

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

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

ISANTI COUNTY
CAMBRIDGE, MINNESOTA

YEAR ENDED DECEMBER 31, 2011

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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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Year Ended December 31, 2011



Management and Compliance Report

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

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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: **Unqualified**

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:

Child Support Enforcement Program	CFDA #93.563
Medical Assistance Program	CFDA #93.778

The threshold for distinguishing between Types A and B programs was \$300,000.

Isanti County qualified as low-risk auditee? **Yes**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

05-1 Segregation of Duties

Criteria: A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

Condition: Several of the County's departments that collect fees lack proper segregation of duties. Offices that do not have sufficient segregation of duties include Highway, Sheriff, and Public Health. These departments generally have one staff person who is responsible for billing, collecting, recording and depositing receipts, as well as reconciling bank accounts.

Context: Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Isanti County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

Effect: Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The County does not have the economic resources needed to hire additional qualified accounting staff in order to segregate duties in every department.

Recommendation: We recommend that the County's elected officials and management be aware of the lack of segregation of duties of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.

Client's Response:

Isanti County management is aware of this situation. The County will continue to review and modify procedures periodically to address issues related to the lack of segregation of duties.

07-1 Monitoring Internal Controls/Accounting Policies and Procedures Manual

Criteria: County management is responsible for developing and monitoring its internal controls. An essential element of monitoring controls would include documenting the County's accounting policies and procedures and performing a risk assessment of existing controls over significant functions of the accounting system used to produce financial information for members of the County Board, management, and for external financial reporting. Written policies and procedures should exist to ensure the County's practices are followed as intended by management. The risk assessment is intended to determine if the internal controls established by management are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided. Significant internal controls would cover areas such as: cash and investment activities; major funding sources (taxes, intergovernmental revenues, charges for services, and miscellaneous items); expenditure processing; and payroll.

Condition: Our inquiry of County management found that significant internal controls of its accounting system have not been documented. The County lacks written policies and procedures, including risk assessment and monitoring procedures.

Context: Without formal policies and procedures including risk assessment and monitoring procedures, the County increases its risk of fraud. Monitoring of internal controls is necessary to determine controls are in place and operating effectively.

Effect: As a result of this condition, the County's practices may not be followed as intended by management, and employees may not understand the purpose of internal controls. The lack of risk assessment and monitoring procedures increases the risk of fraud.

Cause: The County has begun to develop formal policies and procedures that will include monitoring and risk assessment procedures. Due to limited time and resources, the County has not been able to complete this project.

Recommendation: We recommend that County management continue to take the necessary steps in implementing procedures to document the significant internal controls in its accounting system. We also recommend that a formal plan be developed that calls for assessing and monitoring the significant internal controls on a regular basis, no less than annually. The monitoring should be documented to show the results of the review, changes required, and who performed the work.

Client's Response:

Isanti County management will continue to work towards development of a formal plan to document and evaluate the effectiveness of the County's internal controls. As part of this process, the County plans on developing formal accounting policies and procedures.

PREVIOUSLY REPORTED ITEM RESOLVED

Controls Within the Sheriff and Jail Departments (09-1)

During our review of the Sheriff and Jail Departments, we noted numerous internal control weaknesses related to cash handling procedures.

Resolution

New procedures have been implemented by the Sheriff and Jail Departments to establish internal controls that mitigate the weaknesses previously noted.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

11-1 Eligibility Testing

Program: Medical Assistance Program (CFDA No. 93.778)

Criteria: OMB Circular A-133 § .300(b) states that the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its programs.

Condition: The state maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. While periodic supervisory case reviews are performed to provide reasonable assurance of compliance with grant requirements for eligibility, not all documentation was available to support participant eligibility. In other circumstances, information was input into MAXIS incorrectly. The following instances were noted in our sample of 40 cases tested:

- One individual had a money market account reported in the application totaling \$1,500 that was not entered into MAXIS.
- An application in a child's case file indicated that the child's father had health insurance through work; however, there was no evidence in MAXIS that the insurance was checked for cost effectiveness.

