Office of Minnesota Secretary of State

Mark Ritchie, Secretary of State

March 29, 2007

Thomas R. Wilkey
U.S. Election Assistance Commission
Office of the Executive Director
1225 New York Avenue, NW – Suite 1100
Washington, DC 20005

Dear Mr. Wilkey:

Enclosed is the Financial Status Report for the State of Minnesota regarding HAVA Title II, Section 251 funds for the reporting period of October 1, 2005 to September 30, 2006.

Minnesota expended $33,890,000.44 of the Title II, Section 251 funds during this time period. The amount of interest earned was $1,799,617.44 for the Title II funds during this reporting period.

The fiscal year of Minnesota extends from July 1 to June 30. The state's maintenance of effort base from 2000 is $1,924,946.00. Minnesota expended $1,962,029.07 in maintenance of effort during FY 06.

This report includes the Standard Form 269 (Long Form).

Sincerely,

Mark Ritchie
Minnesota Secretary of State

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FINANCIAL STATUS REPORT

(Long Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	OMB Approval No.	Page of
U.S. Election Assistance Commission	Title II, 251	0348-0039	1 of 1 pages

3. Recipient Organization (Name and complete address, including ZIP code)

Office of the Minnesota Secretary of State
100 Rev. Dr. Martin Luther King, Jr. Blvd., 180 State Office Building, St. Paul, MN 55155

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report	7. Basis
[redacted]		☐ Yes ☒ No	☐ Cash ☒ Accrual

8. Funding/Grant Period *(See instructions)* From: (Month, Day, Year)	To: (Month, Day, Year)	9. Period Covered by this Report From: (Month, Day, Year)	To: (Month, Day, Year)
10/1/2003	9/30/2006	10/1/2005	9/30/2006

10. Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays	1,514,053.00	33,890,000.44	35,404,053.44
b. Refunds, rebates, etc.			0.00
c. Program income used in accordance with the deduction alternative			0.00
d. Net outlays *(Line a, less the sum of lines b and c)*	1,514,053.00	33,890,000.44	35,404,053.44
Recipient's share of net outlays, consisting of:			
e. Third party (in-kind) contributions			0.00
f. Other Federal awards authorized to be used to match this award			0.00
g. Program income used in accordance with the matching or cost sharing alternative			0.00
h. All other recipient outlays not shown on lines e, f or g			0.00
i. Total recipient share of net outlays *(Sum of lines e, f, g and h)*	0.00	0.00	0.00
j. Federal share of net outlays *(line d less line i)*	1,514,053.00	33,890,000.44	35,404,053.44
k. Total unliquidated obligations			0.00
l. Recipient's share of unliquidated obligations			0.00
m. Federal share of unliquidated obligations			0.00
n. Total Federal share *(sum of lines j and m)*			35,404,053.44
o. Total Federal funds authorized for this funding period			42,094,172.85
p. Unobligated balance of Federal funds *(Line o minus line n)*			6,690,119.41
Program income, consisting of:			
q. Disbursed program income shown on lines c and/or g above			
r. Disbursed program income using the addition alternative			
s. Undisbursed program income			
t. Total program income realized *(Sum of lines q, r and s)*			0.00

11. Indirect Expense	a. Type of Rate *(Place "X" in appropriate box)* ☐ Provisional ☐ Predetermined ☐ Final ☐ Fixed			
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. *Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.*

Maintenance of Effort base - $1,924,946.00, MOE expended FY 06 - $1,962,029.07. FY 06 Interest Earned - $1,799,617.44

13. Certification: **I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.**

Typed or Printed Name and Title	Telephone (Area code, number and extension)
Mark Ritchie, Minnesota Secretary of State	(651) 296-2079
Signature of Authorized Certifying Official	Date Report Submitted
	March 29, 2007

MINNESOTA OFFICE OF THE SECRETARY OF STATE
REPORT ON EXPENDITURES OF TITLE II FUNDS DURING
FEDERAL FISCAL YEAR 2006

Minnesota received $39,178,788.00 in Title II funding. All the funding is being spent in accordance with the provisions of Section 251.

As requested by the U.S. Election Assistance Commission, listed below is a detailed list of expenditures and a description of the related activities conducted by the Minnesota Secretary of State utilizing Help America Vote Act (HAVA) Title II, Section 251 funds during the period from October 1, 2005 through September 30, 2006.

