

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT FOR

ST. LOUIS COUNTY
DULUTH, MINNESOTA

YEAR ENDED DECEMBER 31, 2008

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 160 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 730 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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@state.mn.us
www.auditor.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: www.auditor.state.mn.us.

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Year Ended December 31, 2008



Management and Compliance Report

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

This page was left blank intentionally.

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

TABLE OF CONTENTS

	<u>Reference</u>	<u>Page</u>
Schedule of Findings and Questioned Costs	Schedule 1	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		8
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		11
Schedule of Expenditures of Federal Awards	Schedule 2	14

This page was left blank intentionally.

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Schedule 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of St. Louis County.
- B. Deficiencies in internal control were disclosed by the audit of financial statements of St. Louis County and are reported in the "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*." None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of St. Louis County were disclosed during the audit.
- D. A significant deficiency relating to the audit of the major federal award programs is reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133." It is not a material weakness.
- E. The Auditor's Report on Compliance for the major federal award programs for St. Louis County expresses an unqualified opinion.
- F. A finding relative to a major federal award program for St. Louis County was reported as required by Section 510(a) of Office of Management and Budget (OMB) Circular A-133.
- G. The major programs are:

Food Stamps	CFDA #10.561
Community Development Block Grant	CFDA #14.218
Temporary Assistance for Needy Families (TANF)	CFDA #93.558
IV-D Child Support	CFDA #93.563
Social Services Block Grant	CFDA #93.667
Medical Assistance	CDFR #93.778
Homeland Security Grant Program	CFDA #97.067

H. The threshold for distinguishing between Types A and B programs was \$914,642.

I. St. Louis County was not determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

96-10 Departmental Internal Accounting Controls

Due to the limited number of office personnel within the various County departments, proper segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. Although this is not unusual in small departmental situations, 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 internal control point of view.

We recommend that County management be aware of the lack of segregation of the accounting functions and, if possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff.

Client's Response:

The Auditor's Office will contact the departments involved to assist them in implementing procedures that will help ensure segregation of duties where possible.

06-2 Time Sheet Approval

During our audit, 40 payroll transactions were selected for testing. One of the tests performed was a review of employee time sheets for proper approval in accordance with County policy. County policy requires that time sheets be signed by both the employee and their direct supervisor. Of the 40 transactions tested, 2 did not have proper signatures. Proper review of employee time sheets is designed to provide assurance that employees and supervisors are stating that they are in agreement with the hours being reported. Without proper time sheet review, there is the potential for employees to misstate the number of hours worked and be compensated beyond the number of hours that they are entitled to.

We recommend that the County Auditor's Office require departments to submit time sheets in accordance with the County's policy and that time sheets lacking the proper signatures be returned to the departments for employee and supervisor signatures.

Client's Response:

The Auditor's Office will contact all the departments that lack proper signatures about submitting timesheets in accordance with the County's policy.

ITEM ARISING THIS YEAR

08-1 Identification of Federal Receivable - Highway Planning and Construction

St. Louis County did not adequately identify federal road construction receivables. OMB Circular A-133, Subpart C, § .300 lists auditee responsibilities, which include identifying all federal awards received and expended and the federal programs under which they were received and preparing appropriate financial statements.

St. Louis County did not correctly identify all federal financial assistance due the County at December 31, 2008, for highway construction projects in progress. The Road and Bridge Fund receivables analysis prepared by St. Louis County staff excluded amounts expended for these projects at year-end. County staff did not recognize federal highway construction revenue based on expenditures incurred. The State Auditor's analysis of federal construction contracts determined that the County had incurred expenditures sufficient to earn a federal reimbursement of \$1,102,624. Of this receivable, \$493,025 was unavailable and resulted in deferred revenue in the fund. The difference was a material misstatement in the Road and Bridge Fund financial statements for the year ended December 31, 2008.

We recommend the County develop policies and procedures that will allow it to correctly identify all amounts received and expended for federal construction projects. State aid receivables and revenue received from the Minnesota Department of Transportation and recognized as allotments should be analyzed separately from federal highway project construction funds, which are based on expenditures incurred. The County should review and strengthen its internal controls to ensure material year-end accrual balances are properly accounted for, classified, and presented in the correct fiscal period to improve its revenue recognition practices.

Client's Response:

Procedures have been developed to ascertain that federal revenues and receivables are properly accrued and presented.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

08-2 Identification of Federal Revenue - Medical Assistance - CFDA #93.778

St. Louis County did not adequately identify federal medical assistance revenue. OMB Circular A-133, Subpart C, § .300 lists auditee responsibilities, which include identifying all federal awards received and expended and the federal programs under which they were received and preparing appropriate financial statements, including the Schedule of Expenditures of Federal Awards.

