

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**MANAGEMENT AND COMPLIANCE REPORT**

**ITASCA COUNTY**  
**GRAND RAPIDS, MINNESOTA**

**YEAR ENDED DECEMBER 31, 2015**

## **Description of the Office of the State Auditor**

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

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

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

**Pension** - monitors investment, financial, and actuarial reporting for approximately 700 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

**Year Ended December 31, 2015**



**Management and Compliance Report**

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

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**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

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**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

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

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

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The major federal programs are:

|                                   |                 |
|-----------------------------------|-----------------|
| Payments in Lieu of Taxes         | CFDA No. 15.226 |
| Highway Planning and Construction | CFDA No. 20.205 |
| Child Support Enforcement         | CFDA No. 93.563 |

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

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

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

### INTERNAL CONTROL

#### PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 1996-005

#### Segregation of Duties

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

**Condition:** At Itasca County, the same individuals who collect and receipt cash also make the bank deposits, and some individuals who can write receipts also have the capability to make journal entries, post to the general ledger, or reconcile the bank accounts. At the department level, there is a lack of segregation of duties between cash collection and billing functions.

**Context:** Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible. This is not unusual in operations the size of Itasca County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

**Effect:** Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The County has informed us that it does not have the economic resources needed to hire additional qualified accounting staff in order to segregate duties in every department.

**Recommendation:** We recommend that the County's elected officials and management be aware of the lack of segregation of duties of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.



Client's Response:

*Itasca County elected officials and management are aware of the limited resources we have and that these limitations will sometimes create an exposure to internal control weaknesses.*

Finding 2006-004

Audit Adjustments and/or Restatements

**Criteria:** 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 of the financial statements on a timely basis.

**Condition:** During our audit, we identified significant adjustments that resulted in changes to the County's financial statements.

**Context:** The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were identified during the audit process; however, independent external auditors cannot be considered part of Itasca County's internal control.

**Effect:** Audit adjustments were made to properly present financial statement amounts. The following adjustments were reviewed and approved by management and are reflected in the County's financial statements:

- An audit adjustment was made in the General Fund to eliminate expenditures for court costs that were reimbursed by the state. Revenues and expenditures were both decreased by \$509,582.
- Audit adjustments were made in the Human Services Fund to record the County's share of estate tax collections as a deferred inflow of resources (\$266,509), and to add both federal revenues and expenditures for grant money received and passed through to the local collaborative (\$248,484).
- Audit adjustments were made in the Road and Bridge Special Revenue Fund to increase assets by \$182,471 for an unrecorded receivable found, and to decrease accounts payable by \$194,525 for items that were double counted.

**Cause:** The above adjusting items were missed in the preparation of the year-end working paper summaries and the compilation of the financial statements.

**Recommendation:** We recommend County staff review the trial balances, journal entries, and financial statement presentation in detail in order to prevent, or detect and correct, misstatements in the financial statements.

Client's Response:

*County staff will review trial balances, journal entries, and financial statements in detail.*

PREVIOUSLY REPORTED ITEM RESOLVED

**Internal Control over Budgeting (2006-002)**

Previously, the County Board had adopted a budget policy, but it lacked key information such as which funds are required to be budgeted, the budgetary basis, and the legal level of control over the budget.

**Resolution**

The County has updated and approved a revised budget policy which includes this key information.

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

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM RESOLVED

**Collateral Assignments (2008-004)**

In the prior year, the collateral pledge agreement Itasca County had with Wells Fargo was not current. The most current pledge agreement on file was dated 2003. Also, the Wells Fargo pledge agreement did not contain the language required by Minn. Stat. § 118A.03, subd. 4, which helps protect the County's interests in its deposits and investments. Grand Rapids State Bank had a current pledge agreement with Itasca County, however, that pledge agreement did not contain the language required by Minn. Stat. § 118A.03, subd. 4.

**Resolution**

A new pledge agreement has been received from Wells Fargo and has been updated with the proper statutory language. The County has taken the majority of its deposits out of Grand Rapids State Bank in 2015 and collateral is no longer required as the remaining balance is all covered by FDIC insurance.



REBECCA OTTO  
STATE AUDITOR

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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  
Itasca County  
Grand Rapids, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County, Minnesota, as of and for the year ended December 31, 2015, including the Nursing Home Enterprise Fund as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 16, 2016. Our report includes a reference to other auditors who audited the financial statements of the Itasca Medical Care Enterprise Fund as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Itasca County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings Questioned Costs as items 1996-005 and 2006-004 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Itasca 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 of tax increment financing because the County does not have any tax increment financing districts.

