

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

ANOKA COUNTY
ANOKA, MINNESOTA

YEAR ENDED DECEMBER 31, 2015

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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**ANOKA COUNTY
ANOKA, MINNESOTA**

Year Ended December 31, 2015



Management and Compliance Report

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

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**ANOKA COUNTY
ANOKA, MINNESOTA**

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**ANOKA COUNTY
ANOKA, MINNESOTA**

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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:

State Administrative Matching Grants for the	
Supplemental Nutrition Assistance Program	CFDA No. 10.561
Temporary Assistance for Needy Families	CFDA No. 93.558
Medical Assistance Program	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$1,424,816.

Anoka 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 ITEM RESOLVED

Financial Software Security User Report (2014-001)

During our testing of the County's user access to the financial system software, we were informed the County's financial system did not have the capability to provide a security report that listed which employees had access to the various applications within the system. We tested those employees who should have had access to the vendor setup function to verify that they did not also have access to process payments. During this testing, we noted one individual in Human Services who had access to both functions. We notified the appropriate supervisor, and access was immediately changed.

Resolution

The County is now able to generate security access reports from the system software in a manner that allows for effective review of user access.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

Finding 2015-001

Eligibility Testing

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award Nos. 1505MNADM and 1605MNADM, 2015

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: While periodic supervisory case reviews are performed on the Medical Assistance Program to provide reasonable assurance of compliance with grant requirements for eligibility, not all documentation was available to support participant eligibility. We noted the following exceptions in our sample of 40 cases tested:

- Four case files had assets or income that was not sufficiently verified and/or was not properly entered into MAXIS.
- One instance where the citizenship verification for a case transferred to Anoka County from another county was not in the current case file.

The sample size was based on guidance from Chapter 21 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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 Minnesota Department of Human Services maintains the computer system, MAXIS, for which a portion of the Medical Assistance Program eligibility is determined. The State of Minnesota contracts with the County Human Services Department to perform the “intake function” (meeting with the social services participant to determine income and categorical eligibility), while the state maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

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

Cause: Program personnel gathering and entering case information into MAXIS did not ensure all required information was obtained and input correctly.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly maintained in case files and input into MAXIS. In addition, consideration should be given to providing further training to program personnel.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

*Miriam Kopka, Family Programs Manager
Jerry Vitzthum, Economic Assistance Director*

Corrective Action Planned:

A. *Four case files had assets or income that was not sufficiently verified and/or was not properly entered into MAXIS.*

- *One of the cases was a combined MAGI and Medicare supplement case. Policy was changing, and there was confusion on when to verify assets for MA cases. This policy has been clarified, and assets should be verified on this case. There was no effect on eligibility.*

1. *We will review verification of assets for mixed MAGI and non-MAGI cases at the All Family Meetings.*

2. *There will be a targeted review of 50 mixed MAGI and Medicare supplement cases to ensure assets are being updated on these cases. Use Blue Zone Script to identify the case sample.*

3. *Cheat Sheets will be updated for asset verifications, shared with staff at All Adult and All Family Meetings, and stored in OneNote for ease of retrieval.*

Anticipated Completion Date:

1. *August 31, 2016*
2. *November 30, 2016*
3. *August 31, 2016*

- *For one case, the balance of a bank account was entered incorrectly. The date was typed April instead of May. There was no effect on eligibility. We will review detail on MA case reviews for MAXIS panels matching the verifications and client responses.*

Anticipated Completion Date:

Ongoing - 50 to 60 MA cases are reviewed each month.

- *For one case, there was a record of the client having \$50 in cash from a prior application. The client filled out a review a month later and stated they had no liquid assets. The worker didn't delete the record. There was no effect on eligibility. We will review detail on MA case reviews for MAXIS panels matching the verifications and client responses.*

Anticipated Completion Date:

Ongoing - 50 to 60 MA cases are reviewed each month.

- *For one case, the paystubs obtained were difficult to read. The worker counted 18.5 hours of overtime instead of 19.5 hours. The income calculation was \$34.50 less. There was no effect on eligibility. We will review detail on MA case reviews for MAXIS panels matching the verifications and client responses.*

Anticipated Completion Date:

Ongoing - 50 to 60 MA cases are reviewed each month.

