

# STATE OF MINNESOTA

## Office of the State Auditor



**Julie Blaha**  
**State Auditor**

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**MANAGEMENT AND COMPLIANCE REPORT**

**ANOKA COUNTY**  
**ANOKA, MINNESOTA**

**YEAR ENDED DECEMBER 31, 2018**

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

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

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

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

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

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

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

**Pension** – monitors investment, financial, and actuarial reporting for approximately 600 public pension funds; and

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

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

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**ANOKA COUNTY  
ANOKA, MINNESOTA**

**Year Ended December 31, 2018**



**Management and Compliance Report**

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

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**ANOKA COUNTY  
ANOKA, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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	4
Schedule of Findings and Questioned Costs	7
Corrective Action Plan	17
Summary Schedule of Prior Audit Findings	20
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards	27

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JULIE BLAHA  
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  
Anoka County  
Anoka, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anoka County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2019.

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

In planning and performing our audit of the financial statements, we considered Anoka 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. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2018-001, that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **Minnesota Legal Compliance**

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

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

### **Other Matter**

Also included in the Schedule of Findings and Questioned Costs is an unresolved other matter described as item 2017-003.



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

Anoka County's responses to the internal control findings and to the other matter identified in our audit are described in the Corrective Action Plan. 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/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 13, 2019

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JULIE BLAHA  
STATE AUDITOR

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## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

### Independent Auditor's Report

Board of County Commissioners  
Anoka County  
Anoka, Minnesota

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

We have audited Anoka County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. Anoka 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 Anoka 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 Anoka 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.

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

In our opinion, Anoka 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, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, and 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, and 2018-004, that we consider to be significant deficiencies.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anoka County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 13, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anoka County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 13, 2019

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**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

**I. SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **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 federal programs: **Unmodified**

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

The major federal programs are:

Special Supplemental Nutrition Program for Women, Infants, and Children	CFDA No. 10.557
SNAP Cluster	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CFDA No. 10.561
TANF Cluster	
Temporary Assistance for Needy Families	CFDA No. 93.558
Foster Care – Title IV-E	CFDA No. 93.658
Medicaid Cluster	
Medical Assistance Program	CFDA No. 93.778

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

The threshold for distinguishing between Types A and B programs was \$1,042,623.

Anoka 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 ITEM NOT RESOLVED

Finding Number 2017-001

Highway Department Inventory

**Criteria:** Reported inventory amounts should reflect the actual amount of inventory on hand. Supporting documentation for the valuation of inventory should be prepared and retained by the County.

**Condition:** Six inventory items were selected for testing by verifying the price and quantity amounts reported as of December 31, 2018; the following were noted:

- The incorrect per-unit price for treated salt was used, which caused inventory to be understated by a total of \$11,424 for the two treated salt piles tested.
- The incorrect per-unit price was also used for another item, which caused inventory to be overstated by \$1,297.
- Two items used a per-unit price for which the County could not provide supporting documentation.

**Context:** The County Highway Department does not use a perpetual inventory system. Inventory quantities and values are only updated at year-end.

**Effect:** The inventory system did not reflect an accurate value of the inventory on hand as of December 31, 2018. Without adequate controls over inventory, County assets are exposed to misuse and theft.



**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

**Cause:** Lack of supporting documentation, and some amounts were inaccurately entered into the inventory system. Also, in some instances, inconsistent valuation methods are being used.

**Recommendation:** We recommend the County strengthen internal controls over the valuation of its inventory. Documentation should be prepared and retained to support the Highway Department inventory values reported. An inventory valuation method should be consistently applied for all Highway Department inventory.

**View of Responsible Official:** Concur

ITEM ARISING THIS YEAR

Finding Number 2018-001

OPEB Internal Controls

**Criteria:** Internal controls should be designed to ensure that complete and accurate data is submitted to the actuary for preparing the other postemployment benefits (OPEB) valuation at year-end.