- In January 2011, a Medical Assistance recipient reported an increase in income above the threshold for eligibility. The income increase caused the individual to be allowed six months of transition eligibility; however, the individual continued to receive benefits until January 2012. In conjunction with the income increase came the option of other health insurance coverage which was never evaluated to determine if it was cost effective.
- An individual was covered under Medical Assistance as a pregnant individual until January 2011 when she had her baby. Pregnant women are allowed two months of post-partum coverage, at which point they are required to have their eligibility redetermined. This case did not contain any documentation to indicate a redetermination had been performed. The case was closed in May 2011 when it should have been closed at the end of March 2011. In addition, there was evidence in the case file to indicate the availability of other health insurance; however, no evaluation was done to determine if it was cost effective.
- In MAXIS, the case worker must enter the value of any assets the individual owns. After each asset entry, the case worker must enter a “Y” or “N” in the asset panel indicating which programs the asset applies to. One individual reported having investments worth approximately \$21,000 which was input into MAXIS but improperly identified under Medical Assistance with an “N.” Even though the asset applied under Medical Assistance, at that value, the asset rendered the individual ineligible to receive benefits. Upon further inquiry, it was determined that, in March 2011, the individual provided support for a decrease in the value of the asset, enough for the individual to be eligible. However, the individual continued to receive benefits from January 2011 to March 2011 without meeting the eligibility requirements.
- An individual indicated on their application that they were not a U.S. citizen. However, the individual was entered as a citizen in MAXIS. A birth certificate from another country was supplied and maintained in the case file. The applicable MAXIS screen stated that it could not verify citizenship of the individual. As a result of our questioning, the County sent the individual a request to verify citizenship and adjusted the information in MAXIS to report “not a citizen.”

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

Context: The State of Minnesota contracts with the County Social Services Department to perform the “intake function” (meeting with the social services client 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 improper input of information into MAXIS and lack of follow-up of issues increases the risk that a client will receive benefits when they are not eligible.

Cause: Program personnel entering case information into MAXIS did not ensure all required information was input into MAXIS correctly and in the time frame allowed for eligibility determination.

Recommendation: We recommend that the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly input into MAXIS and issues are followed up on in a timely manner. In addition, consideration should be given to providing additional training to program personnel.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

Karrie Kolb, Financial Assistance Supervisor

Corrective Action Planned:

1. *Implement a more consistent and structured process for case reviews.*
 - a. *One day every two months will be allocated to complete random case reviews.*
 - b. *Each available eligibility worker will conduct a random review.*
 - c. *Any deficiencies found will be reviewed with the entire Income Maintenance Unit to bring awareness and reduce the errors in the future.*

Person Responsible:

Supervisor and all Eligibility Workers

Anticipated Completion Date:

July 1, 2012 - ongoing

Isanti County Family Services implemented Case Banking within the Income Maintenance Unit in November 2011. The agency believes that the implementation of this new process will reduce the amount of case errors due to additional staff working the same cases compared to the previous way where staff had individualized case loads.

2. *Additional Pregnant Woman Status Expenditures past the 60-day Postpartum Period.*
 - a. *Each month PEPR/DAILS are resolved by updating the case by the 15th of the month.*
 - b. *An Eligibility Worker is designated each month to resolve the PEPR/DAILS.*

Person Responsible:

Supervisor and all Eligibility Workers

Anticipated Completion Date:

February 1, 2012

3. *Create awareness to the income maintenance staff.*
 - a. *Meet with staff to discuss case deficiencies.*
 - b. *Further discuss with staff, the value of quality work versus the quantity of work.*

Person Responsible:

Supervisor

Anticipated Completion Date:

June 5, 2012

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

ITEMS ARISING THIS YEAR

11-2 Prompt Payment of Claims

Criteria: The County is required by Minn. Stat. § 471.425, subd. 2, to make payments on vendor invoices according to the terms of the contract or within 35 days of the date of receipt.

Condition: Two out of 25 general disbursements and 3 out of 25 Human Services disbursements were not paid within the 35 days of the invoice date as required by Minn. Stat. § 471.425, subd. 2. In the prior audit, 3 of the 65 expenditures reviewed were not paid timely.

Context: All claims should be paid within 35 days of the date of receipt.

Effect: Noncompliance with Minn. Stat. § 471.425, subd. 2.

Cause: The staff processing claims did not process them within the 35 days required by statute.

Recommendation: We recommend the County make payments on vendor invoices in accordance with Minn. Stat. § 471.425, subd. 2.

Client's Response:

Isanti County intends to pay its claims within the required timeframe. The County will remind each department of the need to review invoices and submit claims for payment in a timely manner.

11-3 Contract Compliance

Criteria: Minn. Stat. § 270C.66 provides that the County should not make final payment to a contractor under a contract requiring wages until the contractor provides documentation that the contractor and any subcontractors have complied with the provisions of Minn. Stat. § 290.92.

Condition: During 2011, the County Board awarded a contract for sirens to Granite Electronics in the amount of \$225,950. The contract was approved at the April 20, 2011, Board meeting and reflected in the Board minutes. This contract involved the installation of the sirens; however, an affidavit of withholding (IC-134) form was not obtained from the contractor prior to making final payment.

Context: Prior to final payment being authorized and processed, the affidavit of withholding should be obtained from the contractor for all contracts including payments for labor.

Effect: Noncompliance with Minn. Stat. § 270C.66.

Cause: The Emergency Management Department was not aware of the statutory requirements relating to this contract.

Recommendation: We recommend the County officials involved in the contracting process be informed of the statutory requirements to ensure compliance with applicable statutes for all future contracts.

Client's Response:

Isanti County will ensure all of its departments are familiar with the contracting and bid laws.