B. *One instance where the citizenship verification for a case transferred to Anoka County from another county was not in the current case file.*

- *The birth certificate was located in the Anoka County archive file and a MAXIS case note that it was received 5/2/2007. This information was shared with the auditor. The case had moved into Anoka County in 2014, but had a previous case in the County. Hennepin County changed its electronic imaging system in 2015. Files are now imported directly into Onbase when a client moves in. Staff will be directed to re-index relevant documents from an Anoka County archive file.*

Anticipated Completion Date:

September 30, 2016

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

ITEM ARISING THIS YEAR

Finding 2015-002

Insufficient Collateral

Criteria: Governmental entities are required by Minn. Stat. § 118A.03, subds. 1 and 3, to obtain collateral to secure deposits to the extent that funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day. The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit.

Condition: At December 31, 2015, the County had deposits at one institution that were not adequately covered by collateral.

Context: The amount of collateral required to secure deposits at one institution on December 31, 2015, was more than the actual amount of collateral pledged by \$565,123.

Effect: When the County has insufficient collateral with a bank, the County may not receive all deposits in the event of bank default.

Cause: The bank interpreted the federal deposit insurance coverage available to the County on the basis that each signatory on the County's checks was an "official custodian." Since there is only one official custodian for the County, the bank's original assessment had more coverage available to the County than what was actually available.

Recommendation: We recommend the County monitor all deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

Client's Response:

We have reached out to our bank to understand why we were deficient in collateral, as our understanding was that they have a program in place to monitor the collateral level and inform us of changes. The bank currently disagrees with the Office of the State Auditor's (OSA) interpretation of the FDIC rules and believes we were in fact adequately covered at year-end. The bank and the OSA are continuing their discussions; however, the bank has adjusted our collateral level to match the OSA's interpretation of FDIC rules until they have resolved the issue with the OSA. We believe we are currently fully compliant with collateral requirements.

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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:

State Administrative Matching Grants for the	
Supplemental Nutrition Assistance Program	CFDA No. 10.561
Temporary Assistance for Needy Families	CFDA No. 93.558
Medical Assistance Program	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$1,424,816.

Anoka County qualified as a low-risk auditee? **Yes**

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PREVIOUSLY REPORTED ITEM RESOLVED

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Resolution

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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: While periodic supervisory case reviews are performed on the Medical Assistance Program to provide reasonable assurance of compliance with grant requirements for eligibility, not all documentation was available to support participant eligibility. We noted the following exceptions in our sample of 40 cases tested:

- Four case files had assets or income that was not sufficiently verified and/or was not properly entered into MAXIS.
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The sample size was based on guidance from Chapter 21 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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 Minnesota Department of Human Services maintains the computer system, MAXIS, for which a portion of the Medical Assistance Program eligibility is determined. The State of Minnesota contracts with the County Human Services Department to perform the “intake function” (meeting with the social services participant to determine income and categorical eligibility), while the state maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

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

Cause: Program personnel gathering and entering case information into MAXIS did not ensure all required information was obtained and input correctly.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly maintained in case files and input into MAXIS. In addition, consideration should be given to providing further training to program personnel.

Corrective Action Plan:

Name of Contact Persons Responsible for Corrective Action:

*Miriam Kopka, Family Programs Manager
Jerry Vitzthum, Economic Assistance Director*

Corrective Action Planned:

- A. *Four case files had assets or income that was not sufficiently verified and/or was not properly entered into MAXIS.*
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Anticipated Completion Dates:

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 3. *August 31, 2016*
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Anticipated Completion Date:

September 30, 2016

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

ITEM ARISING THIS YEAR

Finding 2015-002

Insufficient Collateral

Criteria: Governmental entities are required by Minn. Stat. § 118A.03, subds. 1 and 3, to obtain collateral to secure deposits to the extent that funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day. The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit.