**Condition:** During review and testing of the data submitted to the actuary for the December 31, 2018, actuarial valuation, it was noted that nine out of 25 new hires were not included in the census data. Upon further review, it was discovered that a total of 51 new hires were not included in the data submitted to the actuary.

**Context:** The census data shell submitted to the actuary is compiled by the Anoka County Employee Relations Department and contains information on all active and inactive employees for the time frame requested by the actuary.

**Effect:** Incomplete data could result in an incorrect actuarial valuation and misstatements of the financial statements.

**Cause:** The Employee Relations Department prepares and submits the data to Risk Management who then submits it to the actuary; no independent review of the data is performed. The County does not have procedures in place to review and validate the data prior to it being submitted to the actuary.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

**Recommendation:** We recommend the County develop procedures to allow a qualified staff member, independent of the person preparing the data, to review and validate the data to ensure it is accurate and complete prior to it being submitted to the actuary.

**View of Responsible Official:** Concur

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

ITEMS ARISING THIS YEAR

Finding Number 2018-002

Eligibility

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

**Pass-Through Agency:** Minnesota Department of Human Services

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Condition:** The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the case files tested for compliance with Medical Assistance Program eligibility requirements, not all documentation was available, updated, or input correctly to support participant eligibility. The following exceptions were noted in the sample of 40 cases tested:

- Two case files had no verification of citizenship.
- One case file had the participant's income calculated incorrectly.
- Two case files had assets calculated incorrectly.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

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

**Context:** The State of Minnesota contracts with the County's Human Services Department to perform the "intake function" (meeting with the social services client to determine income and categorical eligibility), while the Minnesota DHS maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

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

**Effect:** The lack of documented verification of key eligibility-determining factors and the improper input of information into MAXIS increases the risk that participants will receive benefits when they are not eligible.

**Cause:** County program personnel gathering and entering case information into MAXIS did not ensure all required information was completed, obtained, and input correctly.

**Recommendation:** We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support Medical Assistance Program eligibility determinations is properly input into MAXIS and maintained in the case files. Consideration should be given to providing additional training to County program personnel.

**View of Responsible Official:** Concur

Finding Number 2018-003

Eligibility

**Program:** U.S. Department of Health and Human Services' Temporary Assistance for Needy Families (CFDA No. 93.558), Award No. 1801MNTANF, 2018

**Pass-Through Agency:** Minnesota Department of Human Services

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Condition:** The Minnesota DHS maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the case files tested for compliance with Temporary Assistance for Needy Families Program eligibility requirements, not all documentation was available, updated, or input correctly to support participant eligibility. The following exceptions were noted in the sample of 40 cases tested:

- Two case files had the participants' income calculated incorrectly.
- One case file had income calculated correctly but not approved. Therefore, the previous income calculation was still being used instead of the current one.

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

**Context:** The State of Minnesota contracts with the County's Human Services Department to perform the "intake function" (meeting with the social services client to determine income and categorical eligibility), while the Minnesota DHS maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

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

**Effect:** The lack of documented verification of key eligibility-determining factors and the improper input of information into MAXIS increases the risk that participants will receive benefits when they are not eligible.

**Cause:** County program personnel gathering and entering case information into MAXIS did not ensure all required information was completed, obtained, and input correctly.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

**Recommendation:** We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support Temporary Assistance for Needy Families eligibility determinations is properly input into MAXIS and maintained in the case files. Consideration should be given to providing additional training to County program personnel.

**View of Responsible Official:** Concur

Finding Number 2018-004

Procurement, Suspension, and Debarment

**Programs:** U.S. Department of Agriculture's State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561); Award Nos. 182MN101S2514, 182MN127Q7503, and 182MN101S2520; 2018

U.S. Department of Health and Human Services' Temporary Assistance for Needy Families (CFDA No. 93.558), Award No. 1801MNTANF, 2018

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

**Pass-Through Agency:** Minnesota Department of Human Services

**Criteria:** Federal regulations provided in Title 2 U.S. *Code of Federal Regulations* § 200.318(i) state that the non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Non-federal entities must follow further federal guidance over full and open competition as provided in Title 2 U.S. *Code of Federal Regulations* § 200.319; cost/price analysis provided in Title 2 U.S. *Code of Federal Regulations* § 200.323; and verifying debarment, suspension, and exclusions as provided in Title 2 U.S. *Code of Federal Regulations* §§ 180.300, 200.213, and 200.318(h).

