

STATE OF MINNESOTA

Office of the State Auditor



Julie Blaha
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

BLUE EARTH COUNTY
MANKATO, MINNESOTA

YEAR ENDED DECEMBER 31, 2018

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 100 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 600 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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**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

Year Ended December 31, 2018



Management and Compliance Report

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

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**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

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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
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, 2018, 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 6, 2019. Our report includes a reference to other auditors who audited the financial statements of the Blue Earth County Economic Development Authority, a blended component unit, 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 administers no tax increment financing districts.

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*. 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.

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/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 6, 2019

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

Independent Auditor's Report

Board of County Commissioners
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, 2018. 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 \$613,944 in federal awards during the year ended December 31, 2018, 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 was audited by other auditors.

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.

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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

Blue Earth County's responses to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of 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 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 did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be significant deficiencies.

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

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.

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, 2018, 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 6, 2019, 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 the 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.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 6, 2019

**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal programs are:

Child Support Enforcement	CFDA No. 93.563
Medicaid Cluster	
Medical Assistance Program	CFDA No. 93.778

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

Blue Earth County qualified as a low-risk auditee? **No**

**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

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

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding Number 2017-001

Eligibility

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 1805MN5ADM, 2018

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available or updated in MAXIS to support participant eligibility. The following exceptions were noted in the sample of 40 cases tested:

- For five case files, the asset information in MAXIS was unsupported or did not match the supporting documentation provided by the participant.
- For one case file, documentation to support the completion of a cost-effective insurance determination was not available.

**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

- For one case file, the participant was inaccurately entered into MAXIS as being on a special waiver.

In addition, there was no documentation to support the quality control reviews completed by the supervisors.

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 to perform the “intake function” (meeting with the social services client to determine income and categorical eligibility), while the Minnesota DHS maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

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

Effect: The lack of updated information in MAXIS and verification of key eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible.

Cause: Program personnel entering case information into MAXIS did not ensure all required information was input or updated correctly. Supervisors did not document when a case file was reviewed for quality control.

Recommendation: We recommend the County implement additional review procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists and are properly input or updated in MAXIS, and that issues are followed up in a timely manner. In addition, any review completed by a supervisor should be documented to support the quality control.

View of Responsible Official: Concur

**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number 2017-002

Procurement

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 1805MN5ADM, 2018

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Federal regulations provided in Title 2 U.S. *Code of Federal Regulations* § 200.318(i) states that the non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition: The history of procurement was not properly documented for three procurement transactions over \$3,500 tested for compliance with federal regulations.

Questioned Costs: None.

Context: Three of seven procurement transactions over the micro-purchase threshold were tested for compliance with federal regulations.

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

Effect: The County is not in compliance with federal regulations.

Cause: The County did not fully implement the requirements of the policy.

Recommendation: We recommend the County document the history of procurement transactions, including contract selection and full and open competition, in accordance with federal regulations.

View of Responsible Official: Concur

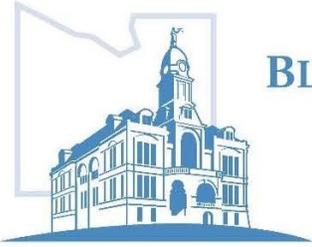
**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

IV. PREVIOUSLY REPORTED ITEMS RESOLVED

- 2016-001 Prior Period Adjustment
- 2017-003 Deposit Protection
- 2017-004 Broker Certifications
- 2017-005 Publication of Board Minutes
- 1997-008 County Ditch Fund Deficits

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BLUE EARTH COUNTY

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- District 2 Vance Stuehrenberg
- District 3 Mark Piepho
- District 4 Will Purvis
- District 5 Kip Bruender

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Taxpayer Services/ License Center

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Veterans Services

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FAX: 507-304-4818

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REPRESENTATION OF BLUE EARTH COUNTY MANKATO, MINNESOTA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 2017-001
Finding Title: Eligibility
Program: Medical Assistance Program (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

DeAnn Boney, Human Services Supervisor – Financial Assistance

Corrective Action Planned:

The Blue Earth County Financial Assistance Unit completes eligibility reviews to provide quality assurance that eligibility reviews to provide quality assurance that eligibility determinations are correct, and data is properly input/updated in MAXIS. We will ensure that these reviews will be formally documented and issues resulting from reviews will be followed up on in a timely manner.

Anticipated Completion Date:

Ongoing

Finding Number: 2017-002
Finding Title: Procurement
Program: Medical Assistance Program (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

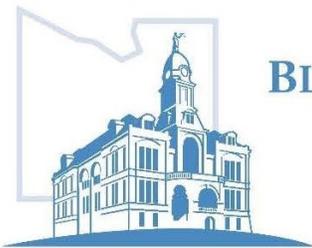
The contact person depends on the expenditure, and who is making the expenditure.

