

STATE OF MINNESOTA

Office of the State Auditor



Julie Blaha
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

PINE COUNTY
PINE CITY, MINNESOTA

YEAR ENDED DECEMBER 31, 2018

Description of the Office of the State Auditor

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

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

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

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

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

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

Pension – monitors investment, financial, and actuarial reporting for approximately 600 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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**PINE COUNTY
PINE CITY, MINNESOTA**

Year Ended December 31, 2018



Management and Compliance Report

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

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**PINE COUNTY
PINE CITY, MINNESOTA**

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JULIE BLAHA
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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
Pine County
Pine City, 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 Pine County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pine 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pine 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 Pine County administers no tax increment financing districts.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 8, 2019

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JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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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
Pine County
Pine City, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Pine 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, 2018. Pine 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 Pine 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 Pine 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.

Basis for Qualified Opinion on the Medical Assistance Program (CFDA No. 93.778)

As described in the accompanying Schedule of Findings and Questioned Costs, Pine County did not comply with requirements regarding CFDA No. 93.778, Medical Assistance Program, as described in finding number 2018-001 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Medical Assistance Program (CFDA No. 93.778)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Pine County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA No. 93.778, Medical Assistance Program, for the year ended December 31, 2018.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Pine 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 other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed an other 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 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of Pine County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each

major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness, and deficiency 2016-001 that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pine County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated August 8, 2019, 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 Pine County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 8, 2019

**PINE COUNTY
PINE CITY, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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? **None reported**

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major federal programs: **Unmodified, except for the Medicaid Cluster, which is qualified.**

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

The major federal programs are:

Highway Planning and Construction Cluster	
Highway Planning and Construction	CFDA No. 20.205
Medicaid Cluster	
Medical Assistance Program	CFDA No. 93.778

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

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

**PINE COUNTY
PINE CITY, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

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

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2016-001

Eligibility

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 05-1805MN5ADM, 2018

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.

Condition: The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the sample of 40 case files reviewed for eligibility, not all documentation was verified or updated to support participant eligibility.

- For one case file, the application in the file was not date stamped, and the means of citizenship verification did not agree between MAXIS and the file.
- For seven case files, the asset information in MAXIS was unsupported or did not match the case file documentation.

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

**PINE COUNTY
PINE CITY, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

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

Effect: The lack of updated information in MAXIS and verification of eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible.

Cause: County program personnel entering case information into the MAXIS system did not ensure all required information was obtained, verified, maintained in the case files, or updated in the MAXIS system.

Recommendation: We recommend the County implement additional review procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists and is properly input or updated in MAXIS and issues are followed up on in a timely manner. In addition, consideration should be given to providing additional training to program personnel.

View of Responsible Official: Concur

ITEM ARISING THIS YEAR

Finding Number 2018-001

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting

Program: U.S. Department of Health and Human Services’ Medical Assistance Program (CFDA No. 93.778), Award Nos. 05-1805MN5ADM and 05-1805MN5MAP, 2018

Pass-Through Agency: Minnesota Department of Human Services

**PINE COUNTY
PINE CITY, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 Minnesota Department of Human Services (DHS) provides guidance in the form of bulletins and other communication on reporting requirements for reimbursements through the Medical Assistance Program. As part of the County's reporting requirements, the County submits the Income Maintenance DHS-2550 reports to the Minnesota DHS on a quarterly basis.

Condition: Included on the Income Maintenance DHS-2550 reports was the County's ten percent share of nursing home costs for citizens under the age of 65 who are in a nursing home, which are ineligible costs.

Questioned Costs: The ineligible costs reported on the DHS-2550 reports totaled \$78,312.

Context: Upon identification by the external auditor of these errors, the County submitted revised DHS-2550 quarterly reports as allowed for quarters two through four.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*. Initially, two of the four quarterly reports were selected for testing. Once the errors were identified, testing was expanded to include all four quarterly reports.

Effect: The DHS-2550 report expenditures were overstated by \$78,312. These expenditures were reimbursed at 75 percent, which then caused the Schedule of Expenditures of Federal Awards to be overstated by \$58,734.

