

# STATE OF MINNESOTA

## Office of the State Auditor



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

---

MANAGEMENT AND COMPLIANCE REPORT

**BLUE EARTH COUNTY**  
**MANKATO, 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.

Office of the State Auditor  
525 Park Street, Suite 500  
Saint Paul, Minnesota 55103  
(651) 296-2551  
state.auditor@osa.state.mn.us  
www.auditor.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: [www.auditor.state.mn.us](http://www.auditor.state.mn.us).

**BLUE EARTH COUNTY  
MANKATO, MINNESOTA**

**Year Ended December 31, 2016**



**Management and Compliance Report**

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

This page was left blank intentionally.

**BLUE EARTH COUNTY  
MANKATO, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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	4
Schedule of Findings and Questioned Costs	7
Corrective Action Plan	11
Summary Schedule of Prior Audit Findings	13
Schedule of Expenditures of Federal Awards	14
Notes to the Schedule of Expenditures of Federal Awards	17

This page was left blank intentionally.



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## **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  
Blue Earth County  
Mankato, 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 Blue Earth 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 May 1, 2017. Our report includes a reference to other auditors who audited the financial statements of the Blue Earth County Economic Development Authority as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Blue Earth 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.

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Blue Earth 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 County has no tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Blue Earth County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*, except as described in the Schedule of Findings and Questioned Costs as item 2016-002. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.



## **Other Matters**

Included in the Schedule of Findings and Questioned Costs is a management practices comment. We believe this recommendation to be of benefit to the County, and it is reported for that purpose.

## **Blue Earth County's Response to Findings**

Blue Earth County's responses to the internal control, legal compliance, and management practices findings identified in our audit are described in the Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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

May 1, 2017

This page was left blank intentionally.



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## **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  
Blue Earth County  
Mankato, Minnesota

#### **Report on Compliance for Each Major Federal Program**

We have audited Blue Earth 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. Blue Earth County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Blue Earth County's basic financial statements include the operations of the Blue Earth County Economic Development Authority (EDA) component unit, which expended \$759,145 in federal awards during the year ended December 31, 2016, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the EDA because the EDA had a separate single audit in accordance with the Uniform Guidance.

#### ***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 Blue Earth 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 Blue Earth 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, Blue Earth 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.

### **Report on Internal Control Over Compliance**

Management of Blue Earth 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 Blue Earth 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 May 1, 2017, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Blue Earth County Economic Development Authority, a blended component unit, which was audited by other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blue Earth 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

May 1, 2017

This page was left blank intentionally.

**BLUE EARTH COUNTY  
MANKATO, 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? **Yes**
- 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? **None reported**

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)? **No**

The major federal programs are:

Temporary Assistance for Needy Families	CFDA No. 93.558
Child Support Enforcement	CFDA No. 93.563

The threshold for distinguishing between Types A and B programs was \$750,000.

Blue Earth County qualified as a low-risk auditee? **Yes**

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

### INTERNAL CONTROL

#### ITEM ARISING THIS YEAR

Finding Number 2016-001

#### Prior Period Adjustment

**Criteria:** 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 of the financial statements on a timely basis. Auditing standards identify one indication of a material weakness in internal control as the restatement of previously issued financial statements to reflect the correction of a material misstatement due to error.

**Condition:** During our audit, we identified a prior period adjustment that resulted in significant changes to the County's financial statements. The December 31, 2015, advances to other funds in the Building and Capital Purchases Capital Projects Fund was understated and the advances from other funds in the County Ditch Special Revenue Fund was understated as a result of recording an interfund loan from the Building and Capital Purchases Fund to the County Ditch Fund as an interfund transfer rather than an advance of funds. The prior period adjustment to restate the County's financial statements was reviewed and approved by the appropriate County staff and is reflected in the financial statements.

**Context:** The need for prior period adjustments can raise doubts as to the reliability of the County's financial information being presented.

**Effect:** The January 1, 2016, fund balances in the Building and Capital Purchases Capital Projects Fund and the County Ditch Special Revenue Fund were restated by \$640,511.