**Condition:** The following exceptions were noted in the samples tested for the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and the Medical Assistance Program (MA):

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

- Neither of the two vendor contracts exceeding the simplified acquisition threshold had sufficient documentation to detail the history of the procurement, that there was full and open competition, or that a cost/price analysis was performed. This affected all three federal programs.
- One of the small purchase threshold vendor contracts did not include the suspension and debarment language. In addition, no verification procedures were performed to determine that the vendor was not suspended or debarred. This affected all three federal programs.
- One of the small purchase threshold vendor contracts for TANF did not have sufficient documentation to detail the history of the procurement, nor that there was full and open competition. The contract also did not include the suspension and debarment language, nor were verification procedures performed to determine that the vendor was not suspended or debarred.
- Two of the small purchase threshold vendor contracts for MA did not have sufficient documentation to detail the history of the procurement, nor that there was full and open competition.

**Questioned Costs:** None.

**Context:** The thresholds used for testing included micro-purchases (under \$10,000), small purchases (\$10,000 to \$250,000), and those exceeding the simplified acquisition threshold (over \$250,000). The suspension and debarment threshold is \$25,000.

- A sample of two vendors exceeding the simplified acquisition threshold were tested for the SNAP, TANF, and MA programs; these were also tested for suspension and debarment.
- A sample of two vendors within the small purchase threshold were tested for the SNAP, TANF, and MA programs; these were also tested for suspension and debarment.
- A sample of an additional two vendors within the small purchase threshold were tested for the TANF program; these were also tested for suspension and debarment.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

- A sample of an additional two vendors within the small purchase threshold were tested for the MA program.
- A total of 28 vendors across all three federal programs were tested for the micro-purchase threshold.

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

**Effect:** The County is not in compliance with federal grant requirements.

**Cause:** The suspension and debarment language was not included in all of the County's contracts with vendors. The County used a state contract which lists multiple vendors and relied on this contract instead of receiving quotes from the approved vendors. The County did not document its reasoning for using sole source vendors.

**Recommendation:** We recommend the County ensure all procurement contracts include the necessary suspension and debarment language. We further recommend the County maintain quotes and/or bids received for a procurement project or document why quotes or bids were not considered necessary (sole source), and provide reasonable explanations.

**View of Responsible Official:** Concur

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

OTHER MATTER

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2017-003

Special Tests and Provisions – Wage Rate Requirements

**Program:** U.S. Department of Transportation's Highway Planning and Construction (CFDA No. 20.205), Award No. 00002, 2018

**Pass-Through Agency:** Minnesota Department of Transportation

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

**Criteria:** The Davis-Bacon Act (23 U.S.C. 113) and 29 C.F.R. part 5 require that contractors and subcontractors performing work on federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contract's wage determination class. Each covered contractor and subcontractor must, on a weekly basis, submit a copy of the payrolls providing the information listed under payrolls and basic records of 29 C.F.R. part 5 for the preceding weekly payroll period. In addition, Anoka County has procedures in place to record payrolls obtained from contractors and subcontractors on a tracking sheet to verify that all required payrolls are received.

**Condition:** Two projects funded by the Highway Planning and Construction program were tested. Five of the 12 contractors and subcontractors on those projects had missing certified payroll weeks that were never received by the County, accumulating to a total of eight payroll weeks not received. In addition, one other instance was noted where the certified payroll was not properly reconciled on the County's tracking sheet.

**Questioned Costs:** None.

**Context:** Anoka County entered into contracts for federally-funded projects requiring compliance with the Davis-Bacon Act.

**Effect:** There is no evidence that all certified payrolls were obtained from contractors or subcontractors or included on the County's tracking sheet to comply with the requirements of the Davis-Bacon Act.