Condition: At December 31, 2015, the County had deposits at one institution that were not adequately covered by collateral.

Context: The amount of collateral required to secure deposits at one institution on December 31, 2015, was more than the actual amount of collateral pledged by \$565,123.

Effect: When the County has insufficient collateral with a bank, the County may not receive all deposits in the event of bank default.

Cause: The bank interpreted the federal deposit insurance coverage available to the County on the basis that each signatory on the County's checks was an "official custodian." Since there is only one official custodian for the County, the bank's original assessment had more coverage available to the County than what was actually available.

Recommendation: We recommend the County monitor all deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

Client's Response:

We have reached out to our bank to understand why we were deficient in collateral, as our understanding was that they have a program in place to monitor the collateral level and inform us of changes. The bank currently disagrees with the Office of the State Auditor's (OSA) interpretation of the FDIC rules and believes we were in fact adequately covered at year-end. The bank and the OSA are continuing their discussions; however, the bank has adjusted our collateral level to match the OSA's interpretation of FDIC rules until they have resolved the issue with the OSA. We believe we are currently fully compliant with collateral requirements.



REBECCA OTTO
STATE AUDITOR

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

Independent Auditor's Report

Board of County Commissioners
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, the business-type activities, each major fund, and the aggregate remaining fund information of Anoka County, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 16, 2016.

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. 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.

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*, except as described in the Schedule of Findings and Questioned Costs as item 2015-002. 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.

Anoka County's Response to Findings

Anoka County's response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 16, 2016

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE 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, 2015. 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 with those requirements.

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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

Anoka 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. Anoka 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 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 identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001, that we consider to be a significant deficiency.

Anoka 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. Anoka 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 the Uniform Guidance

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

Purpose of This Report

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 16, 2016

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through Minnesota Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	Not provided	\$ 62,912	\$ -
National School Lunch Program	10.555	Not provided	96,945	-
<i>(Total expenditures for Child Nutrition Cluster \$159,857)</i>				
Passed through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children				
	10.557	16162MN004W1003	1,198,942	-
Passed through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)				
	10.561	15152MN101S2514	2,317,871	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)				
	10.561	15152MN101S2520	1,300	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)				
	10.561	15152MN127Q7503	54,449	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)				
	10.561	16162MN101S2514	573,071	-
<i>(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) 10.561 \$2,946,691)</i>				
Passed through Minnesota Department of Agriculture				
WIC Farmers' Market Nutrition Program (FMNP)				
	10.572	14142MN992Y8607	1,600	-
Total U.S. Department of Agriculture			\$ 4,307,090	\$ -
U.S. Department of Housing and Urban Development				
Direct				
Community Development Block Grants/Entitlement Grants				
	14.218		\$ 1,689,597	\$ 1,627,960
Continuum of Care Program				
	14.267		16,000	-
Passed through Dakota County Community Development Agency				
Home Investment Partnerships Program				
	14.239	Not provided	589,519	567,396
Total U.S. Department of Housing and Urban Development			\$ 2,295,116	\$ 2,195,356
U.S. Department of Justice				
Direct				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
	16.590		\$ 110,547	\$ -
State Criminal Alien Assistance Program				
	16.606		16,960	-
Passed through Minnesota Department of Public Safety				
Juvenile Accountability Block Grants				
	16.523	Not provided	726	-
Total U.S. Department of Justice			\$ 128,233	\$ -

