

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**MANAGEMENT AND COMPLIANCE REPORT**

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

**YEAR ENDED DECEMBER 31, 2016**

## **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 650 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, 2016**



**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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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, 2016, 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, 2017.

### **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 or significant deficiencies. However, material weaknesses or significant deficiencies 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*. 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 Matters**

Also included in the Schedule of Findings and Questioned Costs is an unresolved other matter described as item 2015-001.



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

Anoka County's response to the other matter identified in our audit is described in the Corrective Action Plan. 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 13, 2017

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

### Independent Auditor's Report

Board of County Commissioners  
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, 2016. 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, 2016.

***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 2016-001 and 2016-002. 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. Anoka 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 identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002, 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. Anoka 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 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, 2016, 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, 2017, 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 13, 2017

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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:

Community Development Block Grants/Entitlement Grants	CFDA No. 14.218
Child Support Enforcement	CFDA No. 93.563

The threshold for distinguishing between Types A and B programs was \$1,043,710.

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

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

None.

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

ITEMS ARISING THIS YEAR

Finding Number 2016-001

Procurement, Suspension, and Debarment

**Program:** U.S. Department of Housing and Urban Development’s Community Development Block Grants/Entitlement Grants (CFDA No. 14.218), 2016

**Pass-Through Agency:** None.

**Criteria:** Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in Title 2 U.S. *Code of Federal Regulations* § 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in Title 2 U.S. *Code of Federal Regulations* § 180.215.

**Condition:** The County entered into subrecipient agreements for projects that were federally funded. During our testing, we noted that the agreements with the subrecipients did not include the suspension or debarment language. In addition, no verification procedures were performed to determine that the subrecipients were not suspended or debarred at the time the agreements were finalized.

**Questioned Costs:** None.

**Context:** The subrecipients entering into agreements with the County for federally funded projects may have been suspended or debarred, yet payments were made to them.

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

**Effect:** Noncompliance with federal regulations.



**Cause:** County personnel were not aware the suspension and debarment requirements applied to subrecipients.

**Recommendation:** We recommend the County review the policies and procedures in place to include suspension and debarment language in the agreements with subrecipients. Procedures should also be implemented for verifying the subrecipients are not suspended or debarred prior to awarding federal funding. Evidence of the verification should be maintained.

**View of Responsible Official:** Acknowledged

Finding Number 2016-002

#### Subrecipient Monitoring

**Program:** U.S. Department of Housing and Urban Development's Community Development Block Grants/Entitlement Grants (CFDA No. 14.218), 2016

**Pass-Through Agency:** None.

**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. Also, the County must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.331, such as to clearly identify the award to the subrecipient; evaluate the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; monitor the activities of the subrecipient; and verify the subrecipient is audited, if required.

**Condition:** The County passed federal Community Development Block Grants/Entitlement Grants (CDBG) funding to subrecipients, including cities, townships, and other local agencies. During our testing, we noted that the County did not perform any on-site monitoring procedures of its CDBG subrecipients during 2016.

**Questioned Costs:** None.

**Context:** Monitoring activities may take various forms, such as reviewing reports submitted by the subrecipient, performing site visits to the subrecipients to review financial and programmatic records and observe operations, reviewing the subrecipient's single audit or program specific audit results, and evaluating audit findings and the subrecipient's corrective action plans.

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 meeting federal requirements pertaining to subrecipient monitoring. Without performing monitoring procedures, including on-site visits, the County cannot be assured that its subrecipients are in compliance with federal requirements.

**Cause:** The County informed us that on-site visits were not performed during 2016 due to staff turnover and the need for training prior to performing the visits.

**Recommendation:** We recommend the County continue its efforts to strengthen controls to ensure compliance with subrecipient monitoring requirements, including performing on-site visits.

**View of Responsible Official:** Acknowledged

#### IV. OTHER FINDINGS AND RECOMMENDATIONS

##### OTHER MATTER

##### PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2015-001

##### Eligibility Testing

**Program:** U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 05-1605MNADM, 2016

**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 15 cases tested:

- one case file included bank statements that did not match the amounts in MAXIS;
- one case file included an outdated bank statement--an updated bank statement should have been obtained; and

- one case file was missing verification of the disposal of a vehicle, and the ownership for the current vehicle was not supported with a title in the case file.