St. Louis County did not correctly identify all federal financial assistance received by the County for the year ended December 31, 2008, relating to the Medical Assistance program. The County had recorded \$246,146 related to federal revenue as miscellaneous revenue, a misstatement material to CFDA #93.778 as presented on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2008.

We recommend the County develop policies and procedures that will allow it to correctly identify all amounts received and expended for federal awards. The County should review and strengthen its internal controls to ensure federal awards are properly accounted for, classified, and presented in the correct fiscal period to improve its revenue recognition practices.

Corrective Action Planned:

New account codes were established to properly classify these revenues.

Person Responsible:

Mark Florence

Date of Completion:

June 24, 2009

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

06-3 Claim Declaration

We noted that the County checks did not include the declaration statement provided for in Minn. Stat. § 471.391, subd. 2.

Minn. Stat. § 471.38 requires a signed declaration by the claimant that the claim is just and correct and that no part of it has been paid and allows the declaration to be imprinted on the reverse side of the check. Minn. Stat. § 471.391 specifies the declaration form and includes a provision that specifies the declaration statement that may be imprinted on the reverse side of the check. Upon endorsement, the check satisfies the declaration requirement.

We recommend the County Auditor's Office stamp or have printed on the County check stock the declaration statement specified in Minn. Stat. § 471.391.

Client's Response:

The County will comply with this recommendation once the current stock is depleted. Approximately 2,500 vendors are currently paid by ACH significantly reducing the number of paper checks being issued. The County believes this statute is outdated given the way technology has changed procedures for processing checks.

ITEM ARISING THIS YEAR

08-3 Depository Pledge Agreements and Board Approval of Collateral

The depository pledge agreements between Wells Fargo, Western Bank, and the County provide the banks at least three business days and an opportunity to cure the default before the custodian can release the collateral in the event of default. This is not in compliance with Minn. Stat. § 118A.03, subd. 4, which provides that any collateral pledged shall be accompanied by a written assignment that states, "upon default, the financial institution shall release to the government entity on demand, free of exchange or any other charges, the collateral pledged."

Schedule 1
(Continued)

In addition, for three of the County's depository banks, Beacon Bank, Republic Bank, and Queen City Federal Bank, the County did not have documentation demonstrating that it had perfected security interests in pledged collateral by obtaining approval from the bank's board of directors in compliance with the Financial Reform, Recovery, and Enforcement Act of 1989 (FIRREA), 12 U.S.C. § 1823(e). Based on FIRREA, a collateral pledge is not valid against the Federal Deposit Insurance Corporation (FDIC) unless it satisfies these requirements:

- it must be in writing;
- it must be approved by the institution's board of directors or loan committee, and that approval must be reflected in the minutes of the board or committee; and
- it must be an official record of the depository institutions since it was executed.

We recommend that the County review these security agreements to ensure that they are consistent with the default language of Minn. Stat. § 118A.03, subd. 4; that the required language is included; and that written assignments are in agreement with FIRREA. We also recommend the County require its depository institutions to provide proof of compliance in the form of a copy of the depository's board of directors or loan committee resolution. The agreement or pledge should include a list of particular securities pledged at the time of the resolution.

Client's Response:

The County will modify the collateral pledge agreement and discontinue allowing banks at least three business days to cure a default.

The County will notify these banks that they need to make sure their loans committees/boards approve all collateral pledges and send proper documentation to the County.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM RESOLVED

Management Information Systems (MIS) Department (96-27)

The County's MIS Department did not have a complete detailed disaster recovery plan in place to effectively deal with a disaster affecting computer operations.

Resolution

The MIS Department updated its disaster recovery plan to include items recommended for inclusion in a disaster recovery plan.

This page was left blank intentionally.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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*

Board of County Commissioners
St. Louis County

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 as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Louis County's internal control over financial reporting as a basis for designing our auditing procedures 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 96-10, 06-2, and 08-1 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by St. Louis County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above are a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Louis County's financial statements are free of 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, St. Louis County complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as items 06-3 and 08-3.

St. Louis County's written responses to the significant deficiencies and legal compliance findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within St. Louis County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 24, 2009

This page was left blank intentionally.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
St. Louis County

Compliance

We have audited the compliance of St. Louis County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 St. Louis 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, St. Louis County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of St. Louis County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in St. Louis County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by St. Louis County's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Schedule of Expenditures of Federal Awards

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 as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2009. Our audit was performed for the purpose of forming opinions on St. Louis County's basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

St. Louis County's corrective action plan for the federal award finding identified in our audit is included in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's corrective action plan and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners, management and others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 24, 2009

This page was left blank intentionally.