**Cause:** Insufficient controls over the County's review of contractors' and subcontractors' compliance with the requirements of the Davis-Bacon Act.

**Recommendation:** We recommend the County implement additional controls to ensure that compliance with the Davis-Bacon Act is being achieved and that documentation exists to support the monitoring of and compliance with this requirement.

**View of Responsible Official:** Concur

**V. PREVIOUSLY REPORTED ITEM RESOLVED**

2017-002 Audit Adjustments





**REPRESENTATION OF ANOKA COUNTY  
ANOKA, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Finding Number: 2017-001**

**Finding Title: Highway Department Inventory**

Name of Contact Person Responsible for Corrective Action:

Salt Inventory: Jim Christenson, Maintenance Superintendent

Signal Inventory: Jane Rose, Traffic Engineering Manager

Corrective Action Planned:

Finance will be meeting with Highway to evaluate best practices related to inventory. Highway and Finance will work together to ensure personnel have proper instruction on how to value inventory.

Anticipated Completion Date:

December 31, 2019

**Finding Number: 2018-001**

**Finding Title: OPEB Internal Controls**

Name of Contact Person Responsible for Corrective Action:

Employee Relations: Mike Roff, Employee Relations Director

Risk Management: Bill Keller, Risk Management Director

Corrective Action Planned:

The Employee Relations Department is working with the Risk Management Department under the Finance & Central Services Division to set up a procedure that will allow an independent assessment by Risk Management to review and validate the information for accuracy prior to submission to the actuary.

Anticipated Completion Date:

December 31, 2019

**Finding Number: 2018-002**

**Finding Title: Eligibility**

**Program: Medical Assistance Program (CFDA No. 93.778)**

Name of Contact Person Responsible for Corrective Action:

Economic Assistance: Brad Thiel, Economic Assistance Director

Corrective Action Planned:

After review, we have determined that all five cases were eligible for MA. The clients did not receive a benefit they were not eligible for.

The agency will continue to do monthly case reviews on MA cases. The agency will provide refresher trainings on earned income, child support income, citizenship verification, and bank account documentation. These will be provided at all staff meetings, at monthly targeted refresher trainings, and by email to all staff.

Anticipated Completion Date:

December 31, 2019

**Finding Number: 2018-003**

**Finding Title: Eligibility**

**Program: Temporary Assistance for Needy Families (CFDA No. 93.558)**

Name of Contact Person Responsible for Corrective Action:

Economic Assistance: Brad Thiel, Economic Assistance Director

Corrective Action Planned:

There were three TANF cases found in error. These errors did result in payment errors to the clients. The cases were corrected and resulted in two cases with overpayments to the client and one case with a supplement issued to the client.

The agency will continue to do monthly case reviews on TANF cases. The agency will provide refresher trainings on earned income, child support income, citizenship verification, and bank account documentation. These will be provided at all staff meetings, at monthly targeted refresher trainings, and by email to all staff.

Anticipated Completion Date:

December 31, 2019

**Finding Number: 2018-004**

**Finding Title: Procurement, Suspension, and Debarment**

**Programs: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561), Temporary Assistance for Needy Families (CFDA No. 93.558), and Medical Assistance Program (CFDA No. 93.778)**

Name of Contact Person Responsible for Corrective Action:

Purchasing: Lindsey Felgate, Purchasing Manager

Corrective Action Planned:

Suspension and Debarment: We will work with the Attorneys office to work toward including suspension and debarment language in all contracts. We will also work to train staff to document when a suspension and debarment check is done.

Documentation of procurement: We will train staff on the requirements around procuring under Federal guidelines and the requirement to retain documentation of procurement history.

Anticipated Completion Date:

December 31, 2019

**Finding Number: 2017-003**

**Finding Title: Special Tests and Provisions – Wage Rate Requirements**

**Program: Highway Planning and Construction (CFDA No. 20.205)**

Name of Contact Person Responsible for Corrective Action:

Highway – Engineering: Harry Grams, Construction Engineering Supervisor

Corrective Action Planned:

Emails will be saved when contacting contractors for wage information. This support will be available for review.

