

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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MANAGEMENT AND COMPLIANCE REPORT  
PREPARED AS A RESULT OF THE AUDIT  
OF THE FINANCIAL AFFAIRS OF

**RAMSEY COUNTY**  
**SAINT PAUL, MINNESOTA**

FOR THE YEAR ENDED DECEMBER 31, 2010

## **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](http://www.auditor.state.mn.us).

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**For the Year Ended December 31, 2010**



**Management and Compliance Report**

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

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**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

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**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Our report expresses unqualified opinions on the basic financial statements of Ramsey County.
- B. A significant deficiency in internal control was disclosed by the audit of financial statements of Ramsey County and is 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*." It was not a material weakness.
- C. No instances of noncompliance material to the financial statements of Ramsey County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Ramsey County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

|   |              |
|---|--------------|
| Neighborhood Stabilization Program - ARRA | CFDA #14.256 |
| Workforce Investment Act (WIA) Cluster    |              |
| WIA - Adult Programs                      | CFDA #17.258 |
| WIA - Adult Programs - ARRA               | CFDA #17.258 |
| WIA - Youth Activities                    | CFDA #17.259 |
| WIA - Youth Activities - ARRA             | CFDA #17.259 |
| WIA - Dislocated Workers                  | CFDA #17.260 |
| WIA - Dislocated Workers - ARRA           | CFDA #17.260 |

|  |              |
|--|--------------|
| Highway Planning and Construction Cluster              |              |
| Recreational Trails Program                            | CFDA #20.219 |
| Highway Planning and Construction                      | CFDA #20.205 |
| Highway Planning and Construction - ARRA               | CFDA #20.205 |
| Temporary Assistance for Needy Families (TANF) Cluster |              |
| TANF   | CFDA #93.558 |
| TANF - ARRA  | CFDA #93.558 |
| Port Security Grant Program - ARRA                     | CFDA #97.116 |

H. The threshold for distinguishing between Types A and B programs was \$2,788,410.

I. Ramsey County was determined to be a low-risk auditee.

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

INTERNAL CONTROL

ITEM ARISING THIS YEAR

10-1 Segregation of Duties - Recorder's Office

The Recorder's Office cashiers collect cash and checks for the fees to record documents. They issue receipts and scan the checks and documents into the Information Management Services (IMS) system, an imaging system. Each morning one employee at the Recorder's Office takes custody of cash, checks, and copies of the receipts issued by the cashiers the previous day. The same employee balances the cash and checks with the written receipts and brings the cash and checks to the Property Records and Revenue - Cashier's Office to be entered into the general ledger system suspense account and deposited. Then, the employee accesses the imaging system to determine the total of the fees charged for the documents scanned the previous day and reconciles the total with the amount of that day's receipts. Finally, the employee summarizes the fees collected by type and enters a journal entry into the general ledger to move the receipts from the suspense account to the appropriate revenue accounts.

One basic objective of internal control is to provide for segregation of incompatible duties. Responsibilities should be separated among employees so that a single employee is not able to authorize a transaction, record the transaction in the accounting records, and be responsible for custody of the cash resulting from the transaction.

When one employee has access to cash and checks, the IMS system, and can make journal entries on the general ledger system, that employee has an opportunity to adjust the records to cover a cash shortage that may not be detected. When incompatible accounting duties are not segregated, there is an increased risk of errors or fraud. These duties have been assigned to the employee in order for tasks to be completed timely and more efficiently.

We recommend the County reassign duties to segregate incompatible accounting duties as much as possible. We also recommend that the Recorder's Office cashiers deposit their daily collections directly to the Property Records and Revenue - Cashier's Office. Further, when it is not feasible to segregate certain duties, County management should 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 performed by staff.

Client's Response:

*The Department of Property Records and Revenue changed procedures in the Recorder's Office in 2011 to deposit cash and checks daily with the Cashier's Office. The deposit is no longer handled by the same employee who balances the cash and enters journal entries into the County's financial system.*

*At the time the employee makes a journal entry, the checks have been scanned into their imaging system along with the documents they are paying for, and entered into the payment database by three other employees. The employee handling the journal entry does not have access to change any data in the payment database - only a supervisor can make a correction.*

*In addition, the Recorder's Office will examine ways to further segregate duties and establish additional oversight procedures.*

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

None.

