

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, 2013

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.

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**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Year Ended December 31, 2013



Management and Compliance Report

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

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**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

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**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **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? **Yes**

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? **Yes**

The major programs are:

Highway Planning and Construction	CFDA #20.205
Foster Care - Title IV-E	CFDA #93.658

The threshold for distinguishing between Types A and B programs was \$1,136,420.

St. Louis County qualified as a low-risk auditee? **Yes**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 1996-010

Departmental Internal Accounting Controls

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

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

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

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

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

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

Client's Response:

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

Finding 2012-001

Payroll Reporting Procedures

Criteria: County policy requires employees to print and sign a paper copy of their time report attesting to hours worked. The employee's supervisor is required to review and sign the employee's time report to document approval of the hours listed as worked. If the employee is unavailable to sign their time report, their supervisor will sign in their absence and a second supervisor will then sign and approve the time report. The policy also requires departmental timekeepers to maintain on file the signed and approved paper copy of the time report as documentation. These procedures are basic internal control mechanisms ensuring that hours reported as worked have been properly approved.

Condition: We selected and tested a sample of 40 transactions from the population of all payroll transactions claimed for reimbursement through the Public Health and Human Services Cost Allocation Plan for quarters 1 and 2 of 2013. Tests performed detected an instance in which the time report of an employee on extended leave was signed and approved contrary to time reporting procedures established by the County Auditor's Office. As the employee was unable to sign their time sheet, a departmental timekeeper initialed the employee's time report. The employee's supervisor then approved the report. An electronic record of the employee's time report that did not conform to County timekeeping policy was then processed by the Payroll Department for payment of hours worked.

Context: Employees are required to print and sign copies of their time reports attesting to time worked. Supervisors are required to sign and approve the workers' time report. If an employee is not available to sign their time sheet, their supervisor is authorized to sign in their place. A second supervisor would then approve the report. County staff designated as departmental timekeepers receive approved time reports from supervisors. The timekeepers then transfer the hours worked to an electronic time reporting format for further processing by the County Auditor's Payroll Department. Timekeepers are responsible to maintain the original signed and approved time reports on file as required documentation.

Effect: County procedures governing time reporting in an employee's absence were not followed in this instance. A control deficiency exists in the operation of the internal control implemented to ensure that all hours worked by County staff are properly

authorized, supported, and documented. A time report signed in accordance with the County's timekeeping policy evidences that time reported and paid is accurate and legitimate.

Cause: The County Auditor's Office has established procedures to ensure that all hours reported as worked by County employees are legitimate, properly approved, and documented. Staff in all departments are expected to understand and follow these procedures. The instance reported occurred due to a misunderstanding regarding how to report time worked for an employee on extended leave.

Recommendation: We recommend that County time reporting procedures be enforced. Employee and supervisory signatures on time reports are a basic internal control procedure established by the County Auditor's Office that should be followed by all County departments to ensure all payroll transactions processed and paid are properly attested to and approved. In the event an employee is unavailable, established procedures should be followed to ensure that the time report is properly attested to and approved. Since the responsibility to maintain the original signed time reports on file rests with County staff designated as departmental timekeepers, we also recommend that the County Internal Auditor consider randomly selecting and reviewing a sample of employee time reports on file to ensure County time reporting procedures are being followed as intended.

Client's Response:

The Auditor's Office will notify Department Heads of this finding and have them confirm that they have notified their supervisors of this requirement and have procedures in place to ensure that all timesheets have been reviewed and signed by a supervisor.

The County is in the process of implementing a time and scheduling system called Workforce, which will require an electronic approval by the supervisor before the timesheet can be submitted.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

Finding 2013-001

Cash Management

Program: U.S. Department of Transportation's Highway Planning and Construction (CFDA No. 20.205)

Pass-Through Agency: Minnesota Department of Transportation

Criteria: The Highway Planning and Construction Program awards funding on a reimbursement basis. The 2013 OMB Circular A-133 Compliance Supplement, Part 3 C., Cash Management, states that when entities are funded on a reimbursement basis, the costs for which reimbursement was requested should be paid prior to the date of the reimbursement request.