**Cause:** The County reported the 2015 interfund loan incorrectly in the financial statements.

**Recommendation:** We recommend County staff review the financial statement closing procedures to ensure they have accurate and complete information necessary to fairly present the County's financial statements in accordance with generally accepted accounting principles.

**View of Responsible Official:** Concur



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

None.

### IV. OTHER FINDINGS AND RECOMMENDATIONS

#### A. MINNESOTA LEGAL COMPLIANCE

##### ITEM ARISING THIS YEAR

Finding Number 2016-002

##### Legal Investments - Negotiable Certificates of Deposit

**Criteria:** Pursuant to Minn. Stat. § 118A.04 subd. 5, public funds may be invested in time deposits provided that they are fully insured by the Federal Deposit Insurance Corporation (FDIC) or bankers acceptances of United States banks.

**Condition:** During our review of the County's investments, we found that the County had invested a total of \$498,000 in two negotiable certificates of deposit (CDs) issued by the same bank. FDIC insurance would be limited to \$250,000, resulting in an uninsured balance of \$248,000. One of the CDs has subsequently been sold, bringing the County back into compliance with the statute.

**Context:** Negotiable CDs are low risk investments commonly purchased by public entities. Negotiable CDs are issued by banks to financial entities, such as brokers, in large amounts that are subsequently divided by the broker into increments of \$250,000 or less for sale to investors.

**Effect:** Noncompliance with Minnesota statute regarding investment in time deposits.

**Cause:** The County indicated its procedures for purchasing these types of investments is to purchase through a single broker who maintains a listing of all such investments to ensure that they were limited to one per bank. Acknowledging that it is their responsibility to maintain compliance with this statute, in this instance, they had relied on the broker to limit investments of this type, and the purchase of a second CD from the same bank was overlooked.

**Recommendation:** We recommend the County develop procedures to ensure that all negotiable CDs purchased are fully insured by FDIC or bankers acceptances of United States banks.

**View of Responsible Official:** Concur

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 1997-008

County Ditch Fund Deficits

**Criteria:** Each individual ditch system should be maintained with a positive balance to meet its financial obligation.

**Condition:** As of December 31, 2016, the County had individual ditch systems where liabilities and deferred inflows of resources exceeded assets, resulting in individual deficit fund balance amounts.

**Context:** Thirty of the 129 individual ditch systems had deficit fund balances as of December 31, 2016, totaling \$1,206,522, which is an increase from the \$509,651 reported in the prior year.

**Effect:** Ditch systems with deficit fund balances indicate that measures have not been taken to ensure that the ditch can meet financial obligations.

**Cause:** The County indicated that a majority of the deficits are a result of preliminary costs for projects that have not yet been bid out. Assessments will be approved after expected costs are determined. The remaining deficits are a result of insufficient ditch levies.

**Recommendation:** We recommend the County continue to monitor the balances of the ditch systems and eliminate the deficit fund balances by approving the necessary special assessments whenever practical.

**View of Responsible Official:** Concur

V. **PREVIOUSLY REPORTED ITEM RESOLVED**

2014-001 Audit Adjustments

**REPRESENTATION OF BLUE EARTH COUNTY  
MANKATO, MINNESOTA**

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

**Finding Number: 1997-008**

**Finding Title: County Ditch Fund Deficits**

Name of Contact Person Responsible for Corrective Action:

Lisa Malinski

Corrective Action Planned:

Blue Earth County analyzes the individual ditch accounts monthly and, annually in December, landowners' assessments are determined. The County continues to be more aggressive to accumulate a surplus balance to provide for repair and maintenance costs of the ditch systems.

Anticipated Completion Date:

Continuous

**Finding Number: 2016-001**

**Finding Title: Prior Period Adjustment**

Name of Contact Person Responsible for Corrective Action:

Lisa Malinski

Corrective Action Planned:

The Blue Earth County Finance Department will implement a stronger level of year-end review to determine and insure that the financial statements are accurate, complete, and fairly presented in accordance with generally accepted accounting principles.