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor				
Passed through Minnesota Department of Employment and Economic Development				
Employment Service/Wagner-Peyser Funded Activities	17.207	4127100	\$ 135,934	\$ -
Senior Community Service Employment Program	17.235	5125100	102,740	-
Senior Community Service Employment Program	17.235	6125100	82,175	-
<i>(Total Senior Community Service Employment Program 17.235 \$403,723)</i>				
Workforce Investment Act (WIA) Cluster				
WIA/WIOA Adult Program	17.258	4123100	382,850	-
WIA/WIOA Adult Program	17.258	5123100	22,615	-
WIA/WIOA Adult Program	17.258	4123400	7,103	-
<i>(Total WIA/WIOA Adult Program 17.258 \$412,568)</i>				
WIA/WIOA Youth Activities	17.259	5123600	121,056	-
WIA/WIOA Youth Activities	17.259	3123600	246,997	-
<i>(Total WIA/WIOA Youth Activities 17.259 \$368,053)</i>				
WIA/WIOA Dislocated Worker Formula Grants	17.278	3128000	10,792	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	4128000	307,799	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	5128000	47,050	-
<i>(Total WIA/WIOA Dislocated Worker Formula Grants 17.278 \$365,641)</i>				
<i>(Total expenditures for WIA Cluster \$1,146,262)</i>				
Passed through Senior Service America, Inc.				
Senior Community Service Employment Program	17.235	320	218,808	-
<i>(Total Senior Community Service Employment Program 17.235 \$403,723)</i>				
Passed through Anoka Ramsey Community College Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants				
	17.282	50713	<u>5,058</u>	<u>-</u>
Total U.S. Department of Labor			\$ 1,690,977	\$ -
U.S. Department of Transportation				
Passed through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	0214036	\$ 4,635,724	\$ -
Highway Planning and Construction	20.205	0214039	1,257,310	-
Highway Planning and Construction	20.205	0214069	1,485	-
Highway Planning and Construction	20.205	H130001	380,639	-
Highway Planning and Construction	20.205	09ES169	139,981	-
Highway Planning and Construction	20.205	0215210	10,000,000	-
Highway Planning and Construction	20.205	0214150	31,120	-
Highway Planning and Construction	20.205	0214223	229,266	-
Highway Planning and Construction	20.205	0215090	207,194	-
Highway Planning and Construction	20.205	0215119	929,717	-
Highway Planning and Construction	20.205	0212052	29,593	-
<i>(Total Highway Planning and Construction 20.205 \$17,842,029)</i>				
<i>(Total expenditures for Highway Planning and Construction Cluster \$17,862,946)</i>				

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued)				
Passed through Minnesota Department of Natural Resources				
Highway Planning and Construction Cluster				
Recreational Trails Program	20.219	Not provided	20,917	-
<i>(Total expenditures for Highway Planning and Construction Cluster \$17,862,946)</i>				
Passed through Metropolitan Council				
Federal Transit - Formula Grants	20.507	13I064	372,501	-
Federal Transit - Formula Grants	20.507	SG-2014-080	80,441	-
Federal Transit - Formula Grants	20.507	SG-2013-125	7,849	-
<i>(Total Federal Transit Formula Grants 20.507 \$460,791)</i>				
Job Access and Reverse Commute Program	20.516	SG-2011-077	12,474	-
Passed through the City of Coon Rapids, Minnesota				
Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC15-2015- CNRPDSPD-00068	21,647	-
<i>(Total State and Community Highway Safety 20.600 \$26,664)</i>				
National Priority Safety Programs	20.616	A-ENFRC15-2015- CNRPDSPD-00068	3,400	-
<i>(Total National Priority Safety Programs 20.616 \$35,143)</i>				
<i>(Total expenditures for Highway Safety Cluster \$61,807)</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC15-2015- CNRPDSPD-00068	26,669	-
<i>(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$107,225)</i>				
Passed through Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC15-2015- CNRPDSPD-00068	2,066	-
State and Community Highway Safety	20.600	A-OFFICR15-2015- ANOKASO-00016	2,951	-
<i>(Total State and Community Highway Safety 20.600 \$26,664)</i>				
National Priority Safety Programs	20.616	A-ENFRC15-2015- CNRPDSPD-00068	14,851	-
National Priority Safety Programs	20.616	A-OFFICR16-2016- ANOKASO-0009	5,465	-
National Priority Safety Programs	20.616	A-OFFICR15-2015- ANOKASO-00016	11,427	-
<i>(Total National Priority Safety Programs 20.616 \$35,143)</i>				
<i>(Total expenditures for Highway Safety Cluster \$61,807)</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC15-2015- CNRPDSPD-00068	46,262	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR16-2016- ANOKASO-0009	11,095	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR15-2015- ANOKASO-00016	23,199	-
<i>(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$107,225)</i>				
Total U.S. Department of Transportation			\$ 18,505,243	\$ -