#### IV. OTHER ITEM FOR CONSIDERATION

##### GASB Statement 54

The Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is effective for Ramsey County for the year ending December 31, 2011. The standard's objectives are to enhance the usefulness of fund balance information included in the financial report through clearer fund balance classifications that can be consistently applied and to clarify existing governmental fund type definitions.

##### Fund Balance Reporting

Statement 54 establishes new fund balance classifications based on constraints imposed on how resources can be spent. The existing components of fund balance are reserved, unreserved-designated, and unreserved-undesignated. Statement 54 replaces these components with nonspendable, restricted, committed, assigned, and unassigned as defined below:

- *Nonspendable* - amounts that cannot be spent because they are either not in spendable form (for example, inventory or prepaid items) or legally or contractually required to be maintained intact (such as the corpus of a permanent fund).
- *Restricted* - amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of a government's highest level of decision-making authority.
- *Assigned* - amounts a government intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* - spendable amounts not contained in the other classifications.

The County should begin the process for implementing the new fund balance classifications. A key step in successfully implementing the new fund balance requirements is to plan ahead. The County can start with the following steps:

- review the requirements of GASB Statement 54;
- review current fund balances and compare to the new classifications;
- reclassify January 1, 2011, fund balance using the new classifications;
- review/update/prepare a comprehensive fund balance policy;

- prepare appropriate Board resolutions to commit fund balance; and
- if the Board of County Commissioners intends to delegate authority to assign fund balance, prepare the resolutions delegating that authority.

#### Governmental Fund Type Definitions

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified in the new standard. The new definition for a special revenue fund could have significant impact on the County's current fund classifications.

GASB Statement 54 provides a new and clearer description of when it is appropriate to account for an activity using a special revenue fund. Special revenue funds are used to report specific revenue sources restricted or committed to specified purposes other than debt service and capital projects, where the restricted or committed revenue sources comprise a substantial portion of the fund's resources and are expected to continue to do so in the future. The standard does not define substantial portion; however, most recommendations are generally that the restricted or committed revenues should comprise at least 35 to 50 percent of total fund revenues. Under this definition, it is possible that some current special revenue funds will no longer meet the requirements for special revenue fund treatment. The County's management should review the County's special revenue funds to ensure these funds continue to warrant treatment as special revenue funds.

The County's management should perform the following steps prior to December 31, 2011:

- prepare a list of the County's special revenue funds;
- determine the sources of revenues for each of those funds;
- identify whether any of those revenues are restricted or committed;
- determine if these restricted or committed revenues represent a substantial portion of the fund's revenues and are expected to continue to be a substantial source of revenues;
  - if yes, the fund may continue to be classified as a special revenue fund;
  - if not, determine whether the County will combine that fund with the general fund or with a similar purpose special revenue fund that meets the new definition;

- code revenues in the general ledger by source constraints--restricted, committed, assigned, or unassigned; and
- determine if there needs to be a restatement of beginning fund balances.

Additional implementation steps could include: informing any component units that they also will need to meet the requirements; deciding on how fund balance will be presented in the financials, for example, detailed vs. aggregate methods; and developing the potential note disclosures. Additional guidance on GASB Statement 54 can be found on the Office of the State Auditor's website at:

[http://www.auditor.state.mn.us/other/Statements/fundbalances\\_postGASB54\\_1012\\_statement.pdf](http://www.auditor.state.mn.us/other/Statements/fundbalances_postGASB54_1012_statement.pdf).



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  
Ramsey 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 Ramsey County as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2011. 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 Ramsey 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.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the Schedule of Findings and Questioned Costs as item 10-1, that we consider to be a significant deficiency. 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 attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ramsey 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 Political Subdivisions*, 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 Political Subdivisions* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except tax increment financing, because Ramsey County does not use tax increment financing.