Condition: The County requested reimbursement from the pass-through agency for federal program expenditures before the costs for which reimbursement was requested were paid. In 1 of 15 reimbursement requests tested, the costs were paid five days after receiving the federal funds. Other cases were noted where the costs were paid between the dates of the reimbursement request and the receipt of the federal funds.

Questioned Costs: None.

Context: The County followed the guidance in the State Aid for Local Transportation Delegated Contract Process (DCP) Checklist, issued by the pass-through agency Minnesota Department of Transportation (MnDOT), which states that a local public agency may request reimbursement after the expense has been incurred but prior to paying the contractor, provided that they have an approved payment process assuring the contractor is paid promptly upon receiving reimbursement of the Federal share. However, the standard contract language between the MnDOT and the County for the DCP also states that, following certification of partial and final pay estimates, the County will make the payments to the contractor and may request reimbursement for costs eligible for federal funds. The standard contract language also states the County will comply with OMB Circular A-133.

Technical assistance as to whether the process followed meets the requirements of the OMB Circular A-133 Compliance Supplement was requested. In response, we were informed that the Federal Highway Administration (FHWA) is preparing a position paper. The conclusion was not known at the time this report was required to be issued.

Effect: Noncompliance with federal cash management requirements for a reimbursement grant program.

Cause: The County was relying on information provided by the MnDOT which was not in compliance with the federal requirement for cash management.

Recommendation: Unless federal guidance clearly provides otherwise, we recommend the County follow the requirements of the OMB Circular A-133 Compliance Supplement and pay its vendors prior to requesting federal reimbursement from MnDOT.

Corrective Action Plan:

Names of Contact Person Responsible for Corrective Action:

Jim Foldesi, Mark Florence, Halene Wehseler, and Cristen Christensen

Corrective Action Planned:

We disagree with this finding and feel the County is following guidance given by MnDOT. St. Louis County has notified MnDOT of this issue and intends to inform the Legislative Auditor of this concern. St. Louis County and the State Auditor are awaiting a position paper by the Federal Highway Administration to provide clarification of the guidance that was provided by MnDOT.

Anticipated Completion Dates:

September 15, 2014, dependent on delivery of the Federal Highway Administration position paper.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Board of County Commissioners
St. Louis County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 1996-010 and 2012-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Louis County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because that provision was not applicable.

In connection with our audit, nothing came to our attention that caused us to believe that St. Louis County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. 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.

St. Louis County's Responses to Findings

St. Louis 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 Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 26, 2014

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

Board of County Commissioners
St. Louis County

Report on Compliance for Each Major Federal Program

We have audited St. Louis County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2013. St. Louis County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of St. Louis County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, St. Louis County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

St. Louis County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. St. Louis County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of St. Louis County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 that we consider to be a significant deficiency.

St. Louis County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. The St. Louis County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 26, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

June 26, 2014

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Direct		
Cooperative Forestry Assistance	10.664	\$ 271,781
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	797,369
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	1,626,134
Passed Through Minnesota Department of Finance Schools and Roads - Grants to States	10.665	<u>1,765,549</u>
Total U.S. Department of Agriculture		<u>\$ 4,460,833</u>
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants - Entitlement Grants	14.218	\$ 1,626,221
Emergency Solutions Grant Program	14.231	184,713
Shelter Plus Care	14.238	19,687
Home Investment Partnerships Program	14.239	<u>614,405</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 2,445,026</u>
U.S. Department of the Interior		
Direct		
Payments in Lieu of Taxes	15.226	<u>\$ 235,442</u>
U.S. Department of Justice		
Direct		
Supervised Visitation, Safe Havens for Children	16.527	\$ 55,894
Bulletproof Vest Partnership Program	16.607	2,054
Passed Through Minnesota Department of Public Safety Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	181
Passed Through City of Virginia Public Safety Partnership and Community Policing Grants	16.710	<u>4,704</u>
Total U.S. Department of Justice		<u>\$ 62,833</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	\$ 13,510,768
Capital Assistance to States - Intercity Passenger Rail Service	20.317	30,508
		<hr/>
Total U.S. Department of Transportation		\$ 13,541,276
U.S. Department of Health and Human Services		
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board		
Universal Newborn Hearing Screening	93.251	\$ 1,600
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	127,239
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	153,964
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	37,954
Temporary Assistance for Needy Families	93.558	343,551
(Total Temporary Assistance for Needy Families 93.558 \$3,297,551)		
Medical Assistance Program	93.778	163,628
(Total Medical Assistance 93.778 \$4,493,209)		
Maternal and Child Health Services Block Grant to the States	93.994	250,813
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	69,112
Promoting Safe and Stable Families	93.556	187,410
Temporary Assistance for Needy Families	93.558	2,954,000
(Total Temporary Assistance for Needy Families 93.558 \$3,297,551)		
Child Support Enforcement	93.563	3,620,867
Refugee and Entrant Assistance - State-Administered Programs	93.566	673
Child Care and Development Fund Cluster		
Child Care and Development Block Grant	93.575	61,836
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	54,699
Stephanie Tubbs Jones Child Welfare Services Program	93.645	49,620
Foster Care Title IV-E	93.658	1,374,596
Social Services Block Grant	93.667	1,600,564
Chafee Foster Care Independence Program	93.674	42,311
Medical Assistance Program	93.778	4,329,581
(Total Medical Assistance 93.778 \$4,493,209)		
		<hr/>
Total U.S. Department of Health and Human Services		\$ 15,424,018