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Passed through Minnesota Department of Employment and Economic Development Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Not provided	\$ 22,078	\$ -
U.S. Department of Health and Human Services				
Passed through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	HITEP150026-01-00	\$ 1,492	\$ -
Passed through Metropolitan Area Agency on Aging National Family Caregiver Support, Title III, Part E Alzheimer's Disease Initiative: Specialized Supportive Services Project (ADI-SSS) through Prevention and Public Health Funds (PPHF)	93.052	311-15-003E-331	72,226	-
	93.763	62222-15-01-110	1,404	-
Passed through Minnesota Department of Health Public Health Emergency Preparedness Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.069	U90TP999029	268,239	-
	93.074	U90TP999029	14,496	-
Universal Newborn Hearing Screening	93.251	12-700-00054	5,450	-
Immunization Cooperative Agreements	93.268	H23IP000737	13,430	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00054	600	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	D89MC23539	421,688	-
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families 93.558 \$3,814,287)</i>	93.558	2015G996115	315,521	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00054	294,066	-
Passed through Minnesota Department of Human Services State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	Not provided	7,840	-
Promoting Safe and Stable Families	93.556	1501MNFPS	103,590	-
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families 93.558 \$3,814,287)</i>	93.558	1502MNTANF	3,498,766	-
Child Support Enforcement	93.563	1604MNCEST	4,681,574	-
Child Support Enforcement	93.563	1604MNCSES	677,945	-
Child Support Enforcement <i>(Total Child Support Enforcement 93.563 \$5,729,375)</i>	93.563	1504MNCSES	369,856	-
Child Care and Development Block Grant	93.575	1501MNCCDF	174,481	-
Child Care and Development Block Grant <i>(Total Child Care and Development Block Grant 93.575 \$189,831)</i>	93.575	1601MNCCDF	15,350	-
Community-Based Child Abuse Prevention Grants	93.590	1402MNFPRG	22,889	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1501MNCCDF	37,411	-

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through Minnesota Department of Human Services (Continued)				
Foster Care - Title IV-E	93.658	1501MNFOST	584,639	84,798
Social Services Block Grant	93.667	1501MNSOSR	1,398,491	-
Chafee Foster Care Independence Program	93.674	1501MNCILP	21,837	-
Medical Assistance Program	93.778	1605MNADM	4,057,130	-
Medical Assistance Program	93.778	1505MNADM	3,154,264	-
<i>(Total Medical Assistance Program 93.778 \$7,211,394)</i>			\$ 20,214,675	\$ 84,798
Total U.S. Department of Health and Human Services				
Corporation for National and Community Service				
Direct				
Retired and Senior Volunteer Program	94.002		\$ 33,079	\$ -
U.S. Social Security Administration				
Passed through Minnesota Department of Employment and Economic Development				
Social Security Disability Insurance	96.001	Not provided	\$ 172	\$ -
U.S. Department of Homeland Security				
Passed through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G4CGSFY15	\$ 15,439	\$ -
Passed through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2015- ANOKACO-00002	116,234	-
Homeland Security Grant Program	97.067	A-UASI-2014- ANOKACO-00002	86,231	-
Homeland Security Grant Program	97.067	A-UASI-2013- ANOKACO-00003	79,288	-
<i>(Total Homeland Security Grant Program 97.067 \$165,519)</i>			\$ 297,192	\$ -
Total U.S. Department of Homeland Security				
Total Federal Awards			\$ 47,493,855	\$ 2,280,154

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**ANOKA COUNTY
ANOKA, MINNESOTA**

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

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, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of 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 Office of Management & Budget 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. Anoka County has elected not to use the 10 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	\$ 47,515,539
Grants received more than 120 days after year-end, unavailable in 2015	
Highway Planning and Construction	147,154
Grants unavailable in 2014, recognized as revenue in 2015	
Highway Planning and Construction	<u>(168,838)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 47,493,855</u>