The results of our tests indicate that for the items tested, Ramsey County complied with the material terms and conditions of applicable legal provisions.

Also included in the Schedule of Findings and Questioned Costs is an other item for consideration. We believe this information to be of benefit to the County, and it is reported for that purpose.

Ramsey County's written response to the internal control finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners, audit committee, management, others within Ramsey 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 20, 2011

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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 THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners  
Ramsey County

### Compliance

We have audited Ramsey County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. Ramsey 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.

Ramsey County's basic financial statements include the operations of the Ramsey County Regional Railroad Authority component unit, which expended \$14,505,011 in federal awards during the year ended December 31, 2010, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Regional Railroad Authority because it had a separate single audit in accordance with OMB Circular A-133.

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 Ramsey 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, Ramsey County complied, in all material respects, with the 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, 2010.

#### Internal Control Over Compliance

Management of Ramsey 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 Ramsey County as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011. Our audit was performed for the purpose of forming opinions on Ramsey County's financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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. 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. The SEFA 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 financial statements or to the 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.

This report is intended solely for the information and use of the Board of County Commissioners, audit committee, 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 20, 2011

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**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b>                                   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|--|------------------------------------|---------------------|--|
| <b>U.S. Department of Agriculture</b>  |                                    |                     |  |
| Passed Through Minnesota Department of Education   |                                    |                     |  |
| Child Nutrition Cluster  |                                    |                     |  |
| School Breakfast Program   | 10.553                             | \$ 51,601           | \$ -   |
| National School Lunch Program  | 10.555                             | 82,554              | -  |
| Passed Through Minnesota Department of Health  |                                    |                     |  |
| Special Supplemental Nutrition Program for Women, Infants,<br>and Children (WIC)                         |                                    |                     |  |
|  | 10.557                             | 3,270,347           | -  |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program (SNAP) Cluster |                                    |                     |  |
| State Administrative Matching Grants for SNAP  | 10.561                             | 5,562,447           | -  |
| State Administrative Matching Grants for SNAP - ARRA   | 10.561                             | 167,270             | -  |
| <b>Total U.S. Department of Agriculture</b>  |                                    | <b>\$ 9,134,219</b> | <b>\$ -</b>                                    |
| <b>U.S. Department of Housing and Urban Development</b>  |                                    |                     |  |
| CDBG - Entitlement Grants Cluster  |                                    |                     |  |
| Direct   |                                    |                     |  |
| Community Development Block Grants/Entitlement Grants  | 14.218                             | \$ 995,045          | \$ 675,805                                     |
| Community Development Block Grants/Entitlement Grants - ARRA   | 14.253                             | 82,612              | -  |
| Passed Through City of Saint Paul  |                                    |                     |  |
| Community Development Block Grants/Entitlement Grants  | 14.218                             | 253,330             | 184,119  |
| Direct   |                                    |                     |  |
| Supportive Housing Program   | 14.235                             | 758,920             | 758,920  |
| Passed Through Minnesota Housing Finance Agency  |                                    |                     |  |
| Neighborhood Stabilization Program - ARRA  | 14.256                             | 1,055,748           | -  |
| Passed Through Dakota County Community Development Agency  |                                    |                     |  |
| Home Investment Partnerships Program   | 14.239                             | 221,215             | -  |
| Passed Through Hennepin County   |                                    |                     |  |
| Lead-Based Paint Hazard Control Program in Privately-Owned Housing                                       | 14.900                             | 469,541             | -  |
| Passed Through City of Saint Paul  |                                    |                     |  |
| Homelessness Prevention and Rapid Re-Housing Program   | 14.257                             | 115,211             | -  |
| <b>Total U.S. Department of Housing and Urban Development</b>  |                                    | <b>\$ 3,951,622</b> | <b>\$ 1,618,844</b>                            |

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Continued)

