

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

ST. LOUIS COUNTY
DULUTH, 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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**ST. LOUIS COUNTY
DULUTH, 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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**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

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**SAINT LOUIS COUNTY
DULUTH, 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? **None reported**

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)? **No**

The major federal programs are:

State Administrative Matching Grants for the	
Supplemental Nutrition Assistance Program	CFDA No. 10.561
Schools and Roads - Grants to States	CFDA No. 10.665
Home Investment Partnerships Program	CFDA No. 14.239
Child Support Enforcement	CFDA No. 93.563

The threshold for distinguishing between Types A and B programs was \$932,591.

St. Louis 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 ITEM NOT RESOLVED

Finding 1996-010

Departmental Internal Accounting Controls

Criteria: Management is responsible for establishing and maintaining internal control. This responsibility includes the internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. Adequate segregation of duties is a key internal control in an organization's accounting system.

Condition: Due to the limited number of office personnel within various County departments, proper segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible.

Context: Because of the small size of some of the departments in St. Louis County, the internal control that management can design and implement into these departments is limited.

Effect: Without proper segregation of duties, an opportunity is created for errors or fraudulent activities to occur and remain undetected.

Cause: This condition is not unusual in small departmental situations where staffing limitations can result in improper segregation of duties. Management has identified departments where inadequate segregation of duties issues exists. Management has determined that given departmental size, staffing considerations, and resource limitations, the desirable level of segregation of duties necessary to achieve an adequate level of internal control is not feasible.

Recommendation: Management is aware that segregation of duties is not adequate from an internal control point of view. We recommend the County Board of Commissioners be mindful that limited staffing causes inherent risks in safeguarding the County's assets and the proper reporting of its financial activity. We recommend the Board of Commissioners continue to implement oversight procedures and monitor those procedures to determine if they are still effective internal controls.

Client's Response:

The Auditor's Office will notify Department Heads of this finding and remind them to review their internal controls and to segregate duties where possible. The Internal Auditor will also meet with Department Heads to review internal controls.

PREVIOUSLY REPORTED ITEM RESOLVED

Payroll Reporting Procedures (2012-001)

Procedures detected an instance in which a supervisor in the Recorder's Office had not signed a copy of an employee's time report documenting approval of hours worked.

Resolution

No instances of unapproved time reports were detected in the current audit.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER MATTER

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 2014-001

Eligibility Testing

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778) Award #1505MN5ADM, 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 federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The state maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. While periodic supervisory case reviews are performed to provide reasonable assurance of compliance with grant requirements for eligibility, not all assets were verified or entered into MAXIS to support participant eligibility. The following instances were noted in our sample of 15 cases tested:

- Three instances were identified in which verification of recipient bank account balances was not obtained.
- One instance was identified in which a recipient's available credit line at their bank was shown as an asset.

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 Public Health and Human 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 participants.

Effect: The lack of documented verification of information input into MAXIS increases the risk that clients will receive benefits when they are not eligible. It was subsequently determined that the errors detected would not have had an effect on eligibility.

Cause: Due to retirements in the County's Public Health and Human Services Department, positions have been filled by newer, less experienced staff. Financial workers responsible for entering case information into MAXIS did not ensure all required information was verified or updated properly.

Recommendation: We recommend that the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is obtained and properly updated in MAXIS. In addition, consideration should be given to providing additional training to program personnel.

Corrective Action Plan:

Name of Contact Person Responsible for Correction Action:

Dave Lee, Janet Nilsen, Ben Manley, Halene Wehseler, and Cristen Christensen

Corrective Action Planned:

The financial assistance supervisors will review four (Non-Modified Adjusted Gross Income) health care cases from a random selection of case files every month. The Public Health and Human Service (PHHS) Department will also schedule training in early fall of 2016 for all financial workers. This training will stress verifications, correct entry, and case review. The training is being scheduled in early fall because the Minnesota Department of Human Services is issuing new information which will also be incorporated into the fall training.

Anticipated Completion Date:

The anticipated completion date for the training will be October 31, 2016.