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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*

Board of County Commissioners
Isanti County

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isanti County as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Isanti County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Isanti County's internal control over financial reporting as a basis for designing our auditing procedures 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the Schedule of Findings and Questioned Costs as items 05-1 and 07-1, that we consider to be significant deficiencies in internal control over financial reporting. 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 attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Isanti County's financial statements are free of 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

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

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except that we did not test for compliance in tax increment financing since the cities administer tax increment financing in Isanti County.

The results of our tests indicate that, for the items tested, Isanti County complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as items 11-2 and 11-3.

Isanti County's written responses to the internal control and legal compliance findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 21, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Isanti County

Compliance

We have audited Isanti 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 its major federal programs for the year ended December 31, 2011. Isanti County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Isanti County complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned costs as item 11-1.

Internal Control Over Compliance

Management of Isanti County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 11-1. 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 attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isanti County as of and for the year ended December 31, 2011, and have issued our report thereon dated June 21, 2012. Our audit was performed for the purpose of forming opinions on Isanti County's financial statements that collectively comprise the County's 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. 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. The SEFA 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 financial statements or to the 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.

Isanti County's corrective action plan to the federal award finding identified in our audit is included in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's corrective action plan and, accordingly, we express no opinion on it.

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 21, 2012

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 196,738
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Assistance Program	10.561	181,358
Passed Through Minnesota Department of Natural Resources Forest Health Protection	10.680	<u>1,480</u>
Total U.S. Department of Agriculture		<u>\$ 379,576</u>
U.S. Department of Commerce		
Passed Through Minnesota Department of Public Safety Applied Meteorological Research	11.468	<u>\$ 240,980</u>
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety Violence Against Women Formula Grants	16.588	<u>\$ 10,000</u>
U.S. Department of Labor		
Direct Employee Benefits Security Administration COBRA Premium Assistance - ARRA	17.151	<u>\$ 1,189</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 406,157
Formula Grants for Other Than Urbanized Areas	20.509	369,530
Passed Through Kanabec County Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	<u>7,094</u>
Total U.S. Department of Transportation		<u>\$ 782,781</u>
U.S. Department of Education		
Passed Through Independent School District 911 Special Education Grants for Infants and Families	84.181	<u>\$ 26,088</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	\$ 64,431
Universal Newborn Hearing Screening	93.251	874
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	2,700
Temporary Assistance for Needy Families (TANF) Cluster		
Temporary Assistance for Needy Families (TANF)	93.558	31,732
Immunization - ARRA	93.712	7,206
Maternal and Child Health Services Block Grant to the States	93.994	37,561
Passed Through Minnesota Department of Human Services		
Temporary Assistance for Needy Families (TANF) Cluster		
Temporary Assistance for Needy Families (TANF)	93.558	340,362
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program - ARRA	93.714	10,774
Child Support Enforcement	93.563	818,769
Child Care Cluster		
Child Care and Development Block Grant	93.575	9,890
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	10,888
Stephanie Tubbs Jones Child Welfare Services Program	93.645	20,348
Foster Care Title IV-E		
Foster Care Title IV-E	93.658	73,826
Foster Care Title IV-E - ARRA	93.658	164
Social Services Block Grant	93.667	180,771
Chafee Foster Care Independence Program	93.674	10,169
Children's Health Insurance Program	93.767	118
Medical Assistance Program	93.778	692,339
Block Grants for Community Mental Health Services	93.958	109,899
Passed Through St. Cloud Hospital		
Public Health and Social Services Emergency Fund	93.003	25,000
Total U.S. Department of Health and Human Services		\$ 2,447,821
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Emergency Management Performance Grants	97.042	\$ 27,824
Homeland Security Grant Program	97.067	41,212
Passed Through Washington County		
Homeland Security Grant Program	97.067	33,034
Total U.S. Department of Homeland Security		\$ 102,070
Total Federal Awards		\$ 3,990,505

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Isanti 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 Isanti County under programs of the federal government for the year ended December 31, 2011. 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 Isanti County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Isanti 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 to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 3,908,459
Grants received more than 60 days after year-end, deferred in 2011	
Public Transportation for Other Than Urbanized Areas	114,363
Homeland Security Grant Program	17,960
Deferred in 2010, recognized as revenue in 2011	
Public Transportation for Other Than Urbanized Areas	(11,053)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	(2,234)
Interoperable Emergency Communication	<u>(36,990)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 3,990,505</u>

**ISANTI COUNTY
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5. Subrecipients

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

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
20.509	Public Transportation for Other Than Urbanized Areas	\$ 185,357
93.003	Public Health and Social Services Emergency Fund	4,580
97.067	Homeland Security Grant Program	<u>14,613</u>
	Total	<u>\$ 204,550</u>

6. Clusters

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

Temporary Assistance for Needy Families Cluster	\$ 351,136
Child Care and Development Cluster	20,778

7. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.