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

### **Itasca County's Response to Findings**

Itasca County's responses to the internal control findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

September 16, 2016

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

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REBECCA OTTO  
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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  
Itasca County  
Grand Rapids, Minnesota

### **Report on Compliance for Each Major Federal Program**

We have audited Itasca County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. Itasca 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 Itasca 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 Itasca County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

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

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

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



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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County, Minnesota, as of and for the year ended December 31, 2015, including the Nursing Home Enterprise Fund as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated September 16, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Itasca County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Purpose of This Report**

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

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

September 16, 2016

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

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**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

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

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Program or Cluster Title</b>   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-Through<br/>Grant<br/>Numbers</b> | <b>Expenditures</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|---|------------------------------------|---|---------------------|--|
| <b>U.S. Department of Agriculture</b>   |                                    |   |                     |  |
| Passed Through Aitkin-Itasca-Koochiching Community Health Services Board<br>Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557                             | 15152MN004W1003                           | \$ 200,589          | \$ -   |
| Passed Through Minnesota Department of Human Services<br>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program     | 10.561                             | 15152MN10152514                           | 415,007             | -  |
| Passed Through Minnesota Department of Natural Resources<br>Cooperative Forestry Assistance   | 10.664                             | 83386                                     | 147,750             | -  |
| Passed Through Minnesota Management & Budget<br>Schools and Roads - Grants to States  | 10.665                             | G9RUSDFORESTRY                            | 256,668             | -  |
| <b>Total U.S. Department of Agriculture</b>   |                                    |   | <b>\$ 1,020,014</b> | <b>\$ -</b>                                    |
| <b>U.S. Department of the Interior</b>  |                                    |   |                     |  |
| Direct<br>Payments in Lieu of Taxes   | 15.226                             |   | <b>\$ 575,123</b>   | <b>\$ -</b>                                    |
| <b>U.S. Department of Justice</b>   |                                    |   |                     |  |
| Direct<br>Supervised Visitation, Safe Havens for Children Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program          | 16.527                             |   | \$ 91,715           | \$ 91,715                                      |
| Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault                                      | 16.590                             |   | 84,810              | -  |
|   | 16.736                             |   | 84,414              | 84,414   |
| Passed Through the Minnesota Department of Public Safety<br>Edward Bryne Memorial Justice Assistance Grant Program                                  | 16.738                             | F-JAG-2015-ITASCACO-4117                  | 24,482              | -  |
| Edward Bryne Memorial Justice Assistance Grant Program<br>(Total Edward Bryne Memorial Justice Assistance Grant Program 16.738 \$41,708)            | 16.738                             | F-JAG-2015-ITASCACO-4514                  | 17,226              | -  |
| <b>Total U.S. Department of Justice</b>   |                                    |   | <b>\$ 302,647</b>   | <b>\$ 176,129</b>                              |

**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

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

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Program or Cluster Title</b>                                    | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-Through<br/>Grant<br/>Numbers</b> | <b>Expenditures</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|--|------------------------------------|---|---------------------|--|
| <b>U.S. Department of Transportation</b>   |                                    |   |                     |  |
| Passed Through Minnesota Department of Transportation  |                                    |   |                     |  |
| Highway Planning and Construction  | 20.205                             | T1A508                                    | \$ 109,155          | -  |
| Highway Planning and Construction  | 20.205                             | T1A701                                    | 65,696              | -  |
| Highway Planning and Construction  | 20.205                             | T1A712                                    | 6,469               | -  |
| Highway Planning and Construction  | 20.205                             | T1A718                                    | 1,135,130           | -  |
| Highway Planning and Construction<br>(Total Highway Planning and Construction<br>20.205 \$1,405,764)           | 20.205                             | T1A724                                    | 89,314              | -  |
| Passed Through Minnesota Department of Public Safety   |                                    |   |                     |  |
| State and Community Highway Safety   | 20.600                             | F-SAFE15-2015-<br>ITASCACO                | 8,025               | -  |
| <b>Total U.S. Department of Transportation</b>   |                                    |   | <b>\$ 1,413,789</b> | <b>\$ -</b>                                    |
| <b>U.S. Department of Health and Human Services</b>  |                                    |   |                     |  |
| Passed Through Aitkin-Itasca-Koochiching Community Health Services Board                                       |                                    |   |                     |  |
| Public Health Emergency Preparedness   | 93.069                             | U09TP000529                               | \$ 23,562           | \$ -   |
| Universal Newborn Hearing Screening  | 93.251                             | H61MC23639                                | 1,750               | -  |
| Immunization Cooperative Agreements  | 93.268                             | IP-150302CONT16                           | 1,500               | -  |
| Early Hearing Detection and Intervention Information System (EHDI-IS) Sureveillance Program                    | 93.314                             | U90TP000418                               | 225                 | -  |
| Temporary Assistance for Needy Families<br>(Total Temporary Assistance for Needy Families<br>93.558 \$583,024) | 93.558                             | 12-700-00103                              | 58,525              | -  |
| Maternal and Child Health Services Block Grant to the States   | 93.994                             | 12-700-00103                              | 62,893              | -  |
| Passed Through Minnesota Department of Human Services  |                                    |   |                     |  |
| Promoting Safe and Stable Families   | 93.556                             | 1401MNFPS                                 | 37,162              | -  |
| Temporary Assistance for Needy Families<br>(Total Temporary Assistance for Needy Families<br>93.558 \$583,024) | 93.558                             | 1502MNTANF                                | 524,499             | -  |
| Child Support Enforcement  | 93.563                             | 1504MN4005                                | 1,320,521           | -  |
| Refugee and Entrant Assistance - State Administered Programs   | 93.566                             | 1501MNRCA                                 | 696                 | -  |
| Child Care and Development Block Grant   | 93.575                             | G1501MNCCDF                               | 14,277              | -  |
| Community-Based Child Abuse Prevention Grants  | 93.590                             | 1302MNFPRG                                | 14,990              | -  |
| Stephanie Tubbs Jones Child Welfare Services Program   | 93.645                             | 1401MNCWSS                                | 10,079              | -  |
| Foster Care - Title IV-E   | 93.658                             | 1501MNFOS                                 | 148,076             | -  |
| Social Services Block Grant  | 93.667                             | 1501MNSOSR                                | 295,557             | -  |
| Chafee Foster Care Independence Program  | 93.674                             | 1401MN1420                                | 11,760              | -  |
| Children's Health Insurance Program  | 93.767                             | 1405MN5021                                | 170                 | -  |
| Medical Assistance Program   | 93.778                             | 1505MNADM                                 | 1,521,524           | -  |
| Block Grants for Prevention and Treatment of Substance Abuse   | 93.959                             | TI1010034-12                              | 100,093             | -  |
| <b>Total U.S. Department of Health and Human Services</b>  |                                    |   | <b>\$ 4,147,859</b> | <b>\$ -</b>                                    |