**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.

**View of Responsible Official:** Acknowledged

## V. PREVIOUSLY REPORTED ITEM RESOLVED

2015-002 Insufficient Collateral

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**REPRESENTATION OF ANOKA COUNTY  
ANOKA, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Finding Number: 2016-001**

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

**Program: Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)**

Name of Contact Person Responsible for Corrective Action:

Renee Sande, Community Development Manager  
Karen Skepper, Director of Community and Government Relations

Corrective Action Planned:

New language was inserted in Anoka County CDBG subrecipient agreements. Certification of non-debarment contract language was provided and reviewed by the Anoka County Attorney's office. A new process was implemented for Community Development staff to check the federal SAM database to ensure subrecipients of federal funds are registered. In addition to checking the name of the contracting firm, the name of the president and/or owner of the organization will be checked for debarment, suspension, or disqualification.

Subrecipients using or who anticipate using subcontractors will be required to submit a list of potential subcontractors. The subcontractors will also be checked for debarment, suspension, or disqualification. Documentation of debarment, suspension, or disqualification check will include website printout placed in the recipient's file. The federal SAM database check will occur as part of the application review process prior to recommending applicants for CDBG funding and/or as new subrecipient projects are considered.

Anticipated Completion Date:

Completed June 16, 2017. New language was inserted into program year 2017 (PY17) subrecipient agreements. By June 30, 2017, Community Development staff will check the federal SAM database for PY17, PY16, and PY15 subrecipients.

**Finding Number: 2016-002**

**Finding Title: Subrecipient Monitoring**

**Program: Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)**

Name of Contact Person Responsible for Corrective Action:

Renee Sande, Community Development Manager

Karen Skepper, Director of Community and Government Relations

Corrective Action Planned:

Staff turnover contributed to a delay of monitoring program year 2015 (PY15) CDBG subrecipients. The PY15 Public Service CDBG subrecipients' grant year ended June 30, 2016, while the PY15 Project subrecipients' grant year ended December 31, 2016. Community Development staff updated the subrecipient monitoring plan and determined all PY15 CDBG subrecipients, except the Columbia Heights and Habitat projects, would be monitored. Most PY15 subrecipients received an on-site visit. Notifications were sent the week of April 24, 2017, and on-site visits were completed in May 2017.

Anticipated Completion Date:

On June 2, 2017, completed monitoring of all 2015 Program Year CDBG subrecipients. A monitoring schedule for PY 2016 subrecipients will be completed by June 30, 2017, which marks the end of the PY 2016 program year for Public Service activities; PY16 Project subrecipients' program year ends on December 31, 2017.

Moving forward, all subrecipients will be placed on a three-year monitoring schedule. A risk assessment will be also be conducted on subrecipients; if the subrecipient receives a high score they will be added to the group of subrecipients monitored. Monitoring of subrecipients will be completed within 90 days after the end of the program year. Public Services will be monitored in July, August, or September, and Projects in January, February, or March.

**Finding Number: 2015-001**

**Finding Title: Eligibility Testing**

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

Name of Contact Person Responsible for Corrective Action:

Brad Theil, Director of Economic Assistance

Corrective Action Planned:

The issues that were found in the sample from 2015 may have been prior to August 2016. Cases processed prior to August 2016 were more likely to have findings. Since then, we have completed over 1,300 targeted reviews to correct cases and ensure proper coding and verifications for Medical Assistance cases. In addition, we have provided training to all staff on requirements for asset verifications. Economic Assistance will continue to review the coding and verifications for MAXIS Medical Assistance cases (50 to 60 reviewed each month) to provide feedback and training to financial workers.

Anticipated Completion Date:

Ongoing.

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**REPRESENTATION OF ANOKA COUNTY  
ANOKA, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Finding Number: 2015-001**

**Finding Title: Eligibility Testing**

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

**Summary of Condition:** A sample of 40 Medical Assistance Program case files were selected for testing controls over, and compliance with, the eligibility requirements of the program. Of the 40 case files selected, there were four cases where assets or income was not sufficiently verified and/or was not properly entered into MAXIS, and one case where the citizenship verification for a case transferred to Anoka County from another county was not in the current case file.

**Summary of Corrective Action Previously Reported:** The County will perform targeted case reviews and compare the detail to ensure the MAXIS panels match the verifications and client responses, and will direct staff to re-index relevant documents from an Anoka County archive file.

