

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

FOR

ST. LOUIS COUNTY
DULUTH, MINNESOTA

YEAR ENDED DECEMBER 31, 2004

Description of the Office of the State Auditor

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

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 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits for 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 over 700 public pension funds; and

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

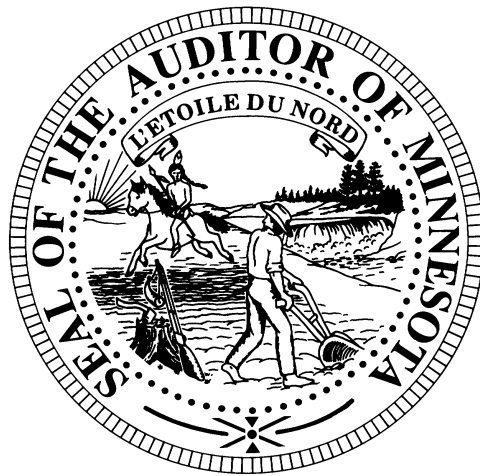
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Year Ended December 31, 2004



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 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses an unqualified opinion on the basic financial statements of St. Louis County.
- B. Reportable conditions in internal control were disclosed by the audit of financial statements of St. Louis County and are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." Some of the reportable conditions are material weaknesses.
- C. No instances of noncompliance material to the financial statements of St. Louis County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for St. Louis County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:
- | | |
|---|--------------|
| National Forest Lands - Roads and Schools | CFDA #10.665 |
| National Forest Lands | CFDA #10.668 |
| HOME Investment Partnerships | CFDA #14.239 |
| Federal Payment In Lieu of Taxes | CFDA #15.226 |
| Temporary Assistance For Needy Families | CFDA #93.558 |
| Public Health Preparedness | CFDA #93.283 |
| Maternal and Child Health Services | CFDA #93.994 |
- H. The threshold for distinguishing between Types A and B programs was \$490,895.
- I. St. Louis County was determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

96-10 Departmental Internal Accounting Controls

Due to the limited number of office personnel within the various County departments, proper segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. Although this is not unusual in small departmental situations, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control point of view.

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

Client's Response:

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

ITEMS ARISING THIS YEAR

04-1 Social Services Fund Adjustments

The Social Services Fund required extensive audit adjustments in order to properly present its operations at year-end. Adjustments made to the receivables and revenue accounts resulted in a net reduction of \$1,265,297. Other adjustments posted to payables and expenditure accounts reduced those balances by \$487,288. The total effect of the audit adjustments was a net reduction in fund balance of \$778,009. These adjustments resulted from errors made in calculating receivables and payables, errors in posting accruals to client accounts, prior year accruals remaining in current year balances, and not reconciling detailed receivables schedules to control accounts in the general ledger. Other audit adjustments were made to correct classification errors.

We recommend that Social Services management implement procedures to eliminate these types of errors from occurring since most of them are avoidable. We suggest that staff utilize the automated reversal function when posting accruals to the Mitchell-Humphrey accounting records whenever possible. This will ensure accrual entries are reversed in the subsequent accounting period.

We recommend staff review receivable and payable accounts in detail when the accounting records are closed to ensure accruals were correctly posted. Receivables and revenues recognized should be consistent with program earnings and billings.

The Social Services Fund utilizes three Due From Other Government general ledger accounts to manage the various program receivables. We recommend that Accounting Department staff be assigned a specific account for the posting of their accrual entries in order to avoid confusion and minimize errors.

We believe that implementation of these recommendations, along with a final management-level review of account balances, will help to minimize the types of errors detected during the current year's audit.

Client Response:

The Department, with the assistance of the County's Internal Auditor, has established review timelines and standards for year-end adjustments. The automated reversal function on Mitchell Humphrey will be used for all nonrecurring year-end payables and receivables. The general ledger payables, receivables, and deferred revenues accounts will be reconciled prior to December's closing. Cash receipts will be scheduled at least quarterly, with any coding errors corrected at that time.