Anticipated Completion Date:

The additional steps have been implemented. Data will be available for review during the next audit. (June 2019)

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**REPRESENTATION OF ANOKA COUNTY  
ANOKA, MINNESOTA**

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

**Finding Number: 2017-001**

**Finding Title: Highway Department Inventory**

**Summary of Condition:** During the audit of the Highway Department's inventory, the four highest-valued inventory items were tested by verifying the price and quantity amounts reported as of December 31, 2017. For two items, the County could not provide supporting documentation for the quantity reported. The total value of these items at December 31, 2017, was unable to be determined. For one item, the incorrect per-unit price was used, which caused inventory to be understated by \$1,644 as of December 31, 2017. For one item, the County could not provide supporting documentation for the per-unit price used.

**Summary of Corrective Action Previously Reported:** Salt barns will be marked with dimensions to note the "percent full" at various pile depths with a corresponding volume calculated for each dimension. Photos of the stockpile against the measuring marks will be taken monthly. The methodology of the valuation will be documented.

An audit will be conducted to ensure items are valued correctly for the year-end inventory. For items that are obsolete, a quote will be obtained annually to update the price to current replacement value

**Status:** Not Corrected. There is going to be a meeting with the Highway Department to discuss the inventory accounting method and the necessary invoice documents to calculate the ending inventory balance.

Was corrective action taken significantly different than the action previously reported?  
Yes \_\_\_\_\_ No  X

**Finding Number: 2017-002**

**Finding Title: Audit Adjustments**

**Summary of Condition:** Audit adjustments were identified in the Road and Bridge Special Revenue Fund that, when aggregated, resulted in significant changes to the County's financial statements. These adjustments were reviewed and approved by the appropriate County staff and are properly reflected in the financial statements.

**Summary of Corrective Action Previously Reported:** Adjust due dates for information received from accountants, building in time for complete review by accounting manager and/or director. Work more with the departments' accounts to assure proper coding and classification, negating the need for adjusting entries.

**Status:** Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X

**Finding Number: 2017-003**

**Finding Title: Special Tests and Provisions – Wage Rate Requirements**

**Program: Highway Planning and Construction (CFDA No. 20.205)**

**Summary of Condition:** Two projects funded by the Highway Planning and Construction program were tested. Three of the 47 contractors and subcontractors on those projects had missing certified payroll weeks that were never received by the County. In addition, two other instances were noted where the certified payrolls were not properly reconciled on the County's tracking sheet.

**Summary of Corrective Action Previously Reported:** For document storage (filing) controls, both paper and electronic versions of payrolls will be kept. For QA/QC purposes, to ensure that payroll records have been submitted and reviewed, monthly review meetings will be conducted with the Contracts Administrator and Construction Engineering Supervisor to look for errors and/or omissions. This monthly meeting is in addition to the regular weekly reports and reviews.

**Status:** Not Corrected. We will now be retaining information of the document requested.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Agriculture</b>				
Passed through Minnesota Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	Not provided	\$ 64,231	\$ -
National School Lunch Program	10.555	Not provided	98,580	-
Passed through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children				
WIC Grants to States (WGS)	10.557	16162MN004W1003	1,097,365	-
	10.578	16162MN004W1003	4,151	-
Passed through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	182MN101S2514	2,549,319	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	182MN127Q7503	104,668	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$2,664,804)	10.561	182MN101S2520	10,817	-
Passed through Minnesota Department of Agriculture				
WIC Farmers' Market Nutrition Program (FMNP)	10.572	B0418G172614	2,250	-
<b>Total U.S. Department of Agriculture</b>			<b>\$ 3,931,381</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,251,787	\$ 1,039,314
Passed through Dakota County Community Development Agency				
Home Investment Partnerships Program	14.239	Not provided	68,003	41,172
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 1,319,790</b>	<b>\$ 1,080,486</b>
<b>U.S. Department of Justice</b>				
Direct				
Drug Court Discretionary Grant Program	16.585		\$ 60,670	\$ -
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		123,890	-
DNA Backlog Reduction Program	16.741		237,044	-
Equitable Sharing Program	16.922		7,544	-