**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

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

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Program or Cluster Title</b>                    | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-Through<br/>Grant<br/>Numbers</b> | <b>Expenditures</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> |
|--|------------------------------------|---|---------------------|--|
| <b>U.S. Department of Homeland Security</b>  |                                    |   |                     |  |
| Passed Through Minnesota Department of Natural Resources                                       |                                    |   |                     |  |
| Boating Safety Financial Assistance  | 97.012                             | R29G4CGSFY15                              | \$ 14,024           | \$ -   |
| Passed Through Minnesota Department of Public Safety   |                                    |   |                     |  |
| Hazard Mitigation Grant  | 97.039                             | HazMit/DR-1941.09<br>F-EMPG-2015-         | 13,094              | -  |
| Emergency Management Performance Grants  | 97.042                             | ITASCACO-1157<br>F-SHSP-2014-             | 30,140              | -  |
| Homeland Security Grant Program  | 97.067                             | HSEM1ITA                                  | 112,385             | -  |
| Homeland Security Grant Program<br>(Total Homeland Security Grant Program<br>97.067 \$126,277) | 97.067                             | F-SHSP-2015-<br>HSEM1ITA                  | 13,892              | -  |
| <b>Total U.S. Department of Homeland Security</b>  |                                    |   | <b>\$ 183,535</b>   | <b>\$ -</b>                                    |
| <b>Total Federal Awards</b>  |                                    |   | <b>\$ 7,642,967</b> | <b>\$ 176,129</b>                              |

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**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

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

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Itasca 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 Itasca County under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Itasca County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Itasca County.

3. Summary of Significant Accounting Policies

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

**ITASCA COUNTY  
GRAND RAPIDS, MINNESOTA**

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4. Reconciliation to Schedule of Intergovernmental Revenues

|   |                     |
|---|---------------------|
| Federal grant revenue per Schedule of Intergovernmental Revenue   | \$ 7,383,220        |
| Grants received more than 60 days after year-end, unavailable in 2014   |                     |
| Cooperative Forestry Assistance   | 113,142             |
| Special Supplemental Nutrition Program for Women, Infants, and Children   | 10,895              |
| Schools and Roads - Grants to States  | 182,471             |
| Child Support Enforcement   | 30,000              |
| Homeland Security Grant Program   | 55,778              |
| Unavailable in 2014, recognized as revenue in 2015  |                     |
| Special Supplemental Nutrition Program for Women, Infants, and Children   | (1,179)             |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program                                  | (9,127)             |
| Supervised Visitation, Safe Havens for Children   | (46,714)            |
| Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence,<br>Stalking, or Sexual Assault | (15,532)            |
| State and Community Highway Safety  | (1,114)             |
| Public Health Emergency Preparedness  | (3,428)             |
| Temporary Assistance for Needy Families   | (8,396)             |
| Maternal and Child Health Services Block Grant to the States  | (524)               |
| Homeland Security Grant Program   | (46,525)            |
|   | <hr/>               |
| Expenditures per Schedule of Expenditures of Federal Awards   | <u>\$ 7,642,967</u> |