

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

ISANTI COUNTY
CAMBRIDGE, MINNESOTA

YEAR ENDED DECEMBER 31, 2015

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 150 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 approximately 700 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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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Year Ended December 31, 2015



Management and Compliance Report

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

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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? **No**
- 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 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 program is:

Medical Assistance Program

CFDA No. 93.778

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

Isanti County qualified as a low-risk auditee? **Yes**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 2005-001

Segregation of Duties

Criteria: A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

Condition: Several County departments that collect fees lack proper segregation of duties, including Highway, Sheriff, Public Health, and Transit. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts; preparing reports; and reconciling bank accounts.

Context: Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Isanti 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 County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The County informed us that, due to limited resources, it would not be able to hire additional qualified accounting staff to segregate duties in every department.

Recommendation: We recommend the County's elected officials 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 by staff to the extent possible.

Client's Response:

Isanti County management is aware of this situation. The County will continue to periodically review its internal control procedures and will modify its procedures as necessary to address any issues related to the lack of segregation of duties.

Monitoring Internal Controls/Accounting Policies and Procedures Manual

Criteria: County management is responsible for developing and monitoring its internal controls. An essential element of monitoring controls would include documenting the County's accounting policies and procedures and performing a risk assessment of existing controls over significant functions of the accounting system used to produce financial information for members of the County Board, management, and for external financial reporting. Written policies and procedures should exist to ensure the County's practices are followed as intended by management. The risk assessment is intended to determine if the internal controls established by management are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided. Significant internal controls would cover areas such as cash and investment activities; major funding sources (taxes, intergovernmental revenues, charges for services, and miscellaneous items); expenditure processing, including new vendor set-up; and payroll.

Condition: Our inquiry of County management found that significant internal controls of its accounting system have not been documented. The County lacks written policies and procedures, including risk assessment and monitoring procedures.

Context: Without formal policies and procedures, including risk assessment and monitoring procedures, the County increases its risk of fraud. Monitoring of internal controls is necessary to determine controls are in place and operating effectively.

Effect: As a result of this condition, the County's practices may not be followed as intended by management, and employees may not understand the purpose of internal controls. The lack of risk assessment and monitoring procedures increases the risk of fraud.

Cause: The County has begun to develop formal policies and procedures that will include monitoring and risk assessment procedures. Due to limited time and resources, the County has been unable to complete this project.

Recommendation: We recommend County management continue its efforts to document the significant internal controls in its accounting system. We further recommend that a formal plan be developed that calls for assessing and monitoring the significant internal controls on a regular basis, no less than annually. The monitoring should be documented to show the results of the review, changes required, and who performed the work.

Client's Response:

Isanti County management will continue to work towards development of a formal plan to document and evaluate the effectiveness of the County's internal controls. As part of this process, the County plans to adopt additional accounting policies and procedures.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEMS ARISING THIS YEAR

Finding 2015-001

Eligibility

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778); Award No. 1505MNADM, 2015

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 award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These controls should include a review process for case files to ensure the intake function related to eligibility requirements is met.

Condition: The state maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. While overall program supervisory case reviews are performed to provide reasonable assurance of compliance with grant requirements for eligibility, none are performed specifically for Medical Assistance case files. When performing our case file review for eligibility, we noted that not all documentation was available to support participant eligibility. In other circumstances, information was input into MAXIS incorrectly. The following instances were noted in our sample of 40 cases tested:

- Ten case files had documented assets such as income or bank account balances that did not support the information entered into MAXIS.
- Three case files had a representative or power of attorney sign the application on behalf of the applicant, but there was no documentation in the case file that provided proof they were the legal representative or power of attorney.

- One case file had no date stamp or date received on the application.
- One case file had an application that was not signed by the recipient.

The sample size was based on guidance from Chapter 21 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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

Context: The State of Minnesota contracts with the County Family Services Department to perform the “intake function” (meeting with the social services client to determine income and categorical eligibility), while the state maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

Effect: The improper input of information into MAXIS and lack of follow-up of issues increases the risk that a program participant will receive benefits when they are not eligible. The lack of cases file reviews specific to the Medical Assistance Program increases the risk that clients will received benefits when they are not eligible.

