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**TO:** County Board of Commissioners  
**FROM:** Lucas Dahling, Finance Director  
**SUBJECT:** 2023 Financial Statement Audit Results  
**DATE:** August 20, 2024

**Background:**

The County's auditors (CliftonLarsonAllen) will present the audited financial statements to the County Board, which have been prepared by CLA and the County's team of accountants. The auditors reviewed audit results related to the financial statements and compliance with federal grant requirements and discussed issues and findings that arose during the audit process. Board members are given the opportunity to discuss the audit reports and ask questions of the auditors.

**Discussion:**

The auditors issued four reports based on their audit procedures:

- Independent Auditors' Report – covers fair presentation of the County's financial statements.
- Report on Internal Control over Financial Reporting – describes the auditors' testing and review of the County's financial internal procedures during the audit.
- Report on Compliance and Internal Control over Federal Programs (grants) – describes adherence to federal grant spending and reporting compliance requirements, including review of specific expenditures for allowability.
- Report on Minnesota Legal Compliance – covers compliance with areas described in the Minnesota Legal Compliance Audit Guide for Counties – covers contracting/bidding, deposits/investments, conflicts of interest, public indebtedness, claims/disbursements, tax increment financing and other miscellaneous provisions.

The auditors issued an unmodified opinion for the overall financial statements, meaning that the financial statements and related notes and schedules were prepared in conformity with applicable accounting rules. The auditors' opinion does not offer judgement as to the financial health of the County.

The County's overall financial position as of December 31, 2023 remains stable as compared to December 31, 2022. Revenues increased over the past year, and the County remains focused on controlling expenditures and paying down debt. Available fund balance (categories other than Nonspendable and Restricted) has also increased over the prior year and remains above the minimum amount as required by the

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County's fund balance policy, and is also within the State Auditor's recommended fund balance levels.

The Annual Comprehensive Financial Report contains the audited financial statements as well as additional descriptive and non-financial information to help readers better assess the financial health and results of operations of the County. The auditors have performed a review of the ACFR for compliance with the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The County believes the 2023 ACFR meets the requirements for the program and has formally submitted the 2023 ACFR for award consideration. Participation in this program and receipt of the program award demonstrates to external stakeholders that the County is committed to sound management of its finances and operations and adheres to high standards of financial reporting and can give the County several economic advantages, including lower interest rates on debt issuances and better overall bond ratings.

Please find below a copy of the:

- Annual Comprehensive Financial Report
- Governance Communication Letter
- Corrective Action Plan
- Audit Presentation

**Recommendation:**

Finance Department staff recommend the County Board accept the audited financial statements for the year ended December 31, 2023.

**GOODHUE COUNTY  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2023**

Goodhue County respectfully submits the following corrective action plan for the year ended December 31, 2023.

Audit period: January 1, 2023 – December 31, 2023

The findings from the December 31, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESSES**

**2023-001 SEGREGATION OF DUTIES (2022-001)**

**Recommendation:** It is recommended management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by County staff.

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Action taken in response to finding:** The County will review the accounting functions and segregate them as deemed cost-beneficial.

**Name of the contact person responsible for corrective action plan:** Lucas Dahling, Finance Director

**Planned completion date for corrective action plan:** December 31, 2024

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Finding Number: 2022-001**

**Finding Title: Segregation of Duties**

**Summary of Condition:** Several of the County's departments that collect fees lack proper segregation of duties in the receipting process.

**Summary of Corrective Action Previously Reported:** Goodhue County continues to look for ways to improve upon the internal controls already in place in fee offices as well as those offices with limited personnel.

**Status:** Not Corrected. It is still not cost-effective to hire additional qualified accounting staff in each small fee office in order to segregate duties. The County continues to look for ways to improve internal controls in those offices with limited personnel. See current year finding 2023-001.

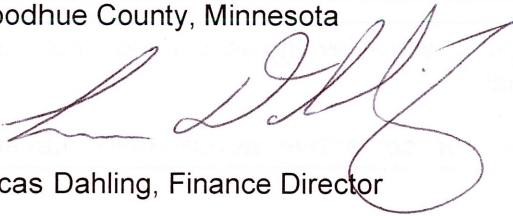
Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X

If involved agencies have any questions regarding this plan, please call Lucas Dahling at 651-385-3021.

Sincerely yours,

Goodhue County, Minnesota



Lucas Dahling, Finance Director