**Status:** Not Corrected. The corrective action plans from the 2015 Health Care Audit were put in place in August 2016. We have completed over 1,300 targeted reviews to correct cases and ensure proper coding and verifications for Medical Assistance cases. We have provided training to all staff on requirements for asset verifications. Cases processed earlier in the year were more likely to be incorrect. Economic Assistance will continue to review the coding and verifications for MAXIS Medical Assistance cases (50-60 reviewed each month) to provide feedback and training to financial workers.

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

**Finding Number: 2015-002**

**Finding Title: Insufficient Collateral**

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

**Summary of Corrective Action Previously Reported:** The County's bank and the Office of the State Auditor (OSA) discussed the FDIC interpretations. The bank adjusted the County's collateral level to match the OSA's interpretation.

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

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, 2016**

<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	\$ 66,482	\$ -
National School Lunch Program	10.555	Not provided	102,268	-
<i>(Total expenditures for Child Nutrition Cluster \$168,750)</i>				
Passed through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children				
	10.557	16162MN004W1003	1,151,901	-
Passed through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	16162MN101S2514	2,539,075	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	16162MN127Q7503	100,473	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	16162MN101S2520	2,754	-
<i>(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$2,642,302)</i>				
Passed through Minnesota Department of Agriculture				
WIC Farmers' Market Nutrition Program (FMNP)				
	10.572	B0416F172614	<u>2,250</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<b>\$ 3,965,203</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
Community Development Block Grants/Entitlement Grants				
	14.218		\$ 975,489	\$ 847,826
Passed through Dakota County Community Development Agency				
Home Investment Partnerships Program				
	14.239	Not provided	<u>839,263</u>	<u>693,126</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 1,814,752</b>	<b>\$ 1,540,952</b>
<b>U.S. Department of Justice</b>				
Direct				
Drug Court Discretionary Grant Program				
	16.585		\$ 1,454	\$ -
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
	16.590		60,716	-
State Criminal Alien Assistance Program				
	16.606		9,917	-
DNA Backlog Reduction Program				
	16.741		55,500	-
Passed through Minnesota Department of Public Safety				
Crime Victim Assistance				
	16.575	A-CVSP-2017- ANOKAAO-00018	21,684	-
Paul Coverdell Forensic Sciences Improvement Grant Program				
	16.742	A-NFSIA-2016- ANOKASO-00004	<u>10,883</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<b>\$ 160,154</b>	<b>\$ -</b>

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(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 Labor</b>				
Passed through Minnesota Department of Employment and Economic Development				
Employment Service/Wagner-Peyser Funded Activities	17.207	4127100	\$ 113,954	\$ -
Senior Community Service Employment Program	17.235	6125100	79,254	-
Senior Community Service Employment Program	17.235	7125100	69,961	-
<i>(Total Senior Community Service Employment Program 17.235 \$363,016)</i>				
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	5127200	143,028	-
WIA/WIOA Cluster				
WIA/WIOA Adult Program	17.258	4123100	64,831	-
WIA/WIOA Adult Program	17.258	5123100	240,485	-
WIA/WIOA Adult Program	17.258	6123100	50,830	-
<i>(Total WIA/WIOA Adult Program 17.258 \$356,146)</i>				
WIA/WIOA Youth Activities	17.259	5123600	187,375	-
WIA/WIOA Youth Activities	17.259	6123600	99,506	-
WIA/WIOA Youth Activities	17.259	3123600	183	-
<i>(Total WIA/WIOA Youth Activities 17.259 \$287,064)</i>				
WIA/WIOA Dislocated Worker Formula Grants	17.278	4128000	958	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	5128000	269,028	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	6128000	8,623	-
<i>(Total WIA/WIOA Dislocated Worker Formula Grants 17.278 \$278,609)</i>				
<i>(Total expenditures for WIA/WIOA Cluster \$921,819)</i>				
Passed through Senior Service America, Inc.				
Senior Community Service Employment Program	17.235	320	213,801	-
<i>(Total Senior Community Service Employment Program 17.235 \$363,016)</i>				
<b>Total U.S. Department of Labor</b>			<b>\$ 1,541,817</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	\$ 2,594,438	\$ -
<i>(Total expenditures for Highway Planning and Construction Cluster \$2,629,142)</i>				
Passed through Minnesota Department of Natural Resources				
Highway Planning and Construction Cluster				
Recreational Trails Program	20.219	Not provided	34,704	-
<i>(Total expenditures for Highway Planning and Construction Cluster \$2,629,142)</i>				
Passed through Metropolitan Council				
Federal Transit - Formula Grants	20.507	131064	514,834	-
Federal Transit - Formula Grants	20.507	SG-2015-125	51,085	-
<i>(Total Federal Transit Formula Grants 20.507 \$565,919)</i>				
Job Access and Reverse Commute Program	20.516	SG-2011-077	37,202	-