Cause: Program personnel entering case information into MAXIS did not ensure all required information was input correctly. County staff indicated that supervisory case reviews are being performed; however, they have been focusing their efforts on the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) due to state-wide issues with this program.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly input into MAXIS and issues are followed up in a timely manner. In addition, consideration should be given to performing supervisory case reviews specific to the Medical Assistance Program.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

*Karrie Kolb, Income Maintenance Supervisor
Isanti County Family Services*

Corrective Action Planned:

1. *In reviewing the deficiencies that were pointed out in the review, it was apparent that the majority of the errors made were with one eligibility worker. The supervisor did meet with this worker and reviewed the errors and provided instructions to alleviate this in the future. This has become a goal for this worker in her performance review.*

Anticipated Completion Date:

This has been implemented but will be monitored ongoing.

2. *The supervisor at a whole unit meeting that is held monthly reviewed the errors from the health care audit. She also discussed proper procedures and stressed the importance of obtaining proper verifications to back up what is inputted in the system. Quality of work was explained in that it is crucial that accurate and correct information is put in the system.*

Anticipated Completion Date:

This was completed at the whole unit meeting held on March 1, 2016.

3. *A process for case reviews for MAXIS medical programs will be developed. Random health care case reviews will be completed on a quarterly basis to ensure program accuracy and compliance.*

Anticipated Completion Date:

The process will be developed by August 1, 2016. Case reviews will begin in August 2016 and be completed quarterly thereafter.

Finding 2015-002

Reporting

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778); Award No. 1505MNADM, 2015

Pass-Through Agency: Minnesota Department of Human Services (DHS)

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 award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The OMB Circular also states that reports are to be complete and accurate as well as prepared in accordance with the required accounting basis. The Family Services and Public Health Departments prepare reports to be submitted to the DHS. The information is prepared using the County's Integrated Financial System (IFS).

Condition: During our review of the second quarter Local Collaborative Time Study Cost Schedule (DHS 3220) submitted to the DHS, we were unable to reconcile expenditures reported to the County's supporting documentation, including the IFS. In addition, none of the quarterly DHS 3220 reports were reviewed by someone independent of the preparer.

Questioned Costs: None.

Context: The DHS 3220 report is submitted on a quarterly basis by the Public Health Department to the DHS for reimbursement of Local Collaborative Time Study money which is reimbursed to the County with federal Medical Assistance funds.

Effect: Reporting incorrect expenditures to the DHS would result in the County being reimbursed the incorrect amount of federal funding. Also, the lack of a review and approval process increases the risk that reports will not be submitted as required or will not be correct.

Cause: The County does not have procedures in place to ensure that reports are reviewed, approved, and submitted as required.

Recommendation: We recommend the County report only amounts that agree with the accounting records. In addition, we recommend that before reports are submitted for reimbursement, they be reviewed and reconciled to the accounting records by a supervisor or someone familiar with the program.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

*JoEllen Hermanson, Public Health Accountant
Isanti County Public Health Services*

Corrective Action Planned:

It was decided that we will keep our calculator tape of the expenses claimed along with the printout from IFS and a copy of any postage and/or mileage of participants claimed on the report. The department's Director will review grant reports prior to submission.

Anticipated Completion Date:

Starting with the first quarterly report for 2016, the plan of action will be implemented and completed.

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM RESOLVED

Collateral Assignments (2014-001)

During our previous audit, Isanti County had deposits with Peoples Bank of Commerce in Cambridge, Minnesota. To secure these deposits, US Bank held collateral pledged to Isanti County. The "Collateral Control Agreement" provided by US Bank did not meet some of the Minnesota statutory requirements regarding deposits of public funds.

Resolution

During 2015, the County released all collateral held in safekeeping by US Bank for deposits held at Peoples Bank of Commerce.



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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
Isanti County
Cambridge, 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 Isanti County, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Isanti County's internal control over financial reporting to determine the 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.

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 the attention of those charged with governance.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2005-001 and 2007-001, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Isanti 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 determination of financial statement amounts. 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

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing since the cities administer tax increment financing in Isanti County.

In connection with our audit, nothing came to our attention that caused us to believe that Isanti County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*. 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.

Isanti County's Response to Findings

Isanti County's responses to the internal control findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. 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/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 2, 2016

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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
Isanti County
Cambridge, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Isanti 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 the County's major federal program for the year ended December 31, 2015. Isanti County's major federal program is 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 Isanti County's major federal program 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 Isanti 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 the major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on the Major Federal Program

In our opinion, Isanti County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

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 2015-001 and 2015-002. Our opinion on the major federal program is not modified with respect to these matters.

Isanti County's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs as Corrective Action Plans. Isanti 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 Isanti 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002, that we consider to be significant deficiencies.