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Justice (Continued)</b>				
Passed through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	A-CVSP-2017- ANOKAAO-00018	88,392	-
Special Data Collections and Statistical Studies	16.734	Not provided	37,131	-
<b>Total U.S. Department of Justice</b>			<b>\$ 554,671</b>	<b>\$ -</b>
<b>U.S. Department of Labor</b>				
Passed through Minnesota Department of Employment and Economic Development				
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	4127100	\$ 95,055	\$ -
Senior Community Service Employment Program	17.235	9125100	72,851	-
Senior Community Service Employment Program (Total Senior Community Service Employment Program 17.235 \$375,019)	17.235	8125100	89,791	-
Workforce Investment Act (WIA) National Emergency Grants WIA Cluster	17.277	5127200	28,751	-
WIA Adult Program	17.258	5123100	1,575	-
WIA Adult Program	17.258	6123100	12,557	-
WIA Adult Program	17.258	7123100	222,481	-
WIA Adult Program (Total WIA Adult Program 17.258 \$263,796)	17.258	8123100	27,183	-
WIA Youth Activities	17.259	6123600	32,515	-
WIA Youth Activities	17.259	6123601	2,711	-
WIA Youth Activities	17.259	7123600	194,871	-
WIA Youth Activities (Total WIA Youth Activities 17.259 \$326,544)	17.259	8123600	96,447	-
WIA Dislocated Worker Formula Grants	17.278	5128000	98,527	-
WIA Dislocated Worker Formula Grants	17.278	6128000	(1,075)	-
WIA Dislocated Worker Formula Grants	17.278	7128000	212,270	-
WIA Dislocated Worker Formula Grants (Total WIA Dislocated Worker Formula Grants 17.278 \$355,545)	17.278	8128000	45,823	-
Passed through Senior Service America, Inc.				
Senior Community Service Employment Program (Total Senior Community Service Employment Program 17.235 \$375,019)	17.235	320	212,377	-
<b>Total U.S. Department of Labor</b>			<b>\$ 1,444,710</b>	<b>\$ -</b>
<b>U.S. Department of Transportation</b>				
Passed through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	00002	\$ 1,438,816	\$ -
Passed through Metropolitan Council				
Federal Transit Cluster				
Federal Transit – Formula Grants	20.507	SG-2016-021	224,219	-



**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Transportation (Continued)</b>				
Passed through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC18-2018- ANOKASO-053	29,750	22,212
National Priority Safety Programs	20.616	A-ENFRC18-2018- ANOKASO-053	51,042	47,968
National Priority Safety Programs (Total National Priority Safety Programs 20.616 \$73,099)	20.616	A-OFFICR18-2018- ANOKASO-012	22,057	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC18-2018- ANOKASO-053	<u>192,802</u>	<u>115,620</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 1,958,686</u></b>	<b><u>\$ 185,800</u></b>
<b>U.S. Department of Education</b>				
Passed through Minnesota Department of Employment and Economic Development Rehabilitation Services – Vocational Rehabilitation Grants to States				
	84.126	Not provided	<b><u>\$ 65,122</u></b>	<b><u>\$ -</u></b>
<b>U.S. Department of Health and Human Services</b>				
Passed through Metropolitan Area Agency on Aging National Family Caregiver Support, Title III, Part E				
	93.052	311-19-003E-221	\$ 85,732	\$ -
Passed through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	NU90TP921911-01-00	245,430	-
Universal Newborn Hearing Screening	93.251	12-700-00054	3,450	-
Immunization Cooperative Agreements	93.268	H23IP000737	1,225	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00054	1,350	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	Not provided	12,225	-
TANF Cluster				
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$4,220,973)	93.558	2017G996115	315,522	-
Maternal, Infant, and Early Childhood Home Visiting Cluster				
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	12-700-00054	419,201	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00054	272,906	-
Passed through Minnesota Department of Human Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	SM016024-17	10,377	-
Promoting Safe and Stable Families	93.556	G-1701MNF PSS	72,039	-
TANF Cluster				
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$4,220,973)	93.558	1801MNTANF	3,865,753	-