Corrective Action Planned:

Blue Earth County will research what additional procurement steps need to be followed and documented, and what/where such documentation needs to be recorded. Blue Earth County will complete this prior to the next procurement project.

Anticipated Completion Date:

Continuous



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REPRESENTATION OF BLUE EARTH COUNTY MANKATO, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 1997-008

Finding Title: County Ditch Fund Deficits

Summary of Condition: As of December 31, 2017, the County had individual ditch systems where liabilities and deferred inflows of resources 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, landowner's 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: Fully Corrected. Corrective action was taken.

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

Yes _____ No X

Finding Number: 2016-001

Finding Title: Prior Period Adjustment

Summary of Condition: A prior period adjustment resulted in significant changes to the County's financial statements. The adjustment was reviewed and approved by County staff.

Summary of Corrective Action Previously Reported: Blue Earth County has established internal controls necessary 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

Finding Number: 2017-001

Finding Title: Eligibility

Program: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: The Minnesota DHS maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. During review of the Medical Assistance Program, the asset information in the MAXIS system did not match the supporting documentation provided by the Social Services client in 5 of the 40 case files tested. Additionally, in 1 of the 40 cases, documentation to support the completion of a cost-effective insurance determination was not available.

Summary of Corrective Action Previously Reported: The Blue Earth County Financial Assistance Unit will implement additional review to provide reasonable assurance that all necessary documentation to support eligibility determinations exist and is properly input or updated in MAXIS. We will ensure issues are followed up on in a timely manner. Reviews done by a supervisor will be documented to support the quality control.

Status: Not Corrected. Blue Earth County Human Services has implemented more reviews and will do a better job on documenting these reviews. We have seen major caseload and workload growth in the last few years, which we have struggled to keep up with. We have hired 11 new workers in the last two years. We had several retirements, along with normal turnover and added a few positions to help with the increased caseload sizes. It takes a long time to train a financial worker, so we have had the additional workloads to cover along with the training responsibilities. We will continue to train new staff to be quality workers and approve health care benefits correctly. We will continue to do case reviews and will do a better job of documenting them to show for this audit.

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

Yes _____ No X

Finding Number: 2017-002

Finding Title: Procurement, Suspension, and Debarment

Program: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: Of four procurement transactions over \$3,500 tested for compliance with federal regulations, two instances were noted where the history of procurement was not properly documented. Additionally, there was no verification performed by the County to determine whether vendors were debarred, suspended, or whether other exclusions existed in the two purchases over \$25,000 selected for testing.

Summary of Corrective Action Previously Reported: The County has implemented a procedure to check the Sam.gov database for vendor debarment/suspension before awarding any contract above the threshold dollar amount affecting units of our Human Services Department that receive federally-funded grants. This process will be documented by making a screen print of the Sam.gov website display and filing it with the contract.

Status: Partially Corrected. Previous procurement processes and documentation was handled by the former IT Director at Blue Earth County, who retired on July 31, 2018. Upon searching his records, there was no sufficient documentation found regarding previous procurement practices.

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

Finding Number: 2017-003
Finding Title: Deposit Protection

Summary of Condition: The County held deposits with one financial institution that exceeded available federal deposit insurance which were not secured through collateral or bond.

Summary of Corrective Action Previously Reported: This has been corrected.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2017-004
Finding Title: Broker Certifications

Summary of Condition: Investments were purchased through agents of US Bank and Wells Fargo Securities before obtaining the required written certification.

Summary of Corrective Action Previously Reported: This has been corrected.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2017-005
Finding Title: Publication of Board Minutes

Summary of Condition: The summary of County Board minutes were not published in the County's official newspaper within the 30-day requirement.

Summary of Corrective Action Previously Reported: Amy Holst, Administrative and Communications Specialist, will be publishing the Synopsis of the Board Minutes from January 2018 into the future.

Status: Fully Corrected. Corrective action was taken.

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

Yes _____ No X

**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00059	\$ 270,431	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	182MN101S2514	543,768	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	182MN127Q7503	60,975	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$607,134)	10.561	182MN101S2520	2,391	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	12-700-00059	<u>600</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>\$ 878,165</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Passed Through Hearth Connection Continuum of Care Program	14.267	Not Provided	<u>\$ 99,413</u>	<u>\$ -</u>
U.S. Department of Justice				
Direct				
State Criminal Alien Assistance Program	16.606	N/A	\$ 7,087	\$ -
Bulletproof Vest Partnership Program	16.607	N/A	<u>7,072</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 14,159</u>	<u>\$ -</u>
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	00007	\$ 440,286	\$ -
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC18-2018-BLUEEASO-062	18,589	15,027
State and Community Highway Safety (Total State and Community Highway Safety 20.600 \$18,930)	20.600	A-ENFRC19-2019-BLUEEACO-014	341	-
National Priority Safety Programs	20.616	A-ENFRC18-2018-BLUEEASO-062	53,162	45,167
National Priority Safety Programs (Total National Priority Safety Programs 20.616 \$59,852)	20.616	A-OFFICR19-2019-BLUEEACO-022	6,690	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC18-2018-BLUEEASO-062	43,973	32,141
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC19-2019-BLUEEACO-014	34,085	29,758
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$91,641)	20.608	A-OFFICR19-2019-BLUEEACO-022	<u>13,583</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 610,709</u>	<u>\$ 122,093</u>