Final reconciliation for all revenues will be completed no later than two weeks before year-end closing. Reconciliation schedules and supporting documentation will be reviewed by Departmental supervisory staff and forwarded to the County's Internal Auditor. The Department will establish new receivables and deferred revenue accounts as required and assign revenue accounts to general ledger accounts as needed.

04-2 Minnesota Family Investment Program Reimbursement Loss

The Social Services Department operates the Minnesota Family Investment Employment and Training Program (MFIP-ES). Social Services makes payments to its employment and training vendors out of its fiscal year allocation received from the Minnesota Department of Human Services (DHS). Social Services failed to report all eligible

Schedule 1
(Continued)

expenditures in its reimbursement reports during the 18-month fiscal allocation period beginning July 1, 2003, and ending December 31, 2004. This could potentially result in a lost reimbursement estimated at \$300,000.

Social Services failed to include some vendor payments made during this allocation period in its DHS 2902 reimbursement reports until questioned by the Office of the State Auditor. The MFIP fiscal year had closed out before this error was detected. Consequently, these payments were never reimbursed. If excess statewide MFIP funding remains at the end of the 2005 fiscal year, the County may be able to make some recovery. The amount of the recovery, if any, is unknown at this time.

We recommend that Social Services management more actively monitor the MFIP program's operation. Management should exercise regular oversight by monitoring usage of its fiscal year's allocation. Comparison of expenditure payments made to vendors to amounts claimed for reimbursement on DHS 2902 reports will ensure proper program reimbursement has been received for the costs incurred.

Client Response:

The MFIP Employment and Training program is reimbursed by the State of Minnesota based on cash basis expenditures. The Department regularly informs vendors to submit the last month's bills in time to have the checks written by the Department so that they may be included in the appropriate quarters' expenditures. That did not occur in 2004. In addition, some bills were not forwarded to Public Health and Human Services Department staff but sent directly to the County Auditor's office. Those payments were not known to Social Services staff and excluded from the report.

Clear guidance has been provided to the vendors, the program manager for the program, and accounts payable staff in the County Auditor's office to assure that all program-related expenditures are processed by Public Health and Human Services accounting staff. Quarterly, expenditures reported on the DHS 2902 are reconciled to expenditures from the CSIS system and Mitchell Humphrey to find any exceptions and correct them. The Department has communicated with staff at the Department of Human Services. Expenditures not included in the report for the fourth quarter of 2004 were included in eligible expenditures for the first quarter of 2005. While there is no certainty until all 2005 expenditures for all counties are reported and reimbursed, if the statewide expenditures pattern through June 30, 2005, is continued, there will be more than sufficient unspent funds to allow these expenditures to be reimbursed.

PREVIOUSLY REPORTED ITEM RESOLVED

Medical Assistance Services Billings (03-1)

As of December 31, 2003, St. Louis County Social Services was approximately six months behind in billing social workers' time spent providing case management services under the Medical Assistance Waivers Program. Due to software limitations of the Client Contract Management (CCM) software, excessive staff time is needed to prepare the bills.

Resolution

Management is reviewing the continued use of CCM software. The timeliness of filing billings has been improving.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEMS RESOLVED

Promoting Safe and Stable Families - CFDA No. 93.556 (02-1)

Internal controls were not adequate to ensure proper documenting and reporting of charges to this program.

Resolution

A Staff Service Time Reporting policy specifying recording requirements for staff and reports for supervisory review was implemented. Management also stressed to staff the need for proper voucher documentation.

Temporary Assistance For Needy Families - CFDA No. 93.558 (03-2)

A duplicate payment was made to an employment and training vender, and one missing voucher was noted.

Resolution

Procedures were implemented to avoid improper payment and recording of expenditures.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM RESOLVED

Deposits in Excess of Collateral (03-3)

The County's deposits exceeded the amount of insurance and collateral pledged.