The implementation date of the random selection of cases begins July 1st, 2016.

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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
St. Louis County
Duluth, 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, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis 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 May 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Louis 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 a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 1996-010, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Louis 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 because that provision was not applicable.

In connection with our audit, nothing came to our attention that caused us to believe that St. Louis 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.

Other Matter

Also included in the Schedule of Findings and Questioned Costs is an unresolved other matter described as item 2014-001.

St. Louis County's Response to Findings

St. Louis County's responses to the internal control finding and to the other matter 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

May 26, 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
St. Louis County
Duluth, Minnesota

Report on Compliance for Each Major Federal Program

We have audited St. Louis County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. St. Louis County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of St. Louis County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis 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 May 26, 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 the 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

May 26, 2016

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through Carlton, Cook, Lake, and St. Louis Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-000061	\$ 665,766	\$ -
Passed through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561			
Food Stamp Administration		15152MN10152514	2,095,801	-
Food Stamp Employment and Training (Total State Administrative Matching Grants for SNAP 10.561 \$2,238,839)		15152MN127Q7503	143,038	-
Passed through Minnesota Department of Management & Budget Schools and Roads - Grants to States	10.665			
Thye Blatnik PILT		P.L. 114-10	1,502,850	-
Title III		P.L. 110-343 & P.L. 112-141	10,575	-
Title I (Total Schools and Roads - Grants to States 10.665 \$1,682,290)		P.L. 113-40	168,865	-
			<u>\$ 4,586,895</u>	<u>\$ -</u>
Total U.S. Department of Agriculture				
U.S. Department of Commerce National Oceanic and Atmospheric Administration				
Passed through Minnesota Department of Natural Resources Coastal Zone Management Administration Awards	11.419			
Phase I		13-306-11	\$ 29,073	\$ -
Phase II and III		14-306-10	43,852	-
			<u>\$ 72,925</u>	<u>\$ -</u>
Total U.S. Department of Commerce National Oceanic and Atmospheric Administration				
U.S. Department of Housing and Urban Development				
Direct Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 1,807,637	\$ 1,568,810
Emergency Solutions Grant Program	14.231	N/A	192,437	181,261
Shelter Plus Care	14.238	N/A	28,869	-
Home Investment Partnerships Program	14.239	N/A	524,592	494,992
Continuum of Care Program	14.267	N/A	5,919	-
			<u>\$ 2,559,454</u>	<u>\$ 2,245,063</u>
Total U.S. Department of Housing and Urban Development				
U.S. Department of Interior				
Direct Payments in Lieu of Taxes	15.226	N/A	\$ 261,623	\$ -

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Direct				
Supervised Visitation, Safe Havens for Children	16.527	N/A	\$ 107,218	\$ -
Passed through City of Virginia				
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0429	<u>313</u>	<u>-</u>
Total U.S. Department of Justice			\$ 107,531	\$ -
U.S. Department of Transportation				
Passed through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction (Total Highway Planning and Construction Cluster \$4,608,298)	20.205	99969	\$ 4,518,589	\$ -
Passed through Minnesota Department of Natural Resources				
Highway Planning and Construction Cluster				
Recreational Trails Program	20.219			
Grooming Tractor Purchase		0028-14-2C	75,000	-
Trail Grooming Drag Purchase (Total Recreational Trails Program 20.219 \$89,709)		0029-14-2C	14,709	-
(Total Highway Planning and Construction Cluster \$4,608,298)				
Passed through City of Duluth				
Highway Safety Cluster				
State and Community Highway Safety	20.600			
October 1, 2014 - September 30, 2015		A-ENFRC15-2015- DULUTHPD-0004	3,453	-
October 1, 2015 - September 30, 2016		A-ENFRC16-2016- DULUTHPD-00063	832	-
(Total State and Community Highway Safety 20.600 \$4,285)				
National Priority Safety Programs	20.616	A-ENFRC15-2015- DULUTHPD-0004	539	-
(Total Highway Safety Cluster \$4,824)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			
October 1, 2014 - September 30, 2015		A-ENFRC15-2015- DULUTHPD-0004	40,299	-
October 1, 2015 - September 30, 2016		A-ENFRC16-2016- DULUTHPD-00063	12,402	-
(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$52,701)				
Total U.S. Department of Transportation			\$ 4,665,823	\$ -