Anticipated Completion Date:

Ongoing

**Finding Number: 2016-002**

**Finding Title: Legal Investments - Negotiable Certificates of Deposit**

Name of Contact Person Responsible for Corrective Action:

Lisa Malinski

Corrective Action Planned:

The Blue Earth County Finance Department has developed procedures to ensure that all negotiable certificates of deposits purchased are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks.

Anticipated Completion Date:

Ongoing

**REPRESENTATION OF BLUE EARTH COUNTY  
MANKATO, MINNESOTA**

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

**Finding Number: 1997-008**

**Finding Title: County Ditch Fund Deficits**

**Summary of Condition:** As of December 31, 2015, the County has individual ditch systems where liabilities exceeded assets, resulting in individual deficit fund balance amounts.

**Summary of Corrective Action Previously Reported:** Blue Earth County analyzes the individual ditch accounts monthly and, annually in December, landowners' assessments are determined. The County continues to be more aggressive to accumulate a surplus balance to provide for repair and maintenance costs of the ditch systems.

**Status:** Not Corrected. Please see corrective action plan for explanation.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No   X  

**Finding Number: 2014-001**

**Finding Title: Audit Adjustments**

**Summary of Condition:** During the 2015 audit, we proposed audit adjustments that resulted in changes to Blue Earth County's financial statements. The adjustments were reviewed and approved by the appropriate staff and are reflected in the financial statements.

**Summary of Corrective Action Previously Reported:** Blue Earth County has established internal controls necessary to determine that all adjusting entries are made to ensure the County's annual financial statements are reported in accordance with generally accepted accounting principles.

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

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No   X

This page was left blank intentionally.

**BLUE EARTH COUNTY  
MANKATO, 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 Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00059	<u>\$ 278,422</u>	<u>\$ -</u>
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2514	\$ 493,098	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN127Q7503	41,531	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2520	<u>402</u>	<u>-</u>
<b>Total CFDA #10.561</b>			<u>\$ 535,031</u>	<u>\$ -</u>
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	12-700-00059	<u>\$ 600</u>	<u>\$ -</u>
<b>Total U.S. Department of Agriculture</b>			<u>\$ 814,053</u>	<u>\$ -</u>
<b>U.S. Department of Commerce</b>				
Passed Through Minnesota Department of Public Safety State and Local Implementation Grant Program	11.549	A-SLIGP-2013-SC- RRB-00005	<u>\$ 4,789</u>	<u>\$ 3,656</u>
<b>U.S. Department of Housing and Urban Development</b>				
Direct Continuum of Care Program	14.267	N/A	<u>\$ 92,595</u>	<u>\$ -</u>
<b>U.S. Department of Justice</b>				
Direct State Criminal Alien Assistance Program	16.606	N/A	\$ 12,454	\$ -
Bulletproof Vest Partnership Program	16.607	N/A	2,482	-
Passed Through City of Mankato, Minnesota Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0001	<u>5,138</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u>\$ 20,074</u>	<u>\$ -</u>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00007	<u>\$ 2,078</u>	<u>\$ -</u>

**BLUE EARTH COUNTY  
MANKATO, 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- BLUEEASO-00059	\$ 31,116	\$ 22,690
State and Community Highway Safety	20.600	A-ENFRC17-2017- BLUEEASO-101	2,232	1,565
<b>Total CFDA #20.600</b>			<b>\$ 33,348</b>	<b>\$ 24,255</b>
National Priority Safety Programs	20.616	A-ENFRC16-2016- BLUEEASO-00059	\$ 20,096	\$ 15,307
National Priority Safety Programs	20.616	A-ENFRC17-2017- BLUEEASO-101	15,882	12,818
<b>Total CFDA #20.616</b>			<b>\$ 35,978</b>	<b>\$ 28,125</b>
<i>(Total expenditures for Highway Safety Cluster \$69,326)</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC16-2016- BLUEEASO-00059	\$ 56,923	\$ 39,497
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC17-2017- BLUEEASO-101	24,697	18,114
<b>Total CFDA #20.608</b>			<b>\$ 81,620</b>	<b>\$ 57,611</b>
<b>Total U.S. Department of Transportation</b>			<b>\$ 153,024</b>	<b>\$ 109,991</b>
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	12-700-00059	\$ 40,140	\$ -
Universal Newborn Hearing Screening	93.251	12-700-00059	775	-
Immunization Cooperative Agreements	93.268	12-700-00059	21,150	-
Temporary Assistance for Needy Families	93.558	12-700-00059	78,188	-
<i>(Total Temporary Assistance for Needy Families CFDA 93.558, \$721,989)</i>				
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00059	64,401	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1601MNFPS	8,854	-
Temporary Assistance for Needy Families	93.558	1601MNTANF	643,801	-
<i>(Total Temporary Assistance for Needy Families CFDA 93.558, \$721,989)</i>				