Resolution

The County had adequate collateral coverage during 2004.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

96-27 Management Information Systems (MIS) Department

Our review of the various MIS Department operations disclosed that its disaster recovery plan has some deficiencies. Items missing from the plan include off-site storage of the written plan, specific recovery procedures, critical applications/user contingency report, and a formalized alternative site processing agreement. To effectively deal with a disaster affecting computer operations, the County must have a complete, detailed plan in place.

We recommend the MIS Director review the disaster recovery plan and expand it to address the noted deficiencies.

Client's Response:

The audit is correct that the MIS Department's Disaster Recovery Plan is incomplete. But, a large amount of work has gone into completing the plan, which should occur by the end of 2005. A major element of the Disaster Recovery Plan is defining a strategy for providing redundant data files and application servers for the County's critical systems. The MIS Department is focusing that effort on adding a large redundant storage area network to its current environment and then acquiring redundant servers that would be housed with the redundant storage arrays. Those arrays and servers will be housed in Duluth and Virginia to provide needed physical separation in the event of major emergency. A request to the County Board to move forward with the acquisition of the

Storage Area Network will be presented in October 2005. Their response to that request will allow the MIS Department to finalize the Disaster Recovery Plan by reducing the possible recovery strategies from two to one.

PREVIOUSLY REPORTED ITEMS RESOLVED

Laundry Enterprise Fund (00-7)

Because over one-half of the Laundry Enterprise Fund's operating revenues were generated through charges for services provided to outside customers, there was a question as to whether it is appropriate for governmental ownership.

Resolution

The Laundry lost a major customer, which resulted in less than half of its total revenue coming from outside customers.

Social Services Payables (03-4)

Procedures were not adequate to ensure that Social Services accrual entries were accurate.

Resolution

Procedures were implemented to ensure proper recording of entries.

C. OTHER ITEM FOR CONSIDERATION

Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting for OPEB plans and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and financial reporting for OPEB. These standards, like what GASB Statements 25 and 27 did for government employee pension benefits and plans, provide the accounting and reporting standards for the various other postemployment benefits many local governments offer to their employees. OPEBs can include many different benefits offered to retirees such as health, dental, life, and long-term care insurance coverage. Also, if retirees are included in an insurance plan and pay a rate similar to that paid for younger active employees, this implicit rate subsidy is considered an OPEB. In fact, local governments may be required to continue coverage pursuant to Minn. Stat. § 471.61, subd. 2b. This benefit is common when accumulated sick leave is

used to pay for retiree medical insurance. Under the new statements, accounting for OPEB is now similar to the accounting used by governments for pension plans.

Some of the issues that the County Board will need to address in order to comply with the statements are:

- Determine if the employees are provided OPEBs.
- If OPEB exists, will the government advance fund the benefits or pay as you go?
- Will a trust be established to hold assets that may be set aside to fund the OPEB?
- Obtain an actuary to determine the annual costs and liabilities that need to be recognized.

If applicable for St. Louis County, GASB Statements 43 and 45 would be implemented for years ended December 31, 2006 and 2007, respectively.



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OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON
STATE AUDITOR

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

Board of County Commissioners
St. Louis County

We have audited the financial statements of St. Louis County as of and for the year ended December 31, 2004, and have issued our report thereon dated May 26, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Louis County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 96-10, 04-1 and 04-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the

financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions listed above, we consider items 04-1 and 04-2 to be material weaknesses.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

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

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

This report is intended solely for the information and use of the Board and management and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: May 26, 2005



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PATRICIA ANDERSON
STATE AUDITOR

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

Board of County Commissioners
St. Louis County

Compliance

We have audited the compliance of St. Louis County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. St. Louis County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Louis County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, St. Louis County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of St. Louis County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of St. Louis County as of and for the year ended December 31, 2004, and have issued our report thereon dated May 26, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the St. Louis County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: May 26, 2005