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Pass-Through Grant Number	Federal CFDA Number	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	\$ 592,311	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Food Stamp Program		10.561	1,795,204	-
Passed Through Minnesota Department of Natural Resources Forestry Assistance		10.664	11,526	-
Passed Through Minnesota Department of Finance Schools and Roads - Grants to States		10.665	376,061	-
Superior National Forest Lands		10.668	510,021	-
Total U.S. Department of Agriculture			\$ 3,285,123	\$ -
U.S. Department of Commerce				
Passed Through Minnesota Department of Natural Resources Coastal Zone Management Administration		11.419	\$ 50,000	\$ -
U.S. Department of Housing and Urban Development				
Direct				
Community Development Block Grants - Entitlement Grant:		14.218	\$ 2,629,008	\$ 1,606,313
Emergency Shelter Grants Program		14.231	119,927	-
HOME Investment Partnership Program		14.239	1,006,033	690,352
Total U.S. Department of Housing and Urban Development			\$ 3,754,968	\$ 2,296,665
U.S. Department of the Interior				
Direct				
Payments in Lieu of Taxes		15.226	\$ 1,186,997	\$ -
U.S. Department of Justice				
Direct				
Safe Haven for Children		16.527	\$ 50,635	\$ -
Bullet Proof Vest Partnership Program		16.607	2,467	-
Public Safety Partnership and Community Policing Grants		16.710	2,393	-
Passed Through Minnesota Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program		16.738	17,306	-
Total U.S. Department of Justice			\$ 72,801	\$ -

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

**Schedule 2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Pass-Through Grant Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Highway Planning and Construction Cluster				
Passed Through Minnesota Department of Transportation: Highway Planning and Construction		20.205	\$ 3,203,867	\$ -
Passed Through Minnesota Department of Natural Resources: Recreational Trails Program		20.219	100,000	-
Highway Safety Cluster				
Passed Through Minnesota Department of Public Safety: State and Community Highway Safety		20.600	10,644	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants		20.601	<u>2,765</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 3,317,276</u>	<u>\$ -</u>
U.S. Elections Assistance Commission				
Passed Through Secretary of State: Help Americans Vote Act Grant		90.401	<u>\$ 167,982</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Passed Through Arrowhead Regional Development Commission: Special Programs for the Aging - Title III - Nutrition Services		93.045	\$ 108,857	\$ -
Passed Through Minnesota Department of Human Services:				
Projects for Assistance in Transition from Homelessness		93.150	64,160	-
Promoting Safe and Stable Families		93.556	215,756	-
Temporary Assistance for Needy Families		93.558	4,842,276	-
Child Support Enforcement		93.563	3,349,355	-
Child Care Cluster				
Child Care and Development Block Grant		93.575	257,563	-
Child Care Mandatory and Matching Funds		93.596	12,067	-
Child Welfare Services - State Grants		93.645	60,491	-
Foster Care Title IV-E		93.658	635,719	-
Social Services Block Grant		93.667	1,801,389	-
Chafee Foster Care Independence Program		93.674	32,400	-
Medical Assistance Program		93.778	4,160,455	-
Block Grants for Community Mental Health Services		93.958	81,572	-

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Pass-Through Grant Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board				
Northeast Minnesota Obesity Prevention Project		93.051	2,127	-
Immunization Grants		93.268	6,800	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	H12-A80408	93.283	229,988	-
Temporary Assistance for Needy Families		93.558	343,566	-
Maternal and Child Health Services Block Grant to State:		93.994	247,550	-
Total U.S. Department of Health and Human Services			\$ 16,452,091	\$ -
U.S. Department of Homeland Security				
Direct				
Port Security Grant		97.056	\$ 24,999	\$ -
Passed Through Minnesota Department of Natural Resources				
Boating Safety		97.012	15,000	-
Passed Through Minnesota Department of Public Safety				
Emergency Management Assistance Grant		97.042	76,161	-
Homeland Security Grant Program	SHSP-00540, LETPP-00498	97.067	2,084,679	-
Total U.S. Department of Homeland Security			\$ 2,200,839	\$ -
Total Federal Awards			\$ 30,488,077	\$ 2,296,665

Notes to Schedule of Expenditures of Federal Awards:

- (1) The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by St. Louis County. The County's reporting entity is defined in Note 1 to the financial statements
- (2) The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis. Expenditures on this schedule differ from federal revenues reported on the Schedule of Intergovernmental Revenue because some expenditures are reported when the revenues are not available for recognition. These timing differences result in adjustments to deferred revenue totaling \$39,941. Also, in 2008, \$167,982 in Help America Vote Act funds received but not expended in the prior year were included in current year expenditures. Community Policing grants funding of \$213,352 was recognized as revenue in 2008, but the associated expenditures were reported in 2007.
- (3) Pass-through grant numbers are provided if available.