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 28,863
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,167,786
Emergency Management Performance Grants	97.042	70,579
Pre-Disaster Mitigation	97.047	20,385
Interoperable Emergency Communications	97.055	54,032
Port Security Grant Program	97.056	194,253
Homeland Security Grant Program	97.067	138,601
Buffer Zone Protection Program (BZPP)	97.078	36,733
Total U.S. Department of Homeland Security		\$ 1,711,232
Total Federal Awards		\$ 37,880,660

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**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by St. Louis County. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of St. Louis County under programs of the federal government for the year ended December 31, 2013. 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 St. Louis County, it is not intended to and does not present the financial position, changes in net position, or cash flows of St. Louis County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following 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. Subrecipients

Of the expenditures presented in the schedule, St. Louis County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grants	\$ 1,414,025
14.239	Home Investment Partnerships Program	533,504
	Total	<u>\$ 1,947,529</u>

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

5. Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Child Care and Development Fund Cluster	\$ 116,535
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6. Reconciliation of Intergovernmental Revenue

	Federal CFDA Number	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 38,148,490
Unavailable Revenue in 2013 - grants received more than 60 days after year-end		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	81,900
Highway Planning and Construction (Regular)	20.205	713,160
Highway Planning and Construction (Disaster)	20.205	146,168
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting	93.505	1,745
Child Care and Development Block Grant (Basic Sliding Fee)	93.575	3,123
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Basic Sliding Fee)	93.596	2,261
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Minnesota Family Investment Project)	93.596	2,349
Foster Care Title IV-E (SSTS Administration)	93.658	87,674
Medical Assistance Program (SSTS Administration)	93.778	256,602
Medical Assistance Program (Transportation)	93.778	5,543
Disaster Grants - Public Assistance (Forest Roads)	97.036	84,127
Disaster Grants - Public Assistance (Regular)	97.036	1,165,464
Homeland Security Grant Program	97.067	6,706
Homeland Security Grant Program	97.067	2,664
Homeland Security Grant Program	97.067	4,288
Unavailable in 2012, recognized as revenue in 2013		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(26,537)
Shelter Plus Care	14.238	(500)
Public Safety Partnership and Community Policing Grants	16.710	(1,467)
Highway Planning and Construction (Regular)	20.205	(846,725)
Highway Planning and Construction (Disaster)	20.205	(202,248)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(870)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting	93.505	(10,281)
Child Care and Development Block Grant (Basic Sliding Fee)	93.575	(6,883)
Child Care and Development Block Grant (Minnesota Family Investment Project)	93.575	(3,573)
Foster Care Title IV-E (Administration)	93.658	(4,260)
Foster Care Title IV-E (SSTS Administration)	93.658	(5,485)
Medical Assistance Program (Transportation)	93.778	(3,517)
Disaster Grants - Public Assistance (Forest Roads)	97.036	(37,412)
Disaster Grants - Public Assistance (Regular)	97.036	(1,599,259)
Emergency Management Performance Grant	97.042	(78,117)
Interoperable Emergency Communications	97.055	(4,470)
Total Expenditures per Schedule of Expenditures of Federal Awards		\$ 37,880,660