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b>                                       | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|--|------------------------------------|---------------------|--|
| <b>U.S. Department of Justice</b>  |                                    |                     |  |
| Direct   |                                    |                     |  |
| Supervised Visitation, Safe Havens for Children  | 16.527                             | \$ 135,705          | \$ -   |
| Part E - Developing, Testing and Demonstrating Promising New Programs  | 16.541                             | 19,207              | -  |
| State Criminal Alien Assistance Program  | 16.606                             | 319,134             | -  |
| Passed Through Minnesota Department of Public Safety   |                                    |                     |  |
| Juvenile Accountability Block Grants   | 16.523                             | 77,962              | -  |
| Crime Victim Assistance  | 16.575                             | 51,158              | -  |
| Public Safety Partnership and Community Policing Grants  | 16.710                             | 65,000              | -  |
| Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories - ARRA               | 16.803                             | 233,763             | -  |
| Passed Through City of Saint Paul  |                                    |                     |  |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program                             | 16.590                             | 71,412              | -  |
| Edward Byrne Memorial Justice Assistance Grant Program   | 16.738                             | 146,742             | -  |
| Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government - ARRA           | 16.804                             | 280,185             | -  |
| Edward Byrne Memorial Competitive Grant Program - ARRA   | 16.808                             | 45,670              | -  |
| <b>Total U.S. Department of Justice</b>  |                                    | <b>\$ 1,445,938</b> | <b>\$ -</b>                                    |
| <b>U.S. Department of Labor</b>  |                                    |                     |  |
| Passed Through Minnesota Department of Employment and Economic Development                                   |                                    |                     |  |
| Unemployment Insurance   | 17.225                             | \$ 26,697           | \$ -   |
| WIA Cluster  |                                    |                     |  |
| Workforce Investment Act - Adult Programs  | 17.258                             | 1,007,609           | 730,047  |
| Workforce Investment Act - Adult Programs - ARRA   | 17.258                             | 298,784             | 185,457  |
| Workforce Investment Act - Youth Activities  | 17.259                             | 1,459,471           | 889,828  |
| Workforce Investment Act - Youth Activities - ARRA   | 17.259                             | 442,108             | 302,501  |
| Workforce Investment Act - Dislocated Workers  | 17.260                             | 808,859             | 51,333   |
| Workforce Investment Act - Dislocated Workers - ARRA   | 17.260                             | 1,561,630           | 197,587  |
| Passed Through City of Minneapolis   |                                    |                     |  |
| Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors | 17.275                             | 50,000              | -  |
| <b>Total U.S. Department of Labor</b>  |                                    | <b>\$ 5,655,158</b> | <b>\$ 2,356,753</b>                            |

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Continued)

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b>  | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|--|------------------------------------|----------------------|--|
| <b>U.S. Department of Transportation</b>                               |                                    |                      |  |
| Highway Planning and Construction Cluster                              |                                    |                      |  |
| Passed Through Minnesota Department of Natural Resources               |                                    |                      |  |
| Recreational Trails Program  | 20.219                             | \$ 7,237             | \$ -   |
| Passed Through Minnesota Department of Transportation                  |                                    |                      |  |
| Highway Planning and Construction                                      | 20.205                             | 10,244,469           | -  |
| Highway Planning and Construction - ARRA                               | 20.205                             | 2,122,387            | -  |
| Highway Safety Cluster   |                                    |                      |  |
| Passed Through Minnesota Department of Public Safety                   |                                    |                      |  |
| State and Community Highway Safety                                     | 20.600                             | 114,984              | -  |
| Alcohol Impaired Driving Countermeasures Incentive Grants I            | 20.601                             | 359,027              | -  |
| Safety Belt Performance Grants   | 20.609                             | 1,094                | -  |
| <b>Total U.S. Department of Transportation</b>                         |                                    | <b>\$ 12,849,198</b> | <b>\$ -</b>                                    |
| <b>Institute of Museum and Library Services</b>                        |                                    |                      |  |
| Passed Through Minnesota Department of Education                       |                                    |                      |  |
| Grants to States   | 45.310                             | \$ 34,816            | \$ -   |
| <b>Department of Energy</b>  |                                    |                      |  |
| Direct   |                                    |                      |  |
| Energy Efficiency and Conservation Block Grant Program - ARRA          | 81.128                             | \$ 165,649           | \$ -   |
| <b>U.S. Department of Health and Human Services</b>                    |                                    |                      |  |
| Direct   |                                    |                      |  |
| Family Planning Services   | 93.217                             | \$ 753,129           | \$ -   |
| Adoption Opportunities   | 93.652                             | 543,531              | -  |
| Child Abuse and Neglect Discretionary Activities                       | 93.670                             | 569,661              | -  |