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board Supplemental Food Program for Women, Infants, and Children (WIC)	10.557	\$ 452,279
Passed Through Minnesota Department of Human Services Food Stamp Employment and Training - Administrative Costs	10.561	96,888
Passed Through Minnesota Department of Finance National Forest Lands - Roads and Schools	10.665	180,331
National Forest Lands	10.668	<u>510,000</u>
Total U.S. Department of Agriculture		<u>\$ 1,239,498</u>
U.S. Department of Commerce		
Passed Through Minnesota Department of Natural Resources Lake Superior Coastal Zone Assistance	11.419	<u>\$ 14,000</u>
U.S. Department of Housing and Urban Development		
Direct		
CDBG - Entitlement Grants	14.218	\$ 2,666,373
Emergency Shelter	14.231	132,144
Home Investment in Affordable Housing	14.239	<u>623,423</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 3,421,940</u>
U.S. Department of the Interior		
Direct		
Payments in Lieu of Taxes	15.226	<u>\$ 668,738</u>
U.S. Department of Justice		
Direct		
Violence Against Women Formula Grant	16.588	\$ 19,533
Bullet Proof Vest Partnership Program	16.607	20,700
Community Prosecution Program	16.609	40,000
Public Safety Partnership	16.710	55,895
Byrne Memorial Justice Assistance Grant	16.738	58,610

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Justice (Continued)		
Passed Through Minnesota Department of Public Safety Byrne Formula Grant	16.579	260,826
Crime Identification Technology Act	16.580	64,866
Enforcing Underage Drinking Laws Program	16.727	<u>1,860</u>
Total U.S. Department of Justice		<u>\$ 522,290</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Construction	20.205	3,851,527
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	52,660
Safety Incentive Grants for Use of Seatbelts	20.604	<u>947</u>
Total U.S. Department of Transportation		<u>\$ 3,905,134</u>
Federal Environmental Protection Agency		
Passed Through Minnesota Department of Health State Indoor Radon Grants	66.032	<u>\$ 6,772</u>
U.S. Department of Education		
Passed Through Minnesota Department of Natural Resources Adult Education State Grant Program (Boating)	84.002A	<u>\$ 87,748</u>
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Human Services Home Delivered Meals	93.045	\$ 116,536
Promoting Safe and Stable Families	93.556	74,050
Minnesota Families Investment Project Employment Services - Temporary Assistance for Needy Families	93.558	1,785,081
Child Care and Development Block Grant	93.575	187,140
Child Care Mandatory and Matching Funds	93.596	166,387
Child Welfare Services	93.645	40,508
Foster Care Title IV-E	93.658	780,995

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Human Services (Continued)		
Social Services Block Grant	93.667	2,248,185
Chaffee Foster Care Independent Living	93.674	40,715
Community Mental Health Services Block Grant	93.958	164,576
Prevention and Treatment of Substance Abuse Block Grant	93.959	97,641
Passed Through Minnesota Department of Health		
Cooperative Agreement - State Comprehensive Breast/Cervical Cancer Early Detection Program	93.919	22,808
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board		
Bioterrorism	93.283	296,470
Maternal and Child Health	93.994	296,337
Total U.S. Department of Health and Human Services		\$ 6,317,429
U.S. Department of Homeland Security		
Direct		
Emergency Management Performance Grant	97.042	\$ 33,919
Passed Through Minnesota Department of Public Safety		
State Domestic Preparedness Equipment Support	97.004	81,410
State and Local Homeland Security Exercise Support	97.006	5,432
Emergency Management Performance Grant	97.042	57,105
All Hazards Emergency Operations Planning	97.051	1,753
Total U.S. Department of National Homeland Security		\$ 179,619
Total Federal Awards		\$ 16,363,168

**ST. LOUIS COUNTY
DULUTH, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Notes to Schedule of Expenditures of Federal Awards

- (1) The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by St. Louis County. The County's reporting entity is defined in Note 1 to the financial statements.
- (2) The expenditures on this schedule are on the modified accrual basis of accounting.
- (3) During 2004, the County did not pass any federal money to subrecipients.
- (4) Pass-through grant numbers are not available.