Cause: County staff were not aware that these costs were ineligible for reimbursement on the DHS-2550 report.

Recommendation: We recommend County staff work with the Minnesota DHS to determine costs eligible for reporting on the DHS-2550 report and report only eligible expenditures.

View of Responsible Official: Concur

Pine County Health & Human Services

___ South Pine Government Center (SPGC), 315 Main St S, Ste 200, Pine City MN 55063 (HHS)
320-591-1570/800-450-7463; FAX 320-591-1601/1602
___ South Pine Government Center (SPGC), 315 Main St S, Ste 1, Pine City MN 55063 (PH/WIC)
320-591-1596/800-450-7463, FAX 320-591-1600
___ North Pine Government Center (NPGC), 1602 Hwy 23 N, Sandstone MN 55072
320-216-4100/800-450-7263, FAX 320-216-4152

REPRESENTATION OF PINE COUNTY PINE CITY, MINNESOTA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 2016-001

Finding Title: Eligibility

Program: Medical Assistance Program (CFDA # 93.778)

Name of Contact Person Responsible for Corrective Action:

Michelle Morgan, Finance Assistance Supervisor
Rebecca Foss, Health & Human Services Director

Corrective Action Planned:

A temporary financial worker was hired effective July 17, 2019 to ensure a workload that will allow staff to have more capacity to thoroughly determine eligibility. Supervisor Michelle Morgan will review eligibility guidelines at the August, 2019 staff meeting. Beginning in the third quarter of 2019, Supervisor Morgan will also audit two files per quarter to ensure that workers are properly determining eligibility and verifying assets. In 2020, financial staff will begin to conduct peer reviews (two reviews per quarter) to ensure compliance with eligibility requirements.

Anticipated Completion Date:

January 31, 2020

Finding Number: 2018-001

**Finding Title: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
and Reporting**

Program: Medical Assistance Program (CFDA # 93.778)

Name of Contact Person Responsible for Corrective Action:

Michelle Morgan, Finance Assistance Supervisor
Rebecca Foss, Health & Human Services Director

Corrective Action Planned:

DHS 2550 reports were revised and resubmitted for 2018 quarters 2-4 and 2019 quarter 1. Pine County's 2019 quarter 3 reimbursed will be reduced by the overpayment amount. Staff were not aware these expenses were not reimbursable and will no longer request reimbursement for them.

Anticipated Completion Date:

July 3, 2019

Pine County Health & Human Services

___ South Pine Government Center (SPGC), 315 Main St S, Ste 200, Pine City MN 55063 (HHS)
320-591-1570/800-450-7463; FAX 320-591-1601/1602
___ South Pine Government Center (SPGC), 315 Main St S, Ste 1, Pine City MN 55063 (PH/WIC)
320-591-1596/800-450-7463, FAX 320-591-1600
___ North Pine Government Center (NPGC), 1602 Hwy 23 N, Sandstone MN 55072
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REPRESENTATION OF PINE COUNTY PINE CITY, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 2016-001

Finding Title: Eligibility

Program: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: The MN Department of Human Services (DHS) maintains that computer system, MAXIS, which is used by the County to support the eligibility determination process. In a sample of 40 case files reviewed for eligibility, 9 instances were found where assets were not verified with outside sources and/or were not entered in MAXIS.

Summary of Corrective Action Previously Reported: After learning of the audit findings from the 2016 audit, the information was reviewed by Supervisor Peggy Brackenbury. On July 25, 2017, Peggy Brackenbury met with her staff members and explained the information that needed to be verified and entered in MAXIS on medical assistance cases. Over the course of the last half of 2017 and beginning of 2018, two medical assistance files were audited every quarter by Supervisor Brackenbury to ensure compliance with the requirements. The following year's audit (CY 2017) indicated that significant improvements had been made. In the CY 2018 audit, it was determined that this had not yet been fully corrected.