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Continued)

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b>                              | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|---|------------------------------------|---------------------|--|
| <b>U.S. Department of Health and Human Services (Continued)</b>                                     |                                    |                     |  |
| Temporary Assistance for Needy Families (TANF) Cluster  |                                    |                     |  |
| Passed Through Minnesota Department of Human Services   |                                    |                     |  |
| Temporary Assistance for Needy Families (TANF)  | 93.558                             | 21,764,423          | 10,862,496                                     |
| Passed Through Minnesota Department of Health   |                                    |                     |  |
| Temporary Assistance for Needy Families (TANF)  | 93.558                             | 994,733             | -  |
| Passed Through Minnesota Department of Employment and Economic<br>Development                       |                                    |                     |  |
| Temporary Assistance for Needy Families (TANF) - ARRA   | 93.558                             | 331,195             | 305,634  |
| Passed Through Minnesota Department of Human Services   |                                    |                     |  |
| Projects for Assistance in Transition from Homelessness   | 93.150                             | 176,590             | -  |
| Promoting Safe and Stable Families  | 93.556                             | 429,614             | 250,000  |
| Child Support Enforcement Cluster   |                                    |                     |  |
| Child Support Enforcement   | 93.563                             | 10,489,071          | -  |
| Child Support Enforcement - ARRA  | 93.563                             | 521,235             | -  |
| Refugee and Entrant Assistance - State Administered Programs  | 93.566                             | 6,019               | -  |
| Refugee and Entrant Assistance - Targeted Assistance Grants   | 93.584                             | 40,618              | -  |
| Child Care Mandatory and Matching Funds of the Child Care and<br>Development Fund                   | 93.596                             | 853,817             | -  |
| Chafee Education and Training Vouchers Program  | 93.599                             | 75,083              | -  |
| Child Welfare Services - State Grants   | 93.645                             | 32,256              | -  |
| Foster Care Title IV-E Cluster  |                                    |                     |  |
| Foster Care Title IV-E  | 93.658                             | 3,623,648           | -  |
| Foster Care Title IV-E - ARRA   | 93.658                             | 305,664             | -  |
| Adoption Assistance - ARRA  | 93.659                             | 23,351              | -  |
| Social Services Block Grant   | 93.667                             | 4,155,927           | -  |
| Child Abuse and Neglect State Grants  | 93.669                             | 1,676               | -  |
| Chafee Foster Care Independence Program   | 93.674                             | 58,325              | -  |
| Medicaid Infrastructure Grants to Support the Competitive Employment<br>of People With Disabilities | 93.768                             | 21,191              | 21,191   |
| Medical Assistance Program  | 93.778                             | 8,496,951           | -  |
| Block Grant for Community Mental Health Services  | 93.958                             | 239,248             | -  |
| Block Grant for Prevention and Treatment of Substance Abuse   | 93.959                             | 930,569             | -  |

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Continued)