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Health and Human Services</b>				
Passed through Minnesota Department of Human Services (Continued)				
Child Support Enforcement	93.563	1804MNCSES	198,056	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$5,847,382)	93.563	1804MNCES	5,649,326	-
Community-Based Child Abuse Prevention Grants CCDF Cluster	93.590	G-1702MNFPRG	75,407	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1801MNCCDF	359,351	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 \$386,232)	93.596	1701MNCCDF	26,881	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1701MNCWSS	37,508	-
Foster Care – Title IV-E	93.658	1801MNFOS	1,327,058	-
Social Services Block Grant	93.667	G-1801MNSOSR	1,392,742	-
Chafee Foster Care Independence Program	93.674	G-1801MNCILP	17,654	-
Medicaid Cluster				
Medical Assistance Program	93.778	1805MN5ADM	10,295,595	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$10,346,605)	93.778	1805MN5MAP	51,010	-
Block Grants for Community Mental Health Services	93.958	SM010027-17	59,200	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010027-17	1,760	-
Passed through Minnesota Department of Employment and Economic Development				
TANF Cluster				
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$4,220,973)	93.558	2017G996115	39,698	-
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 24,836,456</b>	<b>\$ -</b>
<b>Corporation for National and Community Service</b>				
Direct				
Retired and Senior Volunteer Program	94.002		<b>\$ 43,038</b>	<b>\$ -</b>
<b>Executive Office of the President</b>				
Direct				
High Intensity Drug Trafficking Areas Program	95.001		<b>\$ 141,830</b>	<b>\$ -</b>
<b>U.S. Social Security Administration</b>				
Passed through Minnesota Department of Employment and Economic Development				
Disability Insurance/SSI Cluster				
Social Security Disability Insurance	96.001	Not provided	<b>\$ 91</b>	<b>\$ -</b>

**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Homeland Security</b>				
Passed through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	R29G40CGSFY17	\$ 59,958	\$ -
Passed through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2017- ANOKACO-002	126,513	-
Homeland Security Grant Program	97.067	A-UASI-2018- ANOKACO-002	81,066	-
Homeland Security Grant Program	97.067	A-UASI-2017- ANOKACO-001	54,420	-
Homeland Security Grant Program (Total Homeland Security Grant Program 97.067 \$271,850)	97.067	A-UASI-2016- ANOKACO-00001	136,364	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 458,321</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 34,754,096</b>	<b>\$ 1,266,286</b>
<b>Totals by Cluster</b>				
Total expenditures for Child Nutrition Cluster			\$ 162,811	
Total expenditures for SNAP Cluster			2,664,804	
Total expenditures for CDBG – Entitlement Grants Cluster			1,251,787	
Total expenditures for Employment Service Cluster			95,055	
Total expenditures for WIA Cluster			945,885	
Total expenditures for Highway Planning and Construction Cluster			1,438,816	
Total expenditures for Federal Transit Cluster			224,219	
Total expenditures for Highway Safety Cluster			102,849	
Total expenditures for Maternal, Infant, and Early Childhood Home Visiting Cluster			419,201	
Total expenditures for TANF Cluster			4,220,973	
Total expenditures for CCDF Cluster			386,232	
Total expenditures for Medicaid Cluster			10,346,605	
Total expenditures for Disability Insurance/SSI Cluster			91	

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**ANOKA COUNTY  
ANOKA, MINNESOTA**

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

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Anoka 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 Anoka County under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Anoka County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Anoka 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Anoka County has elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 35,792,445
Grants unavailable in 2017, recognized as revenue in 2018	
Highway Planning and Construction	(1,033,809)
Federal Transit – Formula Grants	(16,228)
Grants received more than 120 days after year-end, unavailable in 2018	
Highway Planning and Construction	<u>11,688</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 34,754,096</u>