**BLUE EARTH COUNTY  
MANKATO, 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 Human Services (Continued)				
Child Support Enforcement	93.563	1604MNCEST	1,009,023	-
Refugee and Entrant Assistance - State-Administered Programs	93.566	1601MNRCMA	478	-
Child Care and Development Block Grant	93.575	G1601MNCCDF	36,388	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFRPG	14,656	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	5,329	-
Foster Care - Title IV-E	93.658	1601MNFOST	357,060	-
Social Services Block Grant	93.667	16-01MNSOSR	344,086	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	2,957	-
Medical Assistance Program	93.778	05-1605MN5ADM	<u>2,027,766</u>	-
<b>Total U.S. Department of Health and Human Services</b>			<b><u>\$ 4,655,052</u></b>	<b><u>\$ -</u></b>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	117547	<b><u>\$ 4,414</u></b>	<b><u>\$ -</u></b>
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4290/P0720	<b><u>\$ 206,679</u></b>	<b><u>\$ -</u></b>
Emergency Management Performance Grants	97.042	A-EMPG-2015-BLUEACO-110	\$ 7,716	\$ 7,716
Emergency Management Performance Grants	97.042	A-EMPG-2016-BLUEACO-008	<u>37,264</u>	<u>-</u>
<b>Total CFDA #97.042</b>			<b><u>\$ 44,980</u></b>	<b><u>\$ 7,716</u></b>
Homeland Security Grant Program	97.067	A-DECN-SHSP-2015-SC-ECB-005	<b><u>\$ 14,145</u></b>	<b><u>\$ 4,044</u></b>
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 270,218</u></b>	<b><u>\$ 11,760</u></b>
<b>Total Federal Awards</b>			<b><u>\$ 6,009,805</u></b>	<b><u>\$ 125,407</u></b>

This page was left blank intentionally.

**BLUE EARTH COUNTY  
MANKATO, MINNESOTA**

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

---

---

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Blue Earth County. The County's reporting entity is defined in Note 1 to the financial statements. The Economic Development Authority (EDA) blended component unit is not included on the County's Schedule of Expenditures of Federal Awards because it has its own single audit. The EDA expended \$759,145 in federal awards during the year ended December 31, 2016.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Blue Earth 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 Blue Earth County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Blue Earth 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Blue Earth County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**BLUE EARTH COUNTY  
MANKATO, MINNESOTA**

---

---

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 5,763,019
Grants received more than 60 days after year-end, unavailable in 2016	
State and Community Highway Safety	2,232
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	24,697
National Priority Safety Programs	15,882
Universal Newborn Hearing Screening	700
Promoting Safe and Stable Families	254
Temporary Assistance for Needy Families	98,517
Child Care and Development Block Grant	2,593
Community-Based Child Abuse Prevention Grants	5,076
Stephanie Tubbs Jones Child Welfare Services Program	761
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	206,679
Unavailable in 2015, recognized as revenue in 2016	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	(7,472)
State and Community Highway Safety	(9,085)
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	(34,008)
National Priority Safety Programs	(19,840)
Child Support Enforcement	(40,200)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 6,009,805</u>