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through Carlton, Cook, Lake, and St. Louis Community Health Board				
Public Health Emergency Preparedness	93.069	12-700-00061	\$ 107,421	\$ -
Universal Newborn Hearing Screening	93.251	12-700-00061	2,400	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12-700-00061	300	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	12-700-00061	159,247	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$3,827,278)	93.558	12-700-00061	308,770	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00061	261,200	-
Passed through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	1401MNFPS	124,593	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$3,827,278)	93.558	1502MNTANF	3,518,508	-
Child Support Enforcement	93.563	1504MN4005	3,750,614	-
Refugee and Entrant Assistance - State-Administered Programs	93.566	1501MNRCA	(87)	-
Child Care and Development Block Grant	93.575	G150MNCCDF	87,543	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPRG	204,985	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS	12,230	-
Foster Care - Title IV-E	93.658	1501MNFOST	2,154,420	-
Social Services Block Grant	93.667	1501MNSOSR	1,601,613	-
Chafee Foster Care Independence Program	93.674	1401MN1420	42,311	-
Medical Assistance Program	93.778	1505MN5ADM	5,890,955	-
Total U.S. Department of Health and Human Services			\$ 18,227,023	\$ -
U.S. Department of Homeland Security				
Passed through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012			
Boat and Water Safety (1-12)		91929	\$ 22,000	\$ -
Boat and Water Sub Grant (Total Boating Safety Financial Assistance 97.012 \$35,668)		101358	13,668	-
Passed through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	137-99137-01	99,396	-
Emergency Management Performance Grants	97.042	A-EMPG-2014(+2015)- STLOUISO-00078	75,352	-
Port Security Grant Program	97.056	EMW-2014-PU-00437-S01	318,720	-
Homeland Security Grant Program	97.067	A-OSGP-2013(+2014)- STLOUISCO-0007	75,970	-
Total U.S. Department of Homeland Security			\$ 605,106	\$ -
Total Federal Awards			\$ 31,086,380	\$ 2,245,063

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**ST. LOUIS COUNTY
DULUTH, 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 St. Louis 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 St. Louis 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 St. Louis County, it is not intended to and does not present the financial position, changes in net position, or cash flows of St. Louis 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. St. Louis County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

	<u>Federal CFDA Number</u>	<u>Amount</u>
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 29,633,981
Unavailable revenue in 2015 - grants received more than 60 days after year-end		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	45,722
State Administrative Matching Grants for SNAP	10.651	16,724
Schools and Roads - Grants to States	10.665	1,502,850
Highway Planning and Construction (Regular)	20.205	466,938
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	1,106
Temporary Assistance for Needy Families	93.558	22,345
Child Support Enforcement	93.563	127,501
Disaster Grants - Public Assistance (Regular)	97.036	1,670,183
Homeland Security Grant Program	97.067	1,125
Unavailable in 2014, recognized as revenue in 2015		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(50,908)
Highway Planning and Construction (Regular)	20.205	(614,207)
Highway Planning and Construction	20.205	(11,159)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	(280)
Temporary Assistance for Needy Families	93.558	(6,681)
Refugee and Entrant Assistance - State-Administered Programs	93.566	(87)
Child Care and Development Block Grant	93.575	(8,391)
Medical Assistance Program	93.778	(48,293)
Disaster Grants - Public Assistance (Forest Roads)	97.036	(84,127)
Disaster Grants - Public Assistance (Regular)	97.036	(1,681,022)
Emergency Management Performance Grant	97.042	(79,634)
Federal program income		
Community Development Block Grants/Entitlement Grants	14.218	85,841
Home Investments Partnerships Program	14.239	96,853
		<u>\$ 31,086,380</u>