I. COMPLYING WITH VOTING SYSTEM STANDARDS OF TITLE III – $32,545,822.32

During FY 06, in compliance with the Voting System Standards of Title III, a total of $29,000,000 was provided in grants to the 87 Minnesota counties to purchase electronic voting systems equipped for individuals with disabilities and for certain related operating expenses. As provided in statute, the Minnesota Secretary of State allocated from the $29,000.000.00 an amount to each county in proportion to the number of precincts used by the county in the state general election of 2004. Consequently, approximately $7,059.40 in Title II funds was allocated to counties for each precinct in the State to purchase the required voting equipment.

The priority for use of these funds was:

- First, for assistive voting systems,
- Second, for 'operating costs' up to $600 per precinct,
- Any remaining funds were available for purchase of optical scan precinct or central count tabulating machines.

In addition, out of a state appropriation of $6,000,000, $3,545,822.23 was provided in grants to counties to purchase optical scan voting equipment. Counties were eligible for grants to the extent that they purchased ballot marking machines and as a result, did not have sufficient grant money remaining to also purchase a compatible precinct-based optical scan machine or central-count machine. These grants were allocated to counties at a rate of $3,000 per eligible precinct, with priority in the payment of grants given to counties using hand- and central-count voting systems and counties using precinct-count optical scan voting systems incompatible with assistive voting systems or ballot marking machines.

Minnesota had previously entered into a statewide, non-exclusive master contract, from which counties could purchase from Election Systems and Software, Inc. (ES & S), a ballot marking machine accessible for individuals with disabilities, the AutoMARK. Electronic optical scan ballot tabulators, which would provide the voter with the opportunity to change the ballot or correct any error before the ballot is cast and counted, were also available to be purchased under the same contract.

With the $29,000,000.00 received in grants by the counties, along with the additional $3,545,822.23 provided in grants, the counties purchased:

3,383 AutoMARK ballot-marking machines;
1,698 ES & S M100 optical scan precinct ballot tabulators; and
3 ES & S M650 optical scan central count ballot tabulators.

Each county entered into a grant contract. The state provided in the county grant contracts that the counties had to provide a report to the Secretary of State within 45 days after the end of each Federal fiscal year on how the funds were spent, what funds remain, and how much interest was earned on the funds, until the funds are exhausted. Our report condenses these reports from the counties. In this, the first reporting year, with the election and other changes taking place in election administration and voting equipment, the reports were not collected until the end of the calendar year. The county's reports accurately reflected the totals for the quantity of equipment that was purchased and the amount of interest that was earned. However, in the county's reports of remaining funds, due in part to ambiguity in reporting requirements by cash basis or accrual basis, and delivery and invoicing by the vendor at or near the reporting period end date, the amounts reported as remaining funds are not an exact representation of remaining funds actually held by the counties at the end of the reporting period. For the 2 grants, of the $29,000,000.00 grant (*hereinafter*, the Subd. 1 grant) and the $3,545,822.23 grant (*hereinafter*, the Subd. 2 grant), the reported remaining amounts are:

Subd. 1 - $5,389,144.77
Subd. 2 - $516,804.09

If one were to measure the amounts on the accrual basis of reporting at the end of the reporting period, September 30, 2006, these amounts would be substantially lower. The Subd. 2 amount of remaining funds, $516,804.09, should be at $0.00, or nearly so, because those funds could be used only for the purchase of optical scan tabulators, and on a "need" basis. The actual Subd. 1 remaining fund amount, instead of the reported amount of $5,389,144.77, should be considerably lower, probably between $1 million - $2 million (a very rough estimate), on an accrual basis.

Consequently, on guidance provided by the EAC, the amount of outlays shown on the SF 269 form are for the full amount of grant funds given out by the state, not for the total of outlays by the subgrantees, the counties.

II. MAINTAIN AND CONTINUE DEVELOPMENT OF THE STATEWIDE VOTER REGISTRATION SYSTEM (SVRS) - $843,097.26

During FY 06, the state has maintained the previously developed Statewide Voter Registration System (SVRS) but development has also continued to be modified and enhanced. Expenditures represent the necessary maintenance and development staff, and other development activities. System development will also modify existing system elements and functionalities to preserve system integrity, ensure quality and be sufficiently robust to support increases in the number of users.