Status: Not Corrected. Although improvements had been made, these issues remained problematic in the 2018 audit. The agency was short-staffed in 2018 in the financial unit due to a lengthy and unforeseen medical leave. To meet timeliness for determining eligibility, workers have been rushed to get the cases processed and had more cases to process due to being short-staffed. This increased everyone's workload. Pine County Health and Human Services was recently permitted to hire a temporary financial worker, which will also help in ensuring a workload that will allow staff to have more capacity to thoroughly determine eligibility. Supervisor Michelle Morgan will review eligibility guidelines at the August, 2019 staff meeting. Beginning in the third quarter of 2019, Supervisor Morgan will also audit two files per quarter to ensure that workers are properly determining eligibility and verifying assets. In 2020, financial staff will begin to conduct peer reviews (two reviews per quarter) to ensure compliance with eligibility requirements.

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**PINE COUNTY
PINE CITY, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2MN700004	\$ 137,752
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	182MN101S2514	254,634
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$261,917)	10.561	182MN127Q7503	7,283
Total U.S. Department of Agriculture			\$ 399,669
U.S. Department of the Interior			
Direct Payments in Lieu of Taxes	15.226		\$ 5,560
U.S. Department of the Justice			
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	131430	\$ 1,099
Crime Victim Assistance	16.575	A-CVSP-2018- PCAO-00029	29,915
Total U.S. Department of Justice			\$ 31,014
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	1028052	\$ 1,118,935
U.S. Department of Education			
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	H181A150029	\$ 2,746

**PINE COUNTY
PINE CITY, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	NU90TP921911-0100	\$ 33,753
Universal Newborn Hearing Screening	93.251	H61MC00035	225
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	H23IP000737	450
TANF Cluster			
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$453,241)	93.558	1801MNTANF	55,070
Maternal and Child Health Services Block Grant to the States	93.994	B04MC320621	37,216
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families TANF Cluster	93.556	G-1701MNFPS	15,690
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$453,241)	93.558	1801MNTANF	398,171
Child Support Enforcement	93.563	1804MNCSES	141,628
Child Support Enforcement (Total Child Support Enforcement 93.563 \$714,613)	93.563	1804MNCES	572,985
Community-Based Child Abuse Prevention Grants CCDF Cluster	93.590	G-1702MNFPRG	12,908
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801MNCCDF	6,612
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1701MNCWSS	11,852
Foster Care – Title IV-E	93.658	1801MNFOST	327,070
Social Services Block Grant	93.667	G-1801MNSOSR	229,601
Chafee Foster Care Independence Program	93.674	G-1801MNCILP	987
Children's Health Insurance Program Medicaid Cluster	93.767	05-1805MN5R21	231
Medical Assistance Program	93.778	05-1805MN5ADM	1,158,425
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,172,472)	93.778	05-1805MN5MAP	14,047
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010027-15	222,235
Total U.S. Department of Health and Human Services			\$ 3,239,156

**PINE COUNTY
PINE CITY, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	R29G40CGFFY17	\$ 5,473
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	EMPG-PINECO-060	<u>20,672</u>
Total U.S. Department of Homeland Security			<u>\$ 26,145</u>
Total Federal Awards			<u>\$ 4,823,225</u>
Total by Cluster			
Total expenditures for SNAP Cluster			\$ 261,917
Total expenditures for Highway Planning and Construction Cluster			1,118,935
Total expenditures for TANF Cluster			453,241
Total expenditures for CCDF Cluster			6,612
Total expenditures for Medicaid Cluster			1,172,472

Pine County did not pass any federal awards through to subrecipients in 2018.

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**PINE COUNTY
PINE CITY, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Pine 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 Pine County under programs of the federal government for the year ended December 31, 2018. 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 Pine County, it is not intended to and does not present the financial position or changes in net position of Pine 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pine County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 4,804,401
Grants unavailable in 2017, recognized as revenue in 2018	
Chafee Foster Care Independence Program (CFDA No. 93.674)	(1,848)
Grants unavailable in 2018, recognized as revenue in 2019	
Emergency Management Performance Grants (CFDA No. 97.042)	<u>20,672</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 4,823,225</u>