

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT
PREPARED AS A RESULT OF THE AUDIT OF

ANOKA COUNTY
ANOKA, MINNESOTA

FOR THE YEAR ENDED DECEMBER 31, 2013

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

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

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

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**ANOKA COUNTY
ANOKA, MINNESOTA**

For the Year Ended December 31, 2013



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, 2013**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

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

The major programs are:

Community Development Block Grants/Entitlement Grants	CFDA #14.218
Highway Planning and Construction	CFDA #20.205
Child Support Enforcement	CFDA #93.563

The threshold for distinguishing between Types A and B programs was \$1,343,711.

Anoka County qualified as a low-risk auditee? **No**

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

INTERNAL CONTROL

ITEM ARISING THIS YEAR

Finding 2013-001

Approval of Payments

Criteria: Section I.13. of the County's Financial Policies for disbursements states that the Finance and Central Services Division Manager or designee shall authorize all payments in excess of \$500,000.

Condition: As part of our audit and under our direction, the Anoka County Internal Auditor performed tests of controls on the County's disbursements system. An initial sample size of 25 disbursements was chosen for testing, two of which were in excess of \$500,000. The results of the Internal Auditor's testing showed that, for one of the two disbursements in excess of \$500,000, there was no evidence of approval by the Finance and Central Services (F&CS) Division Manager as required by the County's Financial Policies. Consequently, an additional sample of nine disbursements in excess of \$500,000 was chosen for testing. Of those nine additional disbursements, three did not have evidence of approval by the F&CS Division Manager.

Context: The exceptions noted included a tax settlement payment, a contract payment, a payment for elections systems and software, and a payment for a land acquisition.

Effect: Noncompliance with Section I.13. of the County's Financial Policies.

Cause: Due to the nature of the disbursements in question, the F&CS Division felt they were adequately approved by the County Board of Commissioners.

Recommendation: We recommend the County comply with Section I.13. of its Financial Policies by having the F&CS Division Manager indicate approval by signing off or initialing the supporting documentation for all disbursements over \$500,000.

Client's Response:

Anoka County Accounting Department has reviewed the applicable Financial Policies noted. In the absence of a Division Manager for Finance and Central Services, accounting is having Jerry Soma, County Administrator or his designees sign invoices greater than \$500,000.

Person Responsible: Brenda Pavelich-Beck, Accounting Director

PREVIOUSLY REPORTED ITEM RESOLVED

Bank Reconciliations (2012-001)

When we requested reconciliations of the County's bank accounts in January 2013, we were informed that reconciliations for the majority of the accounts were completed only through April 2012. Reconciliations through December 2012 did not get completed until May 2013.

Resolution

The County is current with its bank reconciliations and is reconciling monthly as recommended, with proper review.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

Finding 2013-002

Davis-Bacon Act

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

Pass-Through Agency: Minnesota Department of Transportation

Criteria: The Davis-Bacon Act (23 U.S.C. 113) requires that contractors and subcontractors performing work on federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contract's wage determination class. Each covered contractor and subcontractor must, on a weekly basis, provide a copy of the payrolls providing the information listed under recordkeeping for the preceding weekly payroll period.

Condition: Anoka County has no documented monitoring process for determining whether the Highway Planning and Construction Grant is in compliance with the Davis-Bacon Act regarding the payment of prevailing wage rates. The County receives the certified payrolls from contractors and subcontractors but does not maintain evidence that the certified payrolls were reviewed for compliance with the Davis-Bacon Act.

Questioned Costs: None.

Context: Anoka County entered into contracts with numerous vendors during the year for road construction projects funded by the Highway Planning and Construction Grant.

Effect: Lack of assurance that the County has proper controls in place to properly monitor compliance with the Davis-Bacon Act on projects funded by the Highway Planning and Construction Grant. Also, there is no assurance that the County actually performed procedures to determine compliance with the Davis-Bacon Act on these projects.

Cause: The County does not have procedures in place to properly monitor compliance with the Davis-Bacon Act on projects funded by the Highway Planning and Construction Grant.

Recommendation: We recommend the County develop internal controls to ensure compliance with the requirements of the Davis-Bacon Act in accordance with OMB Circular A-133. We also recommend that a supervisory monitoring process be established to ensure that compliance with the Davis-Bacon Act is being achieved. Documentation should exist to support the monitoring of and compliance with this requirement.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

*Andrew Witter, P.E.
Assistant County Engineer
1440 Bunker Lake Blvd.
Andover, MN 55304
763.862.4249*

Corrective Action Planned:

The corrective action has already been implemented with the recently hired individual in the Contracts Administer position at the Anoka County Highway Department. MnDOT provides the necessary forms for administering the federal contracts which Anoka County Highway Department will utilize throughout the duration of each federal project to ensure the proper tracking and submission of certified payrolls.

Anticipated Completion Date:

Immediate. This is an on-going process that will be maintained for each federal project throughout the year.



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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

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 as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2014.

Internal Control Over Financial Reporting

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

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

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

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 Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because 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 Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.