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b>   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b>  | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|--|------------------------------------|----------------------|--|
| <b>U.S. Department of Health and Human Services (Continued)</b>  |                                    |                      |  |
| Passed Through Minnesota Department of Health  |                                    |                      |  |
| Public Health Emergency Preparedness   | 93.069                             | 663,527              | -  |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs  | 93.116                             | 33,832               | -  |
| Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 93.197                             | 22,436               | -  |
| Universal Newborn Hearing Screening  | 93.251                             | 5,975                | -  |
| Immunization Cluster   |                                    |                      |  |
| Immunization Grants  | 93.268                             | 129,200              | -  |
| Immunization - ARRA  | 93.712                             | 65,007               | -  |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance   | 93.283                             | 240,715              | -  |
| Refugee and Entrant Assistance Discretionary Grants  | 93.576                             | 22,840               | -  |
| Child Abuse and Neglect Discretionary Activities   | 93.670                             | 19,760               | -  |
| HIV Prevention Activities - Health Department Based  | 93.940                             | 49,118               | -  |
| Preventive Health Services - Sexually Transmitted Diseases Control Grants  | 93.977                             | 43,526               | -  |
| Maternal and Child Health Services Block Grant   | 93.994                             | 862,095              | -  |
| Passed Through Hennepin County   |                                    |                      |  |
| Special Projects of National Significance  | 93.928                             | 7,759                | -  |
| Passed Through National Association of City and County Health Officers   |                                    |                      |  |
| Medical Reserve Corps Small Grant Program  | 93.008                             | 5,000                | -  |
| <b>Total U.S. Department of Health and Human Services</b>  |                                    | <b>\$ 57,608,315</b> | <b>\$ 11,439,321</b>                           |

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Continued)

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b>                | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|--|------------------------------------|------------------------------------|--|
| <b>U.S. Department of Homeland Security</b>                            |                                    |                                    |  |
| Direct   |                                    |                                    |  |
| Law Enforcement Officer Reimbursement Agreement Program                | 97.090                             | \$ 45,080                          | \$ -   |
| Port Security Grant Program - ARRA                                     | 97.116                             | 425,345                            | -  |
| Homeland Security Cluster  |                                    |                                    |  |
| Passed Through Minnesota Department of Public Safety                   |                                    |                                    |  |
| Homeland Security Grant Program  | 97.067                             | 1,237,813                          | 258,771  |
| Passed Through City of Minneapolis                                     |                                    |                                    |  |
| Metropolitan Medical Response System                                   | 97.071                             | 80,526                             | -  |
| Passed Through Minnesota Department of Public Safety                   |                                    |                                    |  |
| Emergency Management Performance Grants                                | 97.042                             | 267,205                            | -  |
| Passed Through Minnesota Department of Natural Resources               |                                    |                                    |  |
| Boating Safety Financial Assistance                                    | 97.012                             | <u>38,774</u>                      | <u>-</u>                                       |
| <b>Total U.S. Department of Homeland Security</b>                      |                                    | <b><u>\$ 2,094,743</u></b>         | <b><u>\$ 258,771</u></b>                       |
| <b>Total Cash Federal Awards</b>                                       |                                    | <b><u>\$ 92,939,658</u></b>        | <b><u>\$ 15,673,689</u></b>                    |
| <b>Non-Cash Awards</b>   |                                    |                                    |  |
| <b>U.S. Department of Agriculture</b>                                  |                                    |                                    |  |
| Food Donation Program  | 10.550                             | <u>7,362</u>                       | <u>-</u>                                       |
| <b>Total Federal Awards</b>  |                                    | <b><u><u>\$ 92,947,020</u></u></b> | <b><u><u>\$ 15,673,689</u></u></b>             |

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Ramsey County. The County's reporting entity is defined in Note 1 to the financial statements. The Regional Railroad Authority blended component unit is not included on the County's Schedule of Expenditures of Federal Awards because it has its own single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ramsey County under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Ramsey County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. The basis used for CFDA No. 10.550 is the dollar value of vouchers issued. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Reconciliation to Schedule of Intergovernmental Revenue

|   |                      |
|---|----------------------|
| Federal grant revenue per Schedule of Intergovernmental Revenue | \$ 106,792,147       |
| Non-cash awards   | 7,362                |
| Grant received by blended component unit not included           |                      |
| Federal Transit Capital Investment Grants                       | <u>(13,852,489)</u>  |
| Expenditures Per Schedule of Expenditures of Federal Awards     | <u>\$ 92,947,020</u> |

**RAMSEY COUNTY  
SAINT PAUL, MINNESOTA**

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5. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.