.667	2301MNSOSR	284,054
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	1,178
Elder Abuse Prevention Interventions Program	93.747	2101MNA6C6	3,218
Children's Health Insurance Program	93.767	2305MN5021	2,506
Medicaid Cluster			
Medical Assistance Program	93.778	2305MN5MAP	19,192
Medical Assistance Program	93.778	2305MN5ADM	1,947,588
(Total Medical Assistance Program 93.778 \$1,994,879)			
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 4,317,514</b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	3319FAS190127	\$ 6,334
Passed Through Minnesota Department of Public Safety			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR-4390	397,671
Emergency Management Performance Grants	97.042	F-EMPG-ARPA-2022-CARLTNCO	95,815
Homeland Security Grant Program	97.067	F-SHSP-2021-HSEM2CC	107,000
Homeland Security Grant Program	97.067	F-OPSG-2020-CARLTNCO	149,439
(Total Homeland Security Grant Program 97.067 \$256,439)			
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 756,259</b>
<b>Total Federal Awards</b>			<b>\$ 7,139,586</b>

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2023.

**Totals by Cluster**

Total expenditures for SNAP Cluster	\$ 613,293
Total expenditures for Highway Safety Cluster	84,528
Total expenditures for CCDF Cluster	10,486
Total expenditures for Medicaid Cluster	1,994,879

# Carlton County Carlton, Minnesota

## Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2023

### Note 1 – Summary of Significant Accounting Policies

#### Reporting Entity

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

#### Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Carlton County 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 of Expenditures of Federal Awards presents only a selected portion of the operations of Carlton County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Carlton 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.

### Note 2 – De Minimis Cost Rate

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

### Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

<u>Reconciliation to Schedule of Intergovernmental Revenue</u>	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 7,459,368
Grants received more than 60 days after year-end, considered unavailable revenue in 2023	
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and	
COVID-19 Airports Programs (AL No. 20.106)	78,867
Highway Planning and Construction (AL No. 20.205)	16,882
Temporary Assistance for Needy Families (AL No. 93.558)	109,840
Unavailable revenue in 2022, recognized as revenue in 2023	
Economic Adjustment Assistance (AL No. 11.307)	(119,700)
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and	
COVID-19 Airports Programs (AL No. 20.106)	(195,361)
Highway Planning and Construction (AL No. 20.205)	(16,882)
Differences between expenditures incurred in previous years and related reimbursements	(193,428)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 7,139,586</u>

**Carlton County  
Carlton, Minnesota**

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**Note 4 – Airport Improvement Program, Infrastructure Investment and Jobs  
Act Programs, and COVID-19 Airports Programs**

During the current year, Carlton County has identified \$193,428 of 2020 expenditures to be applied to the Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs, Assistance Listing No. 20.106. These expenditures were not identified in time to be included in the 2020 Schedule of Expenditures of Federal Awards. Because they are not current year expenditures, they are not included in the 2023 Schedule of Expenditures of Federal Awards.