III. VERIFY VOTER REGISTRATION DATA WITH DRIVER'S LICENSE AND SOCIAL SECURITY NUMBER DATA BASE - $6,137.84

The Statewide Voter Registration System (SVRS) has continued to be enhanced to verify voter registration data against the Department of Public Safety driver's license and to develop Social

Security Number verification. In accordance with Section 303(a)(5)(B), the Secretary of State has entered into an agreement with the Department of Public Safety to develop systems to verify voter eligibility information. The State system verifies records where information matches exactly. The SVRS System presents records with potential matches that are not exact matches to counties for determination. SVRS provides a single, uniform, centralized, computerized voter list; an interactive capability so that any election official in an election office in the state has immediate, electronic access to the computerized voter list; the capacity to assign a unique identification number such as the driver's license number, last four digits of SSN, or other unique identifier for each legally registered voter; the capability for electronic matching of information in the computerized voter list with other state agency databases to verify voter eligibility (for instance, drivers' licenses and, under development, SSN); and absentee ballot administration with an interactive capability so that any election official in an election office in the state has immediate, electronic access to computerized absentee ballot records.

IV. MAKE THE STATEWIDE VOTER REGISTRATION SYSTEM (SVRS) AVAILABLE FOR LOCAL ELECTION OFFICIALS AND ASSIST THEM IN ITS USE - $186,483.46

During FY 06, SVRS was developed further to provide local election officials with "immediate electronic access" to the computerized voter list through computerized access to query voter registration information, and to enter new or to update existing voter registration information. During the time period of this report, development was continued in implementing view-only access for municipal clerks.

V. ADMINISTER IMPLEMENTATION OF THE HELP AMERICA VOTE ACT AND HAVA GRANT CONTRACT ADMINISTRATION - $103,271.09

During FY 06, Minnesota contracted with counties, as sub-grantees, to disburse Title II funds for each county to purchase HAVA compliant voting equipment, in accordance with MN Stat. § 206.805. This process entailed establishing grant eligibility and criteria, preparation of application documents, assistance to counties in correctly preparing their grant applications, reviewing and commenting upon grant applications, preparation and execution of grant contracts, and ensuring contract compliance.

VI. EQUIPMENT TRAINING FOR LOCAL ELECTION OFFICIALS - $28,261.02

During FY 06, Minnesota expended $28,261.02 in the training of local election officials on the use, maintenance, and implementation of the new electronic voting systems purchased this fiscal year.

VII. VOTER EDUCATION - $176,927.45

During FY 06, Minnesota expended $176,927.45 in providing training to voters on how to vote using the new electronic voting systems purchased this fiscal year. A team of eight student workers covered 131 voter education events at a variety of locations across the state (75 cities, in 52 counties) and in a broad array of venues to reach a diverse array of constituents. At all of these events, the assistive voting technology was the focus—either the equipment was there to allow people to try it (that was the vast majority of the time) or information was available to read and staff were on hand to answer questions. We also developed an extensive yet economical paid media plan to complement the voter education events. Our media plan covered the entire

state, providing information about the assistive voting technologies to over a million households statewide.

Summary Description	**Expended Amount**
Compliance with Voting System Standards	$32,545,822.32
Maintain and Enhance Statewide Voter Registration System	$ 843,097.26
Develop Voter Verification with Department of Public Safety	$ 6,137.84
To make the Voter Regis. System available to local election officials and assist local election officials in its use	$ 186,483.46
To administer implementation of the Help America Vote Act & establish the state voting systems contracts	$ 103,271.09
Train Local Election Officials	$ 28,261.02
Voter Education	$ 176,927.45
Total	**$33,890,000.44**

Note: The expended funds were used for grants to counties for expenses associated with, and the purchase of, HAVA compliant voting equipment for the state, salaries, and logistical costs of the programs.

INTEREST ACCRUED - $1,799,617.44

During the current reporting period, the Secretary of State invested Title II, Section 251 funds and accrued interest in the amount of $892,898.01. The counties receiving grants invested Title II, Section 251 funds and accrued interest in the amount of $906,719.43. The total amount of accrued interest on Title II, Section 251 funds for the State of Minnesota is $1,799,617.44.