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(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-ENFRC16-2016- ANOKASO-00065	38,636	-
State and Community Highway Safety <i>(Total State and Community Highway Safety 20.600 \$42,470)</i>	20.600	A-ENFRC17-2017- ANOKASO-103	3,834	-
National Priority Safety Programs	20.616	A-ENFRC16-2016- ANOKASO-00065	34,022	-
National Priority Safety Programs <i>(Total National Priority Safety Programs 20.616 \$54,274) (Total expenditures for Highway Safety Cluster \$96,744)</i>	20.616	A-ENFRC17-2017- ANOKASO-103	20,252	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC16-2016- ANOKASO-00065	61,244	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated <i>(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$104,993)</i>	20.608	A-ENFRC17-2017- ANOKASO-103	43,749	-
<b>Total U.S. Department of Transportation</b>			<b>\$ 3,434,000</b>	<b>\$ -</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>\$ 76,481</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>				
Passed through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program				
	93.008	HITEP150026-01-00	\$ 2,382	\$ -
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) thru Prevention and Public Health Funds (PPHF)				
	93.052	311-16-003E-221	65,766	-
	93.763	Not provided	25,159	-
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	259,892	-
	93.074	U90TP999029	3,570	-
	93.251	12-700-00054	3,375	-
	93.268	H23IP000737	8,450	-
	93.314	12-700-00054	2,325	-
	93.505	D89MC23539	440,367	-

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(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 Health (Continued)				
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	7,750	-
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families 93.558 \$4,110,337)</i>	93.558	2015G996115	191,521	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00054	299,646	-
Passed through Minnesota Department of Human Services				
Projects for Assistance in Transition from Homelessness (PATH) State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.150	SM016024-16	14,456	-
Promoting Safe and Stable Families	93.525	Not provided	17,010	-
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families 93.558 \$4,110,337)</i>	93.556	G-1601MNFPS	118,532	-
Child Support Enforcement	93.558	1601MNTANF	3,918,816	-
Child Care and Development Block Grant	93.563	1604MNCEST	6,384,034	-
Child Care and Development Block Grant <i>(Total Child Care and Development Block Grant 93.575 \$375,182)</i>	93.575	1601MNCCDF	348,272	-
Child Care and Development Block Grant	93.575	1701MNCCDF	26,910	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	123,395	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	30,519	-
Foster Care - Title IV-E	93.658	1601MNFOST	921,159	-
Social Services Block Grant	93.667	16-01MNSOSR	1,420,754	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	12,736	-
Children's Health Insurance Program	93.767	1605MN5021	1,668	-
Medical Assistance Program	93.778	05-1605MNADM	8,719,535	-
Medical Assistance Program <i>(Total Medical Assistance Program 93.778 \$8,820,726)</i>	93.778	05-1605MN5MAP	101,191	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI010027-15	1,760	-
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 23,470,950</b>	<b>\$ -</b>
<b>Corporation for National and Community Service</b>				
Direct				
Retired and Senior Volunteer Program	94.002		<b>\$ 21,712</b>	<b>\$ -</b>
<b>U.S. Social Security Administration</b>				
Passed through Minnesota Department of Employment and Economic Development				
Social Security Disability Insurance	96.001	Not provided	<b>\$ 170</b>	<b>\$ -</b>
<b>U.S. Department of Homeland Security</b>				
Passed through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G4CGSFY15	\$ 12,458	\$ -
Passed through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2016-ANOKACO-00002	124,198	-

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(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 Public Safety (Continued)				
Homeland Security Grant Program	97.067	A-UASI-2014- ANOKACO-00002	133,769	-
Homeland Security Grant Program <i>(Total Homeland Security Grant Program 97.067 \$168,431)</i>	97.067	A-UASI-2015- ANOKACO-00001	34,662	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 305,087</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 34,790,326</b>	<b>\$ 1,540,952</b>

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**ANOKA COUNTY  
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**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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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, 2016. 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. 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	\$ 34,937,480
Grants unavailable in 2015, recognized as revenue in 2016	
Highway Planning and Construction	<u>(147,154)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 34,790,326</u>