Anoka County's Response to Findings

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 13, 2014

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

Independent Auditor's Report

Board of County Commissioners
Anoka County

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) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. 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 the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002. 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002, 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 OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anoka County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 13, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

June 13, 2014

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed through Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 57,769
National School Lunch Program	10.555	89,342
Passed through Minnesota Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	1,279,563
Passed through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	2,268,974
Passed through Minnesota Department of Agriculture		
WIC Farmers' Market Nutrition Program (FMNP)	10.572	2,059
Total U.S. Department of Agriculture		\$ 3,697,707
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants/Entitlement Grants	14.218	\$ 2,038,497
Passed through Minnesota Housing Finance Agency		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	252,204
Passed through Dakota County Community Development Agency		
Home Investment Partnerships Program	14.239	463,571
Passed through Minnesota Department of Health		
Asthma Interventions in Public and Assisted Multifamily Housing	14.914	31,738
Total U.S. Department of Housing and Urban Development		\$ 2,786,010
U.S. Department of Justice		
Direct		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	\$ 145,633
Bulletproof Vest Partnership Program	16.607	16,892
Passed through Minnesota Department of Public Safety		
Juvenile Accountability Block Grants	16.523	26,216
Public Safety Partnership and Community Policing Grants	16.710	3,915
Total U.S. Department of Justice		\$ 192,656

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Labor		
Passed through Minnesota Department of Employment and Economic Development		
Senior Community Service Employment Program	17.235	\$ 161,510
(Total Senior Community Service Employment Program 17.235 \$356,972)		
Workforce Investment Act (WIA) Cluster		
WIA Adult Program	17.258	318,859
WIA Youth Activities	17.259	365,945
WIA Dislocated Worker Formula Grants	17.278	512,901
Incentive Grants - WIA Section 503	17.267	40,562
WIA National Emergency Grants	17.277	40,287
Passed through Senior Service America Inc.		
Senior Community Service Employment Program	17.235	195,462
(Total Senior Community Service Employment Program 17.235 \$356,972)		
Total U.S. Department of Labor		\$ 1,635,526
U.S. Department of Transportation		
Passed through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	\$ 16,814,724
Passed through Metropolitan Council		
Federal Transit - Formula Grants	20.507	180,354
Job Access and Reverse Commute Program	20.516	48,115
Passed through the City of Coon Rapids		
Highway Safety Cluster		
State and Community Highway Safety	20.600	19,213
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	7,088
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	37,419
National Priority Safety Programs	20.616	2,029
Total U.S. Department of Transportation		\$ 17,108,942
Institute of Museum and Library Services		
Passed through Minnesota Department of Education		
Grants to States	45.310	\$ 117,389
U.S. Department of Education		
Passed through Minnesota Department of Employment and Economic Development		
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	\$ 83,542
U.S. Election Assistance Commission		
Passed through Minnesota Secretary of State		
Help America Vote Act Requirements Payments	90.401	\$ 317,910

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	\$ 11,977
Passed through Metropolitan Area Agency on Aging National Family Caregiver Support, Title III, Part E	93.052	60,000
Passed through Minnesota Department of Health Public Health Emergency Preparedness	93.069	264,053
Universal Newborn Hearing Screening	93.251	3,675
Immunization Cooperative Agreements	93.268	35,212
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	1,275
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	212,523
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$3,869,053)	93.558	329,983
Refugee and Entrant Assistance - Discretionary Grants	93.576	2,500
Maternal and Child Health Services Block Grant to the States	93.994	268,878
Passed through Minnesota Department of Human Services Projects for Assistance in Transition from Homelessness (PATH)	93.150	21,796
Promoting Safe and Stable Families	93.556	117,069
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$3,869,053)	93.558	3,539,070
Child Support Enforcement	93.563	5,836,106
Refugee and Entrant Assistance - State-Administered Programs	93.566	2,081
Child Care and Development Block Grant	93.575	382,391
Community-Based Child Abuse Prevention Grants	93.590	60,845
Stephanie Tubbs Jones Child Welfare Services Program	93.645	60,282
Foster Care - Title IV-E	93.658	552,515
Social Services Block Grant	93.667	1,500,664
Chafee Foster Care Independence Program	93.674	20,679
Medical Assistance Program	93.778	<u>5,081,644</u>
Total U.S. Department of Health and Human Services		\$ <u>18,365,218</u>
Corporation for National and Community Service		
Direct Retired and Senior Volunteer Program	94.002	\$ <u>31,689</u>

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

(Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	\$ 41,371
Passed through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	131,175
Homeland Security Grant Program	97.067	<u>281,242</u>
Total U.S. Department of Homeland Security		\$ 453,788
Total Federal Awards		\$ 44,790,377

**ANOKA COUNTY
ANOKA, MINNESOTA**

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

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Anoka County. The County's reporting entity is defined in Note 1.A. 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, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of 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 the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Clusters

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

Child Nutrition Cluster	\$ 147,111
Workforce Investment Act Cluster	1,197,705
Highway Safety Cluster	26,301

**ANOKA COUNTY
ANOKA, MINNESOTA**

5. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 41,957,420
Grants received more than 120 days after year-end, deferred in 2013	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	252,204
Highway Planning and Construction	2,522,006
Grant received in prior years and spent during 2013	
Help America Vote Act Requirements Payments	317,910
Grants deferred in 2012, recognized as revenue in 2013	
Community Development Block Grants/Entitlement Grants	(52,940)
Homeland Security Grant Program	<u>(206,223)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 44,790,377</u>

6. Subrecipients

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

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants/Entitlement Grants	\$ 1,865,855
14.239	Home Investment Partnerships Program	<u>431,423</u>
	Total	<u>\$ 2,297,278</u>