Isanti County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs as Corrective Action Plans. Isanti 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 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 Isanti County, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 2, 2016, 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 Isanti County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

Purpose of This Report

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/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

June 2, 2016

/s/Greg Hierlinger

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DEPUTY STATE AUDITOR

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2015G996115	\$ 213,723	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	15152MN10152514	245,909	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	15152MN127Q7503	5,688	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$251,933)	10.561	15152MN10152520	336	-
Total U.S. Department of Agriculture			\$ 465,656	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2016-ISANTIAO-00025 A-SMART-2015- ISANTIAO-00008	\$ 20,337	\$ -
Violence Against Women Formula Grants (Total Violence Against Women Formula Grants 16.588 \$12,192)	16.588	ISANTIAO-00008	10,000	-
Passed Through Minnesota Coalition Against Sexual Assault Violence Against Women Formula Grants (Total Violence Against Women Formula Grants 16.588 \$12,192)	16.588	Not provided	2,192	-
Total U.S. Department of Justice			\$ 32,529	\$ -

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	3014174	\$ 3,990	\$ -
Highway Planning and Construction	20.205	3014200	12,931	-
Highway Planning and Construction	20.205	3015274	165,668	-
(Total Highway Planning and Construction 20.205 \$182,589)				
Formula Grants for Rural Areas	20.509	1001736	461,000	230,500
Passed Through Kanabec County, Minnesota				
Highway Safety Cluster				
State and Community Highway Safety	20.600	Not provided	1,233	-
Occupant Protection Incentive Grants	20.602	Not provided	2,502	-
National Priority Safety Programs	20.616	Not provided	197	-
(Total Highway Safety Cluster \$3,932)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not provided	4,781	-
Total U.S. Department of Transportation			\$ 652,302	\$ 230,500
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education - Grants for Infants and Families	84.181	75384	\$ 2,975	\$ -
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.069	65479	\$ 26,274	\$ -
Universal Newborn Hearing Screening	93.074	Not provided	2,500	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.251	Not provided	400	-
Temporary Assistance for Needy Families (TANF)	93.314	Not provided	75	-
(Total TANF 93.558 \$402,185)	93.558	2015G996115	46,437	-
Maternal and Child Health Services Block Grant to the States	93.994	Not provided	41,386	-

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	1411MNFPS	12,017	-
Temporary Assistance for Needy Families (Total TANF 93.558 \$402,185)	93.558	1502MNTANF	355,748	-
Child Support Enforcement	93.563	1504MN4005	1,028,425	-
Refugee and Entrant Assistance - State-Administered Programs	93.566	1501MNRCA	339	-
Child Care and Development Block Grant	93.575	G1501MNCCDF	19,458	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPRG	4,357	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS	8,707	-
Foster Care Title IV-E	93.658	1501MNFOS	138,123	-
Social Services Block Grant	93.667	1501MNSOSR	209,322	-
Chafee Foster Care Independence Program	93.674	1401MN1420	2,669	-
Children's Health Insurance Program	93.767	1405MN5021	108	-
Medical Assistance Program	93.778	1505MN5ADM	899,626	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	14B1MNSAPT	520	-
Passed Through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program				
	93.008	MRC 15 - 0977	3,500	-
Passed Through Central Minnesota Healthcare System Preparedness Program National Bioterrorism Hospital Preparedness Program				
	93.889	2014-2015	10,000	-
Total U.S. Department of Health and Human Services			\$ 2,809,991	\$ -

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2014- ISANTICO-00033	\$ 24,789	\$ -
Emergency Management Performance Grants	97.042	A-EMPG-2015- ISANTICO-00031	22,961	-
(Total Emergency Management Performance Grants 97.042 \$47,750)				
Homeland Security Grant Program	97.067	A-UASI-2013- ISANTICO-00008	2,912	-
Homeland Security Grant Program	97.067	A-UASI-2014- ISANTICO-00008	44,839	-
(Total Homeland Security Grant Program 97.067 \$47,751)				
Total U.S. Department of Homeland Security			\$ 95,501	\$ -
Total Federal Awards			\$ 4,058,954	\$ 230,500

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Isanti County under programs of the federal government for the year ended December 31, 2015. 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 Isanti County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Isanti County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Isanti County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 3,987,055
Grants received more than 60 days after year-end, unavailable in 2015	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	225
Formula Grants for Rural Areas	91,273
Child Support Enforcement	35,400
Homeland Security Grant Program	12,243
Unavailable in 2014, recognized as revenue in 2015	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	(4,091)
Formula Grants for Rural Areas	(59,789)
Temporary Assistance for Needy Families	(1,818)
Child Care and Development Block Grant	(1,544)
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Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 4,058,954</u>