**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Passed Through Minnesota Department of Education				
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	Not Provided	\$ 2,000	\$ -
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	12-700-00059	\$ 35,437	\$ -
Disabilities Prevention	93.184	12-700-00059	55,531	-
Universal Newborn Hearing Screening	93.251	12-700-00059	300	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00059	525	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	12-700-00059	31,000	-
TANF Cluster				
Temporary Assistance for Needy Families	93.558	12-700-00059	71,337	-
(Total Temporary Assistance for Needy Families 93.558 \$661,718)				
Medicaid Cluster				
Medical Assistance Program	93.778	1805MN5ADM	9,325	-
(Total Medical Assistance Program 93.778 \$2,405,675)				
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00059	59,767	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1701MNFPS	17,502	-
TANF Cluster				
Temporary Assistance for Needy Families	93.558	1801MNTANF	590,381	-
(Total Temporary Assistance for Needy Families 93.558 \$661,718)				
Child Support Enforcement	93.563	1804MNCSES	235,175	-
Child Support Enforcement	93.563	1804MNCES	861,055	-
(Total Child Support Enforcement 93.563 \$1,096,230)				
Community-Based Child Abuse Prevention Grants	93.590	G-1702MNFPRG	29,766	-
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801MNCDF	38,559	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1701MNCWSS	15,926	-
Foster Care – Title IV-E	93.658	1801MNFOS	361,477	-
Social Services Block Grant	93.667	G-1801MNSOSR	366,903	-
Chafee Foster Care Independence Program	93.674	G-1801MNCILP	8,574	-
Children's Health Insurance Program	93.767	1805MN5R21	602	-
Medicaid Cluster				
Medical Assistance Program	93.778	1805MN5ADM	2,365,204	-
Medical Assistance Program	93.778	1805MN5MAP	31,146	-
(Total Medical Assistance Program 93.778 \$2,405,675)				
Total U.S. Department of Health and Human Services			\$ 5,185,492	\$ -

**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	140525	\$ 42,342	\$ -
Boating Safety Financial Assistance (Total Boating Safety Financial Assistance 97.012 \$46,842)	97.012	139800	4,500	-
Passed Through Minnesota Department of Public Safety				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR4290/P0720 A-HMGP-DR4290-	7,406	-
Hazard Mitigation Grant	97.039	BLUEEACO-002	284,431	-
Emergency Management Performance Grants	97.042	A-EMPG-2018-BLUEEACO-007	37,971	-
Homeland Security Grant Program	97.067	A-DECN-SHSP-2017-SCECB-007	15,774	-
Total U.S. Department of Homeland Security			\$ 392,424	\$ -
Total Federal Awards			\$ 7,182,362	\$ 122,093
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 607,134	
Total expenditures for Highway Planning and Construction Cluster			440,286	
Total expenditures for Highway Safety Cluster			78,782	
Total expenditures for Special Education Cluster (IDEA)			2,000	
Total expenditures for TANF Cluster			661,718	
Total expenditures for Medicaid Cluster			2,405,675	
Total expenditures for CCDF Cluster			38,559	

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**BLUE EARTH COUNTY
MANKATO, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 schedule does not include \$613,944 in federal awards expended by the Blue Earth County Economic Development Authority component unit, which was audited by other auditors.

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, 2018. 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 ten 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	\$ 7,676,986
Grants received more than 60 days after year-end, unavailable in 2018	
Bulletproof Vest Partnership Program	7,072
Highway Planning and Construction	8,541
Promoting Safe and Stable Families	4,336
Temporary Assistance for Needy Families	135,545
Community-Based Child Abuse Prevention Grants	10,190
Stephanie Tubbs Jones Child Welfare Services Program	4,050
Chafee Foster Care Independence Program	3,311
Unavailable in 2017, recognized as revenue in 2018	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	(124,078)
Bulletproof Vest Partnership Program	(2,036)
Highway Planning and Construction	(220,841)
Promoting Safe and Stable Families	(1,375)
Temporary Assistance for Needy Families	(174,563)
Child Support Enforcement	<u>(144,776)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 7,182,362</u>